

CVC SUSTAINABLE INVESTMENTS LIMITED

A.C.N. 088 731 837

AND

CVC SUSTAINABLE INVESTMENTS NO. 2 LIMITED

A.C.N. 123 028 026

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of CVC Sustainable Investments Limited (**CVCSI**) and of CVC Sustainable Investments No. 2 Limited (**CVCSI No. 2**) (each the **Company**), will be held in the Board Room at Level 42, Suncorp Place, 259 George Street, Sydney, NSW on Monday, 26 November 2007 at 4.00pm (Sydney time).

CVC Sustainable Investments is a stapled structure comprising CVC Sustainable Investments Limited (**CVCSI**) and CVC Sustainable Investments No. 2 Limited (**CVCSI No. 2**). The issued shares of CVCSI and CVCSI No. 2 are 'stapled' so that shares in CVCSI and CVCSI No. 2 cannot be dealt with separately.

Under the Corporations Act 2001 (Cth), it is necessary for CVCSI and CVCSI No. 2 to hold Annual General Meetings. As the shareholders and proposed resolution for CVCSI and CVCSI No. 2 are identical, CVCSI and CVCSI No. 2 will hold concurrent Annual General Meetings.

Each of the items set out below apply separately to each of CVCSI and CVCSI No. 2 and are proposed for their respective Annual General Meeting.

BUSINESS

To receive and consider the consolidated Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2007.

RESOLUTION 1 - APPROVAL OF GRANT OF OPTIONS

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

"That for the purposes of Part 2.E of the Corporations Act 2001 and for all other purposes, shareholder approval is given for the Company to grant CVC Managers Pty Limited ACN 108 360 372:

- (a) options to acquire 339,689 shares in the Company and to issue 339,689 shares upon the exercise of those options;
 - (b) additional options to acquire that number of shares in the Company equal to 15% of all shares issued by the Company after the date of this notice and before 2 April 2008 and to issue those shares upon the exercise of those options,
- in each case as described in the Explanatory Memorandum attached to this Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by CVC Managers Pty Limited and its parent CVC Limited and directors Gould, Read and Beard. However the Company will not disregard a vote if:

- i. It is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- ii. It is not cast on behalf of a related party to whom the resolution would permit a financial benefit to be given or associate of such a related party.

To transact any other business that may be brought forward in accordance with the constitution of the Company.

RESOLUTION 2 – CONVERSION OF LOAN INTO SHARES

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

"That for the purposes of Part 2.E of the Corporations Act 2001 and for all other purposes, shareholder approval is given for the Company to issue shares to CVC Limited ACN 002 700 361 in reduction of the loan from CVC Limited to CVCSI No. 2 provided that the relevant interest held by CVC Limited in the Company will not exceed 19.9% as described in the Explanatory Memorandum attached to this Notice of Meeting."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by CVC Limited and its associates. However the Company will not disregard a vote if:

It is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and

It is not cast on behalf of a related party to whom the resolution would permit a financial benefit to be given or associate of such a related party.

By Order of the Board

John Hunter
Company Secretary
Sydney this 1 November 2007

NOTES OF THE NOTICE OF MEETING

A separate proxy form is enclosed. A copy of the Company's constitution is available for inspection at the Company's office: Level 42, Suncorp Place, 259 George Street, Sydney.

PROXIES

A member entitled to attend and vote is entitled to appoint up to two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights and the proportion stated on each proxy form. A proxy need not be a member.

The instrument appointing a proxy must be in writing under the hand of the appointor or the appointor's attorney or, if such appointor is a corporation, under its common seal or the hand of its attorney or secretary.

To be effective, the instrument appointing a proxy (and the power of attorney, if any, under which it is signed) must be received by the Company not less than forty eight hours before the time for holding the meeting by either of the following:

- a) mailed to the Company at Level 42, Suncorp Place, 259 George Street, Sydney, NSW 2000; or
- b) sent by facsimile to (02) 9087 8088.

