

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**



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**March 30, 2020**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Energy Capital Partners Management, LP. If you have any questions about the contents of this Brochure, please contact us at (973) 671-6100 or [compliance@ecpartners.com](mailto:compliance@ecpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Energy Capital Partners Management, LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Energy Capital Partners Management, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***ITEM 2***      **MATERIAL CHANGES**

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Energy Capital Partners Management, LP (“ECP Management”) routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates’ business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since its last update of its Brochure, filed on October 25, 2019, ECP Management has not made any material changes to its Brochure. However, this annual update includes routine annual updating changes, certain enhanced disclosures, and updated regulatory assets under management.

We encourage all recipients to read this Brochure carefully in its entirety.

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***ECP Fund Managers***

ECP Management is a Delaware limited partnership and registered investment adviser that began operations in April 2005. ECP Management and its affiliated registered investment advisers (each named in Item 10 “*Other Financial Industry Activities and Affiliations*” below, together with ECP Management, the “Advisers” and, collectively, with their affiliated entities, “Energy Capital”) provide investment advisory services to Energy Capital’s private fund clients. Each Adviser, other than ECP Management, is registered in accordance with SEC guidance under the Advisers Act.

The Advisers’ clients include Fund I (defined below), Fund II (defined below), Fund III (defined below), Fund IV (defined below), the Mezzanine Fund (defined below) and Credit Solutions II (defined below, together with Fund I, Fund II, Fund III, Fund IV and the Mezzanine Fund, each a “Fund” and, collectively, the “Funds” and, together with any future private fund client managed by Energy Capital, the “ECP Advised Funds”). Additionally, as further described in Item 11 “*Participation or Interest in Client Transactions*,” from time to time, the Advisers may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles (each a “Co-Invest Fund”) that will invest in certain portfolio companies alongside a Fund. Unless otherwise noted, references throughout this Brochure to “ECP Advised Fund” or “ECP Advised Funds” are generally intended to include the Co-Invest Funds. The Advisers are generally operated as a single advisory business and are managed by a board of partners whose members are Douglas Kimmelman, Peter Labbat, Tyler Reeder, Andrew Singer and Rahman D’Argenio (collectively, the “ECP Partners”). In addition, investment funds affiliated with Dyal Capital Partners (“Dyal”) (a subsidiary of Neuberger Berman) hold an indirect passive minority interest in ECP Management and the general partners of the Funds. Dyal has no authority over the day-to-day operations or investment decisions of the Advisers or the Funds, although it does have certain customary minority protection consent rights.

The Advisers’ investment advisory services to the ECP Advised Funds include sourcing, evaluating, negotiating, overseeing, managing and disposing of investments in the energy industry. Energy Capital tailors its advisory services in accordance with each Fund’s investment strategy as disclosed in such Fund’s offering documents. Further specific details of the Advisers’ advisory services are set forth in an ECP Advised Fund’s respective private placement memoranda, management agreements and partnership agreements and are further described below in Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*.”

***ECP Advised Funds***

As used in this Brochure, Fund I consists of the entities listed below along with any related parallel vehicles, feeder vehicles, and alternative investment vehicles (collectively, “Fund I”). Fund I is managed by ECP Management.

- Energy Capital Partners I, LP
- Energy Capital Partners I-A, LP
- Energy Capital Partners I (TE), LP
- Energy Capital Partners I (Cayman), LP

As used in this Brochure, Fund II consists of the entities listed below along with any related parallel vehicles, feeder vehicles, and alternative investment vehicles (collectively, “Fund II”). Fund II is managed by ECP Management.

- Energy Capital Partners II, LP
- Energy Capital Partners II-A, LP
- Energy Capital Partners II-B, LP
- Energy Capital Partners II-C, LP
- Energy Capital Partners II-D, LP

As used in this Brochure, Fund III consists of the entities listed below along with any related parallel vehicles, feeder vehicles and alternative investment vehicles (collectively, “Fund III”). Fund III is managed by ECP Management.

- Energy Capital Partners III, LP
- Energy Capital Partners III-A, LP
- Energy Capital Partners III-B, LP
- Energy Capital Partners III-C, LP
- Energy Capital Partners III-D, LP

As used in this Brochure, Fund IV consists of the entities listed below along with any related parallel vehicles, feeder vehicles and alternative investment vehicles (collectively, “Fund IV” and, together with Fund I, Fund II and Fund III, the “Equity Funds”). Fund IV is managed by ECP Management.

- Energy Capital Partners IV, LP
- Energy Capital Partners IV-A, LP
- Energy Capital Partners IV-B, LP
- Energy Capital Partners IV-C, LP
- Energy Capital Partners IV-D, LP

As used in this Brochure, the Mezzanine Fund consists of the entities listed below along with any related parallel vehicles, feeder vehicles and alternative investment vehicles, (collectively, the “Mezzanine Fund”). The Mezzanine Fund is managed by ECP Management.

- Energy Capital Partners Mezzanine Opportunities Fund, LP
- Energy Capital Partners Mezzanine Opportunities Fund A, LP
- Energy Capital Partners Mezzanine Opportunities Fund B, LP
- Energy Capital Partners Mezzanine Opportunities Fund Offshore Feeder, LP

As used in this Brochure, Credit Solutions II consists of the entities listed below along with any related parallel vehicles, feeder vehicles and alternative investment vehicles, (collectively, “Credit Solutions II” and, together with the Mezzanine Fund, the “Credit Funds”). Credit Solutions II is managed by ECP Management.

- Energy Capital Partners Credit Solutions II, LP
- Energy Capital Partners Credit Solutions II-A, LP
- Energy Capital Partners Credit Solutions II-B, LP (the “Blocker Fund”)
- Energy Capital Partners Credit Solutions II-B Offshore Feeder, LP

Investors in the ECP Advised Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. Co-Invest Funds may be formed from time to time to co-invest alongside the main Funds as described above.

The Advisers may enter and have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under, supplementing or altering a Fund’s partnership agreement or an investor’s subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, investment limitations, co-investment rights (including the provision of stated co-invest opportunities or priority allocation rights to, for example, limited partners who have capital commitments in excess of certain thresholds to one or more ECP Advised Funds), or transfer rights, among others. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of a Fund as whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with “most favored nations” rights pursuant to a Fund’s limited partnership agreement. In addition, the Advisers generally make such side letters relating to a particular Fund available to all limited partners of such Fund.

***The information provided above about the investment advisory services provided by the Advisers is qualified in its entirety by reference to the ECP Advised Funds’ offering materials and limited partnership and subscription agreements.***

As of December 31, 2019, the Advisers managed approximately \$11,318,891,906 in client assets on a discretionary basis and approximately \$2,324,121 in client assets on a non-discretionary basis.

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## ***ITEM 5***      **FEES AND COMPENSATION**

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As detailed below, the Advisers may receive management fees and carried interest in connection with providing investment advisory services to the ECP Advised Funds. Generally, investors in an ECP Advised Fund pay management fees quarterly in advance until the termination of the respective Fund. Installments of the management fee payable for any period other than a full quarterly period generally are adjusted on a *pro rata* basis according to the actual number of days in such period. Investors in the Funds also bear certain Fund expenses as further described below. Except for rare circumstances described in the applicable partnership agreement of each ECP Advised Fund or in an investor’s side letter, investors generally are not permitted to withdraw or redeem interests in the ECP Advised Funds.

With respect to Co-Invest Funds, any fees received by an Adviser are generally negotiated on a vehicle-by-vehicle basis, but may include commitment-based fees, performance-based fees or allocations, expense reimbursements or other administrative fees similar to those described below relating to the Funds. Generally, current co-invest opportunities, whether through a Co-Invest Fund or otherwise, are offered on a no fee, no carried interest basis. Any such management or administrative fees received by an Adviser relating to a Co-Invest Fund do not offset the management fees paid to the Advisers by the Funds.

The Advisers may exempt past or present principals, employees, senior advisors, certain service providers, Dyal and certain executive management members of portfolio companies from payment of all or a portion of management fees and/or carried interest. For example, certain past and present of Energy Capital's principals, employees, senior advisors, certain service providers, Dyal and certain executive management members of portfolio companies are not subject to management fees or carried interest on their direct or indirect investment in one or more of the ECP Advised Funds. Additionally, the Advisers have and in the future may form Co-Invest Funds that are not subject to management fees or carried interest. The Advisers also have and in the future may reduce management fees and/or carried interest through side letter arrangements in certain instances, for example where certain investors have made an early commitment, a large commitment, multiple commitments or any other material concession to one or more of the ECP Advised Funds.

After payment of all overhead and management expenses, principals, other employees (past and present), Dyal and senior advisors of Energy Capital will receive residual portions of the management fee, carried interest or other compensation received by ECP Management or the other Advisers.

As permitted under the respective partnership agreement, the Advisers will waive a portion of the management fee. Any such waived portion of the management fee reduces the amount of capital the Advisers would otherwise be required to contribute to the respective Fund. Upon a waiver, the investors in a Fund are then required to make a *pro rata* contribution according to their respective commitments to fund any such waived management fee that the Advisers elect to treat as a contribution and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions.

Further specific details of management fees, performance-based fees or allocations, fund expenses and fee waivers are described below, but more fully set forth in an ECP Advised Fund's respective private placement memorandum and limited partnership agreement.

## ***Management Fee***

### ***Equity Funds***

Except as noted above, during an Equity Fund's commitment period, such Equity Fund pays an annual management fee of up to 1.75% of aggregate investor capital commitments. After the commitment period expires (or upon the occurrence of certain other events set forth in each Fund's partnership agreement, such as raising a successor fund of a certain size), an Equity Fund's management fee is typically reduced. Following expiration of the commitment period, the management fee is generally paid only on remaining invested capital net of any investment with a

fair market value of zero with respect to Fund I, twenty percent or less of the original investment cost with respect to Fund II and ten percent or less with respect to Fund III and Fund IV. Investors who participated in a closing of an Equity Fund after the initial closing of a Fund are still responsible for payment of the management fee from the initial closing date of such Fund.

### *Mezzanine Fund*

Initially, the Mezzanine Fund paid an annual management fee equal to the sum of (i) 0.75% of aggregate investor capital commitments, and (ii) 0.75% of the aggregate amount of investor capital contributions in respect of the investments held by the Mezzanine Fund. Upon the occurrence of certain events, including the Mezzanine Fund being fully invested or expiration of its original commitment period, the management fee paid by the Mezzanine Fund will be reduced and paid only in respect of the investments held by the Mezzanine Fund net of any investment with a fair market value of twenty percent or less of the original investment cost. Investors who participated in a closing of the Mezzanine Fund after January 1, 2012 were responsible for payment of the management fee from such date.

### *Credit Solutions II*

Initially, Credit Solutions II pays an annual management fee equal to 1.50% of the aggregate acquisition cost (including utilized Credit Solutions II-level leverage) of Credit Solutions II investments. Upon the occurrence of certain events, including Credit Solutions II being fully invested or the expiration of its original commitment period, Credit Solutions II will pay an annual management fee equal to the sum of 1.50% of the aggregate acquisition cost (including utilized Credit Solutions II-level leverage) of then existing Credit Solutions II investments or if less (for investments described in the following clauses (i) and (ii)), (i) in the case of any debt investment, the unpaid principal amount and accrued interest with respect to such debt investment, and (ii) in the case of any equity investment providing for a liquidation or similar preference plus an accruing yield thereon, the unpaid amount of the liquidation or similar preference and accrued yield thereon, in each case, other than Credit Solutions II investments that have been written-off.

### ***Performance-Based Fees***

Distributions to investors in a Fund may be subject to carried interest or other profit-based allocations for the benefit of an Adviser. Generally, this carried interest represents a share of distributions made after return of invested capital, allocable fees and expenses and a preferred annualized “hurdle” rate of return. Carried interest allocations do not exceed 20% of profits and are generally subject to general partner catch-ups. Except as noted below, carried interest distributions also include an Adviser “clawback” obligation generally requiring an Adviser to return excess distributions to investors (often at the end of the Fund) in the event that the Adviser receives more than its carried interest percentage of profits on an aggregate basis over the life of a Fund. Such “clawback” obligation is typically calculated on an after-tax basis. The ECP Advised Funds employ a “European-style” carried interest structure where a Fund returns all called capital (including capital called for fees and expenses) plus a preferred annualized “hurdle” return to investors before an Adviser receives a carried interest distribution. From time to time, because our affiliates are subject to income tax liabilities relating to carried interest when such carried interest is accrued as opposed to paid, in accordance with the Funds’ partnership agreements our



affiliates may cause our Funds to make distributions to them in amounts sufficient to permit the payment of the tax obligations of our affiliates and their direct and indirect owners. These advances will reduce any amounts of carried interest that we and our affiliates later receive until these advances are restored to the Funds. In the event that such tax distributions exceed the actual amount of carried interest to which we or such affiliates are entitled, we and such affiliates are not obligated to return any such excess distributions.

