



## **ArcLight Capital Partners, LLC**

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Part 2A of Form ADV: Firm Brochure  
March 31, 2023

**This brochure provides information about the qualifications and business practices of ArcLight Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 531-6300 / [compliance@arclight.com](mailto:compliance@arclight.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 securities authority.**

**Additional information about ArcLight Capital Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This brochure, dated March 31, 2023, 2023 (the “Brochure”), serves as an update to ArcLight Capital Partners, LLC’s brochure dated March 31, 2022 (the “Prior Brochure”) and contains updates to clarify various sections of the Brochure, including with respect to fees and expense disclosure, risk factors and conflicts of interest. This Brochure also contains routine annual updates throughout to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

### Item 3. Table of Contents

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#### **Item 4. Advisory Business**

For purposes of this Brochure, the “Adviser” or “ArcLight” means ArcLight Capital Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners (or entities serving in an analogous capacity) (each, a “General Partner”) of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive Advisory Fees (as defined below) from the Funds. Such affiliates are generally under common control with ArcLight Capital Partners, LLC, and possess a substantial overlap of personnel and/or equity owners with ArcLight Capital Partners, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of the Funds or serve as General Partner of the Funds.

The Adviser provides investment supervisory services to investment vehicles (including any parallel funds thereto, the “Main Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser has been in business since 2001.

The Adviser from time to time also establishes other investment vehicles for the purpose of purchasing one or more investments from a Fund (often where the selling Fund is approaching the end of its term) in connection with or alongside another Fund making an investment (each, a “Continuation Vehicle”).

The Adviser also, from time to time, establishes, on a transaction-by-transaction basis, certain investment vehicles through which certain persons have committed to invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized, and will, in certain instances, exit their investments in a particular investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund(s) that are also invested in that investment opportunity.

Additionally, ArcLight organizes and serves as General Partner (or in an analogous capacity) to certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund.

The Main Funds, the Continuation Vehicles and Feeder Vehicles are each referred to as a “Fund” and are collectively referred to as the “Funds.”

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with each Fund’s respective investment objectives as set forth in its Governing Documents (as defined below), investments are generally made in North American energy and/or energy infrastructure-related assets and companies. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. ArcLight generally serves as the investment adviser and/or General Partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”), limited partnership agreement (or analogous organizational document), offering documents and/or side letter or similar agreements with certain of the Fund’s investors (such

documents and agreements collectively, the “Governing Documents”) of such Fund. Side letter or similar agreements may grant certain investor-specific rights, benefits or privileges that are not made available to investors generally. For more detail regarding side letters and similar agreements, please see “*Side Letter Agreements; Board of Advisers Rights*” in Item 11 below.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

ArcLight does not participate in any wrap fee programs.

The indirect principal beneficial owner of ArcLight Capital Partners, LLC is Daniel R. Revers. As of December 31, 2022, the Adviser manages a total of \$9,860,537,983 of client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

The Adviser or its affiliates receives Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies, may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

*Compensation and Fee Schedules.* As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund, directly or indirectly, an advisory fee (each, an “Advisory Fee”), which is generally calculated based on committed or invested capital, net asset value or remaining invested capital, with respect to such Fund, in accordance with the Governing Documents of such Fund and as described in more detail below. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below.

Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, including any Funds that invest in such Main Fund (such as Feeder Vehicles). Specific fee disclosure is not provided in this Brochure, as all clients are qualified purchasers as defined in Section 2(a)(51)(A) of the 1940 Act. All investors should review the Governing Documents for each Fund in conjunction with this Brochure for complete information on the fees and compensation payable with respect to a particular Fund.

The Advisory Fee for a Main Fund is, subject to the Fund’s Governing Documents, generally based on either (i) capital subscriptions or invested capital and/or (ii) the lower of (a) the market value of

investments or (b) capital contributed to the Main Fund with respect to investments that have not been disposed of or written off. The Advisory Fee for Continuation Vehicles is generally based on capital contributed to such Continuation Vehicle that has not been disposed of or written off. The precise amount, manner and calculation of the Advisory Fee for each Fund is established by the Adviser, as modified by negotiations with investors in that particular Fund and are set forth in such Fund's Governing Documents which are received by each investor prior to an investment in such Fund. The Advisory Fee and other fees and distributions described above are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund.

Certain investors in the Funds that are employees, affiliates, business associates and other "friends and family" of the Adviser or its personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, "Adviser Investors") will not typically pay an Advisory Fee or Carried Interest in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors' expenses will be allocated to the Adviser or the General Partner of the applicable Fund.

*Deduction of Advisory Fee and Advisory Fee Offsets.* Each General Partner is authorized, pursuant to the Governing Documents of the applicable Fund, to charge and deduct the Advisory Fee directly from the assets of the Fund, at the times and in the amounts described in such Fund's Governing Documents. The Adviser generally causes the Advisory Fee to be deducted from the assets of the Fund.

The Advisory Fee paid by a Main Fund will generally be reduced by a percentage of (i) the amount of fees paid by such Fund to any persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (ii) the fees incurred by the Adviser in connection with the organization of such Main Fund that exceed the limit specified in such Main Fund's Governing Documents and/or (iii) certain Other Fees (as defined below under "*Fees Payable by Portfolio Companies*") received by the Adviser or its affiliates. The Advisory Fee paid by a Continuation Vehicle will generally be reduced by a percentage of (i) the fees incurred by the Adviser in connection with the organization of such Fund that exceed the limit specified in such Fund's Governing Documents and/or (ii) certain Other Fees received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Governing Documents of the applicable Fund.

*Timing of Payments.* Advisory Fees are typically paid by the Main Funds and Continuation Vehicles to the Adviser semi-annually in advance, no earlier than March 5 (with respect to the period from March 1 through August 31) and September 5 (with respect to the period from September 1 through the end of February) of each year, in accordance with the terms of each of the Fund's Governing Documents. Upon termination of an Advisory Agreement, a pro rata portion of any prepaid unearned Advisory Fees will be calculated by ArcLight and returned to the applicable Fund and any earned,

unpaid Advisory Fees will be due and payable. Please refer to each Funds' Governing Documents for more complete information on the timing of Advisory Fee payments.

### **Other Fees**

*Fees Payable by Portfolio Companies.* Subject to the provisions of a Fund's Governing Documents, to the extent that directors' fees, monitoring fees, commitment fees or breakup fees (such fees, "Other Fees") from a portfolio company or prospective portfolio company of a Fund are received by the Adviser, a Fund's General Partner or certain other affiliated entities, such Other Fees generally trigger an Advisory Fee offset (pursuant to which the Advisory Fee payable by the Fund would be reduced). However, such offset provisions generally do not apply to (and therefore the Fund and the investors thereof will not benefit from) fees or other remuneration received from portfolio companies or prospective portfolio companies of a Fund by other individuals who hold an interest in the Adviser or its affiliates or by other employees of or persons associated with the Adviser. For certain Funds, the percentage by which these Other Fees reduces the Advisory Fees is 100%. Generally, unless otherwise provided in the Governing Documents of a Fund, such offset provisions also do not apply to (and therefore a Fund will not benefit from) fees or other remuneration received in cash (or sold or exchanged for cash) by the Adviser, the applicable General Partner, and certain other affiliated entities in an amount that exceeds the remaining amount of Advisory Fees payable by the Fund to the Adviser. The Adviser reserves the right to receive Other Fees before it would be entitled to receive the portion of the Advisory Fee that is offset by such Other Fees.

Generally, under the terms of the applicable Governing Documents, for purposes of calculating any Advisory Fee offset, the Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. These Other Fees can be substantial and are typically paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto), or otherwise. The timing and amount of Other Fees received by the Adviser or its affiliates, if any, are generally specified in the agreement or other documentation governing the applicable transaction.

The payment of Other Fees and reimbursements (see "*Expenses*" below) by portfolio companies creates a conflict of interest between the Adviser, on the one hand, and the Funds and their investors on the other hand, because the amounts of these Other Fees and reimbursements are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers and management teams, the board of directors of or lenders to portfolio companies and/or third-party co-investors in the transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

To the extent an Other Fee relates to more than one Fund participating (or expecting to participate) in an investment, the Other Fee is allocated among such Funds pro rata based on the capital invested by such participating Funds (or for an unconsummated investment, the proposed commitments of the Funds) or on such other basis that the Adviser determines to be fair and reasonable in its sole discretion. However, in determining how to allocate an Other Fee among more than one participating Fund, the Adviser will also take into account, among other things, the type of transaction (e.g., original acquisition or follow-on), the consideration involved in the transaction (cash or in-kind) and

the value of the consideration. To the extent an Other Fee relates to a Fund, Co-Investment Vehicle or third-party investor that does not pay Advisory Fees or to capital committed by a Fund investor that does not pay Advisory Fees, the portion of such Other Fee allocable to the non-fee paying party or investor will be retained by the Adviser and such amounts will not offset any Advisory Fee paid to the Adviser. For the avoidance of doubt, any fees paid to the Adviser, its affiliates or its personnel after a Fund has exited (or is in the process of exiting) an investment are not considered “Other Fees” and do not reduce the Advisory Fee.

With respect to the implementation of the arrangement described above, there is not always an independent third party involved on behalf of the relevant portfolio company and therefore the fees are not subject to a market check. A conflict of interests exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of the Adviser acting on behalf of both parties.

*Payments Made to Third Parties and other Payments and Reimbursements Excluded from “Other Fees”.* The Adviser also engage and retain consultants (including specialized consultants, advisers, industry specialists, external executives, industry advisory roundtable members, and similar professionals (including current and former Adviser Personnel and members of the ArcLight Services Platform (as defined below))), senior advisors or operating partners (collectively, “Consultants”) who are not employees or affiliates of the Adviser and who, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or compensation received by such persons may be retained by such persons, will not be deemed paid to or received by the Adviser and its affiliates, will not be subject to the offset arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Certain Consultants*” in Item 11 below.

In addition, from time to time, the Adviser (in its sole discretion) agrees to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party, such as Consultants, investor, finder, broker, co-investor and/or investment bank. The Adviser is not required to share the portion of the Other Fee paid to such a third-party with the Funds (or their investors) and, therefore, the portion of the Other Fee paid to such third-party will not reduce the Advisory Fee.

*Portfolio Company Expense Reimbursements.* Additionally, a portfolio company or, in the case of a prospective portfolio company, Funds, have in the past and will typically in the future, reimburse the Adviser for expenses including without limitation travel and travel-related expenses, entertainment expenses including, as applicable, closing dinners and mementos, transportation and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers, expenses related to training programs, meetings or other events (whether or not such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender), as well as consulting fees and cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for, or diligence with respect to, such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Governing Documents, and such



reimbursements do not reduce the Advisory Fee. Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses which could result in lower returns to investors. As used throughout this Brochure, “travel and travel-related” expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including chartered, private plane, first class or business class travel and black car ground transportation), the costs of any medical tests or certifications required to travel, accommodations, meals, events and entertainment. For the avoidance of doubt, a portfolio company will reimburse, or if not reimbursed by a portfolio company, a Fund will reimburse the Adviser for the cost of private and chartered air travel. In circumstances where such private or chartered air travel is taking place for reasons relating either (i) to the health and safety of the Adviser’s and/or a portfolio company’s personnel or advisors or (ii) to enable efficient travel between or among multiple locations or to any location that is difficult or time-consuming to reach via commercial air travel or in other circumstances where chartered or private travel may provide meaningful efficiencies or other benefits (in each case as determined in the Adviser’s sole discretion), the portfolio company or, if applicable, a Fund will reimburse the full cost of such chartered or private travel (including, for the avoidance of doubt, costs in excess of the first class rate). In all other circumstances, the portfolio company or, if applicable, a Fund, will reimburse the Adviser for the cost of such travel up to the cost of equivalent first-class travel. In certain instances, however, the Governing Documents of a Fund will limit the amount of such travel and travel-related expenses for which a Fund will bear.

## **Expenses**

*Adviser Expenses.* To the extent provided in the Governing Documents of the Main Funds, and except as described below as a “Fund Expense”, the Adviser will bear certain operating expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment and compensation and expenses of the Adviser’s members, managers, officers, and employees and other normal and routine administrative expenses that relate to the services provided by the Adviser to the Main Funds (other than Carried Interest described in Item 6 below), including any fees payable to any applicable sub-advisers.