The Company has determined that all registered holders of shares as at 4.00pm (Sydney time) on Saturday 24 November 2007 are eligible to vote.

Explanatory Memorandum

The Explanatory Memorandum is provided to explain the resolutions to be considered at each Annual General Meeting (**AGM**) of the shareholders of CVC Sustainable Investments Limited and CVC Sustainable Investments No. 2 Limited to be held at Level 42, Suncorp Place, 259 George Street Sydney NSW, on Monday, 26 November 2007 at 4.00pm (Sydney time).

This Explanatory Memorandum and the accompanying documents, set out all information known to each Company which is material to a decision on how to vote on the proposed resolution, except for information which would be unreasonable to require each Company to disclose because it has previously disclosed that information to shareholders.

This Explanatory Memorandum should be read in conjunction with the accompanying notice of meeting. This Explanatory Memorandum is not investment advice. You should seek your own financial and professional advice before making any decision on how to vote at the meeting.

FINANCIAL STATEMENTS AND REPORTS

As required by law, the Financial Report, Directors' Report and Auditor's Report will be tabled at this AGM. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. There is no requirement however for shareholders to approve the reports.

RESOLUTION 1 - APPROVAL OF GRANT OF OPTIONS

The Company has entered into a Management Agreement with CVC Managers Pty Limited ACN 108 360 372 (**CVC Managers**).

As disclosed in the prospectus dated 3 April 2007, under the terms of the Management Agreement CVC Managers is entitled to receive a management fee and options to acquire no less than 15% of the shares on issue in the Company from time to time (**Manager Options**). The Manager Options will be exercisable at the same price as the issue price of the new shares to which they relate and will expire 10 years from the date of grant.

Accordingly, for each issue of new shares (under both the dividend reinvestment plan and capital raising) under the terms of the Management Agreements the Company are required issue CVC Managers with the Manager Options.

At the date of the Notice of Meeting the following new shares have been issued:

Date of Issue	Shares Issued by the Company	Exercise Date of New Options	Manager Option Entitlement	Exercise Price
11 December 2006	188,956	11 December 2016	28,343	\$0.2182
30 April 2007	52,000	30 April 2017	7,800	\$0.2150
31 May 2007	670,000	31 May 2017	100,500	\$0.2186
30 June 2007	465,000	30 June 2017	69,750	\$0.2204
31 July 2007	241,000	31 July 2017	36,150	\$0.2141
31 August 2007	192,000	31 August 2017	28,800	\$0.2148
30 September 2007	455,683	30 September 2017	68,346	\$0.2047
Total	2,264,639		339,689	

The Company seeks shareholder approval to each issue 339,689 options to CVC Managers having regard to the shares issued above.

The Company also seeks shareholder approval to issue additional options to CVC Managers after this AGM and before 2 April 2008 as may be required to enable CVC Managers to acquire 15% of the shares on issue in the Company.

Such an arrangement is different from traditional investment management performance fees which generally provide for a proportion of investment returns in excess of a specified threshold, such as a share index, to be paid to the investment manager. The directors of the Company believe that, notwithstanding its dilutive impact (if the options are exercised), a carefully structured options-based performance fee is one of the best ways to encourage an investment manager to produce long term growth in per share net tangible assets. By actively encouraging the investment manager to concentrate on increasing the Company's per share net tangible assets, the options-based performance fee should help to produce wealth for shareholders.

The issuance of additional options to CVC Managers is recommended by directors (excluding those directors who may be construed as having a material personal interest in the outcome of the resolution).

Regulatory Requirements

Section 208 of the *Corporations Act 2001 (Act)* provides that a public company must not give a financial benefit to a related party except under certain circumstances including circumstances in which shareholders approve the giving of the financial benefit.

CVC Managers, is a related party of the Company. Accordingly, shareholder approval is sought for the issue of the Manager Options.

