

25 October 2021

Dear Shareholders,

IMPACT OF COVID-19 RESTRICTIONS ON THE COMPANY'S ANNUAL GENERAL MEETING

The shareholder meeting is scheduled to be held on Thursday, 25 November 2021 at 3.00pm (AEDT) (**Meeting**).

In light of the continuing restrictions due to COVID-19, the Directors have made the decision to hold the Meeting virtually. Accordingly, there will not be a physical location where shareholders can attend the Meeting in person.

The Company **strongly encourages Shareholders to lodge a directed proxy form prior to the meeting**. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example by preparing answers in advance to Shareholders questions.

Shareholders who wish to participate in the AGM online may do so:

- (a) from their computer, by entering the URL into their browser:
<https://web.lumiagm.com/379505950>;
- (b) Meeting ID: 379505950

If you choose to participate in the AGM online, you can log in to the meeting by entering:

- (a) your username, which is your Voting Access Code (VAC), which can be located on the first page of your proxy form or Notice of Meeting email; and
- (b) your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details.

If you have been nominated as a third-party proxy, please contact Boardroom on 1300 737 760.

Attending the meeting online enables shareholders to view the AGM and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notice of Meeting, the Company will notify Shareholders accordingly via the Company's website at www.environmental.com.au and the Company's ASX Announcement Platform at asx.com.au (ASX: EGL).

This announcement has been authorised for release by the Board.

For further information please contact:

Stephen Strubel
Joint Company Secretary
Phone: 61 3 9763 6711
Email: stephenstrubel@egl.com.au

THE ENVIRONMENTAL GROUP LIMITED
ACN 000 013 427
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3.00pm AEDT

DATE: 25th November 2021

PLACE: Virtual Meeting

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm on 23 November 2021.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021, together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual report for the financial year ended 30 June 2021."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – LYNN RICHARDSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 19.2(b) of the Constitution, Listing Rule 14.4 and for all other purposes, Lynn Richardson, a Director who was re-elected an Director on 22 November 2018, retires, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – PERFORMANCE SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Shareholders ratify the issue of the following Performance Securities on the terms and conditions set out in the Explanatory Statement contained in the Company's Notice of Meeting dated 28 June 2021:

- (a) Performance Securities over 6,666,667 shares in the Company relating to the financial year ending 30 June 2022 issued to Jalie Pty Ltd as trustee of Jalie 2 Trust, in the place of the Performance Securities over a total of 7,500,000 approved by shareholders on 29 July 2021; and*
- (b) Performance Securities over 3,333,333 shares in the Company relating to the financial year ending 30 June 2022 issued to Paul Gaskett as trustee of Geriab Trust."*

5. RESOLUTION 4 – DIRECTOR REMUNERATION

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That in accordance with Listing Rule 10.17 and for all other purposes, the total aggregate annual remuneration payable to Non-Executive Directors of the Company be increased to a maximum of \$350,000 per annum.”

6. RESOLUTION 5 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

7. RESOLUTION 6 – CONDITIONAL SPILL RESOLUTION

Note: this Resolution will only be considered and voted on if the outcome of Resolution 1 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report. See the Explanatory Notes for further details.

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That subject to and conditional upon at least 25% of the votes cast on the resolution proposed in Resolution 1 (Adoption of Remuneration Report) being cast against the adoption of the Remuneration Report:

- (a) an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days after the passing of this Resolution;*
- (b) all of the Directors of the Company in office at the time when the Board resolution to make the Directors' Report for the financial year ended 30 June 2021 was passed, and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of Shareholders at the Spill Meeting.”*

Dated: 25 October 2021

By order of the Board

Stephen Strubel
Joint Company Secretary

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	A vote on these Resolutions must not be cast (in any capacity) by or on behalf of either of the following persons: (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. However, a person (the voter) described above may cast a vote on these Resolutions as a proxy if the vote is not cast on behalf of a person described above and either: (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: (i) does not specify the way the proxy is to vote on the Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 4 – Director Remuneration	
Resolution 6 – Conditional Spill Meeting	

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolutions set out below by or on behalf of the following persons:

Resolution 3 – Performance Securities	A person who participated in the issue or is a counterparty to the agreement being approved (namely the recipients of the Performance Securities or an associate of that person or those persons.
Resolution 4 – Director Remuneration	The Company will disregard any votes cast in favour of Resolution 4 by the Directors or any associate of a Director.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

The Directors have resolved that Shareholders will not be able to attend the Meeting in person due to the Australian Government's implementation of prohibitions on public gatherings and social distancing measures in light of the COVID-19 pandemic.

Virtual attendance

Shareholders who wish to participate in the AGM online may do so:

- from their computer, by entering the URL into their browser: <https://web.lumiagm.com/379505950>; or
- Meeting ID: 379505950

If you choose to participate in the AGM online, you can log in to the meeting by entering:

- Your username, which is your Voting Access Code (VAC), which can be located on the first page of your proxy form or Notice of Meeting email.
- Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details.