### ***Other Fees and Potential Conflicts of Interest***

To the extent that an Adviser is entitled to receive fees from a Fund's portfolio company (e.g., break-up fees, director's fees, monitoring fees and transaction fees), for Fund I and Fund II, generally eighty percent of the Fund's pro rata share of such fees offsets the management fees otherwise payable to the applicable Adviser in accordance with the partnership agreement of such Fund. With respect to Fund III, Fund IV, the Mezzanine Fund and Credit Solutions II, one hundred percent of the Fund's pro rata share of such fees offsets the management fees otherwise payable to the applicable Adviser in accordance with the partnership agreement of such Fund. Co-Invest Funds that do not pay management fees do not receive the benefit of such offsets or otherwise share in such fee income. Offsets are applied after taking into account any management fee waiver. Although the Advisers currently do not charge a transaction fee on investment transactions, prior to 2013 from time to time an Adviser received transaction fees with respect to certain portfolio company transactions.

An Adviser may have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, the Advisers believe that this potential conflict of interest is mitigated by the management fee offset mechanic described above and the substantial equity commitment by the Advisers and their principals in each of the Funds.

On occasion, for administrative ease personnel or consultants of the Advisers may provide certain management services to (or with respect to) a newly formed portfolio company with the intent of the Advisers being to shortly transfer the employment or consultancy of such person(s) to such portfolio company once such portfolio company has commenced basic operations (such as, for example, obtaining office space and establishing payroll). In such instances, the applicable portfolio company may reimburse compensation and other fees and expenses incurred by the Advisers with respect to such persons, and any such compensation or other fees and expenses will not offset management fees.

The Advisers and their personnel can also be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the ECP Advised Funds, which will not be subject to management fee offsets or otherwise shared with the ECP Advised Funds, their investors and/or portfolio companies. For example, airline travel or hotel stays incurred as fund expenses may result in "miles" or "points" or credit in loyalty or status programs, and such benefits will accrue exclusively to the Advisers or their personnel (and not to the ECP Advised Funds, their investors and/or portfolio companies) even though the cost of the underlying service is borne directly by the ECP Advised Funds or their portfolio companies and indirectly by the investors in an ECP Advised Fund.

### *Expenses Charged to Funds*

Each ECP Advised Fund generally bears all fees, costs, expenses and other liabilities incurred in connection with the formation and organization of, or sale of interests in, such Fund, its general partner and/or investment manager, including commissions, costs and all out-of-pocket legal, accounting, administrative, regulatory, filing, capital raising, printing, travel (which may include expenses for first class, business or coach travel), accommodations, meals and other similar expenses, fees and costs (collectively, “Organizational Expenses”). However, the amount of such Organizational Expenses charged to an ECP Advised Fund is generally subject to a cap set forth in such ECP Advised Fund’s respective partnership agreement. To the extent an ECP Advised Fund pays any Organizational Expenses in excess of such cap or, with respect to Fund II, Fund III, Fund IV, the Mezzanine Fund and Credit Solutions II, pays any placement agent fees or placement agent expenses in connection with the organization or funding of an ECP Advised Fund, such excess amounts offset dollar-for-dollar the management fee paid to the applicable Adviser.

Generally, each ECP Advised Fund bears all of the fees, costs, expenses and other liability or obligations relating to or arising from its operations, activities, meetings and eventual liquidation (either directly or indirectly through the payment of such expenses by portfolio companies). The operating and offering documents of each ECP Advised Fund, including the private placement memorandum, set forth the particulars of such operating expenses that may be borne by the ECP Advised Fund, but such operating expenses generally include (among others) the following fees, costs and expenses relating to or arising from:

- the origination, evaluation, investigation, development, structuring, acquisition or consummation, financing, refinancing, taking public or private, ownership, maintenance, monitoring, hedging and/or disposition of portfolio investments (including any follow-on investments or any such costs and expenses relating to potential investments that are not ultimately consummated, which may include broken deal expenses and reverse break-up fees);
- the services of administrators, custodians, consultants, brokers, dealers, finders, underwriting, loan administration, legal professionals, tax professionals, audit professionals, investment bankers and/or accountants;
- any travel-related expenses (which may include first class and business class commercial travel) relating or arising from the origination, evaluation, investigation, development, structuring, acquisition or consummation, ownership, maintenance, monitoring, hedging and/or disposition of existing or potential portfolio investments or meetings with one or more of a Fund’s investors;
- any taxes, fees or other governmental charges levied against a Fund;
- D&O insurance allocated to such Fund;
- limited partner and/or advisory committee meetings and activities (including expenses for meals, events, and travel and accommodation expenses of advisory committee members);

- all reports to limited partners and/or a Fund's limited partner advisory committee (including all fees, costs and expenses incurred to audit such reports, provide access to a database or other internet forum and for any other operational or legal expenses relating thereto or arising in connection with the distribution of the same) and any other financial, tax, accounting or fund administration reporting functions;
- litigation or any other governmental inquiry, examination or investigation relating to the activities or operations of a Fund or its portfolio investments and any related judgments or settlements;
- indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with such Fund's governing documents, and advancing fees, costs and expenses incurred by any such covered persons in defense or settlement of any claim that may be subject to a right of indemnification under such Fund's governing documents) and other extraordinary expenses that are classified as such under U.S. generally accepted accounting principles;
- any indebtedness and hedging arrangements, credit facility, guarantee, letter of credit or similar credit support or one or more other similar financing transactions permitted by a Fund's governing documents and any interest and legal or other expense arising out of such borrowings or indebtedness;
- attending conferences or obtaining research materials in connection with the evaluation of future potential investments or business section opportunities;
- the dissolution, winding-up and termination of such Fund; and
- such Fund's feeder funds, alternative investment vehicles and subsidiary entities, including the costs and expenses relating to the organization, maintenance and liquidation of any intermediate entity used to acquire, hold or dispose of any portfolio investment or potential portfolio investment or otherwise facilitating the investment activities of an ECP Advised Fund.

Such expenses generally are borne *pro rata* by commitments in the applicable Fund family, except as otherwise described herein relating to certain Co-Invest Funds. A Co-Invest Fund will bear its *pro rata* share of any expenses relating to the applicable consummated investment, but it generally does not bear broken-deal expenses, which are generally allocated entirely to the primary applicable Fund that has an active commitment period. Brokerage fees may be incurred in accordance with the practices set forth in Item 12 below, "*Brokerage Practices*."

The Advisers or their affiliates from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the ECP Advised Funds and the Advisers. For example, certain law firms retained by the Advisers discount their legal fees for advice in connection with operational, compliance and related matters with respect to the Advisers. To the extent such law firms provide services to the ECP Advised Funds, such ECP Advised Funds also enjoy the benefit of fee discount arrangements. In some cases discounts may be based on

volume and so certain ECP Advised Funds or portfolio companies may receive a greater discount than others depending on the timing of their transactions (e.g., if a transaction occurs early in a year it may not receive the same discount as a transaction that occurs later in the year).

From time to time, an ECP Advised Fund may recruit a management team to pursue a new “platform” opportunity to lead to the formation of a future portfolio company. In other cases, an ECP Advised Fund may form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases such ECP Advised Fund will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, diligence expenses or other related expenses in connection with backing the management team or building out of the platform company. Such expenses may be borne directly by the applicable ECP Advised Fund as a fund expense or indirectly as such ECP Advised Fund bears the start-up and ongoing expenses of the newly formed platform portfolio company. None of these expenses will offset any management fee paid to the Advisers by such ECP Advised Fund.

In certain circumstances, one Fund may provide a guarantee on behalf of a portfolio company or may pay an expense common to multiple legal entities within one or more Fund families and may be reimbursed by the other applicable Funds, without interest. One or more Funds may enter into indebtedness on a joint and several basis. In such instances, the applicable Adviser is expected to enter into one or more agreements that provide each applicable Fund and any applicable co-invest entity with a right of contribution or reimbursement. While highly unlikely, it is possible that one of the other Funds or applicable co-invest entities could default on its obligation to reimburse the paying Fund.

The expenses described above are detailed, but do not include every possible expense an ECP Advised Fund may incur. Investors should review the applicable ECP Advised Fund’s offering materials and limited partnership agreement for further details.

## **ITEM 6**      **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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As described in Item 5 “*Fees and Compensation*” above, certain Advisers may receive a carried interest allocation on realized profits in an ECP Advised Fund. Except for certain Co-Invest Funds, the Advisers do not advise ECP Advised Funds not subject to a carried interest. However, the Advisers may waive or reduce carried interest with respect to certain persons as described above.

In allocating investments, the Advisers may have incentives to favor Funds with higher potential for carried interest distributions over ECP Advised Funds with lower potential for carried interest. As described in more detail below, the Advisers have adopted allocation policies designed to treat all ECP Advised Funds fairly and equitably in accordance with the applicable partnership agreements.

## ***ITEM 7***      **TYPES OF CLIENTS**

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The Advisers' clients are the ECP Advised Funds. Investment advice is provided directly to such ECP Advised Funds and not individually to the limited partners of such Funds. The ECP Advised Funds may include investment partnerships or other pooled investment vehicles formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in ECP Advised Funds may include high net-worth individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, past or current service providers, members of the management of a Fund's portfolio company and principals or other employees of the Advisers. The Advisers may also enter into separately managed accounts with clients.

Typically, the ECP Advised Funds require minimum investment amounts ranging from \$5 million to \$25 million, but such amounts have been and in the future will be reduced with the prior agreement of an Adviser, subject to applicable legal requirements.

Fund interests are offered and sold generally to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended and (ii) "qualified clients" as defined under the Advisers Act or other "knowledgeable employees" of the Advisers.

## ***ITEM 8***      **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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The Advisers provide day-to-day investment advisory services to the ECP Advised Funds. The following is a summary of the investment strategies and methods of analysis generally used by Energy Capital on behalf of its Equity Funds, the Mezzanine Fund and Credit Solutions II. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable private offering materials and governing documents for each Fund. While the descriptions of the Funds' investment strategies and methods of analysis are relevant to the Co-Invest Funds, each Co-Invest Fund generally invests in one portfolio company of one of the main Funds and therefore lacks the potential benefit of diversification and will be particularly exposed to the legal and financial risks associated with that transaction, including the risk of loss. The summary below should not be interpreted to limit in any way the ECP Advised Funds' investment activities. There can be no assurance that Energy Capital will achieve the investment objectives of each ECP Advised Fund and a loss of investment is possible.

### ***The Equity Funds***

#### ***Investment Strategy***

In the Equity Funds, Energy Capital intends to utilize a disciplined investment approach focused on acquiring and developing controlling interests in high quality assets, contracts and businesses in power, midstream oil and gas, environmental infrastructure, and related energy services businesses. Specifically, Energy Capital intends to focus on the following sub-sectors of energy, with the notable exclusion of oil and gas exploration and production:

- Power and renewable generation
- Midstream oil and gas pipeline, storage, processing and related fee-based asset systems along with further downstream infrastructure, including transportation, fractionation, storage, terminalling and other hydrocarbon logistics
- Energy-related environmental infrastructure assets in the air emissions, water and solid waste sectors
- Related energy services (with an emphasis on asset heavy and contracted businesses)

Energy Capital expects to focus the Equity Funds' investment efforts predominantly on control opportunities in the North American marketplace (though Fund IV may opportunistically evaluate opportunities in Europe). Energy Capital believes that focusing primarily on investments where the Equity Funds will acquire control positions in assets and/or the company managing assets will enable it to optimize financing and risk management structures, operations and contracts, capacity arrangements, fuel purchasing or switching capabilities, expansion opportunities, exit strategies, recapitalizations and other value creation strategies. Also, such control is expected to allow Energy Capital to take advantage of its expertise in ensuring that qualified and properly motivated management is in place at the portfolio companies to operate such assets.

#### *Method of Analysis*

Energy Capital plans to conduct investment due diligence and select investments utilizing the approach the ECP Partners have developed throughout their careers. The review and diligence effort for each potential transaction will be led by an ECP Partner and involve other senior team members as appropriate. The ECP Partner will be supported by a full team of Energy Capital investment professionals who may further retain outside experts, including legal, environmental, regulatory, and engineering specialists to supplement the internal diligence effort.

