



**VAN LEER GROUP
FOUNDATION**

Van Leer Group Foundation

Annual Report 2007

Image Cover:

Peter Laugharn, Bernard Van Leer Foundation. Christian

Children Fund early childhood project in Samburu, Kenya. Project built around the 'loipi' or traditional shelter, where children stay during the day with grandparents.



VAN LEER GROUP
FOUNDATION

The Van Leer Group Foundation in 2007



3

History, present situation and statutory objectives

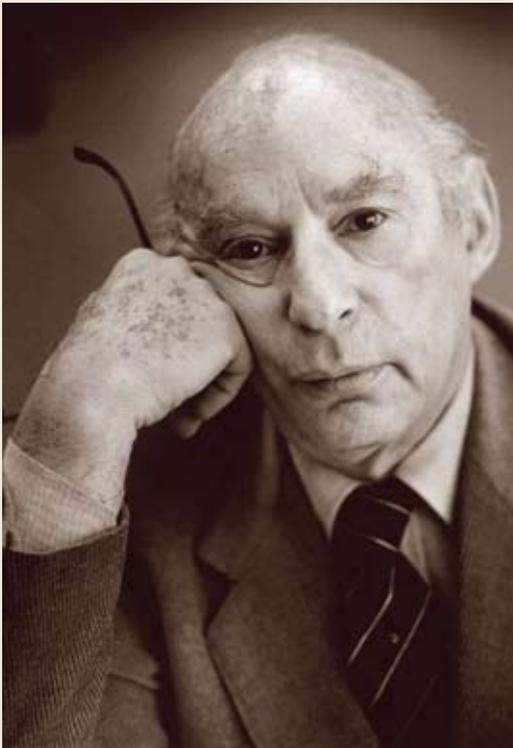
The origins with the Van Leer activities lie with Bernard Van Leer, a Dutch industrialist and philanthropist. In 1919, Bernard Van Leer founded a small packaging company in the Netherlands that became a world leader in the industry and provided him with the resources to pursue his philanthropic activities. His objective, in essence, was to use the fruit of his labor to benefit others.

When he died in 1958, Bernard Van Leer had arranged his affairs to ensure his business interests would continue to fuel his philanthropic work. Having gained the agreement from his wife Polly and his two sons, Wim and Oscar, to relinquish their inheritance rights, he bequeathed his fortune to a foundation with broad humanitarian goals, set-up in Lucerne, Switzerland. In this way, under Oscar Van Leer's leadership, the income flow for his philanthropic goals could be guaranteed.

Oscar Van Leer worked on furthering his father's objectives until his death in 1996. To begin with, he created and formalized the legacy's organizational structure. An Entity was created that was primarily composed of the Royal Packaging Industries Van Leer N.V., the Bernard Van Leer Foundation and the Van Leer Group Foundation, as well as the special relation with the Israeli activities. The Van Leer Group Foundation, which is based in the Netherlands and run by a maximum of nine-member Governing Council, took over the tasks of the original Swiss foundation. Oscar Van Leer also gave the philanthropic work clear and focused targets. The Van Leer Group Foundation is today the custodian of Bernard Van Leer's legacy.