If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760

Attending the meeting online enables shareholders to view the AGM live and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

Questions

In order to provide an equal opportunity for all Shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's auditor, RSM Australia Partners, in relation to the conduct of the external audit for the year ended 30 June 2021, or the content of its audit report. Please send questions to admin@egl.com.au.

Questions must be received by no later than 5.00pm (Melbourne time) on Friday, 19 November 2021.

Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the Corporations Act and the Company's policy, a reasonable opportunity will also be provided to Shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including the Remuneration Report.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Joint Company Secretary on +61 0404 400 785.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.environmental.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The Chair of the Meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were more than 25%. Accordingly, the Spill Resolution is relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – LYNN RICHARDSON

3.1 General

The Constitution provides that no Director who is not a managing director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

Ms Lynn Richardson, having been re-elected as Director at the Annual General Meeting held on 22 November 2018, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks re-election from Shareholders.

3.2 Qualifications and other material directorships

Appointed to the Board initially as a Non-Executive Director on 22 May 2015, Lynn was appointed as Non-Executive Chairman of the Company on 23 November 2017.

A graduate of the Australian Institute of Company Directors, Lynn holds an MBA from the Australian Graduate School of Entrepreneurship along with qualifications in professional accounting and educational research.

Lynn brings a unique blend of business and academic expertise in the entrepreneurial arena. A varied 20-year business career is complemented with Lynn's passion for continuous improvement, which defines her approach to business leadership.

Lynn is also a director of Sustain: The Australian Food Network. She has previously held educational and industry board positions, affording her a range of industry contexts to draw from. Prior to her current position as EGL Chairman, Lynn was a member of the Baltec IES executive committee where her significant strategic leadership contributed to that company's growth.

3.3 Independence

Lynn is related to substantial Shareholders of the Company. Because of these close personal ties, the Board considers that Lynn Richardson would not be an independent Director if re-elected.

3.4 Board recommendation

The Board, with Ms Richardson abstaining, supports the re-election of Ms Richardson and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – PERFORMANCE SECURITIES

4.1 General

On 8 February 2021, the Company entered into an agreement to acquire 100% of the issued share capital of Active Environmental Solutions Pty Ltd ACN 646 037 327 (AES). Completion of the purchase occurred on 9 February 2021. Prior to the

acquisition, two-thirds of the shares in AES were held by Jalie Pty Ltd ACN 646 004 953 as trustee of Jalie 2 Trust (Jalie), and the remaining one-third of the shares in AES were held by Paul Gaskett as trustee of Geriab Trust (Geriab). Jalie is an entity associated with Mr Jason Dixon. Geriab is an entity associated with Mr Paul Gaskett.

The consideration for the purchase comprised an initial allocation of 16,000,000 shares in EGL and performance rights over a further 15,000,000 shares in EGL. Both parts of this consideration were issued to Jalie as to two-thirds and to Geriab as to one-third.

The terms of the Performance Securities, including the Milestones for the conversion of the Performance Securities into ordinary shares, were set out in the notice of meeting issued by the Company on 28 June 2021.

On 29 July 2021, shareholders in general meeting passed the following resolution:

"That Shareholders ratify the issue of the following Performance Securities on the terms and conditions set out in the Explanatory Statement:

- (a) Performance Securities over 5,000,000 shares in the Company relating to the financial year ending 30 June 2021 issued to Jalie Pty Ltd as trustee of Jalie 2 Trust;*
- (a) Performance Securities over 2,500,000 shares in the Company relating to the financial year ending 30 June 2021 issued to Paul Gaskett as trustee of Geriab Trust;*
- (a) Performance Securities over 5,000,000 shares in the Company relating to the financial year ending 30 June 2022 issued to Jalie Pty Ltd as trustee of Jalie 2 Trust; and*
- (a) Performance Securities over 2,500,000 shares in the Company relating to the financial year ending 30 June 2022 issued to Jalie Pty Ltd as trustee of Jalie 2 Trust."*

The resolution was materially incorrect in the following respects:

- (a) Firstly, shareholders approved the issue of a total of 7,500,000 Performance Securities referable to the financial year ending 30 June 2021. However, the Company was only contractually required to issue Performance Securities over a total of 5,000,000 shares referable to this period, resulting in Shareholders approving an issue of securities greater than required by the contract.
- (b) Secondly, shareholders approved the issue of a total of 7,500,000 Performance Securities referable to the financial year ending 30 June 2022. However, the Company is contractually required to issue Performance Securities over a total of 10,000,000 shares referable to this period, resulting in Shareholders approving an issue of securities fewer than required by the contract.
- (c) Thirdly, the issue of Performance Securities referable to the financial year ending 30 June 2022 should have been two-thirds to Jalie Pty Ltd as trustee of Jalie 2 Trust and one-third to Paul Gaskett as trustee of Geriab Trust.