Prior to an acquisition, Energy Capital typically performs comprehensive due diligence on investment opportunities that appear to have a high likelihood of closing. Due diligence efforts may include site visits, meetings with key management and operations personnel, in-depth market analysis, risk comparisons to other project types, technology assessments, legal and historical financial reviews, and environmental and operations assessments. Additionally, the team generally will analyze the financial returns of a potential investment under various scenarios and stress tests. Prior to the submission of any binding offer, and earlier as appropriate, transactions will be presented to Energy Capital's investment committee for evaluation. All potential investments brought to the committee will be expected to have an attractive risk-adjusted base case rate of return.

In addition, to the extent that Energy Capital maintains market intelligence and asset specific information or familiarity as a result of its historic private equity relationships and deal experience, we may leverage that proprietary knowledge advantage throughout the diligence process, particularly when a compelling opportunity arises requiring the ability to execute quickly.

Investments have been and are expected to continue to be evaluated based upon a number of criteria, including:



- Asset quality and location
- Capability of the management team
- Potential for value enhancement
- Ability to manage commodity price risk
- Ability to finance the asset
- Environmental and regulatory risks
- Potential competition to acquire the asset
- Probability of closing
- Contribution to the diversity of the Funds' exposures
- Diversity of exit opportunities
- Expected return on investment in relation to target returns
- Distribution of possible return outcomes in relation to target returns
- Consistency with Energy Capital's Environmental, Social and Governance Policy

#### *Specific Plan for Value Creation*

Energy Capital is a value-add, hands-on investor. Energy Capital's investment professionals work closely with management teams to seek to enhance the value of Energy Capital's assets and businesses by:

- Actively managing assets and businesses in conjunction with management teams to reduce costs, improve efficiencies and expand revenue opportunities;
- Structuring and restructuring contractual arrangements related to equipment purchases, engineering and design services, fuel purchases and energy output sales;
- Monetizing optionality and differing revenue streams embedded in assets and contracts;
- Expanding asset capacity where economically justified;
- Pursuing new build development activity while mitigating early stage development risk, including working with capital constrained developers of attractive projects;
- Pursuing strategic acquisitions or divestitures to grow or streamline businesses;
- Combining asset investments into operating companies to create going-concern value and companies with critical mass and diversity, thereby increasing potential exit opportunities;
- Building management teams and portfolio companies to continue to pursue new growth areas in sectors of energy where Energy Capital has been an active investor and in new related energy sub-sectors where attractive investment opportunities become apparent during the investment period of the Funds; and
- Optimizing the project and corporate capital structures of its investments.

## *The Credit Funds*

### *Mezzanine Fund Investment Strategy*

In the Mezzanine Fund, Energy Capital intends to focus on mezzanine investments predominantly in the North American marketplace across the entire energy value chain inclusive of fossil and renewable power generation, electric transmission, midstream oil and natural gas, energy efficiency and conservation, environmental, and oil and natural gas exploration and production. Energy Capital intends to have limited control rights over day-to-day operations of the businesses in exchange for priority repayment ahead of most equity distributions. The Mezzanine Fund expects to incorporate covenants to protect its collateral interests including, but not limited to, covenants regarding asset sales, insurance and incurrence of debt or other secured and unsecured obligations.

### *Mezzanine Fund Method of Analysis*

The review and diligence effort for each potential transaction will be led by the mezzanine team and involve other Energy Capital team members as appropriate. While some of the third party reports and analysis will be prepared by the equity owners as part of the financing process, the Mezzanine Fund will retain its own outside experts, including legal, environmental, regulatory, and engineering specialists to supplement the internal diligence effort. Prior to an investment, the Advisers typically perform comprehensive due diligence on attractive investment opportunities that appear to have a high likelihood of closing. Due diligence efforts may include in-depth market analysis (including forecasts for planned generation, transmission, fuel capacity, and reserves potential, as well as forecasted demand and customer usage), risk comparisons to other project types, technology assessments, legal and historical financial reviews, and environmental and operations assessments. Additionally, the team will analyze the financial returns of a potential investment under various scenarios and stress tests. Prior to the submission of any binding financing proposal, transactions will be presented to the Mezzanine Fund's investment committee for evaluation. Projects will be evaluated based upon a number of criteria, including:

- Asset quality and location
- Ability to manage or monetize commodity price risk
- Capability of the management team
- Quality and track record of the equity behind the project
- Underlying credit quality and cash flow profile
- Environmental and regulatory risks
- Expected return on investment in relation to target returns
- Distribution of possible return outcomes in relation to target returns
- Possible exit scenarios
- Potential competition to finance the asset
- Probability of closing
- Diversity of existing investments



### *Specific Plan for Mezzanine Fund Value Creation*

Prior to completing an investment, Energy Capital will consider and evaluate ways to create value related to the new transaction. Value creation will focus on a number of specific areas, including:

- Developing a dialogue with the equity owners to assist on strategic initiatives for the asset or platform;
- Creating a return structure with equity components that are customized for each investment to enable upside sharing that is consistent with the objectives of the equity owners;
- Devising a plan to engage and advise on business milestones and critical strategic decisions;
- Customizing mezzanine terms consistent with development timelines by balancing current income with total return targets;
- Seeking longer call protection and/or attractive make whole provisions consistent with longer investment cycles prevalent in the energy sector; and
- Monetizing or hedging any commodity price risk that may be part of the upside in a given investment.

### *Credit Solutions II Investment Strategy*

In Credit Solutions II, Energy Capital intends to focus predominantly on primarily credit-oriented opportunities in the North American marketplace across the entire energy infrastructure value chain, including:

- Power and renewable generation
- Midstream oil and gas pipeline, storage, processing and related fee-based asset systems, along with further downstream infrastructure, including transportation, fractionation, storage, terminalling and other hydrocarbon logistics
- Energy-related environmental infrastructure assets in the air emissions, water and solid waste sectors
- Related energy services (with an emphasis on asset heavy and contracted businesses)

Energy Capital expects to structure credit-oriented investments with an emphasis on senior and/or secured investments with a first or second lien on collateral and loan documentation to mitigate downside risks. Credit Solutions II's core focus is expected to be on directly originated senior private credit, but Energy Capital also expects Credit Solutions II to opportunistically participate in liquid debt and structured capital solutions. At times, Credit Solutions II may purchase up to 35% of targeted capital commitments in liquid securities, including term loans and high yield bonds, relying upon Energy Capital's knowledge of specific assets and companies, and/or capitalizing on market dislocations. Finally, Energy Capital may invest a portion of the portfolio in customized, credit-oriented, and structured capital solutions (including, in certain cases, equity) for energy companies seeking non-traditional sources of financing. Energy Capital expects to have limited governance-related rights over day-to-day operations of the businesses in which it invests, in exchange for having a senior and priority repayment ahead of most equity

distributions. Credit Solutions II expects to generally incorporate customized structure provisions in its investments, which may include: covenants to protect collateral and security interests including, but not limited to, covenants regarding asset sales, restricted payments, insurance and incurrence of debt or other secured and unsecured obligations; financial and other maintenance covenants; and liquidity, debt service, or capital expenditure reserve amounts.

### *Credit Solutions II Method of Analysis*

The review and diligence effort for each potential transaction will be led by the credit team and involve other Energy Capital team members as appropriate. While some of the third party reports and analysis will be prepared by the equity owners as part of the financing process, Credit Solutions II may retain its own outside experts, including legal, environmental, regulatory, and engineering specialists to supplement the internal diligence effort. Prior to an investment, the Advisers typically perform comprehensive due diligence on investment opportunities that appear to have a high likelihood of closing. Due diligence efforts may include some, or a combination, of the following: site visits, meetings with key management and operations personnel, in-depth market analysis risk comparisons to other project types, technology assessments, legal and historical financial reviews, and environmental and operations assessments. Additionally, the credit team generally will analyze the financial returns of a potential investment under various scenarios and stress tests. Prior to the submission of any binding financing proposal, transactions will be presented to Credit Solutions II's investment committee for evaluation. Investments will be evaluated based upon a number of criteria, including:

- Asset quality and location
- Underlying credit quality and cash flow profile
- Position within the capital structure
- Margin of safety
- Capability of the management team
- Ability to manage commodity price risk
- Quality and track record of the equity behind the project
- Environmental and regulatory risks
- Contribution to the diversity of Credit Solutions II's exposures
- Diversity of monetization opportunities, including cash yield
- Expected return and distribution of possible return outcomes in relation to target returns
- Potential competition to finance the asset
- Probability of closing
- Consistency with Energy Capital's Environmental, Social and Governance Policy

### *Specific Plan for Credit Solutions II Monetization*

Energy Capital typically seeks to monetize Credit Solutions II investments in three ways: (1) hold investments through to maturity, (2) hold until investments are redeemed or refinanced, or (3) dispose of investments through sales in the secondary market. Credit Solutions II expects to generally have investments featuring mandatory maturities and repayment in cash. These debt investments may be partially realized through cash flow sweeps and fully repaid through a

refinancing at or prior to maturity or, in the case of liquid positions, through a sale of the position in the secondary market.

### ***Risks of Investment***

Each ECP Advised Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. While the discussion below often refers to "Fund" or "Funds," it enumerates certain risk factors that apply generally to an investment in an ECP Advised Fund, however the following discussion does not describe all of the risks that may potentially be faced by an ECP Advised Fund. Prior to making any investment in an ECP Advised Fund, investors should review the applicable Fund's private placement memorandum or other offering document for additional information regarding risks and conflicts of interest specific to such ECP Advised Fund.

### ***General Risks***

*Business Risks; Investment in Junior Securities.* The Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Also, securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. In general, there will be no collateral to protect an investment once made. The Funds' investments involve a high degree of business and financial risk that can result in substantial losses. Moreover, the Funds' methods of minimizing business and investment risks along with broader market risks may not accurately or adequately address future risk exposures. The Advisers' risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage such risks may not be accurate, complete or current, and such information may be misinterpreted. In certain situations, the Advisers may not be able to, or may choose not to, implement risk management strategies for the Funds because of the costs involved or other relevant circumstances, and even if risk management strategies are utilized, such strategies will not fully insulate the Funds from the risks inherent in their investment activities. While the Advisers intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Concentration of Investments.* The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. Moreover, to the extent the Funds concentrate their investments in a particular industry segment or geographic region, their investments will become more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. These risks may be further pronounced in cases in which an investment is secured by a relatively small or less diverse pool of underlying assets. As a consequence, the aggregate return of the Funds may be adversely affected by the unfavorable performance of one or a small number of investments, geographic regions or industry segments. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity, mezzanine and other credit-oriented transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual management fees during the commitment period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the annual management fee payable to an Adviser) may exceed their income, thereby requiring that the difference be paid from the Funds' capital, including unfunded capital commitments.

*Leveraged Investments.* The Funds may make use of leverage, directly or indirectly through one or more special purpose vehicles, by incurring debt (or having a portfolio company incur debt) to finance a portion of their investment in a given portfolio company or project. Although leverage has the potential to enhance overall returns that exceed the Funds' overall cost of funds, it will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Funds' cost of funds. Accordingly, any event that adversely affects the value of an investment by the Funds would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investment could result in a loss to the Funds that would be greater than if the leverage had not been used. The Funds may incur indebtedness on a portfolio-wide basis or against specific investments. The use of leverage at the Fund level will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. The extent to which the Funds use leverage will have important consequences to the partners, including the following: (i) greater fluctuations in the net assets of the Funds, (ii) use of cash flow for debt service, distributions or other purposes, (iii) to the extent that the Funds' revenues are required to meet principal payments, the partners may be allocated income (and therefore tax liability) in excess of cash available by distribution and (iv) in certain circumstances the Funds may be required to prematurely harvest investments to service their debt obligations. There also can be no assurance that the Funds or a portfolio company will have sufficient cash flow to meet their respective debt service obligations, which likely would result in losses. Also, the Funds' exposure to losses may be increased due to the illiquidity of their investments generally. Unfavorable performance of a small number of such investments may result in amplified losses for the Funds and limit the Funds' ability to invest in the future.

Leverage at the portfolio company or project level often imposes restrictive financial and operating covenants, in addition to the burden of debt service, and may impair the ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies and projects will increase the exposure of the Funds' investments to any deterioration in a company's or project's condition or industry, competitive pressures, an adverse economic environment or

rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies and projects in a down market. In the event any portfolio company or project cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company or project, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with their forecasts. Moreover, the companies and projects in which the Funds will invest may not be rated by a credit rating agency.