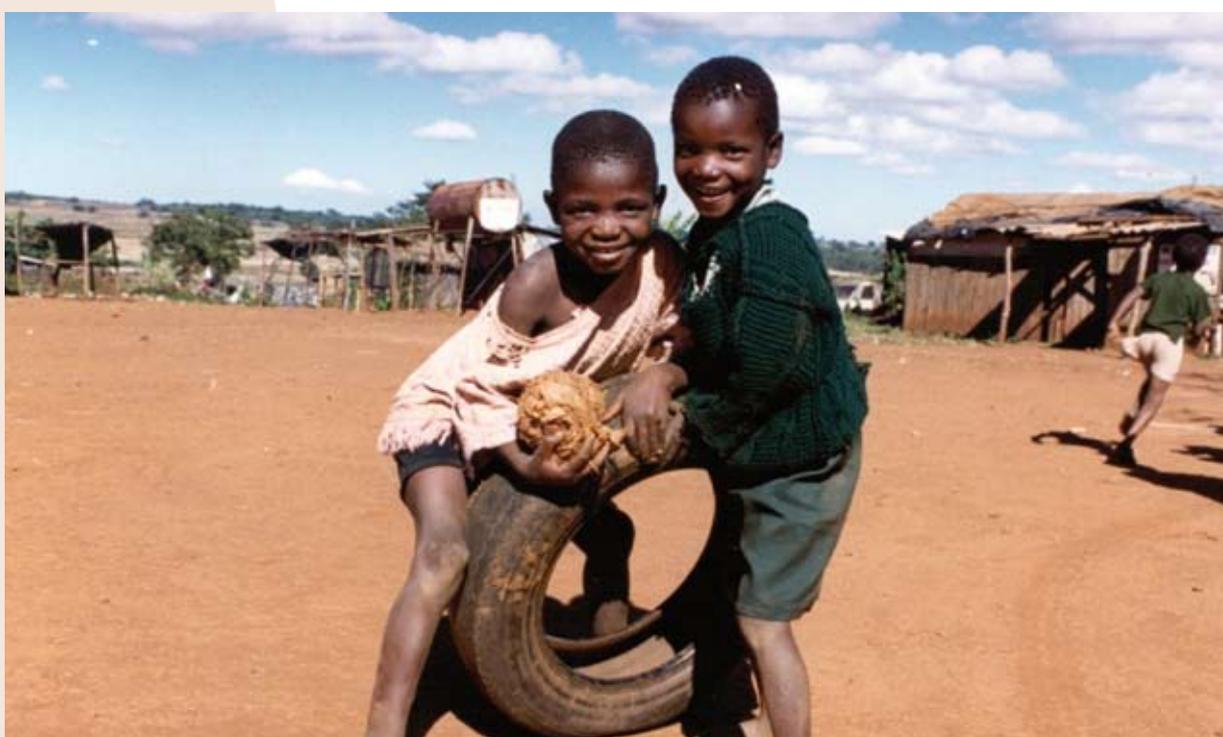
4



The Van Leer Group Foundation is a charitable foundation and performs a holding function in relation to all the charitable activities of the so-called Van Leer Entity. The Van Leer Entity reflects the main goal of the Van Leer family, namely a recognizable relation between earning money and spending money for charitable purposes. This is presently embodied in the Van Leer Group Foundation, Bernard Van Leer Foundation, Van Leer Jerusalem Institute and Jerusalem Film Center as regards the charities and the general investment portfolio and Crecor B.V. regarding the sources of income.

The Van Leer Group Foundation has three statutory objectives:

1. to promote the optimum development of socially and economically disadvantaged children up to the age of 8, with the objective of developing their innate potential to the greatest extent possible.
2. to contribute to the development and strengthening of a Jewish, democratic national home in Israel committed to a free, equitable and just society for all of its citizens; and to contribute to the pursuit of regional peace, for the benefit and betterment of social cultural and individual lives in Israel.
3. to promote and to further the continuity and the preservation of the identity of the Van Leer Entity.



The first objective is implemented by the **Bernard Van Leer Foundation**. This foundation is funded by the Van Leer Group Foundation, the Governors of which are simultaneously appointed as Trustees of the Bernard Van Leer Foundation. Also, the Executive Director of the Van Leer Group Foundation attends the meetings of the Board of Trustees of the Bernard Van Leer Foundation as an observer.

The implementation of the second objective is materialized through the **Van Leer Jerusalem Institute** and the **Jerusalem Film Center**. The Van Leer Group Foundation provides a substantial part of the funding for these organizations and is represented by some Governors and the Executive Director of the Van Leer Group Foundation on the Board of these organizations.

The third objective of the Van Leer Group Foundation that deals with the promotion of the Van Leer Entity implies that the Van Leer Group Foundation takes a particular responsibility with respect to the way in which the legacy of the Van Leer family is translated in existing and new humanitarian ventures and income generating activities.

As a holding foundation, the Van Leer Group Foundation takes the lead with respect to the governance issues, such as the board composition, profile of members, geographical composition, tenure etc. of itself and of the Bernard Van Leer Foundation and Crecor B.V. It also takes responsibility for the coordination between the various parts of the Van Leer Entity and for the positioning of the Entity in the outside world.