4.2 Nature of corrections

To correct the errors noted in Sections 4.1(b) and 4.1(c) above, the Company has proposed Resolution 4. The new resolution replaces the previously approved allocations totalling 7,500,000 Performance Securities to Jalie Pty Ltd as trustee of Jalie 2 Trust with an allocation of 6,666,667 Performance Securities and provides a new allocation of 3,333,333 Performance Securities to Paul Gaskett as trustee of Geriab Trust, as required by the AES acquisition contract.

The error noted in Section 4.1(a) above does not require correction, since Shareholders approved an issue of securities greater than the number required. The Company proceeded to issue a total of 5,000,000 performance securities, which were subsequently converted to a total of 4,505,870 ordinary shares in the Company issued on 31 August 2021 (with the balance of 494,130 Performance Securities lapsing).

If Shareholder approval is not given at the Meeting and the Performance Milestones referable to the financial year ending 2022 are met, the Company must pay the equivalent share value in cash to the recipients (based on the Company's Volume Weighted Average Price for the 5-day trading period ending on the date of the meeting at which shareholder approval was refused).

4.3 Board recommendation

The Board recommends that shareholders vote in favour of Resolution 3 approving the corrections to the issue of Performance Securities to the vendors of AES.

5. RESOLUTION 4 – DIRECTOR REMUNERATION

5.1 General

Listing Rule 10.17 provides that a company must not increase the aggregate amount of remuneration payable to Non-Executive Directors of the Company and its child entities unless Shareholders approve such an increase.

5.2 Proposed increase

The Company has not passed a resolution regarding director remuneration since at least 1998, and hence currently relies on the exception of reasonable remuneration set out in Section 211 of the Corporations Act. Considering the new constitution being proposed, the Board considers it appropriate that the remuneration of Non-Executive Directors of the Company is set by Shareholders.

As noted in the Remuneration Report, the Non-Executive Directors of the Company are currently eligible to receive the following fees:

- Chairman: Maximum of \$150,000 per annum inclusive of superannuation; and
- Non-Executive Directors: Maximum of \$48,000 per annum inclusive of superannuation.

Shareholder approval is sought to set the total aggregate annual remuneration payable to Non-Executive Directors of the Company and its child entities to a maximum aggregate amongst all Non-Executive Directors of \$350,000 (to be divided between Non-Executive Directors of the Company as the Board determines).

The composition of the Board of the Company has changed significantly over the past 12 months. For much of the Company's recent history, it has been comprised of between 2 to 3 Non-Executive Directors. The Company is currently comprised of 4 Non-Executive Directors.

The Board considers that this increase in the total aggregate annual remuneration payable to Non-Executive Directors is necessary to provide an ability to increase the remuneration payable to the current Non-Executive Directors and any additional Non-Executive Directors who might join the Board. Further details on the remuneration paid to Non-Executive Directors are set out in the Remuneration Report.

The Board believes that the proposed increase in aggregate remuneration is appropriate for the following reasons:

- (a) to ensure the Company maintains the ability to remunerate competitively and attract and retain high quality Non-Executive Directors;
- (b) to allow for some future growth in Non-Executive Directors' remuneration as the Company's operations expand; and
- (c) to create capacity to appoint additional Non-Executive Directors as the Company's operations expand.

5.3 Board recommendation

The Board makes no recommendation on how Shareholders should vote on Resolution 4 since the Board is comprised entirely of Non-Executive Directors with an interest in the outcome of the resolution.

6. RESOLUTION 5 – REPLACEMENT OF CONSTITUTION

6.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 5 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2013.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement; however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.environmental.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 0404 400 785). Shareholders are invited to contact the Company if they have any queries or concerns.

6.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

Under Listing Rule 8.14, the Company may charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution will enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes varied provisions dealing with direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to

be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must determine that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Closing date for Director nominations (clause 14.3)

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 14.3 of the Proposed Constitution has been reduced to at least 30 days (previously it was 30 Business Days) to allow the Company to issue the notification just prior to the notice of meeting which will reduce the risk of having to delay Shareholder meetings to comply with the Listing Rule requirement.

Dividends (clause 22)

Under Section 254T of the Corporations Act, there is a three-tiered test that a company must satisfy before paying a dividend, replacing the previous test that dividends may only be paid out of profits.

The requirements are that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and

- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 – CONDITIONAL SPILL RESOLUTION

7.1 General

The Corporations Act includes a “two strikes” rule in relation to remuneration reports. The two strikes rule provides that if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual general meetings are against adopting the remuneration report, shareholders will have the opportunity to vote on a Spill Resolution (described below) at the second annual general meeting.