Statutory Information

In accordance with section 219 of the Act, the Company provides the following information:

1. Nature of the proposed financial benefits

- This resolution proposes that the directors be authorised to issue to CVC Managers with options equal to 15% of the number of new shares issued by the Company, previously and until 2 April 2008, under the dividend reinvestment plan and capital raising. The exercise price will be the same as the share price to which the options relate. The options are exercisable for a period of 10 years from the date of being granted.

2. Related parties

- CVC Managers Pty Limited (a wholly owned subsidiary of CVC Limited) to which the options will be issued and which therefore stands to benefit directly from the proposed resolution;
- CVC Limited, which as 100% owner of CVC Managers Pty Limited, stands to benefit from the proposed resolution;
- Mr Gould who is a director of the Company and is also a director of CVC Managers and is a director of CVC Limited;
- Mr Beard who is a director of the Company and is also a director of CVC Managers Pty Limited and director and shareholder of CVC Limited.
- Mr Read who is a director of the Company is also a director of CVC Limited.

3. Recommendations

- Messrs Gould, Beard and Read make no recommendation in respect of the proposed resolution because each of them have or could be regarded as having a material personal interest in the outcome of the resolution;
- Mr Phillip Toyne, a director of the Company, recommends that shareholders vote in favour of this resolution. Mr Toyne has no interest in the outcome of this resolution.

4. Opportunity Costs

Dilution of Capital

If all options are exercised the capital structure of the Company will be as follows:

	<u>Existing Capital Structure</u> the Company	<u>After Grant of Options</u>
Ordinary shares	58,470,884	58,470,884
Options	3,459,687	3,799,376 plus options equal to 15% of other shares issued
Fully diluted	61,930,571	62,270,260

Unless and until exercised, the grant of the options will not impact on the number of ordinary shares on issue in the Company. If the options are exercised, given their 10 year exercise period it is unlikely that they will be exercised in the short to medium term. However, if all options issued to date were exercised, an additional 3,459,687 ordinary shares would be issued representing approximately 5.6% of all ordinary shares (on a fully diluted basis).

Future options will be issued upon the issue of new shares before 2 April 2008 to give CVC Managers a maximum interest of 15% of the shares in the Company if all the options are exercised. If these options are exercised they will dilute the other shareholdings in the Company. The extent of the dilution is not currently ascertainable.

Foregone capital inflow

The rights of option holders to, and the obligation of the Company to issue, fully paid ordinary shares at varying exercise (issue) prices may result in capital foregone by the Company to the extent that the market price of the Company's securities exceeds the issue price of the shares under the options on the day of allotment of the shares by the Company.

Taxation

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed grant of the options.

Other information

There is no other information known to the Company or any of its directors that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution that is not contained in this Notice and Explanatory Memorandum.

Value of benefit

The options will not be listed on the Australian Securities Exchange (**ASX**) and accordingly have no readily identifiable market value.

However, the options have been valued at 8.65 cents each (\$29,383.10 in total) by the directors using the valuation model contained in the International Accounting Standards Board's Exposure Draft ED2 "Share Based Payment". This model is based on the Black-Scholes Model, which is a function of the

relationship between a number of variables principally being the share price, the option exercise price, the time to expiry, the risk free interest rate and the volatility of the Company's underlying share price.

The application of the model therefore requires a number of inputs, some of which must be assumed. The material assumptions used in the model were:

- Average issue price of shares under the prospectus dated 3 April 2007;
- Exercise price of the options is as follows:

Exercise Date of New Options	Manager Option Entitlement	Exercise Price	Aggregate exercise price of stapled securities
11 December 2016	28,343	\$0.2182	\$6,184.44
30 April 2017	7,800	\$0.2150	\$1,677.00
31 May 2017	100,500	\$0.2186	\$21,969.30
30 June 2017	69,750	\$0.2204	\$15,372.90
31 July 2017	36,150	\$0.2141	\$3,615.02
31 August 2017	28,800	\$0.2148	\$6,186.24
30 September 2017	68,346	\$0.2047	\$13,990.43
	339,689		\$68,995.33*

*On exercise of the options, the shares issued by CVCSI and CVCSI No. 2 for the total exercise price outlined above will be stapled so that the shares cannot be dealt with separately.