In order to finance its charitable activities, the Van Leer Group Foundation is entrusted with the investments of the Van Leer assets and **Crecor B.V.** Historically, the assets of the Van Leer Group Foundation, from its founding in 1969 up to the Initial Public Offering of Royal Packaging Industries Van Leer N.V. in 1996, consisted mainly of the shares of the latter. Until 1996, the Van Leer Group Foundation was the sole shareholder of the shares in the packaging company Royal Packaging Industries Van Leer N.V. This company had grown from the packaging company that was founded by Bernard Van Leer in 1919 and was globally operating in a substantial number of industrial and consumer packaging markets. In 1996, the company was listed on the Amsterdam Stock Exchange and the Van Leer Group Foundation sold almost 50% of its shares, maintaining a majority interest. The members of the Governing Council remained members of the Supervisory Board.



In 1999, the Finnish packaging company Huhtamaki made a bid for the shares of Royal Packaging Industries Van Leer N.V. This led to the sale of all shares to Huhtamaki. In return, the Van Leer Group Foundation then bought a minority share of 14.6% in the newly incorporated company Huhtamaki Van Leer. Subsequently, in September 2001, the Van Leer Group Foundation sold its share in the new company after the latter in 2000 divested all its industrial packaging activities to the U.S.-based company Greif Bros. This ended the financial relationship with the packaging activities.

Today, the Van Leer Group Foundation's assets consist of a global investment portfolio of equities, fixed interest securities and other investments.

Crecor B.V. is a fully owned company of the Van Leer Group Foundation, which is active in Israel in the domain of private equity, venture capital and medical investments.



Organizational structure

Van Leer Entity



Legenda

- VLGF = Van Leer Group Foundation
- BVLFF = Bernard Van Leer Foundation
- VLJI = Van Leer Jerusalem Institute
- JFC = Jerusalem Film Center
- DIM = Docor International Management Ltd.

- www.vanleergroupfoundation.nl
- www.bernardvanleer.nl
- www.vanleer.org.il
- www.jer-cin.org.il
- www.docor.co.il



Investment policy

The objective of the Van Leer Group Foundation is to pursue an investment policy that optimizes the funding of the Van Leer charities, while avoiding the risk of damaging its ability to sustain its funding in the long run. To achieve this objective, the financial strategy of the foundation is formulated as follows:

to maintain or add to the purchasing power of the investment assets, measured in Euros, and to provide a relatively predictable, stable and, in real terms, constant stream of income for annual charitable expenses by the foundation.

In other words, the foundation would like to exist in perpetuity; it regards future generations of recipients of grants as important as the present generation. This means that the real value of the investment assets should not be eroded by pay-outs that are too high in relation to the risk tolerance of the foundation.

In order to accomplish the above mentioned strategy of at least maintaining the purchasing power of investments, the long-term investment total returns (net of investment management fees and other related costs) must at least be equal to the sum of the foundation's annual expenditures (expected to average 4.5% of asset value) plus the rate of inflation. Thus, the primary investment goal is to earn an average annual real total return of 4.5%, within acceptable limits of risk. The foundation does not expect that this goal will be achieved every year, but it should be achieved in most five-year periods.

To achieve an average annual real return of 4.5% on the assets, an asset allocation tailored to this target is required. On December 31, 2007 the value of the investment portfolio of the Van Leer Group Foundation amounted to € 739 million and the asset allocation was as follows:

	% of total market value	policy target
Marketable equity	52.9	50.0
Marketable alternative assets (1)	1.9	6.0
Inflation hedging (2)	7.2	10.0
Non-marketable alternative assets (3)	15.6	14.0
Global fixed income	19.8	20.0
Cash	2.5	-
Total assets	100.0	100.0

(1) Marketable alternative assets will comprise investments in absolute return and hedge funds;

(2) Inflation hedging comprises investments in real estate and commodities;

(3) Non-marketable alternative assets comprise private equity and venture capital.

The investment policy of the foundation is implemented (with the exception of Crecor B.V.) by external investment managers.

Part of the Non-marketable alternative assets is handled by Crecor B.V., a wholly owned subsidiary of the Van Leer Group Foundation, which makes private equity and venture capital investments in Israel. Companies in Israel are monitored by Docor International Management Ltd. in Tel Aviv.