*Fund Expenses.* Consistent with and subject to the terms in the Funds’ Governing Documents, each Main Fund will bear all other reasonable expenses relating to it to the extent not borne by its portfolio companies, including: (i) printing, legal, accounting, audit, actuarial, investment banking, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company and fees of affiliated Consultants), environmental, social and governance (“ESG”) assessment and impact assessment expenses; (ii) organizational expenses of the applicable General Partner; (iii) fees paid to third-party valuation agents, subject and industry matter research and experts, research (including, but not limited to, any research or other service that may be deemed to be bundled for the benefit of such Fund), ESG and impact consultants, as well as the information technology systems used to obtain such research and other information (including without limitation any research or other service that may be deemed to be bundled for the benefit of such Fund); (iv) due diligence; (v) tax preparation; (vi) risk management; (vii) maintenance of books and records of a Fund (including without limitation any related internal costs that the Adviser may incur to produce such books and records or external costs for a third-party administrator to maintain and oversee the such Fund’s books and records); (viii) filing; (ix) custody; (x) hedging; (xi) currency conversions;

(xii) depository; (xiii) transfer; (xiv) registration; (xv) brokerage; (xvi) placement agent fees and related out-of-pocket expenses (subject to any applicable offset); (xvii) Board of Advisers (as defined below) meeting expenses, including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses, as well as other Board of Advisers expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the Board of Advisers and other expenses incurred in connection with Board of Advisers action); (xviii) directors' and officers' insurance; (xix) interest, taxes and extraordinary expenses (such as reasonable litigation and settlement expenses); (xx) indemnification liabilities; (xxi) taxes, fees and other governmental charges levied against a Fund or payable by a Fund, including all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; (xxii) expenses incurred in connection with tax preparation and filings; (xxiii) expenses associated with a Fund's compliance with applicable laws and regulations, including regulatory filings as they relate to the Fund's activities, including all fees and expenses relating to compliance with tax, securities law, any impact or ESG initiatives or principles or other legal or regulatory requirements applicable to a Fund or its investors; (xxiv) expenses relating to preparing, printing and distributing investor reports physically or electronically (including software use to electronically distribute such reports); (xxv) expenses of loan servicers and other service providers; (xxvi) interest and related charges with respect to indebtedness; (xxvii) amounts paid to the Adviser pursuant to the Governing Documents of the applicable Main Fund; (xxviii) all insurance premiums of any director and officer liability or other insurance including, without limitation, insurance of which the Adviser is the beneficiary; (xxix) Consulting Fees and Expenses (as defined in Item 11 below); (xxx) fees, costs and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund's investment activities (as applicable); (xxxi) the costs associated with any amendments, modification, revisions or restatements to the Governing Documents of the applicable Fund; (xxxii) the costs and expenses of hosting annual or special meetings of the Funds' investors, regardless of whether all investors are invited to participate in or attend such meetings (including prospective investors during fundraising and current Fund investors and related set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); (xxxiii) such Main Fund's allocable share of expenses and fees generated in the course of sourcing, evaluating, warehousing, investigating, developing, making and/or researching potential investments, including investments which are not consummated (including certain advisory, transaction, consulting and other similar fees paid to the Adviser or the Adviser's affiliates, and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments and including expenses and fees that would have been allocable to Co-Investment Vehicles or other co-investors); (xxxiv) all expenses (including, for the avoidance of doubt, travel and travel-related expenses) incurred in connection with serving as a director of a portfolio company; (xxxv) expenses incurred in connection with the disposition of investments (including expenses related to hiring sell-side advisors, closing, execution and other transaction costs); (xxxvi) expenses and fees generated in the course of organizing, maintaining, administering, restructuring, operating and negotiating joint venture arrangements and platform investments; (xxxvii) expenses of liquidating such Fund; (xxxviii) all bridge financing and bridge investment expenses, financing commitments, origination and similar fees and expenses (including the costs and expenses incurred in obtaining, negotiating, entering into, effecting, maintaining, varying, refinancing or terminating such borrowings and commitments and interest arising therefrom), and all interest on funds borrowed (if any) by a Fund; and (xxxix) other similar fees and expenses. The Funds typically bear part or all of the expenses and fees that arise in the course of the Adviser's evaluation of investments that ultimately

are not consummated (including expenses that would have been borne by Co-Investment Vehicles), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other advisors and professionals. For the avoidance of doubt, any fees and expense incurred prior to the date of the initial closing of a Fund by the Adviser or the relevant Fund's General Partner, or any of their respective affiliates, shall be borne by the Fund to the extent any such fees or expenses would otherwise be borne by the Fund if they had been incurred (or the applicable transaction had commenced) after the date of the initial closing of such Fund.

From time to time, the General Partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the General Partner creates an SPV, consistent with and subject to the Governing Documents of the Fund, the expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly, the investors thereof. In addition, expenses of the types borne by a Fund but associated with any Feeder Vehicle or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such Feeder Vehicle or similar vehicle).

*Co-Investment Vehicle Expenses.* In certain cases, a Co-Investment Vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside a Fund, is formed in connection with the consummation of a transaction. Consistent with the Governing Documents of the applicable Fund, in the event a Co-Investment Vehicle is created, the investors that have signed binding definitive agreements to participate in such Co-Investment Vehicle will also typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. If the transaction is consummated and the Co-Investment Vehicle participates in such transaction, it will generally bear its pro rata portion of expenses incurred in connection with the formation of the Co-Investment Vehicle and any costs and expenses in connection with the making of an investment.

Unless the Adviser determines otherwise in its sole discretion or subject to negotiations with a particular co-investor or Co-Investment Vehicle, in general, neither Co-Investment Vehicles nor co-investors bear any costs and expenses relating to a proposed but not consummated transaction ("Dead Deal Costs"), even if a Co-Investment Vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transaction. As a result, Dead Deal Costs are generally borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, and not the Co-Investment Vehicle (or other co-investor), which will result in a Fund bearing more than its pro rata share of Dead Deal Costs. Dead Deal Costs may include, among other things, legal, accounting, advisory, consulting or other third-party expenses (including amounts payable to Consultants and other third parties), any travel and travel-related expenses, all fees, costs and expenses of lenders, including interest and other expenses, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., "know-your-customer") investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as

litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

In addition, the Adviser has discretion to (i) receive performance-based compensation, Advisory Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are subject to co-investment agreements.

From time to time, certain Funds will incur ongoing expenses that benefit a Co-Investment Vehicle (for instance, insurance premiums). In these instances, these ongoing expenses are borne solely by the applicable Fund or Funds and are not borne by any benefiting Co-Investment Vehicle or investor thereof.

*Allocation of Fees and Expenses.* From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser, on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties (including Co-Investment Vehicles or other co-investors). Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or expenses may be allocated among multiple Funds, entities and investors. In exercising its discretion to allocate fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to inherent biases in the process.

The appropriate allocation between Funds, Adviser Investors and other parties, including Co-Investment Vehicles or other co-investors, of Dead Deal Costs will be determined by the Adviser, in its good faith discretion, consistent with the Governing Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund or as otherwise determined by the General Partners of such Funds in their sole discretion and considering such factors as they deem relevant. As a general matter, Dead Deal Costs and other expenses relating to the diligence or evaluation of a prospective investment (which may include amounts payable to the ArcLight Services Platform for any services provided in connection with such prospective investment) will be allocated among Fund investors regardless of whether any individual Fund investor negotiated for an elective or automatic contractual right that would have excused it from participating in the investment. Such expenses are generally not allocated to Co-Investment Vehicles or other co-investors. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple Funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, at times with and at times without interest, promptly after the payment is made by the Payor Fund. Furthermore, while highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

The Adviser expects that a number of resources will be shared among the Funds in order to, among other things, enhance efficiency and reduce the cost for each Fund (including, for example, (i) Adviser Personnel (as defined below) serving as directors on the board of any portfolio company and/or the committees of the Adviser or related entities and/or portfolio company of any Fund, (ii) ESG, digital transformation, marketing and hedging, legal, finance, accounting and compliance, portfolio

management, construction services, capital markets, development services, commodity markets services, risk management services, investor relations and other services provided by a member of the ArcLight Services Platform or a Specialized Portfolio Company (as defined below) to a Fund, one or more of the Fund's portfolio companies and/or portfolio companies of any Fund and/or the Adviser and its affiliates, (iii) insurance policies covering both the Adviser and the investing activities of a Fund, and/or (iv) the cost of a particular tool or piece of software used in connection with the Funds). The Adviser allocates fees, costs and expenses in accordance with any applicable provisions of the Governing Documents of the Funds, and in a manner that the Adviser believes is appropriate to the Funds under the circumstances and considering such factors as it deems relevant, as further described in the Funds' Governing Documents. These factors will vary depending on the type of expense, and could include allocations based on assets under management, net asset value, investment holdings (including both number of positions and size of positions), the number of Funds and accounts (and/or co-investors) receiving the benefit, the Funds' allocations to the respective investment (or anticipated investment), the number of users of such resource, relative trading volume and time spent, and whether a particular expense has a greater benefit to a Fund. Any determination of what is appropriate generally will be made based on what is expected over the long term, rather than with respect to a particular expense or type of expenses, and therefore it is expected that allocations of such expenses frequently will not be proportional. Such determinations involve inherent matters of discretion, and despite the Adviser's judgment to arrive at an appropriate expense allocation methodology, the use of any particular methodology will lead a Fund to bear relatively more expense in certain instances and relatively less in other instances compared to what the Fund would have borne if a different methodology had been used. There can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations will involve inherent matters of discretion and conflicts of interest. From time to time, the Adviser expects to develop, revise or change previously determined allocation methodologies in an effort to ensure that such expenses remain fairly and reasonably allocated among the Funds.

With respect to allocating other expenses among Fund(s), Co-Investment Vehicles, Adviser Investors and/or co-investors (including third parties) (including expenses incurred in the course of evaluating, making and monitoring investments), as appropriate, to the extent not addressed in the Governing Documents of a Fund, the Adviser will make any such allocation determination in a manner that it believes to be fair and reasonable using its good faith judgment, notwithstanding its interest (if any) in the allocation which such methodologies may include pro rata allocation based on the respective Capital Commitments (as defined below) of an allocable party, a pro rata allocation based on the respective investment (or anticipated investment) of an allocable party in an investment, relative benefit receive by an allocable party or such other method as determined to be equitable by the Adviser in its sole discretion.

The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance and a Fund will bear more or less of a particular expense based on the methodology used.

To the extent permitted by the relevant Fund's Governing Documents, certain Funds and/or portfolio companies also bear their allocable portion (as determined by the Adviser in its good faith discretion)

of the costs for certain services (including, without limitation, Back Office Services and APRM Services (each as defined below)) of certain Adviser Personnel which, for the avoidance of doubt, include without limitation salary, bonus, payroll taxes and benefits (including healthcare benefits, vacation time and sick leave), expenses and overhead attributable to such Adviser Personnel; provided that such services would, in the ordinary course, otherwise be provided by third-party service providers and such fees and expenses would be borne by the Funds if such services were provided by third-party service providers. Any amounts received by a General Partner, the Adviser, or any of their respective affiliates in respect of such services will not offset a Fund's Advisory Fees. The term "Back Office Services" shall include those services set forth in the Adviser's then-current Back Office Services Policy and which currently includes services provided by the Adviser's in-house legal, portfolio management and asset administration, capital markets (including for the avoidance of doubt, services performed by the ArcLight Market Analytics team), commodities and risk management (including for the avoidance of doubt, services performed by the ArcLight Market Analytics team), finance personnel, ESG administration and monitoring, and other professionals whose functions may also include the preparation of financial statements, investor reports (including the costs associated with providing access to a database or other internet forum for distribution of such reports), accountants and similar professionals. The term "APRM Services" shall include construction, capital project diligence, planning, budgeting, management and risk mitigation services provided by ArcLight Personnel. The services provided by Adviser Personnel may expand over time. The allocation of such compensation and expenses between the Adviser, the Funds and/or the portfolio companies require judgments as to methodology that the Adviser makes in good faith but in its sole discretion. These allocation methodologies are expected to include requiring the relevant Adviser Personnel to periodically record and allocate their time with respect to the Funds and/or the portfolio companies, the Adviser approximating the portion of time a person has spent with respect to a particular Fund and/or portfolio company, the assessment of an overall dollar amount (for instance, based on a fixed fee) that the Adviser believes represents a fair recoupment of expenses and a market rate for such services, which are typically, for the avoidance of doubt, at the top of the range the Adviser determines to be reflective of rates in the applicable market and for similar markets, and any other methodology determined by the Adviser to be appropriate under the circumstances. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. Any methodology chosen by the Adviser involves inherent conflicts of interest and could result in a greater expense to the Funds and portfolio companies than would be the case if such services were provided by third parties.

The Adviser, from time to time, enters into arrangements with third-party Consultants who provide services relating to deal-sourcing and investment opportunities, for which such Consultants are paid compensation or other fees and/or reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

The Adviser, and Adviser Personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund that will not be subject to Advisory Fee offset or otherwise shared with the Funds, Fund investors and/or portfolio companies. For example, in the course of the Adviser's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Adviser and Adviser Personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating

to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, “ArcLight Information”). In many cases, ArcLight Information will include tools, procedures and resources developed by the Adviser to organize or systematize ArcLight Information for ongoing or future use. Although the Adviser expects the Funds and their portfolio companies generally to benefit from the Adviser’s possession of ArcLight Information, it is possible that any benefits will be experienced solely by certain Funds or portfolio companies (or by the Adviser and Adviser Personnel) and not by other Fund or portfolio companies from which ArcLight Information was originally received. ArcLight Information will be the sole intellectual property of the Adviser and solely for the use of the Adviser. The Adviser reserves the right to use, share, license, sell or monetize ArcLight Information, without offset to Advisory Fees, and the Funds or portfolio companies will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, airline travel or hotel stays incurred as Fund Expenses are expected to result in “miles” or “points” or credit in loyalty/status programs, and such benefits, rewards and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and the Adviser Personnel (and not the Funds, Fund investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, Fund investors and/or portfolio companies. In addition, airline travel incurred as a Fund Expense for Adviser Personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser Personnel to the extent the trip also serves a personal purpose. The Adviser will make such judgments in accordance with the relevant governing agreements, including Fund Governing Documents, which will from time-to-time lead to an allocation of such costs and expenses on a disproportionate basis. To the extent the relevant governing agreements, including Fund Governing Documents, are silent on a certain expense, such judgments will be made by the Adviser in its sole discretion. Travel and related expenses in connection with a trip taken by Adviser Personnel for purposes of multiple matters will be allocated by the Adviser in its sole discretion.

In addition, a Fund, through portfolio companies or directly, will bear the cost, including compensation, of directors, executives, board advisors, Consultants to portfolio companies, which have in the past included and are expected, from time to time, to include current or former Adviser Personnel, in connection with management or consulting services provided by such persons. Such compensation is permitted to include equity grants in portfolio companies. Any such cost will not offset or otherwise reduce Advisory Fees. Because such persons could be former Adviser Personnel and/or are engaged by the Adviser as senior advisors, the Adviser has a conflict of interest in approving such arrangement, although it seeks to do so generally at market rates for the services provided. There can be no assurance, however, that such rates are the lowest cost available.

### **Carried Interest Payments**

Please see Item 6 below regarding “Carried Interest” that the Funds pay.

### **Brokerage Fees**

Although the Adviser does not generally use the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

Related Persons of the Adviser, each as a General Partner of a Fund, may receive certain allocations calculated and charged based on a portion of the cumulative profits of the investments of such Fund as “carried interest” (the “Carried Interest”). Any Carried Interest paid to a General Partner is separate and distinct from the Advisory Fees charged by the Adviser for advisory services and is indirectly borne by investors in such Fund. Certain General Partners have reduced or eliminated the payment of Carried Interest by the certain Funds in respect of certain investors in such Funds (including Adviser Investors). Please refer to the Governing Documents of each Fund for more complete information on the Carried Interest arrangement of such Fund.