A “first strike” was received in relation to the adoption of last year’s Remuneration Report, with 54.36% of the votes cast against the adoption of that report.

Resolution 6 is a “conditional” resolution. It will only be put to the Meeting if 25% or more of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report, which will constitute a “second strike”.

If Resolution 1 passes on a majority of more than 75%, the Spill Resolution will be deemed withdrawn and any votes cast on the Spill Resolution prior to the withdrawal of the Spill Resolution will be treated as invalid.

7.2 Majority required for Spill Resolution

If the Spill Resolution is put to the Meeting, the Spill Resolution will be carried if it is passed by an ordinary majority of votes cast (more than 50%). If the Spill Resolution is valid and carried, a spill meeting must be held within 90 days of the passing of the Spill Resolution (Spill Meeting). If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

7.3 The Spill Meeting

If a Spill Meeting is held, pursuant to section 250V(1)(b)(i) of the Corporations Act, the Directors listed below, being the Directors (excluding the Managing Director) who were in office when the Board approved the Directors’ Report for the financial year ending 30 June 2021, will cease to hold office immediately before the end of the Spill Meeting (unless they resign before the Spill Meeting):

- (a) Lynn Richardson*;
- (b) Tiek Leong (Adrian) Siah;
- (c) Graeme Nayler; and
- (d) Vincent D’Rozario.

*This assumes that Ms Lynn Richardson is re-elected at this Meeting pursuant to Resolution 2. Ms Richardson is eligible to stand for re-election at the Spill Meeting.

The Spill Meeting, if required, will be subject to a separate notice in accordance with the Constitution and the Corporations Act. Nominations for Director appointments at the Spill Meeting may be made in accordance with the Constitution and may include the Directors listed above.

A voting exclusion applies to Resolution 6. This voting exclusion will not apply to the Spill Meeting and all Shareholders will be entitled to vote on the Director appointments at the Spill Meeting.

7.4 Board recommendation

The Board unanimously recommends that Shareholders vote **against** this Resolution.

GLOSSARY

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means The Environmental Group Limited (ACN 000 013 427).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

All correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax** +61 2 9290 9655
- 💻 **Online** www.boardroomlimited.com.au
- ☎ **By Phone** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3.00pm (AEDT) on Tuesday, 23rd November 2021.**

🖥 TO VOTE ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT www.votingonline.com.au/eglagm2021

STEP 2: Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



PLEASE NOTE: For security reasons it is important you keep the above information confidential.

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE VOTING FORM

The voting form can be used to either vote directly (Section 1) OR appoint a proxy to vote on your behalf (Section 2).

SECTION 1: DIRECT VOTING

If you wish to vote directly, you should clearly mark the box in Section 1 and the boxes in Section 3 to indicate your voting instruction for each resolution. Please only mark either "for" or "against" for each resolution. Do not mark the "abstain" box if you are voting directly. If no direction is given on a resolution, or if you complete both the boxes in Section 1 and 2, your vote may be passed to the Chairman of the Meeting as your proxy. Securityholders, custodians and nominees may identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid. The Chairman's decision as to whether a direct vote is valid is final and conclusive.

SECTION 2: APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Section 2. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy by default. A proxy need not be a Securityholder of the company. Do not write the name of the issuer company or the registered Securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two forms. On each form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

SECTION 3: VOTING DIRECTIONS

To cast your direct vote or to direct your proxy how to vote, place a mark in one of the boxes opposite each resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any resolution by inserting the percentage or number that you wish to vote in the appropriate box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses (subject to any voting restrictions that apply to your proxy). If you mark more than one box on a resolution for all your securities your vote on that resolution will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the Meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

SECTION 4: SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the Securityholder.

Joint Holding: where the holding is in more than one name, all the Securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

LODGEMENT

Voting Forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Meeting, therefore by 3.00pm (AEDT) on **Tuesday, 23rd November 2021.** Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/eglagm2021
- 📱 **By Smartphone** Scan the QR Code
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

VOTING FORM

SECTION 1: DIRECT VOTING

I/We being a Securityholder/s of **The Environmental Group Limited** (Company) and entitled to attend and vote hereby elect to vote directly at the Annual General Meeting of the Company to be held as a Virtual Meeting on **Thursday, 25th November 2021 at 3.00pm (AEDT)** and at any adjournment of that Meeting.

SECTION 2: APPOINTMENT OF PROXY

I/We being a Securityholder/s of **The Environmental Group Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chairman of the Meeting** (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered Securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held as a Virtual Meeting on **Thursday, 25th November 2021 at 3.00pm (AEDT) pm** and at any adjournment or of that Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 and 4 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting intends to vote undirected proxies in favour of resolutions 1-5 and against resolution 6.

SECTION 3: VOTING DIRECTIONS

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of director – Lynn Richardson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Performance securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Replacement of constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

SECTION 4: SIGN THE FORM
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2021