Pay-out

The total return on assets in 2007 was 3.3%. However, if one would like to assess the adequacy of an investment policy for the agreed upon pay-out for charitable activities (i.e. the sum of the foundation's annual expenditures), it is important not to concentrate on a total return figure of one single year. In stead it is important to look at total return figures over a longer period of time. For the Van Leer Group Foundation this means looking at total return figures since 1996: the year that the Royal Packaging Industries Van Leer had its IPO (Initial Public Offering) and that the global, externally managed investment portfolio subsequently sharply increased. The average total return on the investment portfolio of the Van Leer Group Foundation since inception, i.e. 1996, has been 7.8%.

After reduction of an average annual inflation figure over this period of 1.9% (OECD CPI G-7) the annual real total return has been 5.9%.

It can be concluded from these figures that the annual real total return of 5.9% allows for the present pay-out policy of 4.5% combined with related costs and incidental additional grants.

In 2007 the breakdown of the foundation's expenditures was as follows:

	expenditures in euro's
Bernard Van Leer Foundation	€ 22,990,000
Van Leer Jerusalem Institute	€ 3,746,000
Jerusalem Film Center	€ 1,388,000
Incidental contributions	€ 263,000
Total	€ 28,387,000

If one adds the annual expenditures of the Van Leer Group Foundation itself to this, the overall total is € 31,872,000. The actual pay-out in 2007 is thus 4.3% of the average assets over that year.



Composition of Board of Governors



Peter Bell (1940) is currently a Senior Research Fellow at the Hauser Center for Nonprofit Organizations at Harvard University. Between 1995 and 2006, he was the President of CARE USA, the Atlanta-based organization for international development and relief. During the previous nine years, he was the President of the Edna McConnell Clark Foundation in New York, a private foundation that seeks to improve conditions for people who are poor and disadvantaged. Before joining the Foundation in 1986, he was a Senior Associate at the Carnegie Endowment for International Peace. From 1980 through 1983, he served as President of the Inter-American Foundation, a public agency that supports grassroots development in Latin America and the Caribbean. From 1977 through 1979, he was Special Assistant to the Secretary and then Deputy Under Secretary of the U.S. Department of Health, Education and Welfare. Earlier, he worked for the Ford Foundation for twelve years, including ten years in its Latin American program. He obtained a B.A. in History at Yale College in 1962 and a master's degree from the Woodrow Wilson School of Public and International Affairs at Princeton in 1964. Mr. Bell is Co-Chairman of the Joint Learning Initiative on children and HIV/AIDS, Vice Chairman of the Inter-American Dialogue and a trustee of the World Peace Foundation, Global Water Challenge and Transparency International-USA.



Joep Brentjens (1940) has been a member since 1998. He is Chairman of the Investment Committee of the Van Leer Group Foundation. He was Chairman and CEO and member of the Supervisory Board of VNU N.V. His past responsibilities include Chairman of the Supervisory Board of Heijmans N.V., Chairman of the Supervisory Board of Océ N.V. and Arboned N.V. and member of the Board of Roto Smeets de Boer N.V. and Bakker Hillegom N.V. He was also Chairman of the Foundation of the Catholic University of Nijmegen. Currently he is Chairman of the Niels Stensen Foundation and the Lucas-Ooms Foundation. He is Chairman of the Supervisory Board of the Frans Hals Museum and member of the Supervisory Board of Fortis Obam N.V.



Rien van Gendt (1943) has been a member since October 2007. He graduated as an economist from the University of Amsterdam in 1967 and received in 1980 his doctorate in Economic Studies. He worked as Head of Program in the Organization for Economic Cooperation and Development (OECD) in Paris and subsequently in the public sector (Deputy Secretary of the Scientific Council for Government Policy and Deputy Director of the State Administration Limburg) and the private sector (Executive Director of Wilma Vastgoed B.V.) before joining the Bernard Van Leer Foundation in 1988 as Executive Director. In 2002 he moved to the Van Leer Group Foundation to become its Executive Director and General Manager of Crecor B.V. In October 2007 he retired from these functions. He remained a member of the Board of Trustees of the Van Leer Jerusalem Institute and the Stiftungsrat of the Bernard Van Leer Stiftung

in Lucerne. He serves on the Boards of several foundations and other organizations in philanthropy in the Netherlands and abroad like Rockefeller Philanthropy Advisors (USA), Network of European Foundations for Innovative Cooperation (Belgium), Jewish Humanitarian Fund (the Netherlands), Foundation 1818 (the Netherlands) and the European Foundation Centre (Belgium). He is Chair of the Dutch Association of Foundations (FIN).