Performance-based allocation arrangements received by related persons of ArcLight may create an incentive for ArcLight to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. In addition, the payment of Carried Interest by some, but not all, Funds and the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate investment opportunities, time, services or functions to those Funds paying Carried Interest or Funds paying Carried Interest at a higher rate.

Generally, and except as otherwise set forth in the Governing Documents of the Funds, ArcLight seeks to alleviate this conflict, at least in part, through (i) certain limitations on the ability of the Adviser to establish new investment funds with substantially the same investment objective as a Fund in its investment period, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, (iii) contractual provisions and procedures setting forth investment allocation requirements and (iv) the establishment of a “Conflicts Committee” to resolve conflicts of interest that may arise in the course of ArcLight’s business, including those related to the allocation of investment opportunities and other investment-related decisions (including, without limitation, realization-related decisions) among certain Funds. ArcLight’s policies seek to provide that investment decisions are made in accordance with its fiduciary duties. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds, which are pooled investment vehicles. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds (also referred to herein as “limited partners”) are “accredited investors” as defined in Regulation D under the Securities Act and are “qualified purchasers” as defined in the 1940 Act, and often include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, sovereign wealth funds, corporations, limited partnerships, and limited liability companies and other entities.



ArcLight or its related persons have in the past and may in the future establish Feeder Vehicles to address certain tax, regulatory or other requirements and/or other alternative investment vehicles (collectively, “AIVs”) or parallel funds formed for the purpose of facilitating certain investments by a Fund and/or its investors. Please refer to the Governing Documents of the applicable Fund for complete details on any Feeder Vehicle established by such Fund and a Fund’s ability to make investments through AIVs or parallel funds.

The Adviser has not established a minimum size for a Fund, but minimum investment commitments are generally established for investors in the Funds. Each General Partner has the ability, in its sole discretion, to permit investments below the minimum amounts set forth in the offering documents of the applicable Fund, has previously permitted investments below the minimum amount and expects to do so in the future.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

*Investment Approach.* ArcLight’s investment strategy employs an approach that it developed and refined with a goal of generating attractive private equity returns from energy and energy-related infrastructure assets. Integral to this approach is adherence to ArcLight’s core investment strategies at every stage of the investment process, from ArcLight’s sourcing opportunities, through ArcLight’s ownership, and to ArcLight’s final exit. These strategies include:

- Focus on private equity return targets with infrastructure risk profiles;
- Develop proprietary insights and opportunities from ArcLight’s extensive energy footprint and origination capability;
- Target long-lived, essential real assets with current income and strong visibility into returns;
- Target leading private companies that are rapidly growing to generate private equity returns;
- Invest in partnership with management teams;
- Execute a proactive, hands-on, value-added approach;
- Deploy the resources of ArcLight’s in-house teams, including APRM Services and ArcLight Market Analytics, and long-standing portfolio operations partner;
- Partner with industry leading management at ArcLight’s portfolio companies;
- Utilize conservative capital structures and proactive risk management;
- Build a diversified and flexible portfolio;
- Pursue multiple exit strategies; and

- Focused organizational philosophy combined with limited partner alignment.

*Investment Process.* The methods of analysis and investment strategies described below vary between Funds and are subject to the more comprehensive descriptions contained in, among other places, the offering documents of each Fund. Generally, ArcLight's investment process includes the following:

- *Sourcing.* ArcLight believes high quality deal flow and market insights are the critical first ingredients to our success. As such, deal sourcing is a firm-wide priority, with new opportunities typically identified through forming investment theses based on our expertise. Industry networks are often used to find the most compelling assets that fit these themes versus solely relying on investment banker led auctions. The Firm puts a premium on developing creative, contrarian, or uncommon investment themes and then seek to implement these themes through proprietary and relationship-based transactions.
- *Initial Investment Screening.* Once a new investment opportunity has been identified that the relevant deal team believes is suitable for a Fund, to the extent relevant and applicable, the deal team presents such opportunity to the Conflicts Committee and the Conflicts Committee determines the suitability of the opportunity for the relevant Fund(s), in accordance with the applicable Funds' Governing Documents. After such allocation determination, the deal team presents the opportunity to the allocated Fund's (or Funds') applicable investment committee to determine if it meets ArcLight's rigorous investment standards.
- *Due Diligence.* If a Fund's investment committee decides to move forward, ArcLight conducts comprehensive due diligence, including detailed financial, legal, operational, commercial, market, technical, environmental, regulatory, and tax analysis. A transaction's downside risks, and upside potential are primary considerations, with a focus on current income generation capacity and specific value creation initiatives. Investment opportunities that ArcLight deems promising receive heightened scrutiny; unsuitable transactions are rejected.
- *Investment Approval.* The applicable Fund's investment committee reviews due diligence results on an ongoing basis, with additional questions addressed as needed. Once due diligence is nearing completion, the deal team prepares a comprehensive final memorandum that the Fund's investment committee uses to reach a final decision.
- *Post-Investment Management and Value Creation.* ArcLight takes an intensive, hands-on approach to managing its investments to create substantial additional value through active asset and risk management. Individual deal teams, working closely with portfolio company management, ArcLight's internal portfolio services group and, depending on the asset, ArcLight's long-standing portfolio operations strategic partner, orchestrates these efforts on a daily basis, including, where applicable, an initial 100-day plan as well as quarterly and annual goals. ArcLight's portfolio management team oversees the entire portfolio, including holding monthly firm-wide portfolio meetings where ArcLight assesses the status of ArcLight's value creation initiatives, key value drivers, and risks at the investment and portfolio level. Due to the interrelated nature of the energy industry, insights and themes emerging at a single investment often have potential implications

across the portfolio, allowing ArcLight to take early and constructive actions in a constantly changing marketplace.

- *Exit.* The applicable Fund's investment committee oversees all exit decisions, weighing a number of factors including the quality of the exit opportunity, the investment's future return potential, market conditions, and portfolio considerations.

## **Risks**

Investing in securities involves a substantial degree of risk. A Fund is in a position to lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

*General Economic and Market Conditions.* The state of the private fund industry, generally, and the success of the Funds' investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the Adviser. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets likely would impact negatively the availability of attractive investment opportunities for the Funds, the Funds' ability to make investments, the availability of funding to support the Funds' investment objectives, the performance and/or valuation of the Funds' investments, and/or the Funds' ability to dispose of investments. In addition, the public market comparable earnings multiples that are frequently used to value privately held portfolio companies and investors' risk-free rate of return may be impacted. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' 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. In such an environment, the Funds may be more likely to pay reverse break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The impact of market and other economic events also may affect the Funds' ability to obtain funding to support their investment objective. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses likely will be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Uncertain Economic, Social and Political Environment.* The global economic and political climate can be uncertain. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic change or unrest. A rapid or significant erosion of confidence likely would result in a deterioration of credit markets and/or lead

to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises, including the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate potential, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the Adviser, the Funds and/or the portfolio companies. A climate of uncertainty, including the spread of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and generally will increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

*Financial Market and Interest Rate Fluctuations.* General fluctuations in the financial markets, prices of securities and interest rates will adversely affect the value of the Funds' investments and/or increase the risks associated with one or more particular investments. Volatility and instability in the securities markets also may increase the risks inherent in the Funds' investments. The ability of companies or businesses in which the Funds may invest to refinance debt securities or repay debt obligations may depend on their ability to obtain financing, including by selling new securities in the high yield debt or bank financing markets, which at certain points over the last several years have been extraordinarily difficult to access at favorable rates.

*Concentration of Investments; Lack of Diversification.* The Funds are authorized to invest a significant portion of its aggregate capital commitments (the "Capital Commitments") in any single portfolio company (including its direct or indirect subsidiaries and guarantees, lines of credit or other credit support), and likely will participate in a relatively limited number of overall investments, which may be within one industry or one industry segment or within a short period of time. 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. If the Funds co-invest with another investment fund (including any other Fund) in a portfolio company, a limited partner that also is invested in such other investment fund would have exposure to such portfolio company through more than one fund, potentially multiplying such limited partner's losses. In addition, during the early stages of a Fund's term, the Fund is expected to hold more concentrated positions than it otherwise would.

Given ArcLight's principals' (the "Principals") experience in certain industries and the structural requirements of operating the Funds, the Funds are permitted to seek to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which would be expected to create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio is expected to become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of a Fund's investments, may substantially affect the Fund's aggregate return. In particular, the Funds' investments are expected to be concentrated in certain segments of the energy industry. Instability, fluctuation or an overall decline within such segments is likely to negatively impact returns to limited partners. In addition to the foregoing, because the Funds are expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could materially affect total returns of the relevant Funds. If certain investments perform unfavorably, then in order for a Fund to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur.

*Investing in Growth Businesses.* Certain Funds have in the past and expect in the future to invest in growth companies. These companies may be characterized by short operating histories, evolving markets, intense competition and management teams that have limited experience working together. A portfolio company may need to implement appropriate sales and marketing, inventory, finance, personnel and other operational strategies in order to become and remain successful. A Fund's returns will depend upon the Adviser's ability to find and invest in companies that can successfully combine these strategies where products and markets are constantly evolving. There can be no assurance that the Adviser will find and invest in a sufficient number of these companies to meet investor return expectations.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the investments owned by the Funds. When estimating fair market value, the Adviser will apply a methodology consistent with ArcLight's valuation policy and that it determines, in its sole discretion, to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values are likely to differ from values that would have been determined had an active market existed for such investments and will sometimes differ from the prices at which such investments ultimately are sold. The Adviser's discretion in respect of such valuations is likely to give rise to conflicts of interest, including in connection with determining the amount and timing of in-kind distributions of Carried Interest distributions. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information or valuations provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by the Funds on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the Adviser have the potential to cause it to ineffectively manage a Fund's investment portfolio and risks, and may also affect the diversification and management of a Fund's portfolio of investments.

*Labor Matters.* Certain portfolio companies have a unionized work force and/or employees who are covered by a collective bargaining agreement, which could directly or indirectly subject a portfolio company to complex laws, rules and regulations as well as to labor relations disputes or difficulties generally. Business operations at one or more facilities or sales processes may be interrupted as a result of work stoppages and delays in the process of renegotiating collective bargaining agreements.

*Public Health Emergencies.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, MERS, H1N1/09 flu, avian flu, Ebola and the current outbreak of COVID-19, have resulted and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to a Fund.

The ultimate and lasting impact of COVID-19—and any resulting decline in economic and commercial activity—on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of

COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving continuously and may have unpredictable results. The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds.

*Russia-Ukraine Conflict.* In February 2022, Russia launched an invasion of Ukraine that has resulted in an ongoing military conflict between the two countries (the "Russia-Ukraine Conflict"). The Russia-Ukraine Conflict has caused, and is currently expected to continue to cause, significant disruptions to the global financial system, international trade, and the energy and transportation sectors, among others. In addition, the Russia-Ukraine Conflict has displaced millions of people, causing an acute refugee crisis in Europe, and has increased the threat of nuclear accidents or attacks, cyberattacks and further regional or global conflicts (including a potential expansion of the Russia-Ukraine Conflict to other countries as well as other unrelated potential conflicts), among other potentially dire consequences. In response to Russia's actions, multiple countries and governing bodies, including the United States and the EU, have put in place global sanctions and other severe restrictions or prohibitions on the activities of certain individuals and businesses connected to Russia, Iran and/or Belarus. The ultimate impact of the Russia-Ukraine Conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business, currency or country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine Conflict may have a significant adverse impact on, and result in significant losses to, the Funds and their portfolio companies. In particular, the portfolio companies of the Funds may suffer significant increases in operating costs (including, among other reasons, as a result of the substantial increase in energy prices), reductions in demand, losses from cyberattacks, significant reductions in revenue and growth, increased foreign exchange risk, commodity risk and/or unexpected operational losses and liabilities. It also may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (sanctions-related, military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy that the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfil their investment objectives.

*Credit Markets Risk.* Conditions in the credit markets may have a significant impact on the business of the Funds. The credit markets have experienced a variety of difficulties and changed economic conditions in recent years that have adversely affected the performance and market value of many securities and financial instruments. There can be no assurance that the Funds will not suffer material adverse effects from broad and rapid changes in market conditions in the future. Among other things, the level of investment opportunities may decline from the Adviser's current expectations. As a result, fewer investment opportunities may be available to the Funds. One possible consequence is that the Funds may take a longer than anticipated period to invest their available capital, as a result of which, at least for some period of time, the Funds' investment portfolios may be relatively concentrated in a limited number of investments. Consequently, during this period, the returns realized by limited

partners may be materially and adversely affected by the unfavorable performance of a small number of these investments.

*Custody and Banking Risks.* The Funds will maintain funds with one or more banks or other depository institutions (“banking institutions”), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, the General Partner and/or the Adviser transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Fund or one or more of its portfolio companies holds depository accounts, access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (“FDIC”) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution’s assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund’s General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund’s General Partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

*Inflation and Deflation.* Inflation risk is the risk that the value of certain investments or income thereon will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Funds’ investments can decline. Deflation risk is the risk that prices decline over time—the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of portfolio companies in which the Funds invest and may make defaults more likely, which may result in a decline in the value of the Funds’ investments.

High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country’s economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the United States, have recently seen significantly increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Funds’ investments and its aggregated returns. Additionally, because any Fund’s preferred return is not linked to the rate of inflation, as the rate of inflation increases, the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as preferred return decreases and the proportion of real returns subject to performance-based compensation increases.