Any further options issued will be at an exercise price the same as the issue price of any newly issued shares.

- Expiry date of options is ten years after the date of issue;
- Risk free rate is 6.25%;
- A volatility factor of 10%;
- No annual dividend over the period of the options.

Some relatively minor variables were excluded in the calculation as theoretically the Black-Scholes model prices options that are only exercisable on a specific date whereas the options proposed to be issued are exercisable at any time on or before the stated expiry date.

Use of Funds

If all options outlined in the above table are exercised by CVC Managers, the Company may raise approximately \$69,000.00. If the Company issues further options to CVC Managers, and the options are exercised, the Company will raise additional funds.

All funds received from the exercise of the options will be applied towards the working capital and cash requirements of the Company at the time of the exercise of the options.

Option terms

1. Each option entitles the option holder or his nominee to one fully paid ordinary share in the capital of the Company.
2. The options shall expire on 4.00pm Sydney time on the date of expiry, which is ten years after the date of issue. All options not exercised at the expiry date will lapse ('expiry date').
3. Options can only be exercised on the last working day of each calendar month.
4. Options must be exercised in parcels of not less than 1,000 options.
5. Each option is exercisable by giving the Company written notice of exercise of the option accompanied by payment of the application monies.
6. At least 7 days' notice of exercise must be given. The receipt of any notice to exercise options will be deemed to be an exercise of options effective at the last day of the calendar month determined seven days after the receipt of the notice.

7. In the event that an option is duly exercised, the Company's share registry shall issue to the holder a statement detailing the number of unexercised options. This will occur within 14 days of actual receipt by the Company of the notice of exercise of the option and payment of the exercise price.
8. Options will not participate in any new issues of shares, and neither will such issues change the terms and conditions of the options.
9. None of the options are to be listed on ASX. Options may be transferred in any manner in which shares in the Company may be transferred.
10. If the Company is listed and the option holder so requests the Company in writing then in the event of any reorganization or reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of options or the exercise price of the options or both shall be reconstructed (as appropriate) in the manner required by the Listing Rules of the Australian Securities Exchange. In such event the Company has the power to vary the number of options or the exercise price of the options or the number of the shares to be issued upon exercise of the options or any or all of these as the directors reasonably consider necessary solely in order to comply with the Listing Rules.
11. If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividends reinvestment) the exercise price of an option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

Where

- O = the old exercise price of the option.
- E = the number of underlying shares into which one option is exercisable.
- P = the average market price per share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

RESOLUTION 2 – CONVERSION OF LOAN INTO SHARES

CVCSI No. 2 entered into a loan agreement with CVC Limited ACN 002 700 361 (**CVC**) on 11 October 2007 to enable CVCSI No. 2 to subscribe for shares in the Environmental Group Limited ACN 000 013 427 (**Loan**).

CVC is the sole shareholder of CVC Managers who is a substantial shareholder of the Company and who controls of the Company under the terms of the Management Agreement. Due to this relationship, CVC has offered to purchase shares in the Company in exchange for the repayment of Loan.

CVC will purchase an equal number of shares in CVCSI and CVCSI No. 2 with the Loan repayments. The shares will be issued at \$0.1081 per CVCSI share and \$0.1057 per CVCSI No. 2 share. The Company will issue a maximum of 6,837,959 shares in CVCSI and CVCSI No. 2 so that the shareholding of CVC, when combined with that of its subsidiary CVC Managers Pty Limited does not exceed 19.9% of the shares on issue (the relevant interest). Upon the issue of the shares by CVCSI and CVCSI No. 2, the shares will be stapled so that they cannot be dealt with separately and the Loan

will be reduced by a total of approximately \$1,462,000. The amount of approximately \$73,000 will remain outstanding under the Loan.

By agreeing to the share issue, shareholders are cementing a substantial cornerstone investor for the Company.