Wilfred Griekspoor (1950) has been a member since 2005 and was elected Chairman of the Governing Council of the Van Leer Group Foundation in 2008. He holds an M.Sc. in Physics from the University of Utrecht. Mr. Griekspoor is Director Emeritus of McKinsey & Company since 1998. During his sixteen years at McKinsey, his client focus was in media, telecommunications, and health care. From 2001, he served for four years as a Supervisory Board member during the privatization of the Nederlands Omroepproductiebedrijf (Dutch broadcast production services). Before joining Van Leer, he was Vice Chairman of Medecins Sans Frontieres Holland for nine years. In addition, he has served as interim managing director and member Technical Review Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria in Geneva, and was a founding board member of the AIDS Foundation East West in Moscow. Currently, Mr. Griekspoor serves on the boards of PharmAccess Foundation in Amsterdam and the Infectious Disease Institute of Makerere University in Kampala, Uganda. In June 2008 he succeeded Ivar Samrén as Chairman of the Governing Council of the Van Leer Group Foundation.



Harry Leliveld (1939) has been a member since 2002. He graduated as an economist from the University of Amsterdam and then joined Hoogovens Groep B.V. He was subsequently Director-General for Industry and Regional Policy at the Netherlands Ministry of Economic Affairs. He also served as member of the Supervisory Boards of DSM N.V. and Fokker B.V. In 1987 he was appointed as Executive Director of the Van Leer Group Foundation and in 1989 as General Manager of Crecor B.V. In March 2002 he retired from these functions. He remained a member of the Board of Trustees of the Van Leer Jerusalem Institute, which he joined in 1994. Since 1990 he has been a member of the Stiftungsrat of the Bernard Van Leer Stiftung in Lucerne. Currently he is a member of the management board of Brack Capital Real Estate B.V. and a member of the Advisory Board of BDI. He further is Emeritus Member of the US F(oundation) F(inancial) O(fficers) G(roup).





Trude Maas (1946) has been a member since 2001. Her career was in non-profit as well as in profit organizations. The items in common always being about development of people, at school or as professionals, and the way technology is inducing new visions and possibilities in this field. After her graduation as a linguist at Utrecht University, she was involved in educational measurement at CITO, the national agency for educational testing, as a deputy director. She then switched to the software industry. She was Managing Director of different business units of BSO/Origin and became a member of the board of Origin in the Netherlands. Until November 2006 she was President of the Hay Vision Society of the Hay Group, in charge of the innovation of Hay Group's services in The Netherlands. She was until 2007 a member of the Dutch Senate and in 2007 served at different Supervisory Boards, amongst others ABN AMRO, Philips Electronics Netherlands, Schiphol Group, Twynstra en Gudde and Arbo Unie.

She participates in advisory Groups with regard to lifelong learning, innovation in education and writes articles in the Dutch financial paper 'Financieel Dagblad'.



Amos Mar-Haim (1938) has been a member since 1995, following a varied career in government and industry. After graduating from the Hebrew University in Jerusalem, he spent over a decade with the Israeli Ministry of Trade and Industry, rising to the position of Director General. His business career began in 1979 as Director General of AML Corp. Ltd., then of Clal Industries. He was Deputy Chairman of the Board of the Israel Corporation Ltd., one of the leading investment groups in Israel.

Mr. Mar-Haim was Chairman of the Board of Zim Israel Navigation Company Ltd., Deputy Chairman of the Board of Oil Refineries Ltd., Deputy Chairman of the Board of Israel Chemicals Ltd., member of the boards of Dead Sea Works, Bromine Company Ltd., Rotem Ampert Negev and many other industrial companies. From 1989 to 1994, Mr. Mar-Haim served as Senior Deputy Mayor of Jerusalem and later as the Mayor of the city of Bnei-Brak. He also was the Chairman of the Israel Postal Authority and member of the Advisory Board of the Bank of Israel. Currently, he is the Chairman of the Board of Atara Investment Co. Ltd. and Chairman of the Board of Merkazit Underwriting and Investment Banking Ltd. He is member of the Boards of American Israeli Paper Mills Ltd., Roqozin Industries Ltd., Polqat Ltd., Tango Ltd., El-rov (Israel) Ltd., Keter (Publishing) Ltd., Mehadrin Ltd. and other companies. He is the Chairman of the Association of the Stock Exchange Listed Corporations.