*Environmental, Social and Governance Matters.* The Adviser maintains an ESG policy (the “ESG Policy”) that the Adviser will endeavor to apply across certain Funds’ investment activities where the portfolio company has operational control and where commercially practicable, consistent with the ESG policy. Depending on the investment, certain ESG factors, such as greenhouse gas (“GHG”) emissions, energy management, human rights violations, community impacts, workforce health and safety, and business ethics and transparency, could have a material effect on the return and risk profile of the investment. Certain aspects of the evaluation of material ESG factors are subjective by nature, and there is no guarantee that the ESG evaluation criteria utilized or judgment exercised by the Adviser or a third-party ESG specialist working on behalf of the Adviser will reflect the beliefs, values or preferred practices of any particular limited partner or align with the beliefs, values or preferred practices of other asset managers or with market trends. Considering ESG factors when evaluating an investment may cause a Fund not to make an investment that it would have made in the absence of such consideration. Additionally, ESG factors are only some of the many factors that the Adviser may consider in making an investment, and there is no guarantee consideration of ESG factors will enhance short, medium or long-term limited partner value and financial returns or mitigate risks or liabilities. Although the Adviser considers application of the ESG Policy, which depends in part on qualitative judgments, to be an opportunity to enhance the performance of the portfolio companies in which a Fund invests over the long-term while also producing beneficial impacts for both society and the environment in the ordinary course, there is no guarantee that the ESG Policy will positively impact the financial or ESG performance of any individual portfolio company or a Fund as a whole. Similarly, to the extent the Adviser or a third-party ESG specialist working on behalf of the Adviser engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG-related performance of the portfolio companies. Successful engagement efforts on the part of the Adviser or a third-party ESG specialist will depend on such party’s skills in properly identifying, prioritizing, assessing and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

The materiality of sustainability risks and impacts on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, country, asset class and investment style. In evaluating a prospective portfolio company or the ESG performance of a portfolio company, the Adviser and third-party ESG specialists often depend upon information and data provided by the company or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause the Adviser or third-party ESG specialists to incorrectly identify, prioritize, assess or analyze the company’s ESG practices, progress and/or related risks and opportunities. To the extent the Adviser provides reports to investors on ESG matters, such reports will be based on the Adviser’s, a third-party ESG consultant’s or applicable portfolio company management team’s, sole and subjective determination and assessment of material ESG matters in respect of an investment. Further, the Adviser is not obligated to produce such reports, except as otherwise specified in the Governing Documents or as agreed with certain limited partners.

In addition, the ESG Policy will change over time. The Adviser may determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the Adviser to adhere to all elements of a Fund’s investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to a Fund’s portfolio generally.



Further, ESG integration and frameworks and responsible investing practices as a whole are evolving rapidly and there are different frameworks and methodologies being implemented by other asset managers. For example, the Adviser's ESG Policy does not represent a universally recognized standard for assessing ESG considerations and may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. There is no guarantee that the Adviser will remain a signatory to the Principles for Responsible Investment or align or comply with any ESG, responsible investing or other industry frameworks.

Finally, there is also growing regulatory interest, particularly in the U.S., the United Kingdom (the "UK") and the European Union (the "EU") (which may be looked to as models in growth markets), in improving transparency around how asset managers identify, manage and disclose sustainability risks or ESG-related risks, or how they define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. The Adviser's ESG Policy and the Funds could become subject to additional regulation in the future. The Adviser cannot guarantee that its current approach will meet future regulatory requirements.

*Climate Change and Greenhouse Gas Restrictions.* Driven by concern over the risks of climate change, a number of local, state, federal and international regulatory bodies countries have adopted, or are considering the adoption of, regulatory frameworks to reduce GHG emissions or production and use of oil and gas. These include adoption of cap and trade regimes, carbon taxes, trade tariffs, minimum renewable usage requirements, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy or replacement fuels with lower carbon content. Political and other actors and their agents also increasingly seek to advance climate change objectives indirectly, such as by seeking to reduce the availability of or increase the cost for, financing and investment in the gas sector and taking actions intended to promote changes in business strategy for gas companies.

The adoption and implementation of any federal, state or local regulations imposing reporting obligations on, or limiting emissions of greenhouse gases from, gas operations could have the impact of curtailing profitability in the gas sector. More specifically, climate change-related legislation and regulation, voluntary commitments as well as investor and consumer demands could require certain companies in which a Fund invests to incur significant costs to reduce emissions of greenhouse gases associated with their operations or could adversely affect demand for the natural gas or other hydrocarbon products that they produce, transport, store or otherwise handle in connection with their operations. These companies may not be able to recover such increased costs through customer prices or rates, which may limit their access to, or otherwise cause them to reduce their participation in, certain market activities. In addition, changes in regulatory policies, voluntary commitments, or consumer or investors demands that result in a reduction in the demand for hydrocarbon products that are deemed to contribute to greenhouse gases, or restrictions on their use, may reduce volumes available to the companies in which the Funds invest for processing, transportation, marketing and storage. These developments could have a material adverse effect on such companies' financial position, results of operations and cash flows.

The regulatory landscape, voluntary commitments and investor and consumer demands with respect to climate change continue to be in a state of constant re-assessment and evolution. The ultimate effect of laws, regulations, voluntary commitments, investor and consumer demands and other actions relating to climate change and greenhouse gases on a company's financial performance and

reputation, and the timing of these effects, will depend on a number of factors. Furthermore, legal challenges with respect to laws, regulations, and other actions relating to climate change and greenhouse gases make it even more difficult to predict with certainty the ultimate impact any such laws and regulations will have on the companies in which a Fund invests and/or the energy sector in the aggregate. This may, in turn, adversely impact a Fund's returns.

Additionally, increasing concentrations of GHG emissions in the Earth's atmosphere may produce climate changes that have significant physical effects on the operations of the companies in which the Funds invest, such as risks posed by increasing frequency or severity of extreme weather events and rising sea levels and temperatures. For example, companies that are located in low lying areas such as the coastal regions of Louisiana and Texas may be at increased risk due to flooding, rising sea levels, or disruption of operations from more frequent and severe weather events. Facilities in areas with limited water availability may be impacted if droughts become more frequent or severe. Changes in climate or weather may hinder exploration and production activities or increase the cost of production of oil and gas resources and consequently affect the volume of hydrocarbon products entering our system. Changes in climate or weather also may affect consumer demand for energy or alter the overall energy mix. If any such effect were to occur, they could have a material adverse effect on the companies in which the Funds invest and thus adversely impact the Funds' returns.

*Competition from Fossil Fuels and Other Conventional Energy Resources.* The performance of certain projects of a portfolio company may be dependent upon the prevailing prices of certain fossil fuels. As energy derived from fossil fuels becomes more expensive and the cost to produce energy from renewable sources declines, renewable energy technologies should become more economically competitive. However, plentiful and relatively inexpensive natural gas may keep power prices at historically low levels for some period of time. Regulation of natural gas fracking, gas exports, or a broader domestic use of natural gas could cause the price of natural gas to increase, lessening the competitive price pressure on renewable energy. However, if natural gas prices stay at increased levels, energy from some renewable energy projects may continue to be relatively more expensive unless government subsidies continue or the cost of producing energy from renewable resources decreases significantly. Additionally, recent technological progress in pollution control equipment for coal-fired generation plants may make it feasible for utilities to continue to operate those plants under applicable clean air regulations. Coal is plentiful in the United States and some other markets and continued use of coal in electric generation facilities also will apply pressure to the value of both renewable and natural gas-fired electricity generation.

*New Technology Risks.* Renewable energy projects typically involve relatively high levels of capital investment and such up-front expenditures involve a certain degree of risk. While hydro, solar and wind technology are generally proven, certain newer technologies may face obsolescence risk (e.g., if a revolutionary, more functional storage solution were introduced, today's battery storage technology may become less competitive). The renewable energy sector may experience rapid and significant technological advancements and introductions of new products and services using new technologies. As these new technologies develop, portfolio companies may be placed at a competitive disadvantage, and competitive pressure may force portfolio companies to implement new technologies at a substantial cost. There can be no assurance that portfolio companies will be successful in building or acquiring any such new equipment and other assets or upgrading existing equipment in a timely and cost-effective manner. As a result, new technologies, services or standards could render some of the services, equipment and other assets provided or operated by portfolio

companies obsolete, which could have an adverse effect on the Funds' investments.

*Unavailability or Cost of Equipment and Personnel.* The demand for qualified and experienced field personnel, geologists, geophysicists, engineers, landmen and other industry professionals can fluctuate significantly, often in correlation with gas and natural gas liquid prices, causing periodic shortages. Historically, there have been periods during which shortages of drilling and workover rigs, pipe and other equipment have occurred as demand for rigs and equipment has increased along with the number of wells being drilled, which can have an adverse impact on midstream operations. It cannot be predicted whether such conditions will exist in the future and, if so, what their timing and duration will be. Such shortages could delay or cause a portfolio company or project to incur significant expenditures and result in a material adverse effect on its business, financial condition and/or results of operations.

*Sovereign Risk.* The right of certain of the Funds' portfolio companies to extract mineral resources, generate, deliver or sell energy or related services and equipment may be granted by or derive from approval by governmental entities and are subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of the Funds or the relevant portfolio company or project under the relevant agreement. There can be no assurance that the relevant governmental entity will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of any portfolio investment.

*Dependence on Patents, Trademarks and Other Intellectual Property.* Certain of the Funds' portfolio companies will depend heavily on intellectual property rights, including patents, both in the United States and in other countries. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these investments. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a particular product of a portfolio company or one of its significant customers or counterparties.

In addition, the patent positions in many countries are highly uncertain and involves complex legal, scientific and factual questions. There is no consistent policy regarding the permissible breadth of coverage of claims allowed in product patents.

Furthermore, if a portfolio company of a Fund or one of its significant customers or counterparties infringes on third-party patents or other proprietary rights, it could be prevented from using certain third-party technologies or forced to acquire licenses in order to obtain access to such technologies. In such a case, the company might not be able to obtain all licenses required for the success of its business, which could have a material adverse effect on its value.

The loss of patent protection or other market exclusivity can open products to competition from generic substitutes that are typically priced significantly lower than the original products, which can have an adverse effect on the value of the product and the company. In particular, generic substitutes have high market shares in the United States, and accordingly the adverse effects of the launch of generic products are particularly significant in the United States.

*Documentation and Other Legal Risks.* Energy and energy generation and related investments are typically governed by complex legal agreements. As a result, there can be a higher risk of dispute over interpretation or enforceability of such agreements. Energy assets, businesses and projects also often involve a significant impact on local communities and the surrounding environment. It is not uncommon for energy generation and related assets to be exposed to a variety of other legal risks, including legal action from special interest groups. Special interest groups may use legal processes to seek to impede particular investments to which they are opposed.

*Sustainable Development Risk.* Investment in growth-oriented clean energy transition opportunities involves many relatively differentiated and acute risks. Project revenues can be affected by a number of factors including economic conditions, political events, competition, regulation and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of clean energy and infrastructure assets may adversely affect the overall profitability of the investment. For instance, investments in growth-oriented clean energy transition opportunities may be affected by the prevailing prices of related commodities such as (without limitation) oil, gas and coal. Furthermore, events outside the control of a portfolio company, such as political action and governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, toll, tariff and other fee rates, social stability, technical obsolescence, competition from untolled or other forms of transportation, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in demand for products or services, defective design or construction, bankruptcy or financial difficulty of a major customer, or acts of war or terrorism and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair a portfolio company's ability to repay its debt, make distributions to a Fund or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of clean energy transition assets involve various risks, many of which may not be under the control of the owner/operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Furthermore, once clean energy transition assets become operational, they may face competition from other clean energy and infrastructure assets.

*Environmental Matters Generally.* Businesses and assets in which the Funds invest may be subject to numerous statutes, rules and regulations relating to environmental protection, including at the international, national and local levels. The Funds expect to invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, joint and several obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted or where materials were disposed of. In addition, clean-up liabilities can arise under environmental laws and regulations, including on a strict, joint and several basis, which presents a risk of a portfolio company paying for more than its fair share of clean-up costs associated with a contaminated property. For example, a Fund, its collateral and/or certain of its portfolio companies may have such potential liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, as a current or former

owner or operator of a facility at which hazardous substances have been released and/or as a generator or transporter of hazardous substances disposed of at other locations. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on portfolio companies or potential investments. Required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. Certain industries will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. Compliance with such current or future environmental requirements does not ensure that the operations of the portfolio companies will not cause injury to the environment or to people under all circumstances or that the portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could have a detrimental impact on the financial performance of energy and infrastructure projects. There can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of portfolio companies also could result in material personal injury or property damage claims. Any noncompliance with these laws and regulations could subject such portfolio companies to material penalties or other liabilities. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (which may include the Funds under certain circumstances) subject to environmental liability.

In addition, ordinary operation or the occurrence of an accident with respect to an energy asset could cause major environmental damage, which may result in significant financial distress to such asset if not covered by insurance, and, even if covered by insurance, may have a detrimental effect on the applicable portfolio company and/or the Funds, resulting from adverse publicity related to such an incident and other similar results. In addition, persons who arrange for the disposal or treatment of hazardous materials also may be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person.

Furthermore, a Fund may be exposed to substantial risk of loss from environmental claims arising from certain of its investments involving undisclosed or unknown environmental, health or other problems or inadequate reserves or insurance for previously identified matters, as well as from occupational safety issues and concerns. Certain environmental laws and regulations may require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination. Under certain circumstances, U.S. courts have held that a parent company is responsible for the environmental clean-up obligations of its subsidiary imposed by applicable laws. In the event that a Fund is the parent of or holds collateral in a portfolio company with such obligations, a U.S. court or a court of any other applicable jurisdiction might find that the Fund is liable for such obligations. Environmental claims with respect to a specific investment may exceed the value of such investment. Moreover, community and environmental groups may protest the development or operation of infrastructure assets which may induce government action to the detriment of the Fund. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements may particularly affect companies in the energy sector.

*Environmental Matters - Gas Investments.* Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon natural gas wells. Additionally, laws favoring the move toward renewable energy sources, including hydro, solar and wind energies may have a negative impact on the price of traditional energy sources such as natural gas because of decreased demand.

In the United States, some of the most onerous requirements regulate air emissions of pollutants such as sulfur dioxides, nitrogen oxides and particulate matter. In the United States and Europe, emission standards for sulfur dioxides, nitrogen oxides and particulate matter are stringent. Additionally, in the United States, generators are now subject to limits on their emissions of mercury. In Europe and under the laws of several U.S. states, generators also face new requirements on their emissions of greenhouse gases, specifically including carbon dioxide and methane. The uncertain and ever-changing regulatory environment in which generators operate in the United States and Europe makes it likely both that generators will face increased operating costs in the years ahead and that the relative competitive position of various fuel types and generation technologies will change.