The Funds may, directly or indirectly through one or more special purpose vehicles, make contingent funding commitments to their portfolio companies and provide credit support for such obligations. Such credit support may take the form of a guarantee, a letter of credit or a pledge of a portion of the Funds' capital commitments to a lender. An Adviser may be required to segregate unfunded commitments sufficient to satisfy the Funds' obligations with respect to any such credit support. Utilization of the credit support will result in fees, expenses and interest costs to the Funds, and may result in an under-utilization of the Funds' capital. In the event that one or more limited partners fail to satisfy a drawdown or otherwise default on their contribution obligations pursuant to any such credit support, such amount would be drawn from non-defaulting limited partners. Subject to limitations in the partnership agreements, the Funds may also leverage their investment returns with options, short sales, swaps, forwards and other derivative instruments.

In connection with any indebtedness incurred by the Funds, or any such credit support provided by the Funds, the Funds and/or the Advisers may pledge the assets of the Funds and may make a collateral assignment to any lender, or other credit party of the Funds, of the Advisers and the Funds' rights to draw down capital from the limited partners and other related rights, titles, interests, remedies, powers and privileges of the Funds and/or the Advisers with respect to the capital commitments and rights to the capital contributions of the limited partners. It is possible that the limited partners will be required to acknowledge and consent to any such pledge or assignment and provide certain information and/or legal opinions as required by the lender or other credit party.

The Funds' assets, including any investments made by the Funds, the capital commitments of the partners, and any capital held by the Funds, are available to satisfy all liabilities and other obligations of the Funds. If a Fund defaults on secured indebtedness, the lender may foreclose and the Fund could lose its entire investment in the security for such loan. Parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset and may require its partners to contribute their capital commitments in order to satisfy such liabilities.

The cost and availability of leverage are highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. There can be no assurance that the Funds or their portfolio companies will be able to obtain indebtedness on terms available to any predecessor, affiliated fund, portfolio companies or to competitors, including terms that may be currently available in the market, or that indebtedness will be accessible at any time, and to the extent that it is available



there can be no assurance that such indebtedness will be on terms favorable to the Funds or a portfolio company, including with respect to interest rates, or that such indebtedness will remain available throughout the term of the Funds. The failure to obtain indebtedness on favorable terms (or at all) could adversely affect the returns of the Funds.

It is possible that the Funds may decide to repay any leverage with funds drawn from the capital commitments of the limited partners or to make future investments with little or no corresponding leverage. If the Funds decide to pay down their leverage or to make their investments with little or no leverage, the returns of the limited partners of the funds may be adversely affected.

*Distributions in Kind.* Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the partnership agreements, including the value used to determine the amount of carried interest available to the Advisers with respect to such investment.

*Reliance on the Advisers and Portfolio Company Management.* Control over the operation of the Funds will be vested with the Advisers, and the Funds' future profitability will depend largely upon the business and investment acumen of the ECP Partners. Limited partners generally have no right or power to take part in the management of the Funds. Given the ever-increasing competition among alternative asset managers (including private equity and credit firms) and other industry participants for hiring and retaining qualified investment professionals, there can be no assurance that such professionals will continue to be associated with the Advisers throughout the life of the Funds. The loss or reduction of service of one or more of the Funds' investment committee members (including one or more ECP Partners) could have an adverse effect on the Funds' ability to realize their investment objectives. Moreover, certain changes in an Adviser or circumstances relating to an Adviser may have an adverse effect on the Funds or one or more of their investments, including potential acceleration of Fund-level debt facilities.

Although the Advisers will monitor the performance of each fund investment, it will primarily be the responsibility of the management team of each portfolio company or project in which the Funds invest to operate such portfolio company or project on a day-to-day basis. Although the Funds generally intend to invest in companies and projects with strong management or recruit strong management to such companies, there can be no assurance that (i) the management of such companies and projects will operate such companies and projects successfully in accordance with the Funds' objectives, (ii) the companies or projects will be able to retain or replace key employees or (iii) they will maintain "key person" life insurance policies on any key employees to cover losses that would result from the death of a key employee.

*Projections.* Projected or targeted operating results of a company or project in which the Funds invest may be based on financial projections prepared by such company's or project's

management. In all cases, projections are only estimates of future results that are based upon information received from the company, the project or third parties (as applicable) and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Conflicting Investors Interests.* Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. As a consequence, conflicts of interest may arise in connection with decisions made by the Advisers, including with respect to the nature or structuring of investments that may be more beneficial for one limited partner than for another limited partner, especially with respect to a limited partner's individual tax situation. In structuring, acquiring and disposing of investments, the Advisers generally will consider the investment and tax objectives of the Funds and their partners as a whole, and not the investment, tax or other objectives of any limited partner individually, but it is inevitable that such decisions may be more beneficial for some limited partners than others.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the asset management industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives. In particular, a Fund may be required to incur additional costs and expenses in implementing structural changes in the conduct of its business, including to establish greater substance in certain jurisdictions in which the Fund invests or proposes to invest, and such Fund may also become directly or indirectly subject to additional tax liabilities (for example through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Additionally, such additional scrutiny may divert the Advisers' time, attention and resources from portfolio management activities.

*Need for Follow-On Investments.* Following their initial investment in a given portfolio company or project, the Funds may decide to provide additional funds to such portfolio company or project or may have the opportunity to increase their investment in a successful portfolio company or project. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or their inability to make such investments may have a substantial negative effect on a portfolio company or project in need of such an investment. Additionally, the Funds may not participate in follow-on investments on a *pro rata* basis with the ECP Advised Funds. The failure to make such investments may result in a lost opportunity for the Funds to increase their participation in a successful portfolio company or project or the dilution of the Funds' ownership in a portfolio company or project if a third party invests in such portfolio company or project.

*Non-United States Investments.* Subject to certain restrictions, the Funds may invest in portfolio companies or projects that are organized or headquartered or have substantial sales or

operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex United States and non-United States tax rules to cross-border investments, possible imposition of non-United States taxes on the Funds and/or their partners with respect to the Funds' income, and possible non-United States tax return filing requirements for the Funds and/or their partners. Additional risks of non-United States investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-United States jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-United States companies and projects may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to United States companies and projects.

*Non-controlling Investments.* The Funds may hold minority stakes in privately and publicly held companies and in some cases may have limited or no minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Potential for Early-Stage and Start-Up Investments.* The Funds may make investments in early-stage and start-up companies and projects that have inherently greater risk than more established companies and projects. Accordingly, the growth and development of these companies and projects may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.

*Investment in Restructurings.* The Funds may make investments in restructurings that involve portfolio companies or projects experiencing, or that are expected to experience, financial difficulties. Such financial difficulties may never be overcome. Such investments could subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investment therein. For example, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, payments to the Funds and distributions by the Funds to the limited partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.



*Bridge Financings.* From time to time, the Funds may lend to portfolio companies or provide project financing on a short-term, secured or unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in the Funds' control, such issuance of long-term securities or other refinancing may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

*Possibility of Fraud and Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Advisers, service providers to the Advisers or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Advisers have controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Advisers will be able to identify or prevent such misconduct.

*Third-Party Involvement.* The Funds may co-invest with third parties through joint ventures or otherwise. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Funds or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. As a result of such arrangements, the Funds may be significantly reliant on other sponsors of the transaction, if any, and on the existing management and board of directors and other shareholders of such companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements

*Co-Investment Opportunities.* The Advisers may, in their sole discretion, provide or commit to provide co-investment opportunities to certain of its affiliates, one or more limited partners, third party investors and/or their affiliates (or vehicles managed by such persons) or other persons, in each case on terms to be determined by the Advisers in their sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which generally may be made to one or more persons for any number of reasons as determined by the Advisers in their sole discretion, may not be in the best interests of the Funds or any individual limited partner.

*Recycling; Reinvestment.* As further set forth above in the partnership agreements, a limited partner may be required to make capital contributions in excess of its capital commitment, and to

the extent such recalled, redeployed or retained amounts are reinvested in investments, a limited partner will remain subject to investment and other risks associated with such investments.

*Failure to Make Capital Contributions.* If a limited partner defaults on its obligations to contribute capital to the Funds when due, and the contributions made by non-defaulting limited partners and borrowings by the Funds, if any, are inadequate to cover such defaulted capital contribution, the Funds may be unable to consummate an investment on a timely basis (if at all) or pay its obligations when due, and its ability to execute on its investment strategy or to otherwise continue operations may be impaired. As a result, the Funds may be subjected to significant penalties (or other adverse consequences) that could affect the returns to the limited partners (including non-defaulting limited partners) in a materially adverse manner. A default by a substantial number of limited partners would limit opportunities for investment diversification and would likely negatively affect the Funds' economic results.

*Dilution.* A limited partner admitted to the Funds at a subsequent closing generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

*Hedging Arrangements.* The Advisers may (but are not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate, gas, oil and other commodities exposure, tax, currency or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the Advisers and/or one of its affiliates an obligation to register with the United States Commodity Futures Trading Commission or other regulator or comply with an application exemption.

*Advisers' Carried Interest.* The fact that the Advisers' carried interest is based on a percentage of net profits may create an incentive for an Adviser to cause the Funds to make riskier or more speculative investments, to sell an investment sooner or to hold an investment longer than otherwise would be the case.

*Public Company Holdings.* The Funds' investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information

regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times (including due to the possession by such Fund of material non-public information), increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including personnel of the Advisers and/or their affiliates, regulatory action and increased costs associated with each of the aforementioned risks.

*Director Liability.* The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies and projects in which they invest. Serving on a board of directors (or similar governing body) of such portfolio company or project exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies or projects may obtain insurance with respect to such liability, and the insurance that such portfolio companies and projects do obtain may be insufficient to adequately protect officers and directors from such liability. Furthermore, the cost of such insurance continues to increase, particularly for public companies, which may adversely impact the profitability of a portfolio company. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities.

*LP Advisory Committee.* The Advisers will appoint one or more limited partner representatives to the limited partner advisory committee ("LP advisory committee"). The Funds' limited partnership agreements are expected to provide that to the fullest extent permitted by applicable law, none of the LP advisory committee members shall owe any fiduciary or other duties to the Funds or any other partner, other than to act in good faith. In addition, representatives of the LP advisory committee may have various business and other relationships with Energy Capital and its partners, employees and affiliates. These relationships may influence their decisions as members of the LP advisory committee. The composition of a LP advisory committee of a Fund may have substantial overlap with the composition of a LP advisory committee for another Fund, which could lead to conflicts of interest if there are transactions between such Funds that require LP advisory committee approval. The composition of an LP advisory committee may disproportionately represent one or more of the entities or categories of limited partners comprising a Fund.

*Contingent Liabilities on Disposition of Investments.* In connection with the disposition of a Fund investment, the Funds may be required to make representations about the business and financial affairs of such portfolio company and may be responsible for the content of disclosure documents under applicable securities laws. The Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities, which shall be borne by the Funds and for which the Advisers may cause the Funds to establish reserves or escrow accounts. In that regard, limited partners may be required to return amounts distributed to them to fund obligations of the Funds, including indemnity obligations, subject to certain limitations set forth in the partnership agreements. Furthermore, as provided in the partnership agreements, each limited partner may, under certain circumstances, be obligated to recontribute such distribution to the Funds.

*Uncertain Economic, Social and Political Environment.* The global economic and political climate can be uncertain. Prior acts of terrorism, the threat of additional terrorist strikes and the

fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, may be restricted. This may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds’ ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds’ investments and could have a negative impact on the performance and/or valuation of the Funds’ investments. The Funds’ performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held companies and investors’ risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of the Funds’ investments and their overall performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their investments. Such adverse effects may include the requirement of the Funds to pay break-up and other expenses in the event the Funds are not able to close a transaction (whether due to the lenders’ unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of their investments at prices that the Advisers believe reflect the fair value of such investments. With respect to any publicly traded securities, the value of securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Funds’ ability to raise funding to support their investment objective.