Nancy Newcomb (1945) (1945) has been a member since 2001, and was a Senior Corporate Officer, Risk Management, at Citigroup Inc. until her retirement in 2004. Before assuming that position in 1998, she had been in Citibank's corporate bank as a group executive responsible for major global corporate clients. For 5 years prior to 1993, she was Citicorp's chief financial officer responsible for managing its liquidity, funding, market

risk management and capital position.

Ms. Newcomb began her banking career in 1968 as an economist, after earning a BA from Connecticut College in 1967 and an MA in economics from Boston University in 1968. She also later attended the Program for Management Development at the Harvard Business School.

Currently, Ms. Newcomb serves on the Board of Directors of Moody's Corporation, Sysco Corporation, and The DirecTV Group, Inc. She also serves on the boards of The New York Historical Society, where she is co-chair of the Executive Committee, Woods Hole Oceanographic Institute, and The Foundation for Landscape Studies.



Ivar Samrén (1938) has been a member since 1981 and Chairman of the Governing Council of the Van Leer Group Foundation since 1987. From January 1996 until September 1999 he also served as Chairman of the Supervisory Board of Royal Packaging Industries van Leer N.V. and from January 1996 until November 2000 as Chairman of the Board of Trustees of the Bernard Van Leer Foundation. He has been a member of the Board of Trustees of the Van Leer Jerusalem Institute since 1988, and has served as its Chairman since July 1995. Mr. Samrén graduated as an economist from the University of Lund in Sweden. In 1959, he joined the Møllycke Group and worked in different countries as a sales executive, marketing manager and general manager until 1970. He served as a member of the Executive Board of N.V. Koninklijke Bijenkorf Beheer KBB, and until 1984 he was Chairman of the Executive Board of Management of Magazijn de Bijenkorf B.V. in the Netherlands. From 1984 to 1994, he was President and CEO of SAS Service partner AS in Copenhagen, and Vice-President of Scandinavian Airlines Group (SAS) in Stockholm. Currently he serves as Chairman of the Egmont Group/Foundation and DFDS-Torline AS in Copenhagen. He also served as Vice Chairman of the Board of Gate Gourmet International AG in Switzerland and of Nuance Group AG in Switzerland. In June 2008 he retired from the Governing Council.



Staff



Andre Betting (1961) has been Executive Director of the Van Leer Group Foundation and General Manager of Crecor BV since October 2007. Before he worked as Director of the Financing Directorate in the Dutch Ministry of Finance for 8 years and was responsible for all Dutch state owned enterprises, privatizations, and the development and structuring of Public Private Partnerships within the central government. Prior to this he worked as Strategic Officer in Unisource NV, the Joint Venture between Telia of Sweden, Swisscom of Switzerland and KPN of the Netherlands. Earlier he held several positions within the Telecommunications & Post Directorate of the Dutch Ministry of Transport and Public Works. His first function after studying law and public administration at Groningen University was as a policy advisor on municipal finances at an independent advisory council to the government.



Jacqueline Jacob (1957) has been with the Van Leer Group Foundation since 1999. She studied Hebrew at the University of Amsterdam and worked for various companies in the U.S. and Canada. She joined Royal Packaging Industries Van Leer in 1990.





Copyright © 2008 by the Van Leer Group Foundation, the Netherlands.

The Van Leer Group Foundation encourages the fair use of this material.
Proper citation is requested. All rights reserved on the images.

Design by Impresa Communicatie (impresa.nl)

Van Leer Group Foundation
119 Van Heuven Goedhartlaan
1181 KK Amstelveen
The Netherlands
Tel: +31 (0) 20 645 32 31
Fax: +31 (0) 20 645 33 32

E-mail: jacquelinejacob@vanleergroupfoundation.nl
Internet: www.vanleergroupfoundation.nl



VAN LEER GROUP
FOUNDATION

119 Van Heuven Goedhartlaan
1181 KK Amstelveen, The Netherlands
Tel. +31 (0)20 645 32 31, Fax +31 (0)20 645 33 32
www.vanleergroupfoundation.nl