Similarly, certain countries in South America have recently increased their regulation of the environment or adopted more stringent environmental laws or regulations. These countries may further tighten their environmental laws. Stricter environmental laws may increase compliance costs by such South American companies or require them to modify the conduct of their businesses. These laws may provide the governments of these countries with the power to take action against companies for failure to comply with such environmental regulations, including the imposition of fines and the revocation of licenses and concessions. A Fund may experience material losses with respect to its investments due to these risks, particularly to the extent that changes in laws or regulations or governmental action occurs after the Fund makes its investments or results in higher than expected compliance costs for certain portfolio companies.

*Possibility of Fraud or Other Misconduct by Employees and Service Providers.* Misconduct by (i) ArcLight employees, officers, partners, members, managers or directors, (ii) portfolio company employees, officers, partners, members, managers, directors, Consultants or operating partners, or (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence or other efforts of a Fund and/or ArcLight and cause significant losses to the Fund. Misconduct may not be detectable or preventable by a Fund and may include, entering into transactions without authorization, failing to comply with operational and risk procedures (including due diligence procedures), making misrepresentations regarding prospective investments, improperly using or disclosing confidential or MNPI (which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities), failing to comply with applicable laws or regulations, and the concealing of any of the foregoing. Such misconduct may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Fund. ArcLight has controls and procedures through which it seeks to minimize the risk that any such misconduct will occur; however, there can be no assurance that such misconduct will be able to be identified or prevented.

*Risks Related to LIBOR.* To the extent that (i) a Fund's investments (whether made, acquired or otherwise) and/or (ii) a Fund's and/or its affiliates' credit arrangements or facilities, hedging activities, derivative- or other structures, in each case, are subject to, utilize or otherwise reference, whether directly or indirectly, a variable interest rate that is based on (or calculated with reference to)

the London Interbank Offered Rate (“LIBOR”, and together with the Euro Interbank Offered Rate, the Canadian Dollar Offered Rate, the Secured Overnight Financing Rate (“SOFR”), the Sterling Overnight Index Average (“SONIA”), or any other reference rate, benchmark or index, including in each case, any permutations thereof and any credit spread adjustments thereto, collectively, the “Benchmark Rates”), such Fund may be subject to certain material risks, some of which are described below.

LIBOR is an estimate of the rate at which a sub-set of traditional banks can borrow money from other banks and, together with other interbank offered rates (together with LIBOR, each an “IBOR”), is widely used as a reference for interest rates on credit and other financial instruments and agreements globally. It is expected that no U.S. Dollar-LIBOR tenors will be published after June 2023 although such tenors may cease being published, or cease to be representative of the market, before then. Regulators, central banks, governments and other market participants are working on replacement Benchmark Rates and the transition of existing instruments and contracts to such new rate. Although it is not possible to identify a comprehensive set of potential risks at this time, the termination of LIBOR presents certain risks to the Fund including, among others: (i) increased volatility or illiquidity in markets, (ii) material delays in or reductions to financing options for actual or prospective portfolio companies, (iii) increased cost of borrowing to a Fund and/or to actual or prospective portfolio companies, (iv) reduction in the value of certain instruments or the effectiveness of related transactions such as hedges, (v) uncertainty under applicable documentation, or difficult and costly consent processes for any required amendments to applicable documentation for the Fund as a borrower or counterparty, or for any actual or prospective portfolio companies in such capacities, (vi) costs of modifications to a Fund’s processes and systems (including information technology), and/or costs of administrative services and operations, including monitoring of recommended conventions and Benchmark Rates, or any component of or adjustment to the foregoing, and (vii) costs of causing a Fund and/or, indirectly, causing one or more of its portfolio companies to incur expenses to manage the transition away from LIBOR. Any such effects of the transition away from LIBOR and the other IBORs, as well as other unforeseen effects, may result in expenses, difficulties, complications or delays for impacted markets and instruments, and could have a material adverse impact on a Fund and/or its investments. Additionally, to the extent swaps, hedges, and/or similar derivatives or instruments that use or reference, whether directly or indirectly, LIBOR or other similar Benchmark Rate, including swaps or contracts used to manage long-term interest rate risk related to assets and/or liabilities, are entered into, in addition to the potential need for renegotiation, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses. Some of these replacement rates also may be subject to compounding or adjustments that cause administrative challenges for a Fund and its portfolio companies, and their respective affiliates and service providers.

ArcLight does not have prior experience in investing during a period of Benchmark Rate transition and there can be no assurance that it will be able to manage a Fund’s business or performance in a profitable manner before, during or after such transition.

*Portfolio Company Leverage.* Portfolio companies in which a Fund invests are expected to incur debt financing. The cost and availability of debt financing is highly dependent on the state of the broader credit market, which is difficult to accurately forecast. During times when credit markets are unfavorable, it may be difficult for a portfolio company to obtain financing that it requires to fund its

operations. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair a portfolio company's ability to finance future operations and capital needs. The leveraged capital structure of a portfolio company will magnify the effects of any deterioration in its condition, including as a result of industry or other competitive pressures, an adverse economic environment or rising interest rates. Any such deterioration could therefore accelerate and magnify declines in the value of a Fund's investments in a leveraged portfolio company, in turn resulting in a decline in the value of the limited partner interests in the Fund.

If a portfolio company cannot generate adequate cash flow to meet its debt obligations, the company may default on its credit agreements and potentially be forced into bankruptcy and/or to negotiate with its creditors to reduce its leverage. In a situation where a portfolio company is not able to successfully restructure its balance sheet, it may be forced into liquidation or to otherwise liquidate its assets. As a result, a default by a portfolio company may lead a Fund to suffer a partial or total loss of its investment. Furthermore, to the extent portfolio companies become insolvent, a Fund may determine to engage, at the Fund's expense, in whole or in part, counsel and other advisers in connection therewith.

*Use of Leverage.* The Adviser expects to cause the Funds, directly or indirectly through one or more special purpose vehicles, to incur indebtedness, including to borrow money from any person, to make guarantees or provide letters of credit and other credit support to any person or to incur any other obligation (including other extensions of credit), in each case for any proper purpose relating to the activities of the Funds and subject to the relevant Fund's Governing Documents. The Adviser is expected to use leverage for a variety of purposes, including to (i) finance any investment-related activities of the Funds, (ii) provide interim financing to the extent necessary to consummate the purchase of investments prior to receiving permanent financing or capital contributions from the Funds' limited partners ("Capital Contributions") or distributions (as applicable), or to cover any shortfall resulting from an investor's default or exclusion, (iii) cover fund expenses, organizational expenses and Advisory Fees, (iv) make, hold or dispose of investments, (v) provide financing or refinancing, (vi) fund payments owed to withdrawing limited partners, (vii) fund distributions to the partners, (viii) issue letters of credit or provide collateral to secure outstanding letters of credit or (ix) create reserves in accordance with the Governing Documents.

Any event that adversely or favorably affects the value of an investment by the Funds would be magnified to the extent leverage is used. The Funds may incur indebtedness on a portfolio-wide basis or against specific investments. The extent to which a Fund uses leverage will have important consequences to the Fund's partners, including the following: (i) greater fluctuations in the net asset value of the Funds, (ii) reduction in overall profits earned by the Funds from using cash flow to pay debt service, (iii) to the extent that cashflow is used to make principal payments, allocation of taxable income (and therefore tax liability) to the partners in excess of cash available by distribution and (iv) in certain circumstances, a premature sale of investments by the Funds to service its debt obligations. There also can be no assurance that the Funds will have sufficient cash flow to meet its debt service obligations. As a result, the Funds' exposure to losses may increase due to the illiquidity of their investments generally. Additionally, the Funds may choose to make all investments during the early life of the Funds entirely on a leveraged basis, prior to the Funds calling any Capital Contributions from the partners. Unfavorable performance of a small number of such investments may result in amplified losses for the Funds and may limit the Funds' ability to invest in the future. The cumulative



effect of the Funds' use of leverage in a market that moves adversely to the Funds' investments could result in a loss to the Funds that would be greater than if leverage had not been used.

The limited partners may be required to execute an investor acknowledgement for the benefit of the lenders under the credit facility and may be required to acknowledge their obligations to pay their share of indebtedness up to their undrawn Capital Commitment. 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 and / or the lender may issue a drawdown notice for the purpose of repaying the secured indebtedness, requiring limited partners to fund their entire remaining undrawn Capital Commitments. In addition, in the event that the lenders require investors whose Capital Commitments have been pledged to fund their Capital Commitment to repay indebtedness, the failure of certain of those investors to honor their Capital Commitments could result in the remaining investors' repayment obligations exceeding their pro rata share of the indebtedness. A subscription facility at the Fund level may place restrictions on payments to equity holders, including prohibitions on payments in the event of any default (or continuance thereof) under the credit facility. In addition, such borrowings may limit the investors' ability to use their interests in the fund as collateral for other indebtedness.

Borrowings and guarantees by a Fund may be completed on an investment-by-investment or on a portfolio basis, and may be on a joint, several, joint and several or cross-collateralized basis with parallel investment vehicles, Co-Investment Vehicles, other Funds, joint venture partners and managers of such joint venture partners. Such arrangements will not necessarily impose joint and several obligations on such other vehicles that mirror the obligations of the Fund. The interest expense of any such borrowings will be allocated in a manner ArcLight determines to be appropriate. Furthermore, in the case of indebtedness incurred on a joint and several or cross-collateralized basis, a Fund could be required to contribute amounts greater than its pro rata share of the indebtedness. A Fund also could be required to contribute capital to make up for any shortfall if the other joint and several obligors are unable to repay their pro rata share of such indebtedness. A Fund could lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments of the Fund and such other vehicles. Although ArcLight will seek to use leverage in a manner it believes is appropriate, the use of leverage involves a high degree of financial risk.

Moreover, borrowings by a Fund may be secured by the Fund's partners' Capital Commitments as well as by the Fund's assets. The documentation relating to such borrowing may require that during the continuance of a default under such borrowing, the interests in the fund may be subordinated to such borrowing.

A Fund's assets, including its investments, the Capital Commitments of the partners, and any other assets it holds, are available to satisfy all liabilities and obligations of the Fund. If the Fund defaults on secured indebtedness, the lender may foreclose on the Fund's assets, and the Fund could lose its entire investment pledged as security for such loan. Parties seeking repayment of a liability or obligation of the Fund may have recourse to the Fund's assets generally and may not be limited to any particular asset. Furthermore, the partners would be required to make Capital Contributions under their Capital Commitments to satisfy such liabilities or obligations.

Conversely, the ability of a Fund to attain its investment objectives depends in part on its ability to borrow money on favorable terms. To the extent the Fund does not employ leverage with respect to the Fund's portfolio or borrows on less favorable terms, the Fund's investment returns may be lower than those that could have been achieved using leverage on favorable terms. There are risks that the Fund may not be able to obtain leverage on favorable terms, or at all.

A Fund may decide to repay any indebtedness using Capital Contributions or to make future investments using little or no corresponding leverage. If the Fund decides to pay down its indebtedness or to make its investments with little or no leverage, the returns of the limited partners may be adversely affected.

*Capital Calls and Use of Subscription Facilities.* From time-to-time, a Fund expects to apply leverage, including any subscription facility of the Fund (each, a "Subscription Facility") or asset-based leverage, to enhance the return profile of certain investments, or decrease the unpaid Capital Commitments of limited partners (i.e., through the use of subscription lines), in each case subject to the limitations set forth in the Governing Documents. For administrative convenience, drawdowns, including those used to pay interest on the Subscription Facility and other indebtedness, may be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary), with a Fund's interim capital needs being satisfied by the Fund borrowing money from such Subscription Facility. Calling a large amount of capital at once to repay the then-current amount outstanding under a Subscription Facility could cause short-term liquidity concerns for limited partners that would not necessarily arise had the Adviser called smaller amounts of capital incrementally over time as need by the Fund. This risk is heightened for limited partners with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partners to meet the accumulated, larger capital calls at the same time. Moreover, the existence of a Subscription Facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

*Changes in Investment Focus.* Many factors may contribute to changes in emphasis in the construction of a Fund's portfolio, including changes in market or economic conditions or regulation applicable to particular industries and changes in the political or social situations in particular countries. As a result, the Adviser reserves the right to pursue additional investment strategies and modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The Adviser also reserves the right to pursue investments outside of the sectors or regions in which the Principals have previously made investments.

*Control Investments.* A Fund, either alone or together with co-investors, is expected to typically hold controlling interests in many of the portfolio companies in which it invests. The exercise of such control by the Fund results in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund would suffer significant and material losses. Even when the Fund prevails in any such claims for liability, it would be expected to incur significant costs of defending against those claims.

*Non-Controlling Investments and/or Investments with Third Parties.* It is expected that a Fund will hold non-controlling interests in certain portfolio companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any portfolio company. Similarly, the Fund may co-invest with third parties through joint ventures, other entities or similar arrangements, thereby acquiring non-controlling interests in certain investments. In such instances, the Fund may have limited management and/or control rights with respect to the operation of such companies and may be entirely dependent on the decisions of the portfolio company and/or third-party investors. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. The Fund will therefore be significantly reliant on the existing management, board of directors and other shareholders of portfolio companies, which may include representation of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company or were otherwise granted control and/or management rights alongside any such company and/or third-party investor. Even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or to seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business objectives and goals.