Regulatory Requirements

Section 208 of the *Corporations Act 2001* (Act) provides that a public company must not give a financial benefit to a related party except under certain circumstances including circumstances in which shareholders approve the giving of the financial benefit.

CVC is a related party of the Company as it is the 100% owner of CVC Managers.

The shares will be issued to CVC at the average price of shares issued under the prospectus dated 3 April 2007 to third parties on 'arms length' terms. As the share price is the price that would be paid by CVC if CVC and the Company were also dealing on 'arms length' terms the issue of shares itself does not require shareholder approval.

However, the share issue will have the overall effect of increasing CVC's relevant interest in shares (and voting power) in the Company to a maximum of 19.9%. CVC will not pay any premium for this 'control', which may be characterised as a financial benefit under the Act.

Statutory Information

In accordance with section 219 of the Act, the Company provides the following information:

Nature of the proposed financial benefits

This resolution proposes to issue shares to CVC provided that the relevant interest held by CVC Limited in the Company does not exceed 19.9%. CVC is not required to pay a premium for this 'control'.

Related parties

CVC Limited, is the 100% owner of CVC Managers.

Messrs Gould, Beard and Read who are directors of the Company are also directors of CVC Limited.

Recommendations

Messrs Gould, Beard and Read make no recommendation in respect of the proposed resolution because each of them have or could be regarded as having a material personal interest in the outcome of the resolution.

Mr Phillip Toyne, a director of the Company, recommends that shareholders vote in favour of this resolution. Mr Toyne has no interest in the outcome of this resolution.

Opportunity Costs

Dilution of Capital

If 6,837,959 shares are issued the capital structure of the Company will be as follows:

	Existing Capital Structure the Company	After Grant of Options to CVC Managers	After grant of shares to CVC
Ordinary shares	58,470,884	58,470,884	65,308,843
Options(*)	3,459,687	3,799,376 plus options equal to 15% of other shares issued	3,799,376 plus options equal to 15% of other shares issued
Fully diluted	61,930,571	62,270,260	65,308,843

(*) The options comprise the following structure:

Options	Number of Options	Equivalent Shares
Initial Manager Options	185,875	929,375
New Manager Options	2,530,312	2,530,312
	2,716,187	3,459,687

The Initial Manager Options were issued prior to a 5 for 1 share split of the share capital on issue at 16 July 2004. Whilst the options have not been reissued, in accordance with a deed poll entered into by the Group on 12 October 2004, each option to acquire 1 share at \$1 can be considered to be an option to acquire 5 shares at 20 cents each.

Taxation

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed grant of the options.

Other information

There is no other information known to the Company or any of its directors that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution that is not contained in this Notice and Explanatory Memorandum.

Value of benefit

By issuing shares to CVC the Company will not receive any premium for providing CVC with shares to effectively control 19.9% of the shares on issue in the Company. ***Use of Funds***

The funds raised by the share issue will be used to repay part of the Loan.

No surplus funds will be raised.

PROXY FORM

I, _____
(FULL NAME – BLOCK LETTERS)

of _____
being an ordinary shareholder in the Company

Section A

Hereby Appoint _____

or, failing him, the Chairman of the Meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, 26 November 2007 at 4.00pm, or at any adjournment thereof. The proxy so appointed shall represent all my voting rights except those (if any) specified in B below.

Section B (DO NOT COMPLETE THIS SECTION **UNLESS** YOU WISH TO APPOINT TWO PROXIES)

I further appoint _____

as my proxy to vote for me and on my behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B shall represent my voting rights in respect of _____% of my shares.

My proxy(s) is/are instructed to vote as indicated below. If no specific direction to vote is given the proxy holder may vote as he or she thinks fit or abstain from voting.

	A		B	
	FOR	AGAINST	FOR	AGAINST
Resolution 1 Approval of grant of options				
Resolution 2 Conversion of Loan into shares				

Signed this _____ day of November 2007

Signature of Shareholder

Signature of Witness