*Brexit.* The European Union (Withdrawal Agreement) Act 2020 passed the Parliament of the United Kingdom, and consequently the United Kingdom left the European Union (“EU”) on January 31, 2020 (often referred to as “Brexit”). Under the negotiated “Withdrawal Agreement”, the United Kingdom–European Union relationship entered into a transition period from February 1, 2020 to December 31, 2020. The nature of the future trading relationship between the United Kingdom and the European Union is still being negotiated. There is no legal, political, regulatory and/or economic certainty as to the ongoing relationship that will exist between the United Kingdom and the European Union post-transition period and it remains impossible to predict or definitively state the economic, tax, fiscal, legal, regulatory and other impacts on the asset management industry, the broader European and global financial markets generally and private funds such as the Funds and their investments. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or

having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Funds. Lack of clarity about future United Kingdom laws and regulations, and the terms upon which United Kingdom businesses may continue to access European markets, including financial laws and regulations, tax and free trade agreements, immigration and employment laws, could increase costs, depress economic activity, impair ability to attract and retain qualified personnel, and have other adverse consequences. Any of these factors may have a material adverse effect on the ability of the Advisers, the Funds and their portfolio companies to execute their respective strategies and to access capital.

*Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). Because the Funds are expected to be actively marketed to investors domiciled or having their registered office in certain jurisdictions in the EEA: (i) the Funds and the Advisers will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (ii) the Funds and the Advisers may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds; (iii) the Advisers will be required to make detailed information relating to the Funds and their investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Funds in relation to EEA portfolio companies including, in some circumstances, the Funds’ ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Funds to raise their targeted amount of capital commitments.

*Valuation of Assets.* There may not be an actively traded market for the securities owned by the Funds. When estimating fair value, the Advisers will apply a methodology they determine to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Valuations generally are subject to multiple levels of review. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the Advisers may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Cyber Security Breaches and Identity Theft.* Energy Capital, the Funds and the Funds’ investments generally rely on information technology systems for current and planned operations. Cybersecurity incidents and cyber-attacks are occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Information and technology systems of Energy Capital and the Funds’ companies and projects may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective



professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. There can be no guarantee that Energy Capital, the Funds or their portfolio companies will be able to prevent or mitigate such incidents. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Energy Capital, the Funds, and/or one or more of their portfolio companies may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Funds' investment results and its ability to make distributions to its partners. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Energy Capital's, the Funds', a company's and/or a project's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Energy Capital's, the Funds', a company's and/or a project's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

The Advisers, the Funds, portfolio companies, affiliates, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business. Such systems are subject to a number of varying threats or risks that could adversely affect a portfolio company, a Fund or its investors, despite the efforts of the Advisers, management teams and services providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a portfolio company, a Fund, a Fund's investors or the Advisers.

Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to data. A successful penetration or circumvention of security systems could result in the loss, theft or corruption of an investor's data, portfolio company data, the Advisers' data, a loss of funds, the inability to access electronic systems, overall disruption in operations systems, physical damage to a computer or network system or costs associated with system repairs. Such threats may also indirectly affect the Advisers, a Fund or portfolio company through cyber incidents with third party service providers or counterparties. Data taken in such breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect a Fund's investors directly and/or indirectly by affecting the value of a Fund or its portfolio companies. These risks can disrupt the ability to engage in business, cause direct financial loss and reputational damage, lead to violations of applicable laws related to data and privacy protection or cause the Advisers or a Fund to incur regulatory penalties. Some or all of such costs may not be adequately covered by insurance. Cybersecurity risks also cause increase in compliance costs and may cause the Funds, their portfolio companies and/or the Advisers to incur substantial costs relating to forensic analysis, network upgrades, and any litigation relating to a cybersecurity breach.

*Public Health Concerns and Epidemics.* The impact of disease and epidemics, or fear of the impact of disease and epidemics, may have a negative impact on the Advisers, the Funds, the Funds' investments and/or the performance and financial position of any of the foregoing. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result

in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events may adversely impact economic activity and development/construction activities through disruption in supply and delivery chains. Moreover, the Advisers' operations and those of the Funds or their portfolio companies could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have a material adverse effect on the Advisers, the Funds and/or the Funds' portfolio companies. The duration of the business disruption and related financial and social impact caused by a widespread health crisis cannot be reasonably estimated. In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The speed and extent of the spread of the coronavirus, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of the coronavirus, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain. The Advisers' operations and business results, including with respect to the Funds and their portfolio companies, could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

### ***Risks Relating to Making and Holding Energy Sector and Infrastructure Investments***

***Operating Risk.*** The Funds may invest in operating facilities. Operation of such facilities involves certain operational risks, which include: the possibility of performing below expected levels of output, availability or efficiency; interruptions in fuel or other necessary supplies; increases in the cost of fuel or other necessary supplies; pipeline disruptions; disruptions in the offtake of steam or electrical energy; power shutdowns; breakdown or failure of equipment or processes; accidental discharges of hazardous materials; labor disputes; changes in law; failure to obtain or maintain necessary governmental permits; or catastrophic events such as fires, earthquakes, lightning, explosions, hurricanes, tornados, floods or similar occurrences affecting a facility owned by the Funds or their power purchasers, steam purchasers, fuel suppliers or fuel transporters.

***Development Risk.*** The Funds may invest in projects and facilities at an early stage of development, involving risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; and (iii) suitable equipment supply, operating and maintenance, power purchase and offtake contracts. These projects involve additional uncertainties, including the possibility that the projects may not be completed, operating licenses may not be obtained, and that either additional construction and/or permanent financing

may be unavailable. Further, there is no assurance that these projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

*Construction Risk.* The Funds' investments may involve significant construction risk, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including: political opposition; regulatory and permitting delays; delays in procuring real property rights; equipment; transmission grid interconnection delays; labor disputes; lawsuits and other disputes; environmental, health and safety issues; force majeure; or failure by one or more of the infrastructure investment participants to perform in a timely manner (or at all) its or their contractual, financial or other commitments. New facilities have no operating history and may employ recently developed or technologically complex equipment that may take time to operate at peak levels of output and efficiency. A material delay or increase in cost not absorbed by other participants in the transaction could significantly impair the financial viability of an infrastructure investment project and result in a material adverse effect on the Funds' investment therein.

*Changes in the Utilities Industry.* The Funds may make investments in the electric utility industry (and related industries and markets) both in the United States and abroad. A number of countries, including the United States, are considering or implementing methods to introduce and promote competition with respect to both supply and demand. To the extent competitive pressures increase and the pricing and sale of electricity assume more characteristics of a commodity business, the economics of independent power generation projects (and other energy projects) into which the Funds may invest may come under increasing pressure. If restructuring of the energy industry and the electricity sector is reversed, discontinued, delayed or modified, this could have an adverse effect on the projects into which the Funds may invest.

*Renewable Energy.* The Funds may make investments in renewable energy projects. The market for renewable energy continues to evolve and its future success is uncertain. If renewable energy technology proves unsuitable for widespread commercial deployment or if the demand for renewable energy products fails to develop sufficiently (including as a result of changes in market conditions, such as a decrease in the price of fossil fuels), the Funds' investments in renewable energy projects may be adversely affected. In particular, certain of the Funds' renewable energy products may be structured to seek to incorporate renewable energy tax credits, the terms of which may change or which may be discontinued altogether. While renewable energy projects currently enjoy support from governments and regulatory agencies, there is no assurance that such support will continue in the future and any reduction or elimination of governmental support may have an adverse effect on the development and construction of such projects. For example, it may not be economically feasible for some renewable energy projects to be developed without government incentives that support the sale of energy generated from renewable sources, such as state-adopted Renewable Portfolio Standard programs, which vary among states but generally require power suppliers to provide a minimum percentage or base amount of electricity from specified renewable energy sources for a given period of time. Additionally, oversupply in the oil market has caused a recent drop in oil prices. Such decline in pricing could adversely affect the competitiveness of alternative fuel sources and renewables. There can be no assurance that oil prices will return to historic levels, and a prolonged reduction in oil prices may have a material adverse effect on the Funds' investment program.



The Fund, a portfolio company or a project may base its investment decisions with respect to a renewable generation facility on the findings of related wind and solar studies conducted on-site prior to construction or based on historical conditions at existing facilities. However, actual climatic conditions at a facility site, particularly wind conditions, may not conform to the findings of these studies. Similarly, global climate conditions may change such that the favorable historical conditions for a renewable facility are no longer present. If solar or wind conditions are unfavorable, a company's or project's electricity generation and revenue from renewable generation facilities may be substantially below its expectations. The electricity produced and revenues generated by a solar electric or wind energy generation facility are highly dependent on suitable solar or wind conditions, as applicable, and associated weather conditions, which are beyond the Funds' control. Unfavorable weather and atmospheric conditions may cause a company's or a project's solar and wind energy facilities to not meet anticipated production levels or the rated capacity of its generation assets, which could adversely affect the business, financial condition and results of operations and cash flows.

*Reliance on Third-Party Projects.* The Funds may invest in portfolio companies and/or projects that are directly or indirectly dependent on the completion, operation and/or performance of other third party-managed projects, including in the energy exploration, supply or development chain, such as infrastructure or pipeline projects ("other projects"), over which the Advisers and their affiliates have no involvement, influence or control. Such dependence on third parties presents risks, including that third parties may be unable (or delayed as they seek) to procure necessary permits or governmental approvals for the other projects, or that the other projects otherwise will be unsuccessful or not completed within their expected timeframe or at all based on one more of the risk factors set forth herein. Delays with respect to other projects, or the inability of third parties to successfully complete and operate other projects upon which a Fund's portfolio company and/or project is dependent will negatively impact the ability of such Fund's portfolio company and/or project to perform as anticipated at the time of the Fund's investment, and likely will result in losses to such portfolio company or project, and therefore negatively impact the Fund's returns.

*Adequacy and Availability of Insurance; Catastrophic Events.* When applicable, the Funds intend to use insurance and other risk management products (to the extent available on commercially reasonable terms) when making infrastructure investments in order to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance. When making a non-controlling investment, the Funds intend to require appropriate covenants of sponsors to use prudent insurance and other risk management products. However, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation of assets. In addition, certain losses of a catastrophic nature, such as those caused by wars, earthquakes, hurricanes, tornados, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the Funds' profitability. In general, losses related to terrorism are becoming harder and more expensive to insure against, and most insurers are excluding terrorism coverage from their all-risk policies. As a result, it is unlikely that any of the Funds' investments will be insured against damages attributable to acts of terrorism (or certain other losses of a catastrophic nature). If a major uninsured loss were to occur

with respect to an investment, the Funds could lose both their capital invested in and anticipated profits related to such investment.

*Volatility of Commodity Prices.* The performance of certain investments of the Funds may be dependent upon prevailing prices of certain commodities, including the price of electricity and the price of fuel. Historically, the markets for certain commodities, including oil, gas, coal and power, have been volatile, and such markets are likely to continue to be volatile in the future. Prices for certain commodities are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for such commodities, market uncertainty and a variety of additional factors that are beyond the control of the Advisers or the Funds. These factors include the following: (i) worldwide and regional economic conditions impacting the global supply and demand for commodities generally, including natural gas, coal, NGLs, and oil; (ii) the price and quantity of imports of foreign natural gas, including liquefied natural gas; (iii) political conditions in or affecting other producing countries, including conflicts in the Middle East, Africa, South America and Russia; (iv) the level of global exploration and production; (v) the level of global inventories; (vi) prevailing prices on local price indexes; (vii) localized and global supply and demand fundamentals and transportation availability; (viii) weather conditions; (ix) technological advances affecting energy consumption; (x) the price and availability of alternative fuels; (xi) domestic, local and foreign governmental regulation and taxes; (xii) refining capacity; and (xiii) actions of the Organization of Petroleum Exporting Countries. In addition, governments may intervene from time to time, directly and by regulation, with the intent to influence price directly, which may cause rapid movement in commodity prices.

*Regulatory Approvals; Permits.* Portfolio companies and projects in which the Funds invest are expected to be required to comply with numerous United States federal, state and local laws and regulations, including those related to air emissions, water discharge, waste management and disposal, hazardous substances, protection of wildlife and natural resources and safety and health, and to obtain and maintain numerous permits and approvals required for their construction and operation. Compliance with these various laws and regulations may cause portfolio companies and projects to incur significant costs and may impact their respective businesses. In addition, the Funds may be required to obtain the consent or approval of applicable regulatory authorities in order to acquire or hold investments in particular portfolio companies or projects. For example, certain of the Funds' investments may be subject to Federal Energy Regulatory Commission approval under the United States Federal Power Act or the United States Natural Gas Act. In addition, certain of the Funds' investments may be subject to the approval of state-level utility commissions in those instances where such bodies have jurisdiction. If the Funds' investments are unable to obtain required consents or approvals, the Funds may be unable to enter into transactions or to structure transactions in ways that are optimal for the Funds or particular the Funds' vehicles.