Moreover, in the case where a Fund co-invests with third parties, such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances, the Fund may be liable for actions or financial obligations of its co-venturers or partners, including obligations in excess of the Fund's interest in such investment. The co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which ArcLight or its affiliates has an interest or otherwise controls (including another Fund). The co-venturer or partner also may be entitled to receive payments from, or allocations or performance-based compensation (e.g., Carried Interest) in respect of, a Fund and/or such investments, and in such circumstances, any such amounts will not, even if they have the effect of reducing any retainers or minimum amounts otherwise be payable by ArcLight or its affiliates, be deemed paid to or received by such persons or entities or reduce the Advisory Fee. In addition, the Funds expect to co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the companies in which the Funds invest may be significant, and even greater than that of the Funds and as such, the Funds may be required to rely upon the abilities and management expertise of such co-venturer or partner. It also may be more difficult for the Funds to sell their interest in any joint venture, co-investment, partnership or entity with other owners than to sell their interest in other types of investments (and any such investment may be subject to a buy-sell right). The Funds may grant co-venturers or partners approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan

for the investment or require the Funds to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, a Fund may be unable to fully realize its expected return on any such investment. Further, to the extent that a Fund, or the Adviser, offers any co-investment opportunity to any limited partners or third parties, some or all of the risks described above also may apply to such co-investments.

*Risks in Effecting Operating Improvements.* The success of a Fund's investment strategy is likely to depend, in part, on the ability of ArcLight to effect improvements in the operations of certain portfolio companies. Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to a portfolio company. In addition, portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that the management team of a portfolio company or any successor will be able to operate such company in accordance with the Fund's expectations or that a portfolio company will be able to attract, develop, integrate and retain suitable members of its management team.

*Control Person Liability.* The Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, cartel and/or antitrust issues, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including sanctions and securities laws and regulations) and other types of liability, for which the limited liability generally afforded to investors may be ignored. In particular, if a Fund is determined to be a direct owner or operator of any of a portfolio company's facilities or operations, the Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related costs. If any such liabilities were to arise, the Fund may suffer significant losses. While the Adviser intends to manage the Funds in a manner that will minimize the exposure of such risks, the possibility of successful claims against a Fund or for which the Fund otherwise may be liable cannot be precluded.

*Director Liability.* ArcLight expects that the Funds will often seek to obtain the right to appoint one or more representatives to the boards of directors (or similar governing bodies) of a portfolio company. In cases in which a Fund is not the sole equity owner of a portfolio company, a board representative may have duties to persons other than the Fund. In general, board representative positions often are important to a Fund's investment strategy and may have the effect of enhancing the ability of ArcLight to manage investments. However, such positions may have the effect of impairing the ability of ArcLight to cause the Funds to sell the related securities when and upon the terms it may otherwise desire. In addition, such positions may place ArcLight in a position where it must make decisions that are either not in the best interests of a Fund or not in the best interests of the shareholders of the portfolio company. Serving on the board of directors (or similar governing body) of a portfolio company exposes the board representative, and ultimately the relevant Fund, to potential liability. Portfolio companies may not obtain insurance coverage with respect to such

liability, or the insurance coverage that portfolio companies do obtain may be insufficient to adequately protect against such liability. In addition, involvement in any litigation related to such liability may be time consuming and may divert the attention of affected persons from a Fund's investment activities.

*Active Management.* The Funds are expected to take majority positions, which may be alongside other investors, such as institutions, other pooled investment vehicles, and management, while providing equity financing at all stages of a company's lifecycle. Depending upon the amount of equity owned by a Fund, any relevant contractual arrangements between a portfolio company and the Fund, and other relevant factual circumstances, such majority position could result in an extension of the 90-day bankruptcy preference period to one year with respect to payments made to it. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, the Fund may often be thought to control, participate in the management of or influence the conduct of such portfolio companies. This could expose the assets of the Fund to claims by such portfolio company, its other security holders, its creditors or governmental agencies. In addition, investments alongside other investors, including in the event the Fund holds a majority position in such portfolio company, may involve certain additional risks not present in investments where a third party is not involved.

*Over-Commitment.* In order to facilitate an investment in a portfolio company, a Fund may make or commit to make an investment in a portfolio company with a view to allow co-investors or certain Co-Investment vehicles to participate in the investment alongside the Fund by selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of such investment. In such a situation, the Fund will bear the risk that any or all of such portion of such investment may not be sold or may only be sold on unattractive terms. As a consequence, the Fund may bear the entire portion of any reverse break-up or termination fees or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company, realize lower than expected returns from such investment or be unable to effect an investment in the event that sufficient capital is not available.

*Cash and Other Investments.* A Fund is permitted to invest all or a portion of its assets in cash or cash items for investment purposes, pending other investments. If utilized, such cash items are expected to include a number of money market instruments such as negotiable or non-negotiable securities issued by, or short-term deposits with, governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, or short-term equity securities of funds deemed to be creditworthy by ArcLight. A Fund also may hold interests in special purpose vehicles that hold cash or cash-like items. While investments in cash-like items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash-like items and money market funds also may provide less liquidity than anticipated by the Fund at the time of such investment.

*Strategy Risk.* Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple market participants in the same investment or from general economic or other events that adversely affect particular strategies. The strategy employed by a Fund may involve speculative techniques and therefore there is substantial risk of loss in the event of such a failure or deterioration in the financial markets. The Fund's success

will depend, in part, on the ability of ArcLight to identify investments to acquire on advantageous terms. The level of analytical sophistication, both financial and legal, necessary for successful investments in portfolio companies is unusually high. As a result, a Fund's investment strategy may fail, and it may be difficult for the Adviser to amend the Fund's investment strategy quickly or at all should certain market factors appear.

*Valuation Risk.* The Funds expect to hold securities for which no market exists or that are restricted as to their transferability under applicable contracts or securities laws. These investments may be extremely difficult to value accurately. When estimating fair market value, the Adviser will apply a methodology consistent with ArcLight's Valuation Policy and determine, in its sole discretion, to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments, or, where appropriate and applicable, it could obtain third party valuation reports with respect to a Fund's investments. 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 a ready market existed for such securities, from values placed on such securities by other investors and from prices at which such securities may ultimately be sold. The Adviser's discretion in respect of such valuations is likely to give rise to conflicts of interest, including in connection with determining the amount and timing of Carried Interest distributions and the calculation of the Advisory Fee. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information or valuations provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Further, a Fund may, together with one or more other Funds, hold investments that are large in size or that represent a large proportion (or even all) of the total outstanding equity interests in a portfolio company; therefore, the value that could be realized by liquidating such an investment may differ, sometimes significantly, from its latest valuation. In addition, third party pricing information may at times not be available for a Fund's investments or may otherwise be inaccurate.

Performance information of a Fund and the other Funds, which may hold substantial amounts of illiquid or hard-to-value assets, is therefore dependent upon the valuation procedures of ArcLight, and such values may not ultimately be realized. In addition, cross-transactions between a Fund and another Fund, to the extent permitted by the Governing Documents, are subject to valuation risk.

*Investments in Privately Held Companies.* The Funds' investment portfolios are expected to consist primarily of investments in portfolio companies that are privately held. Privately-held companies generally have less comprehensive financial information available than publicly-held companies. Therefore, ArcLight may make investment decisions, and monitor such investments, after reviewing information that is less comprehensive than that available to an investor in a publicly-held company. Investments in instruments issued by privately-held companies are intrinsically riskier than those in publicly-held companies as privately-held companies may be smaller, more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team and as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

Prior to a Fund making an investment, ArcLight will seek to complete a thorough due diligence, which may include a due diligence of the relevant portfolio company's compliance with statutory, regulatory or other legal requirements. However, ArcLight can give no assurance that the portfolio company is, and will continue to be, fully compliant with all necessary laws and regulations. Additionally, privately-held companies are not regulated by equivalent levels of disclosure and investment protection regulations that apply to publicly-held companies.

As a result of the foregoing, investments in privately-held companies generally involve a higher degree of business and financial risk as compared to investments in publicly-held companies, which can result in substantial losses, including the loss of an investor's entire investment in a Fund.

*Investments in Publicly Held Companies.* The Funds' investment portfolios are permitted to include investments in portfolio companies that are publicly-held. Such investments may subject a Fund 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 a Fund to dispose of such securities at certain times or to influence management, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, increased costs and greater liabilities (including liabilities in connection with the failure to comply with any law, rule or regulation applicable to such companies) associated with each of the aforementioned risks.

*Equity Securities; Investment in Junior Securities.* The Funds intend to invest in equity or equity-like securities. The value of equity securities held by a Fund may be adversely affected by actual or perceived negative events relating to the underlying portfolio company, the industry or geographic areas in which such portfolio company operates or the financial markets generally. However, equity securities may be even more susceptible to such events given their subordinate position in the portfolio company's capital structure. Equity securities may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investments once made.

*Competition Facing Portfolio Companies.* The Funds will invest in companies that engage in energy-related businesses in a highly competitive environment. Once assets of portfolio companies become operational, they may face intense competition from other assets in the vicinity of the assets they operate, the presence of which depends in part on government plans and policies. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Such competition may materially and adversely affect a Fund's business, financial condition and results of operations.

*Illiquid Investment Risk; Lack of Current Distributions.* The investments made by a Fund will generally be (or may in the future become) highly illiquid. The size of the Fund's holding in an investment may magnify the effect of a decrease in market liquidity for such investment. 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. While it may be possible for a portfolio company to be sold or effect another liquidity event at any time, it generally is expected that such a sale or liquidity event will not occur until a number of years after the Fund's initial investment in

such portfolio company, and the Fund generally will not be able to realize a profit on an investment in a portfolio company until its sale or other liquidity event. Before such time, there may be no current return on such investment, and the expenses of operating the Fund (including the Advisory Fee) may exceed the Fund's income, thereby requiring that the difference be paid from the Fund's capital (including the aggregate unfunded Capital Commitments).

A Fund's ability to dispose of investments may be limited for several reasons (some or all of which may be outside of the Fund's control). Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, if applicable, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. Furthermore, energy investments by their nature are subject to industry cyclicality, downturns in demand, market disruptions and the lack of available capital for potential purchasers and are therefore often difficult, costly or time-consuming to liquidate. In view of these limitations on liquidity, a Fund generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment may be disposed of at any time, it generally is expected that this will not occur for a number of years after a Fund's initial investment. Before such time, there may be no current return on such investment.

*Investments in Less Established Companies.* A Fund will invest a portion of such Fund's assets in less established companies. Such companies may lack depth in management expertise or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new or no revenue streams could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for specific revenue streams and may be adversely affected by purely local market conditions. To the extent there is any public market for the securities held by such Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources than larger, more established companies and, therefore, often are more vulnerable than such larger companies to financial stress or failure, and the risk of bankruptcy or insolvency is often higher. Such companies also may have shorter operating histories on which such Fund can judge future performance when making the decision to invest. Lastly, such companies may face intense competition from larger companies and could entail a greater risk to the Fund than investment in larger companies.

Many less established companies will operate with substantial variations in operating results from period to period. Many of these companies will need substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The nature of such companies described herein may require the applicable General Partner and ArcLight to allocate a disproportionate amount of time, effort and



capital towards such companies that could otherwise be allocated to other portfolio companies. This allocation of resources may have an adverse effect on the performance of portfolio companies that did not receive the resources allocated to such less established companies with short operating histories.

*Construction Risks.* Certain of the Funds' portfolio companies may be engaged in large construction projects. The construction of any project involves many risks, including delays or shortages of construction equipment, material and labor, work stoppages, labor disputes, weather interferences, unforeseen engineering, environmental and geological problems, difficulties in obtaining requisite licenses or permits and unanticipated cost increases, any of which could give rise to delays or cost overruns. The Adviser may attempt to minimize construction-related risks through fixed-price or turnkey construction contracts with experienced and creditworthy construction contractors, under which the contractors typically assume certain risks (though not risks related to force majeure events), such as the risk of unexcused delays in completion of construction and certain cost overruns; however, the use of fixed-price contracts may result in an increase in the overall price of the construction contract, and contractors may not be willing to enter into fixed-price contracts. Such contracts will typically require the contractor to carry substantial insurance or have adequate resources and to pay liquidated damages in the event of failure of performance by the contractor. There can be no assurance, however, that (i) liquidated damages or insurance payments would be sufficient to pay for any increased costs or to offset lost revenues resulting from a completed project that does not meet, or is late in meeting, its performance specifications, (ii) a contractor will honor its commitments or will have the financial resources to satisfy its obligations to make liquidated damages payments, or (iii) any affected project would continue to operate at its design specifications after the expiration of the contractor's and equipment suppliers' warranties. Any such occurrence may materially and adversely impact certain of the Funds' portfolio companies.

*Project Development and Operational Risk.* The successful development of projects and the operations of companies in which a Fund may invest may depend on adequate infrastructure being available (or being developed) and remaining available. These projects and companies may be located in areas that are sparsely populated and difficult to access. Reliable roads, power sources, transport infrastructure and water supplies are essential for the conduct of project development and operations and the availability and cost of these utilities and infrastructure affect capital and operating costs. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could impact the development of a project, reduce production volumes, increase costs or delay the transportation of raw materials. Any such issues arising in respect of the infrastructure may materially and adversely impact certain of a Fund's portfolio companies.

*Reliance on Third-Party Projects.* A Fund will, from time to time, invest in portfolio companies that are directly or indirectly dependent on the completion, operation and/or performance of other third party-managed projects, including in the supply or development chain, such as transportation, power transmission and/or pipeline projects ("other projects"), over which ArcLight has little or 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 portfolio company is dependent, will negatively impact

the ability of a Fund portfolio company to perform as anticipated at the time of the Fund's investment, and likely will result in losses to such portfolio company, and therefore negatively impact the Fund returns.

*Data Infrastructure.* Data infrastructure investments will be subject to the risks incidental to the ownership and operation of data infrastructure assets, including risks associated with the general economic climate, geographic or market concentration, climatic risks, the ability of a Fund to manage the investment, government regulations, national and international political circumstances and fluctuations in interest rates, rates of inflation or commodities' prices such as oil and natural gas. Since investments in data infrastructure and similar assets, like many other types of long-term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in temporary or permanent reductions in the value of an investment.

Portfolio companies in which a Fund invests also will be subject to additional data infrastructure sector risks, including, among others, (i) the risk that technology employed will be not be effective or efficient; (ii) the risk of equipment failures, failure to perform according to design specifications, failure to meet expected levels of efficiency, fuel interruptions, loss of sale and supply contracts; (iii) changes in power or fuel contract prices, bankruptcy of or defaults by key customers, suppliers or other counterparties and tort liability; (iv) risk of changes of values of data infrastructure sector companies; (v) risks associated with employment of personnel and unionized labor; (vi) political and regulatory considerations and popular sentiments that could affect the ability of the Fund to buy or sell investments on favorable terms; and (vii) other unanticipated events which adversely affect operations. The occurrence of events related to any of the foregoing could have a material adverse effect on a Fund and its investments. These and other inherent business risks could affect the performance and value of a Fund's investments.