The Funds may invest in portfolio companies or projects they believe have obtained all material United States federal, state, local or foreign regulatory approvals and permits required to construct, acquire and operate their facilities. However, such approvals and permits may be subject to conditions, and there is no assurance that such portfolio companies and projects will be successful in meeting such conditions. A failure to satisfy such conditions could limit or terminate the construction or operation of certain facilities or result in additional costs to such portfolio companies and projects, which may adversely affect the Funds' investment results. There can be no assurance that a portfolio company or project will be able: (i) to obtain all required regulatory

approvals and permits; (ii) to obtain any necessary modifications to existing regulatory approvals and permits; or (iii) to renew and otherwise maintain required regulatory approvals and permits; or (iv) to comply with all terms of all regulatory approvals and permits. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals and permits (or amendments thereto) or delay or failure to satisfy any regulatory conditions or other applicable requirements (which may change over time), could materially limit or terminate the construction or operation of a facility or sales of such facility to third parties, or could result in additional costs to a portfolio company or project and materially and adversely affect the Funds' investment results.

*Regulatory Changes.* A portfolio company or project in which the Funds invest could be materially and adversely affected as a result of new laws or regulations, or statutory or regulatory changes or changes in judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company or project, the markets in which such company or project operates or such company's or project's industry generally. For example, environmental laws regulating infrastructure projects could become more restrictive, as governments aim to limit the impact of infrastructure on the environment, wildlife and natural resources and reduce the emissions of greenhouse gases ("GHGs"). Such changes could materially and adversely affect the performance of one or more of the Funds' investments. Moreover, additional regulatory approvals and permits, including renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in the companies' customer(s), or for other reasons. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or unanticipated liabilities. A portfolio company or project also could be materially and adversely affected by regulations that have been vacated, remanded or otherwise limited by court decisions, which creates considerable uncertainty as to how these regulations will be modified and/or ultimately implemented. Any such modifications could alter the competitive landscape and/or the nature of the markets in which a portfolio company or project operates in a material and adverse manner to such portfolio company or project.

*Environmental Liabilities and Risks.* Large-scale infrastructure projects in which the Funds intend to invest may have a significant impact on their local environments, or be particularly susceptible to events or changes in those environments or to requirements of political or administrative authorities in respect of their environmental impact. In addition, several U.S. federal environmental regulatory programs could impact or potentially impact the Funds' portfolio companies, including the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act, and the Resource Conservation and Recovery Act. An owner of an infrastructure asset may be liable for past and future damages caused by emissions or releases to the environment located on or emitted from or otherwise attributable to the asset, as well as for the costs of remediation and, in some circumstances, fines, penalties or other sanctions. Such liabilities could exceed the value of the infrastructure asset at issue and could result in claims against the owner that would result in the loss of other assets of the owner. While the Advisers will endeavor to acquire infrastructure assets that do not present a material risk of such liabilities, environmental liabilities may arise as a result of factors, including changes in laws or regulations and the existence of conditions that were unknown at the time of acquisition or operation or are beyond the control of the Advisers. If the Funds' portfolio companies are subject to liability under these environmental laws or regulations, there could be a material and adverse impact on the Funds' financial performance. Under certain circumstances, environmental authorities and other

parties may seek to impose personal liability on the limited partners or a partnership (such as the Funds) subject to environmental liability. However, a limited partner in the Funds may reduce its risk of such personal liability by avoiding activities with respect to the Funds' portfolio investments other than as specifically contemplated by the partnership agreements.

*Regulation of Greenhouse Gases.* There is a growing consensus in the United States and globally that emissions of GHGs are linked to global climate change and this consensus may lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more international, United States federal or United States regional requirements to reduce or mitigate the effects of GHGs. The United States Environmental Protection Agency has adopted and implemented, and in the future may continue to adopt and implement, regulations that restrict emissions of GHGs under existing provisions of the Clean Air Act. However, a number of these regulations have been challenged in court and/or are subject to review under the new presidential administration. In addition, several states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Canada has also taken steps to address GHG emissions. In December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement entered into force on November 4, 2016. In June 2017, the United States announced its withdrawal from the Paris Agreement, although the earliest possible effective date of withdrawal is November 4, 2020. Despite the planned withdrawal, certain U.S. city and state governments have announced their intention to satisfy their proportionate obligations under the Paris Agreement. While the Advisers will endeavor to take into account existing and anticipated future applicable GHG regulation in its investment decisions, restrictions on emissions of GHGs that may be imposed and changes in the regulation of GHGs could materially and adversely impact a portfolio investment or make certain future investments undesirable.

*Governmental Contract Risk.* To the extent that the Funds invest in infrastructure assets that are governed by concession agreements with national, provincial or local authorities, there is a risk that these authorities may not be able to honor their obligations under the agreement, especially over the long term. The leases or concessions may also contain clauses more favorable to the governmental counterparty than a typical commercial contract and may restrict the Funds' ability to operate the investment in a way that maximizes cash flows and profitability. Governments typically have considerable discretion in implementing regulations that could impact these businesses, may be influenced by political (rather than just economic) considerations and may make decisions that adversely affect the Funds' investments.

*Use of Derivatives and Other Specialized Techniques.* Companies in the energy and power industry engage in derivatives transactions and other hedging techniques to insulate against a number of risks, including commodity price risk, exchange rate risk and interest rate risk. The Funds and/or their portfolio companies and projects in which the Funds invest may engage in other derivative or similar transactions. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements. Such instruments may be difficult to value, may be

illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets or market conditions. Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), the United States Commodity Futures Trading Commission obtained regulatory jurisdiction over certain derivative transactions, and, as a result, the Advisers, the Funds and their portfolio companies and projects may be subjected to additional regulation if an exemption is not available and could create additional uncertainty and costs for these companies’ and projects’ hedging activities. Because many provisions of Dodd-Frank require ongoing rulemaking by the applicable regulators and Dodd-Frank mandates multiple agency reports and studies (which has resulted, and could result in, additional legislative or regulatory action), it is difficult to quantify any additional costs or collateral requirements that may be imposed on these companies and projects. Derivative instruments may trade principally on markets organized outside the United States and markets for derivative instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost. The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of these portfolio companies, projects, the Advisers or the Funds. For all the foregoing reasons, the use of derivatives and related techniques can expose the Funds and the portfolio companies and projects in which the Funds invest to significant risk of loss.

*Broken Deal Expenses.* Investments in the energy industry often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include feasibility and technical studies, preliminary engineering and marketing studies, and legal and environmental review, any or all of which may entail significant third party expenses. In the event that an investment is not consummated, the Funds will generally bear some or all broken deal expenses, including such third party expenses and any termination fees.

*Ability to Exit Investments.* Individual investments in infrastructure assets tend to be large due to the general nature and size of such assets (such as power plants, transmission lines, distribution properties or gas storage and pipeline facilities). Infrastructure assets may have unique geographic and market characteristics (and may be subject to political, regulatory and public opinion considerations), which could make them highly illiquid. The Funds may acquire portfolios of assets that are not easily separated into individual asset acquisitions or dispositions. Accordingly, the Funds’ investments may be quite sizeable. Given there are limited pools of capital available in the sector that can make sizeable investments and limited numbers of market participants, the potential exits from these investments may be limited and there can be no assurance that the Funds will be able to realize their investments on favorable terms, in a timely manner or at all. In addition, exit strategies that appeared to be viable when a Fund investment was originally made may be precluded by the time the investment is ready to be realized due to regulatory, economic, political or other factors. Moreover, the realizable value of a highly illiquid investment may be less than its intrinsic value.

*Uncertainty of Estimates.* Estimates of energy and natural resources reserves (e.g., hydrocarbon reserves or mineral reserves) and of factors such as solar energy intensity and movement of wind and water flow (for solar, wind and hydroelectric power, respectively) by



qualified engineers are often a key factor in valuing certain energy and natural resource companies and related infrastructure assets or businesses. The process of estimating reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such estimates to be significantly revised from time to time, creating significant changes in the value of the assets or business owning such reserves.

*Weather and Climate Risks.* Certain energy companies and assets are particularly sensitive to weather and climate conditions. There can be no assurance that weather and climate patterns will remain constant or be predictable throughout the term of a Fund. Accordingly, the profitability of certain of a Fund's portfolio companies and projects may be adversely affected by weather and climate changes, thereby potentially decreasing aggregate returns to the Fund.

### ***Additional Risks for the Credit Funds***

*Leveraged Nature of Credit Investments.* The projects and portfolio companies in which the Credit Funds invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each Credit Fund investment. Leverage often imposes restrictive financial and operating covenants on a borrower, in addition to the burden of debt service, and may impair a project's ability to finance future operations and capital needs or to pay principal and interest on a Credit Fund's investments when due. The leveraged capital structure of projects and portfolio companies will increase the exposure of a Credit Fund's investments to any deterioration in a project's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. A Credit Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any project or portfolio company cannot generate adequate cash flow to meet debt service, a Credit Fund may suffer a partial or total loss of capital invested in the project or portfolio company, which could adversely affect the returns of the Credit Fund. Furthermore, the securities in which a Credit Fund will invest generally will not be rated by a credit rating agency.

*Non-controlling Investments.* The Credit Funds anticipate that they will principally hold debt obligations and other non-controlling interests in projects and, therefore, will have a limited ability to protect the Credit Funds' positions in such projects. However, the Advisers will seek such creditor and shareholder rights as it deems appropriate to help protect the Credit Funds' interest.

*Insolvency Considerations.* Any investments held by the Credit Funds may be subject to various laws enacted in the home country, jurisdiction or state of the applicable borrower for the protection of creditors. Insolvency considerations may differ depending on the jurisdiction in which each borrower is formed and/or located and may differ depending on whether the borrower is a non-sovereign or a sovereign entity. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower entity, such as a trustee in bankruptcy, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such investment and, after giving effect to such indebtedness, the borrower: (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such borrower constituted unreasonably low capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in

whole or in part, such indebtedness as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. There can be no assurance as to what standard a court would apply in order to determine whether the borrower was “insolvent” after giving effect to the incurrence of the indebtedness constituting the investment, or that, regardless of the method of valuation, a court would not determine that the borrower was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of a borrower, payments made on the applicable loan could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year and one day) before insolvency. In addition, if a borrower is the subject of a bankruptcy proceeding, payments to a Credit Fund with respect to such investment may be delayed or diminished as a result of the exercise of various powers of the bankruptcy court, including, without limitation, the following: (A) an “automatic stay,” under which a Credit Fund will not be able to institute proceedings or otherwise enforce its rights against the borrower or obligor with respect to a Credit Fund’s investment without permission from the court; (B) conversion by the bankruptcy court of a Credit Fund’s investment into more junior debt or into an equity obligation of the borrower or obligor; (C) modification of the terms of a Credit Fund’s investment by the bankruptcy court, including, without limitation, reduction or delay of the interest or principal payments thereon; and (D) grant of a priority lien to a new money lender to the borrower or obligor on the applicable loan.

*Lender Liability Considerations; Equitable Subordination.* A number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although the Credit Funds do not intend to engage in conduct that they expect would form the basis for a successful cause of action based upon lender liability, the potential for such a cause of action exists. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Although the Credit Funds do not intend to engage in conduct that they expect would form the basis for a successful cause of action based upon the equitable subordination doctrine, the potential for such a cause of action exists. The preceding discussion is based upon principles of United States federal and state laws. Insofar as subsidiaries of the Credit Funds or investments are formed under the laws of non- United States jurisdictions, the laws of such non-United States jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

## ***Additional Risks for Credit Solutions II***

*Loan Origination and Illiquid Investments.* If Credit Solutions II desires to sell or assign a loan that it originates, but is unable to sell, assign or successfully close transactions for assignments or participations in such loans, Credit Solutions II will be forced to hold such a loan until such time as it can be disposed, during which time Credit Solutions II may be “overweighted” with respect to a particular borrower. In addition, in connection with any loan origination activity, Credit Solutions II may determine, in consultation with its tax advisors, that there is a risk that Credit Solutions II’s lending activity may cause Credit Solutions II to be treated as engaged in a trade or business for United States federal income tax purposes. In such a case, Credit Solutions II may offer participations in and/or assignments or sales of loans (and related equity interests) to the Blocker Fund, generally after a predetermined holding period and at an arms’-length price. If Credit Solutions II adopts such a structure, in determining the target amount to allocate to a particular loan origination, Credit Solutions II will take into consideration the fact that it anticipates selling, assigning or offering participations in such investment to the Blocker Fund. To the extent that Credit Solutions II is not successful in consummating any such participation, assignment or sale to the Blocker Fund (and during any applicable holding period), Credit Solutions II will be forced to hold such excess until such time as it can be disposed of, during which time Credit Solutions II may be “overweighted” with respect to a particular borrower. In addition, the inability to successfully consummate any such participation, assignment or sale to the Blocker Fund pursuant to the preceding sentence will likely result in under-utilization of the Blocker Fund’s capital available for investment. Credit Solutions II may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placement originated loans. Illiquidity increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize such positions’ value at the time of sale.

*Nature of Investment in Senior Debt.* Credit Solutions II’s investments may include first lien and second lien senior secured debt. Such debt may (i) include term loans and revolving loans, (ii) pay interest at a fixed or floating rate and (iii) be acquired by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. The factors affecting an issuer’s first and second lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Second lien loans are subordinate in right of payment to one or more senior secured loans of the related borrower and therefore are subject to additional risk that the cash flow of the related borrower and the property securing the loan may be insufficient to repay the scheduled payments to Credit Solutions II after giving effect to any senior secured obligations of the related borrower. Second lien senior loans are also expected to be a more illiquid investment than first lien senior secured loans for such reason. There also is less likelihood that Credit Solutions II will be able to sell participations in second lien loans that it originates or acquires, which would expose Credit Solutions II to increased risk. Senior secured credit facilities may be syndicated to a number of different financial market participants. The documentation



governing such facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the loan, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a Chapter 11 plan of reorganization is usually done on a class basis. As a result of these voting regimes, Credit Solutions II may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of an investment. Senior secured loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit Credit Solutions II's potential recovery of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) "lender liability" claims by the issuer of the obligations; (v) environmental liabilities that may arise with respect to collateral securing the obligations; (vi) recharacterization claims in which certain creditors may seek to have Credit Solutions II's debt positions recharacterized as equity and therefore subordinate Credit Solutions II's claims to such creditors' claims; and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class.

*Default Rates of Loans and High-Yield Instruments.* Credit Solutions II may make investments that may be classified as "higher-yielding" (and, therefore, higher-risk). In most cases, such investments will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. In addition, such investments are generally unsecured, typically are subordinated to other obligations of the obligor and generally have greater credit and liquidity risk than is typically associated with investment grade obligations. Issuers are often highly leveraged and may not have available to them more traditional methods of financing. Such investments are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. The market for high-yield instruments has experienced periods of volatility and reduced liquidity. The market values of certain of these debt instruments may reflect individual corporate developments. General economic recessions or a major decline in the demand for products and services in which the company provides would likely have a materially adverse impact on the value of such instruments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high-yield debt instruments. Furthermore, the historical performance of the high-yield market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of Credit Solutions II's investment in such instruments. Should increases in default rates occur with respect to the instruments acquired by Credit Solutions II, it could result in substantial losses to Credit Solutions II.

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## **ITEM 9      DISCIPLINARY INFORMATION**

The Advisers and their management persons have not been subject to any material legal or disciplinary events.

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**ITEM 10      OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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ECP Management is affiliated with other Energy Capital general partners that are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to ECP Management's registration. These general partners are:

Energy Capital Partners GP I, LLC  
Energy Capital Partners GP II, LP  
Energy Capital Partners GP III, LP  
Energy Capital Partners GP IV, LP  
Energy Capital Partners Mezzanine GP, LP  
Energy Capital Partners Credit Solutions GP II, LP  
Energy Capital Partners GP II Co-Investment (Summit), LLC  
Energy Capital Partners GP III Co-Investment (NESCO), LLC  
Energy Capital Partners GP III Co-Investment (Maple Leaf), LLC  
Energy Capital Partners GP III Co-Investment (Granite), LLC  
Energy Capital Partners GP III Co-Investment (Sendero), LLC  
Energy Capital Partners GP III Co-Investment (Sunnova), LLC  
Energy Capital Partners GP III Co-Investment (CIG), LLC  
Energy Capital Partners GP III Co-Investment (Heartland), LLC  
Energy Capital Partners GP IV Co-Investment (Next Wave), LLC  
Energy Capital Partners GP Mezzanine Co-Investment (Alaska Midstream), LLC  
Energy Capital Partners SLP I, LP  
Energy Capital Partners SLP I-A, LP  
Empire RR Energy GP, LLC

These affiliated investment advisers operate as a single advisory business together with ECP Management and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. All of these Advisers are under common control and subject to Energy Capital's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

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**ITEM 11      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS,  
AND PERSONAL TRADING**

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***Code of Ethics***

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of the Advisers' principals, employees and their family members living in the same household and addresses conflicts that may arise from personal trading. The Code requires Energy Capital personnel and their family members living in the same household to report their personal securities transactions, requires pre-

clearance for Energy Capital personnel and their family members living in the same household for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or private placement, and, with limited exceptions, in other securities, without first obtaining approval from Energy Capital's Chief Compliance Officer. The Code also places certain restrictions (subject to limited exceptions) on Energy Capital personnel and their family members living in the same household on trades in specified energy public securities. A copy of the Code will be provided to any client, prospective client or any investor in an ECP Advised Fund upon request to Jennifer M. Gray, Energy Capital's Chief Compliance Officer, at [compliance@ecpartners.com](mailto:compliance@ecpartners.com).

Energy Capital or its personnel may, from time to time, come into possession of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or their principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers are prohibited from communicating such information to clients, and the Advisers have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds. Due to these restrictions, the ECP Advised Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

### ***Potential Conflicts of Interest***

The following discussion includes certain potential conflicts of interest, although the discussion below does not describe all of the conflicts that may potentially be faced by an ECP Advised Fund.

#### ***Participation or Interest in Client Transactions***

When two or more fund vehicles are formed as part of the same Fund for making the same investments, the Advisers will allocate investments made by such fund vehicles based on their relative partners' commitments, subject to any limitations in the applicable partnership agreements.

Additionally, the Funds may invest in the same projects or portfolio companies with other ECP Advised Funds, subject to limitations set forth in the applicable partnership agreements. However, the Mezzanine Fund is prohibited from investing in any securities owned by an Equity Fund, and Credit Solutions II is prohibited from investing in any company, if as of the date of the initial investment therein, one or more other ECP Advised Funds, individually or collectively, have the right to appoint a majority of the voting members of such company's board of directors or other governing body. Such investments may be in different parts of the capital structure of a company in which one or more ECP Advised Funds have an investment in a debt and/or equity tranche.

Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, the Advisers and members of the Energy Capital team may in certain circumstances face a conflict of interest in respect of the advice they have given to, and the actions they take on behalf of, the ECP Advised Funds. In addition, where one or more ECP Advised Fund invest in different parts of the capital structure, their respective interests may diverge significantly in the case of financial distress of the company. The Advisers will determine allocations of investment opportunities in a manner that they believe is fair and equitable to the ECP Advised Funds consistent with the Advisers' obligations to each such ECP Advised Fund, including as set forth in the partnership agreement and the Advisers' allocation policy. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the Fund or Funds subject to any conflict of interest.

Since the Advisers may be reimbursed for certain compensation and other fees and expenses that relate to the employment of certain expected portfolio company employees (as described under "Fees and Compensation"), they could have a conflict of interest in connection with the applicable ECP Advised Fund's initial investment in such portfolio company and the resulting reimbursement of such amounts. In addition, as a result of the ECP Advised Funds' controlling interests in portfolio companies, the Advisers and their affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. The Advisers and their affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the ECP Advised Funds. Additionally, the Advisers, their affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services to, the Advisers and/or their affiliates, and/or the ECP Advised Funds or other investment vehicles they advise. In addition, portfolio companies may from time to time pay certain fees and expenses of third-party consultants (including consultants introduced or arranged by the Advisers and/or their affiliates that may regularly provide services to one or more ECP Advised Fund portfolio companies), and such fees and expenses will not offset the Management Fee as described herein. Any of these situations subjects the Advisers and/or their affiliates to potential conflicts of interest.

The Advisers' principals, employees or senior advisors invest in other private equity investment vehicles (including single investor co-investments) managed by other advisers. In some cases, the Advisers or the ECP Advised Funds may purchase portfolio companies that are owned by such other investment vehicles, which may indirectly benefit any principals, employees or senior advisors.

From time to time, the Advisers may cause a Fund to purchase a portfolio company or certain assets of a portfolio company from another Fund. Such transactions may create conflicts of interest because, by not exposing such buy and sell transactions to market forces, there is a chance that a Fund will not receive the best price otherwise possible. There can be no guarantee that the Fund buying such portfolio company or assets will subsequently make a profit on such investment. In any such transaction, the Advisers intend to (i) act in a manner consistent with their duties to each participating Fund, and (ii) obtain any required approvals of the transaction's terms and conditions, which typically include approval of the applicable Fund's LP advisory committee.

### *Co-Investments*

The Advisers serve as investment managers to certain Co-Invest Funds that invest alongside the Funds in certain portfolio companies and also, from time to time, may offer certain investors or other persons the opportunity to co-invest directly in a portfolio company. The Advisers intend that such Co-Invest Funds invest at the same time as the Funds. However, from time to time, for strategic and other reasons, a Co-Invest Fund may subsequently purchase a portion of an investment from a Fund. The Advisers generally aim to complete such co-invest buy-down shortly after the applicable Fund's consummation of the investment to avoid any potential change in valuation of the investment; however, in certain instances if a material period of time has elapsed, the Advisers will make a determination in good faith as to the valuation at which co-investors buy-in. Such Co-Invest Funds typically dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. In certain circumstances, a Co-Invest Fund or other co-investor may evaluate a potential investment alongside a Fund. If the potential investment or co-investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment will typically be borne entirely by the primary Fund or Funds allocated such investment rather than the Co-Invest Fund or other co-investor.

Certain affiliates of Energy Capital, third party investors and other persons may be permitted to participate in the Co-Invest Funds or in some cases co-invest directly in a particular portfolio company. Generally, the Advisers will select which investors or other persons are permitted to co-invest based on various factors, including: the sophistication of the investor; the ability of the investor to fund and complete the co-investment on a timely basis; the size of the potential co-investor's commitment to the Funds or the ECP Advised Funds; the investor's expression of interest or right to co-invest granted by such investor's side letter arrangements; the overall strategic benefit of offering a co-investment opportunity to the potential co-investor; the investment objectives and existing portfolio of the potential co-investor; the legal or regulatory constraints (including tax constraints) that the proposed investment is expected to raise; the reporting, public relations, competitive, confidentiality or other issues that also arise as a result of the co-investment; and any other reason for including such investor or person determined by the Advisers in their sole discretion. In addition, the Advisers may grant certain investors (e.g., limited partners with significant capital commitments) the opportunity to evaluate specified amounts of possible co-investments, and the Advisers may give priority to such investors when allocating potential co-investment opportunities. Specifically, with respect to Fund III and Fund IV, the Advisers granted certain third-party investors the opportunity to evaluate specified amounts of possible co-investments in Fund III or Fund IV portfolio companies, as applicable, and the Advisers may give priority to such investors in potential Fund III or Fund IV co-investment opportunities, as applicable. Additionally, the Advisers have in the past and expect in the future to grant some investors a right to co-invest in certain portfolio companies, for example, portfolio companies that are headquartered and operate in certain geographic regions or that relate to one or more specific energy sub-sectors. Except for any explicit opportunity granted with respect to co-investments, in general the Advisers have complete and sole discretion to determine to whom co-investment opportunities are offered. The Advisers' exercise of discretion in allocating investment opportunities may, and often will, result in disproportionate allocations among investors that have expressed interest in co-investment opportunities, and such allocations will

likely be more or less advantageous to some such investors relative to other such investors. Co-Investment opportunities typically will be offered to some and not to other Fund investors.

In circumstances where an entire investment could be made by a Fund, an Adviser may still allocate a portion of such investment to one or more Co-Invest Funds or other co-investors in accordance with such Fund's partnership agreement and the Advisers' allocation policy if, for example, an Adviser believes in its good faith judgment that the full investment would unreasonably limit the diversification of the applicable Fund or that a particular co-investor would add value to the Fund or the investment.

Investors that participate in co-investments, whether directly or through a Co-Invest Fund, may be in a position to obtain additional information regarding the applicable portfolio company that may not generally be available to investors in the Fund. In addition, co-investors' interests are not always aligned with the Funds' interests and, if third party investors co-invest directly into a portfolio company, the Advisers' ability to control or influence such third parties will likely be more limited than if the co-investors were participating in a vehicle managed by the Advisers.

The Advisers frequently make investments on behalf of the Funds with the expectation that co-investors will participate in the investment. In the event that the Advisers are not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, one or more Funds will consequently hold a greater concentration and have a larger exposure in the related investment opportunity than was intended, which could make such Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Fund which is not syndicated to co-investors as anticipated could significantly impact the Fund's overall investment returns.