*Risks Relating to the Transportation and Mobility Sector.* Certain Funds intend to invest in portfolio companies that serve the transportation and mobility sector. Technological failures, in particular as they relate to technological developments in this area, could prompt additional regulatory oversight, affect public perception, impair the value of such assets, or could lead to a reduced demand for tourism and transportation that impacts the value of such transportation assets generally. In addition, an increase in the cost of fuel or energy, or increased regulatory oversight, could lead to a substantial increase in travel costs, which could lead to a reduced demand for tourism and transportation that impacts the value of transportation assets generally. Such events could impair the value of such Funds' investments.

*Operating Risks.* There are numerous operational risks inherent in investing in gas properties and energy infrastructure assets. Such risks include pressure or irregularities in formations, blowouts, cratering, explosions, uncontrollable flows of natural gas or well fluids, fires, pollution, earthquakes and environmental risks. These risks could result in substantial losses due to injury and loss of life, exposure to hazardous materials, severe damage to and destruction of property and equipment, pollution and other environmental damage, suspension of operations, uninsured business interruption losses and loss of hydrocarbon reserves. Any investments by a Fund in portfolio companies with offshore operations will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions; to more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage;

and to interruption or termination of operations by governmental authorities based on environmental or other considerations.

*Risks Relating to Natural Gas and Refined Products Supply and Demand.* An extended period of reduced demand or supply of natural gas and refined products could adversely affect certain Funds. A portfolio company's business may ultimately depend upon the long-term demand for and supply of natural gas and other hydrocarbon products. Factors that tend to decrease market demand include: (i) a recession or other adverse economic condition that results in lower spending by consumers on gasoline, diesel and travel; (ii) higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline; (iii) an increase in automotive engine fuel economy, whether as a result of a shift by consumers to more fuel-efficient vehicles or technological advances by manufacturers; (iv) new regulations or court decisions requiring the phase out or reduced use of gasoline-fueled vehicles; (v) the increased use of alternative fuel sources; and (vi) an increase in the market price of crude oil that leads to higher refined product prices, which may reduce demand for refined products and drive demand for alternative products. Market prices for natural gas and other refined products are subject to wide fluctuation in response to changes in global and regional supply that are beyond the control of the Funds.

*Uncertainty of Estimates and Financial Projections.* Estimates of 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, power and natural resources companies. The process of making these estimates is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data. Estimates or projections of market conditions and supply and demand dynamics are key factors in evaluating potential investment opportunities and valuing a Fund's investments and related assets. The aforementioned estimates are subject to wide variances based on changes in market conditions, underlying assumptions and technical or investment-related assumptions. Accordingly, it is possible for such estimates to be significantly revised from time to time, creating significant changes in the value of the applicable issuer owning such reserves.

*Midstream Energy Investment Risks.* Investments in portfolio companies owning, controlling or investing in midstream energy assets, including gas pipelines and terminals, are subject to a variety of risks not necessarily associated with other types of energy investments. Such risks may include: (i) the risk that the market for the refined products gathered by, transported on and stored in the midstream assets held by portfolio companies in which a Fund invests may decline due to a reduction in downstream customer base or end-user demand; (ii) the risk that the land on which midstream assets held by portfolio companies in which a Fund invests are located will not be owned by such portfolio company or its affiliates, and therefore will be subject to risks associated with obtaining and maintaining necessary land use rights, contracts and permits from unrelated third parties; (iii) the risk that the Federal Energy Regulatory Commission (the "FERC") may regulate tariff rates for interstate movements of gas on the pipeline systems held by portfolio companies in which a Fund invests in a manner that adversely affects the profitability of the Fund's investments in such portfolio companies; (iv) the risk that, even if the FERC permits an increase in tariff rates charged on the pipeline systems held by portfolio companies in which a Fund invests, competition from other pipeline systems may prevent such portfolio companies from doing so; (v) the risk that any reduction in the capacity of interconnecting, third-party pipelines due to testing, line repair, reduced operating pressures or other

causes may result in a reduction of gas volumes transported on pipelines or stored in terminals held by portfolio companies in which a Fund invests, thereby potentially adversely affecting the profitability of the Fund's investments in such portfolio companies; (vi) the risk that refined gas products and other hydrocarbons transported on and stored in the midstream assets held by portfolio companies in which a Fund invests may be released into the environment, which could cause such portfolio companies to be required to make substantial expenditures for responsive action or government-imposed penalties, to be liable to government agencies or private parties for natural resources damages, personal injury or property damages, and to be subjected to significant business interruption; (vii) the risk that, as a result of their ownership or control of or investment in regulated assets such as pipelines, portfolio companies in which a Fund invests may be subject to unfavorable rulings imposed by regulatory authorities; and (viii) the risk of increased costs related to asset integrity management as a result of new rules imposed by the Pipeline and Hazardous Materials Safety Administration (the "PHMSA") of the U.S. Department of Transportation.

*Pipeline Safety Risk.* Certain midstream assets are subject to regulation by the PHMSA. The PHMSA has established rules, policies and regulations requiring pipeline operators to, among other things, develop and implement integrity management programs for natural gas transmission and hazardous liquid pipelines that, in the event of a pipeline leak or rupture could affect "high consequence areas" ("HCAs"), which are areas where a release could have the most significant adverse consequences. HCAs include high population areas, certain drinking water sources and unusually sensitive ecological areas. These rules, policies and regulations require operators of covered pipelines to establish programs covering certain specific elements, including:

- performing ongoing assessments of pipeline integrity;
- identifying and characterize applicable threats to pipeline segments that could impact an HCA;
- improving data collection, integration and analysis;
- repairing and remediating the pipeline as necessary; and
- implementing preventive and mitigating actions.

In addition, certain states and local jurisdictions in the United States also have adopted regulations similar to existing PHMSA regulations for intrastate gathering and transmission lines. Moreover, changes to pipeline safety laws by the U.S. Congress and regulations by PHMSA that result in more stringent or costly safety standards could have a significant adverse effect on midstream operators.

Violations of PHMSA rules, policies and regulations can result in the imposition of civil or criminal fines and penalties. The safety enhancement requirements and other provisions of the 2011 Pipeline Safety Act, as well as any implementation of PHMSA rules thereunder, could require operators to install new or modified more stringent safety controls, pursue additional capital projects, or conduct maintenance programs on an accelerated basis, any or all of which tasks could result in operators incurring increased operating costs that could have a material adverse effect on the results of operations or financial position of a portfolio company.

*Regulatory Approvals; Permits.* Companies in which a Fund invests are expected to be required to comply with numerous U.S. federal, state and local laws, rules and regulatory standards, including those related to air emissions, water discharge, waste disposal, the environment and safety and health, and to maintain numerous permits and approvals required for their operation. Compliance with these various rules and regulations may cause companies to incur significant costs and may impact almost every aspect of their respective business. In addition, the portfolio companies and their affiliates may be required to obtain the consent or approval of applicable regulatory authorities in order for such companies to acquire or hold particular gas assets or interests. If such companies are unable to obtain required consents or approvals, they may be unable to enter into transactions or to structure transactions in ways that are optimal. In addition, the Funds, ArcLight or their respective affiliates may be required to obtain the consent or approval of applicable regulatory authorities in order for the Funds to invest in companies that acquire or hold particular gas assets or interests. Such approvals and permits may be subject to conditions, and there is no assurance that any portfolio company will be successful in meeting such conditions. A failure to satisfy such conditions could prevent the operation of certain facilities or result in additional costs to such companies, which may adversely affect a Fund's investment performance and results. There can be no assurance that the portfolio companies, the Funds, ArcLight or their respective affiliates will be able to do any of the following: (i) obtain all required regulatory approvals and permits; (ii) obtain any necessary modifications to existing regulatory approvals and permits; or (iii) renew and otherwise maintain required 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 prevent operation of certain assets or sales of such assets to third parties, or could result in additional costs to a project and adversely affect the Fund's investment performance and results.

*Governmental and Regulatory Risks Generally.* The energy and natural resource sectors are subject to comprehensive U.S. and non-U.S. federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect a Fund's portfolio companies and the prospects of the Fund. There can be no assurance that (i) existing regulations applicable to a Fund's portfolio companies will not be revised or reinterpreted, (ii) new laws and regulations will not be adopted or become applicable to portfolio companies, (iii) the technology, equipment, processes and procedures selected by portfolio companies to comply with current and future regulatory requirements will meet such requirements, (iv) such portfolio companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies. In addition, in many instances, the operation or acquisition of energy assets may involve an ongoing commitment to or from a government agency. The nature of these obligations exposes the owners of energy investments to a higher level of regulatory control than typically imposed on other businesses.

Regulatory changes in a jurisdiction where a project or portfolio company is located or operates may make the continued operation of such project or company unfeasible or economically disadvantageous and any expenditures made to date with respect to such portfolio company may be wholly or partially written off. The location of a project or portfolio company also may be subject to

government exercise of eminent domain power, expropriation or similar events. Similarly, regulatory differences between jurisdictions where a project or portfolio company is located or operates may make the commencement and/or continued operation of a project or company in a particular jurisdiction less feasible and/or less profitable than projects in other jurisdictions. The inability of a Fund and/or a portfolio company to obtain and maintain regulatory permits or right-of-way or rental agreements on acceptable terms could adversely impact the Fund and/or the portfolio companies, including by impeding their ability to complete construction projects on time, on budget or at all. Any of these factors could significantly increase the regulatory-related compliance and other expenses incurred with respect to portfolio companies and could significantly reduce or entirely eliminate any potential revenues generated by one or more of the portfolio companies, which could materially and adversely affect returns to a Fund.

Where a portfolio company holds a concession or lease from the government, the concession or lease may restrict the portfolio company's ability to operate the business in a way that maximizes cash flows and profitability. There is a risk that national, provincial or local authorities with whom a portfolio company may not be able to honor their obligations under a concession agreement, especially over the long term. The lease or concession also may contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, the lease or concession may enable the government to terminate the lease or concession in certain circumstances without requiring payment of adequate compensation.

In addition, governmental entities may exercise their discretion to change or increase regulation of the operations of portfolio companies or to implement laws, regulations or policies affecting their operations, separate from any contractual rights that the government counterparties may have, in a manner that causes delays or adversely affects the operation of the business of such portfolio companies and/or a Fund's ability to effectively achieve its investment objectives. Moreover, governmental entities may be influenced by political (rather than just economic) considerations when exercising such discretion.

*Technical Risk.* Investments in the energy industry may be subject to technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events which adversely affect operations. While the Funds intend to seek investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risks can be mitigated or that such parties, if present, will perform their obligations.

*Rate Risk.* The FERC, the Public Utilities Commission of Texas (the "PUCT"), the National Energy Board (the "NEB") or other similar agencies could establish pipeline tariff rates that have a negative impact on the Funds' portfolio companies. In addition, the FERC, the PUCT, the NEB, or other similar agencies could file complaints challenging the tariff rates charged by the pipelines of a portfolio company's customer, and a successful complaint could have an adverse impact on that company.

*Interest Groups and Legal Risk.* Energy assets, businesses and projects often involve a significant impact on local communities and the surrounding environment. It is not uncommon for energy assets to be exposed to a variety of legal risks including legal action from special interest groups.

*Platform Investments.* From time to time, a Fund will recruit a management team to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company. In other cases, a Fund will form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases, the Fund will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or building out the platform company. Such expenses may be borne directly by a Fund as Fund Expenses (or Dead Deal Costs, if applicable) or indirectly as the Fund bears the start-up and ongoing expenses of the newly formed platform portfolio company. In certain cases, the services provided by a management team may overlap with the services provided by ArcLight to the Fund. The compensation of management of a platform portfolio company may include interests in the profits of the portfolio company, including profits realized in connection with the disposition of an asset. Although a platform portfolio company may be controlled by a Fund, members of a management team will not be treated as affiliates of ArcLight for purposes of the Governing Documents. Accordingly, none of the expenses described above will offset the Advisory Fee.

*Gas Leasing on Federal Lands and Waters.* Certain Funds will directly be affected by the adoption of laws and regulations that, for economic, environmental or other policy reasons, curtail exploration and development drilling for gas. It is difficult to predict if and when such areas may be made available for future exploration activities.

*Investor Sentiment.* Certain segments of the investor community have developed negative sentiment towards investing in natural gas assets. Recent equity returns in the energy sector versus other industry sectors have led to lower natural gas representation in certain key equity market indices. In addition, some investors, including investment advisors and certain sovereign wealth funds, pension funds, university endowments and family foundations, have stated policies to divest any natural gas investments based on their social and environmental considerations. Certain other stakeholders also have pressured commercial and investment banks to stop financing natural gas related infrastructure projects. Such developments, including environmental activism and initiatives aimed at limiting climate change and reducing air pollution, likely will result in downward pressure on the value of natural gas companies and assets, including certain Funds’ portfolio investments.

*Seasonal Nature of Gas Industry.* Seasonal weather conditions and the provisions of gas leases can limit the drilling and producing activities of portfolio companies in the gas industry and, as a result, the majority of drilling activities by those portfolio companies may occur during the summer months. These seasonal anomalies can pose challenges to a portfolio company for meeting well drilling obligations and increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay operations. Generally, but not always, the demand for gas decreases during the summer months and increases during the winter months. Among other factors, seasonal anomalies such as mild winters or hot summers sometimes lessen this fluctuation. Such factors can adversely impact the quantities of natural gas that are produced and, therefore, a Fund’s revenues.