#### *Personal Trading*

The principals and employees of the Advisers may carry on personal investment activities for their own account and for family members or others who do not invest in the ECP Advised Funds. The investment advice that such principals and employees give to such persons may differ from advice given to, or securities recommended or bought for, the ECP Advised Funds even though their investment objectives may be the same or similar.

#### *Portfolio Company Representation*

Principals and employees of the Advisers serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio company and their respective shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of the ECP Advised Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between an individual's duties as an employee of the Advisers and an individual's duties as a director of such portfolio company.



### *Conflicts Related to Other Investments by ECP Advised Funds*

An ECP Advised Fund or Funds occasionally invests in a company that competes with, is a customer of, or a service provider or supplier to a portfolio company of another ECP Advised Fund. In addition, as noted above, principals and employees of the Advisers serve as directors and officers of companies that are competitors of portfolio companies of certain ECP Advised Funds. These circumstances may give rise to certain conflicts of interest. First, another ECP Advised Fund or its portfolio company may take actions for commercial reasons that have adverse consequences for an ECP Advised Fund or its portfolio company, such as seeking to increase market share, withdrawing business in favor of a competitor, or commencing litigation. Secondly, an Adviser or ECP Advised Fund could obtain information while investigating investment opportunities or dealing with existing portfolio companies that it is prohibited from acting on or disclosing to anyone, including another ECP Advised Fund or any portfolio company, as a result of confidentiality requirements or applicable law, regardless of whether acting on or disclosing such information would be in the interest of any ECP Advised Fund or portfolio company.

Additionally, the Advisers and ECP Advised Funds regularly obtain confidential information regarding various target companies and other investment opportunities. Since we do not currently maintain information barriers, we impute confidential information received by one investment team to all other investment professionals. If an Adviser or ECP Advised Fund receives confidential information with respect to a company, the other ECP Advised Funds therefore may face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment. Furthermore, from time to time the confidentiality agreements entered into on behalf of the ECP Advised Funds may include provisions that prevent the ECP Advised Funds from acquiring or disposing of certain investments, potentially for extended periods (*i.e.*, “standstill” provisions).

The portfolio companies of certain ECP Advised Funds may also be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other ECP Advised Funds that, although the Advisers determine to be consistent with the requirements of such Funds’ governing agreements, may not have otherwise been entered into but for the affiliation with the Advisers.

### *Conflicts Arising in the Allocation of our Professionals’ Time and Attention*

The success of each ECP Advised Fund will depend substantially on our investment professionals’ ability to, among other things, source and complete investments, improve the operations and performance of the companies and assets acquired and exit investments at the appropriate time and at attractive valuations. To achieve those ends, our investment professionals will devote such time and resources to each ECP Advised Fund as we determine to be appropriate. Our investment professionals, however, also spend time assisting other ECP Advised Funds with their investment activities and may work on other matters, including matters external to the business of the Advisers. For example, our investment professionals may serve on advisory boards or in similar capacities for other companies that the Advisers do not believe compete with the Funds with respect to investment-related matters. Conflicts therefore may arise with respect to the allocation of time and resources of ECP’s investment professionals.

### *Use of Subscription Lines*

The Funds may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings (for example, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line) will be borne by the relevant Fund and, accordingly, will decrease net returns and total distributable profits of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. In light of the foregoing, the Advisers have an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. Additionally, calling a large amount of capital at once to repay amounts under a subscription line could cause liquidity concerns for investors that would not arise had smaller amounts of capital been called incrementally over time.

To the extent a Fund uses its subscription line to make an investment and then subsequently sells down a portion of such investment to one or more co-investors, such co-investors generally will reimburse the Fund for its pro-rata borrowing amount and related interest expense associated with its purchased interest, but such co-investors generally will not reimburse the Fund for any other expenses associated with the subscription line (including, without limitation, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line).

### *Diverse Membership*

The investors in an ECP Advised Fund will be subject to different legal, tax, and regulatory regimes. For example, investors generally will include taxable and tax-exempt entities and will be organized in various jurisdictions. The nature and diversification of the ECP Advised Funds' investments, as well as the manner in which such ECP Advised Funds make, structure, hold and exit such investments may therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for an ECP Advised Fund, the Advisers will consider the investment objectives of the investing Funds as a whole, not the investment objectives of any of the Funds' investors individually. To the extent that the Advisers are able to structure certain investments based in part of the investors' respective legal, tax and regulatory constraints, we will not take into account such interests as they relate to each individual investor.

### *Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements*

The offering, governing and related documents of each ECP Advised Fund are detailed agreements that establish complex arrangements among the Advisers, the limited partners, the ECP Advised Funds, the general partners of such ECP Advised Funds and other entities and individuals. From time to time, questions will arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the agreements may have no directly applicable provisions or the applicable provisions may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. While the Advisers will

construe the relevant agreements in good faith and in a manner consistent with their legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are most favorable to the ECP Advised Funds or their investors.

#### *Conflicts Related to the Provision of Certain Information*

The operating documents of certain ECP Advised Funds generally permit the Advisers to withhold information from certain investors in such ECP Advised Funds in certain circumstances. For example, information may at times be withheld from limited partners that are subject to the Freedom of Information Act or similar requirements. The Advisers will also from time to time elect to withhold certain information for reasons relating to overall business strategy, despite the potential benefits to limited partners of receiving such information.

Additionally, due in part to the fact that actual and/or potential investors in a Fund often ask different questions and request different information, the Advisers have in the past and expect in the future to provide certain information to one or more actual and/or prospective investors that is not necessarily provided to all prospective investors or limited partners in a Fund.

#### *Conflicts Related to the Engagement of Certain Service Providers*

The Advisers and their affiliates may engage in business with certain service providers, including, for example, investment banks, outside legal counsel and insurance providers, who are investors in an ECP Advised Fund and/or who provide services to the Advisers, the ECP Advised Funds, portfolio companies of the ECP Advised Funds or businesses that are competitors of the Advisers. Such engagement may be concurrent with a service provider's admission to an ECP Advised Fund as a limited partner or during the term of such service provider's investment in an ECP Advised Fund. The Advisers may have conflicts of interest with the ECP Advised Funds or their portfolio companies in recommending the retention or continuation of a service provider to an ECP Advised Fund or portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in an ECP Advised Fund or will provide the Advisers information about markets and industries in which Advisers operate. In these instances, the Advisers uses reasonable efforts to mitigate such conflicts and uses good faith efforts to negotiate market terms for such law firm and service providers' services.

#### *Possible Future Activities*

The Advisers and their affiliates may expand the range of services that they provide over time. Except as provided herein and in an ECP Advised Fund's private placement memorandum or partnership agreement, the Advisers and their affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether such conflicts are described herein.

## ***ITEM 12***      **BROKERAGE PRACTICES**

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Because the Advisers render advice to private equity funds, and investments are made on a negotiated basis, opportunities for trade executions are rare. On those rare occasions that the Advisers engage in public securities transactions, to the extent they do so, they follow the “best execution” brokerage practices described below.

If the Advisers buy or sell publicly traded securities on behalf of an ECP Advised Fund, the applicable Adviser is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by such Adviser. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors in seeking to obtain best execution, including, among other things: (i) execution capabilities with respect to the relevant type of order; (ii) confidentiality considerations; (iii) commissions charged; (iv) the reputation of the firm being considered; (v) responsiveness to requests for trade data and other financial information; and (vi) the Adviser’s overall relationship with the broker-dealer, including past transaction experiences.

No Adviser has any duty or obligation to seek competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although each Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

In the Advisers’ private company securities transactions on behalf of the ECP Advised Funds, the Advisers may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant ECP Advised Funds and/or their portfolio companies. In doing so, the Advisers may consider a variety of factors, including (i) capabilities with respect to the type of transaction being contemplated, (ii) commissions or fees charged, (iii) reputation of the firm being considered, (iv) responsiveness to requests for information, and (v) the Adviser’s overall relationship with the broker-dealer, including past transaction experiences. As a result, although the Advisers generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the ECP Advised Funds may not necessarily select the broker-dealer or investment bank that charges the lowest commission or fee for such services.

### ***ITEM 13***      **REVIEW OF ACCOUNTS**

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The Advisers closely monitor the ECP Advised Funds' portfolio investments. Energy Capital principals serve on the investment committee of the Advisers and work closely with other Energy Capital professionals to oversee and monitor the operations, financial performance and strategic direction of each portfolio investment. The investment committee as a whole performs comprehensive quarterly reviews. A subset of the investment committee, together with other Energy Capital professionals, comprise the Advisers' valuation committee that reviews and approves the quarterly valuation of each portfolio investment.

The Funds provide the following information to their investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) quarterly reports providing a narrative summary of the status of each investment. Investors in Co-Invest Funds generally receive similar information, including annual GAAP audited financial statements. In addition to the information provided to all investors, the Advisers may provide certain investors with additional information or more frequent reports that other investors will not receive.

### ***ITEM 14***      **CLIENT REFERRALS AND OTHER COMPENSATION**

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Prior to 2013, the Advisers and certain consultants appointed or recommended by the Advisers provided certain business or consulting services to the ECP Advised Funds' portfolio companies from time to time and occasionally received compensation from these companies in connection with such services. As described in the applicable partnership agreement and Item 5 "*Fees and Compensation*" above, to the extent such compensation was earned by the Advisers (but not amounts earned by consultants), generally at least eighty percent of an ECP Advised Fund's pro rata share of this compensation offset the management fee otherwise paid by such ECP Advised Fund. Co-Invest Funds generally do not pay a management fee and therefore have not participated in such offsets or otherwise receive a share of such fees.

From time to time, the Advisers may enter into placement arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in an ECP Advised Fund. With respect to Fund IV and Credit Solutions II, any fees and expenses payable to any such placement agents will be borne by the Advisers, either directly or indirectly through a dollar-for-dollar offset against the management fee as described in Item 5 "*Fees and Compensation*," above. Such placement arrangements may be a flat fee or based on a percentage of commitments to a particular ECP Advised Fund.

### ***ITEM 15***      **CUSTODY**

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The Advisers use a qualified, unaffiliated third-party custodian to hold the ECP Advised Funds' funds and, to the extent required pursuant to the Advisers Act and SEC guidance, securities. Although ECP Management is deemed to have custody of the underlying assets of many of the ECP Advised Funds, the Advisers rely on the "pooled investment vehicles" exemption from the reporting and surprise audit obligations imposed by the SEC's custody rule. Accordingly, the ECP

Advised Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are then provided to the underlying investors of Funds within 120 days of the end of the fiscal year.

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**ITEM 16 INVESTMENT DISCRETION**

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The Advisers generally have discretionary authority to manage investments on behalf of each Fund pursuant to the respective partnership and management agreements. The Advisers assume this discretionary authority pursuant to the terms of the applicable partnership agreements, management agreements and powers of attorney executed by the limited partners of the Funds.

As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement and as previously described, however, the Advisers have and in the future expect to enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. With respect to certain Funds, the Advisers have and in the future expect to enter into side letters that place investment restrictions on such Funds, although the Advisers do not believe such restrictions materially alter such Fund's overall expected investment strategy.

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**ITEM 17 VOTING CLIENT SECURITIES**

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The Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they vote proxies for any ECP Advised Fund's portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies in the best interest of the ECP Advised Funds, including where there may be material conflicts of interest. The Advisers believe their interests are aligned with those of the ECP Advised Funds' investors through the Advisers' and their principals' substantial capital commitment to the Funds, and therefore will not seek investor approval or direction when voting proxies. However, the Proxy Policy sets forth certain specific proxy voting guidelines for when the Advisers do vote proxies on behalf of an ECP Advised Fund.

The Advisers do not consider service on portfolio company boards by Energy Capital personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In the event that there is a conflict of interest between an Adviser and an ECP Advised Fund in voting proxies, the Proxy Policy provides that the Adviser addresses the conflict using certain procedures, including by seeking the approval or concurrence of the ECP Advised Fund's limited partner advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

A copy of the Advisers' Proxy Policy will be provided to any client, prospective client or any investor in an ECP Advised Fund upon request to Jennifer M. Gray, Energy Capital's Chief Compliance Officer, at [compliance@ecpartners.com](mailto:compliance@ecpartners.com).



***ITEM 18***      **FINANCIAL INFORMATION**

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None of the Advisers requires prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure. None of the Advisers has been the subject of any bankruptcy petition.