*Nature of Renewable Energy Investments.* Certain areas within the renewable energy sector are relatively new and emerging asset classes for investment funds and may be considered riskier than more established asset classes. Investment in renewable energy and energy-related infrastructure assets involves certain risks. Project revenues can be affected by a number of factors, including,

among other factors, economic and market conditions, political events, competition, regulation and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of renewable energy and energy-related infrastructure assets may adversely affect the overall profitability of a portfolio company investment or related project. Events outside the control of a Fund or a portfolio company could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring related facilities, including: (i) political action and events; (ii) governmental regulation; (iii) demographic changes; (iv) economic conditions; (v) increasing fuel prices; (vi) government macroeconomic policies; (vii) the supply and demand for products and services from, and access to, infrastructure; (viii) the financial condition of users and suppliers of infrastructure assets; (ix) changes in interest rates and the availability of funds which may render the purchase, sale, or refinancing of infrastructure assets difficult or impracticable; (x) environmental claims arising in respect of infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; (xi) social unrest; (xii) natural disasters (such as fire, floods, earthquakes and typhoons); (xiii) changes in weather; (xiv) acts of war or terrorism; (xv) changes in laws, including environmental laws, and regulations, and planning laws and other governmental rules; (xvi) changes in energy prices; (xvii) changes in fiscal and monetary policies; and (xviii) other unforeseen circumstances and incidents. Many of these factors could cause fluctuations in usage, expenses, and revenues, causing the value of a Fund's investments to decline and to affect the Fund's returns negatively.

As a general matter, the operation and maintenance of energy assets or businesses, including renewable energy and energy-related infrastructure assets or businesses, involve various risks and are subject to substantial regulation, many of which may not be under the control of the owner/operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Although portfolio companies may maintain insurance to protect against certain risks, where available on reasonable commercial terms (such as business interruption insurance that is intended to offset loss of revenues during an operational interruption), such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of a portfolio company's losses.

Most energy assets or businesses, including renewable energy and energy-related infrastructure assets or businesses, have unique locational and market characteristics, which could make them highly illiquid or appealing only to a narrow group of investors. Political and regulatory considerations and popular sentiments could also affect the ability of ArcLight to buy or sell investments on favorable terms. Such assets can have a narrow customer base. Should any of the customers or counterparties fail to pay their contractual obligations, significant revenues could cease and become irreplaceable. This would affect the profitability of the infrastructure assets. Energy, renewable energy and energy-related infrastructure projects are generally heavily dependent on the developer and the operator of the assets. There are a limited number of developers and operators with the expertise necessary to successfully develop, maintain and operate such projects. The insolvency of the lead developer, contractor, a major subcontractor or a key equipment supplier could result in material delays, disruptions and costs that could significantly impair the financial viability of an investment in such projects. In addition, energy assets, including renewable energy and energy-related infrastructure assets, may be subject to commodity risks including price, volumetric and spread risk. While efforts will be made to manage risks, a Fund could have reduced and/or more volatile returns because of changes in the prices, volumes and spreads of electricity, fuel, transportation, and transmission. Since



investments in energy assets, including renewable energy and energy-related infrastructure assets, like many other types of long-term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in temporary or permanent reductions in the value of an investment.

Energy assets, including renewable energy and energy-related infrastructure assets, are also subject to development or operational failures, which may lead to loss of a license, concession or contract on which a portfolio company is dependent. In addition, despite proper development, construction, operation and maintenance, an infrastructure investment may be vulnerable to a force majeure event, and the damage caused by such an event may adversely affect a party's ability to perform its obligations until it is able to remedy the damage. Insurance coverage of such risks may be limited, subject to large deductibles or completely unavailable, and whether to seek insurance coverage of, or seek alternative ways to manage or mitigate, such risks, will be determined in the discretion of portfolio company management and/or ArcLight, if applicable.

*Equipment Operating Risks.* A Fund's investments' revenues will depend on how efficiently the equipment and components used in its projects, such as gear boxes, rotor blades, bearings, generators, PV panels, battery arrays, battery management systems, transformers and inverters, together with civil engineering works, perform from an availability and operating perspective.

A defect or a mechanical failure in the equipment or a component, or an accident, which causes a decline in the operating performance of an asset and the availability of any damaged or defective equipment or component that needs replacing, together with civil engineering works, will directly impact upon the revenues and profitability of a project. This is because failure of equipment or a decline in operating performance results in decreases in production.

While ArcLight generally will have incorporated an estimate of operating costs and unavailability into the financial models of its investments, with advice received from the technical advisers, modelling can be inaccurate due to differences between estimates and actual performances or errors in the assumptions used.

Accordingly, a Fund's investments' revenues will be materially dependent upon the quality and performance of the material, equipment, and components with which its projects are constructed, the comprehensiveness of the operational and management contracts entered into in respect of each project, and the operational performance and lifespan of each project's assets.

*Solar Power.* Certain Funds expect to make investments in portfolio companies that will be engaged in solar power generation and power transmission. The development and construction of solar power plants can require long periods of time and substantial initial capital investments, and there are significant risks related to the development of solar power plants, including high initial capital expenditure costs to develop and construct functional power plant facilities and the related need for construction capital, the availability of favorable government tax and other incentives, the high cost and potential regulatory and technical difficulties in integrating into new markets, an often limited or unstable marketplace, competition from other sources of electric power, regulatory difficulties including obtaining necessary permits, difficulties in negotiating power purchase agreements with potential customers, educating the market regarding the reliability and benefits of solar energy

products and services, costs associated with environmental regulatory compliance and competing with other solar energy companies and utilities.

The performance of solar power plants is dependent upon meteorological and atmospheric conditions that fluctuate over time. The amount of electricity generated by a solar power plant depends upon many factors in addition to the quality of the solar resource, including solar panel performance, generation conductivity impairments resulting from wear on the solar panels, degradation of other components, interference, icing or soiling of the panels and the number of times solar panels or an entire solar power plant may need to be shut down for maintenance or to avoid damage due to extreme weather conditions. In addition, conditions on the electrical transmission grid can impact the amount of energy a solar power plant can deliver to the grid. Solar power plants may be located in remote areas with limited transmission infrastructure where intense competition exists for access to, and use of capacity on, existing transmission facilities. Electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond a Fund's control. As electricity generated from solar power plants is generally not stored and must be transmitted or used once it is generated, electricity generation by a solar power plant may be curtailed during periods when electricity demand is low or when electricity is unable to be transmitted due to grid congestion or other grid constraints. Such events could reduce the actual net power generation of solar power plants. In addition, other factors may further decrease electricity output, including reduced solar irradiation or severe weather conditions. The foregoing factors could have a material adverse effect on an affected portfolio company's financial condition or results of operation.

*Wind Power.* Certain Funds expect to make investments in portfolio companies that will be engaged in the development and operation of wind power plants. The development of a wind power plant can require substantial initial capital investments, and there are significant risks related to the development of wind power plants, including: the availability of favorable government tax and other incentives; the high cost and potential regulatory and technical difficulties in integrating into new markets; an often limited or unstable marketplace; competition from other sources of electric power and other wind power plants; regulatory difficulties including obtaining necessary permits; difficulties in negotiating satisfactory turbine supply, engineering and construction agreements and with respect to connecting to the existing electricity transmission grid; difficulties in negotiating power purchase agreements with potential customers, educating the market regarding the reliability and benefits of wind energy products and services; and costs associated with environmental regulatory compliance.

The performance of wind power plants is dependent upon meteorological and atmospheric conditions that fluctuate over time. The amount of electricity generated by a wind power plant depends upon many factors in addition to the quality of the wind resources, including turbine performance, aerodynamic losses resulting from wear on the wind turbine, degradation of other components, icing or soiling of the blades and the number of times an individual turbine or an entire wind power plant may need to be shut down for maintenance or to avoid damage due to extreme weather conditions. In addition, conditions on the electrical transmission grid can impact the amount of energy a wind power plant can deliver to the grid. Wind power plants may be located in remote areas with limited transmission infrastructure where intense competition exists for access to, and use of capacity on, the existing transmission facilities. Electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and

maintenance, construction work and other reasons beyond a Fund's control. As electricity generated from wind power plants is generally not stored and must be transmitted or used once it is generated, electricity generation by a wind power plant may be curtailed during periods when electricity demand is low or when electricity is unable to be transmitted due to grid congestion or other grid constraints. Such events could reduce the actual net power generation of such wind power plants. In addition, other factors may further decrease electricity output, including reduced wind speed, changes in wind direction or severe weather conditions. The foregoing factors could have a material adverse effect on an affected portfolio company's financial condition or results of operation.

*Renewable Fuels – Feedstock Risks.* Any portfolio company of a Fund involved in the renewable fuels business will need to manage feedstock risks. Feedstock for renewable diesel include soybean, corn oil, used cooking oil, tallow (animal fat), forest waste, and fish oil. Each of these feedstock sources have various sourcing challenges (e.g., soybeans also are a food; evolution in the meat processing industry has complicated sourcing tallow; there is increased competition for used cooking oil from biodiesel and other sources). In renewable gas, feedstocks typically are animal manure, landfill waste or biomass, which can create sourcing challenges unique to the project, as feedstock certainty frequently depends on the continued viability of dairy farms in the area (in the case of dairy manure) or landfills or access to the applicable biomass. Furthermore, these feedstock risks may increase as increased renewable diesel and renewable gas production drives additional demand for the related feedstocks.

*Renewable Fuels – Electrification.* The challenges associated with electrifying heavy transport, long-haul trucking, shipping and aviation may result in a continued role for renewable fuels in the near and intermediate term. However, technological breakthroughs in battery or other technologies could undermine the continued role of renewable fuels, which may have the effect of making any renewable fuels portfolio companies less valuable.

*Risks Relating to Renewable Energy Generation and Storage.* It is expected that certain of the Funds' portfolio companies will make investments in renewable energy and storage projects. The market for renewable energy is rapidly evolving, and its future success is unpredictable. If renewable energy technology proves unsuitable for widespread commercial deployment or if political support for renewable energy deployment fails to develop sufficiently (including as a result of changes in market conditions, such as a decrease in the price of fossil fuels), or there are changes in current U.S. federal, state or local subsidies, a Fund's investments in renewable energy and storage projects generally could be adversely affected. Because the renewable energy and storage industries are still emerging, investments tend to be more volatile and are more uncertain.

Regardless of the favorability of the regulatory environment, and potential changes thereto, in a given jurisdiction, renewable energy and/or storage projects are subject to risks that could adversely impact a Fund. At the development phase, renewable energy and/or storage projects are subject to risks related to project siting, financing, construction, permitting, the environment, governmental approvals and the negotiation of project development agreements. Such projects are also subject to the risk that both the supply and demand fundamentals in the market could change before project completion, including the risk that a state or other governmental authority could seek to procure additional or alternative generation resources.

Renewable energy and storage projects that become operational, or that are already operating when a Fund makes an investment in such projects, are subject to various additional risks. Renewable energy and storage resources can be materially and adversely affected by weather conditions, including the impact of severe weather, which can directly influence the demand for, and price of, fuel and other energy sources, alter a renewable energy resource's output and/or a storage resource's capacity and damage a renewable energy and/or storage resource or associated equipment. Operation and maintenance of renewable energy and/or storage projects involves significant risks, in addition to weather, which could result in reduced output or capacity of a facility, personal injury, or loss of life. Such risks include fires and explosions (including those caused by a renewable energy or storage resource), equipment failure, technical performance below expected levels, operator or contractor error or failure to perform, design or manufacturing defects, failure to comply with permits, force majeure, and other catastrophic events. In addition, renewable energy and storage resources are dependent on interconnection and transmission facilities, typically owned and operated by third parties, to deliver energy. If such interconnection and transmission facilities become partially or fully unavailable, which can happen as a result of numerous factors, it could negatively impact renewable energy and/or storage resources dependent thereon.

Any of the various risks associated with renewable energy and storage resources could result in both regulatory risk and contract risk by, for example, adversely impacting such resources' ability to satisfy regulatory and/or contractual obligations to satisfy certain performance criteria. Further, independent of the above risks, renewable energy and storage resources are generally subject to competition in the market. At any time, a renewable energy or storage resource's ability to compete in the market could be adversely impacted by changes in supply and demand, technological change, and other variables beyond a Fund's control.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to a Fund's 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 Governing Documents, including the value used to determine the amount of Carried Interest distributions available to the Adviser with respect to such investment.

*Reliance on Portfolio Company Management.* The success of many of the Funds' portfolio companies will heavily depend on the management teams of such portfolio companies. In general, the management team of each portfolio company will be responsible for its day-to-day operations. Although the Adviser will be responsible for monitoring the performance of each portfolio company, and the Funds generally intend to invest in portfolio companies with strong management or otherwise or to otherwise implement or develop strong management to the portfolio companies, there can be no assurance that a portfolio company's management team, or any successor, will be able or willing to successfully operate any such portfolio company in accordance with the Funds' objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The Adviser expects that the market for executive talent during the life of the Funds is likely to be extremely competitive. There can be no assurance that the management team of a portfolio

company in place on the date of a Fund's investment in such portfolio company will remain the same or continue to be affiliated with such portfolio company throughout the period in which such portfolio company is held by the Fund. There can be no assurance that any portfolio company will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby. It is possible that a Fund will never be fully invested if portfolio companies are unable to identify, attract and retain a sufficient number of executives. In addition, certain portfolio companies may operate in highly regulated environments, and a Fund will likely rely on the management teams to manage their activities in a manner consistent with applicable laws and regulations (including the U.S. Foreign Corrupt Practices Act and other applicable anti-corruption, anti-bribery and anti-boycott laws, regulations and orders) and in a manner which will permit such portfolio company to maintain a quality reputation. If a portfolio company acts inconsistently with applicable laws and regulations or takes actions that cause such portfolio company disrepute, such actions may adversely affect a Fund, as an investor in such portfolio company, and may damage the Fund's reputation, which may adversely impact the Fund's ability to complete other portfolio investments and the Fund's ability to realize its investment objective.

*Secondments and Internships.* Certain ArcLight Personnel or ArcLight's advisors, operating advisors and Consultants, will, in certain circumstances, be seconded to one or more portfolio companies, vendors, service providers or limited partners of the Funds to provide finance, accounting, operational support, data management and other similar services, including the sourcing of investments for a Fund or other parties. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment are expected to be borne by ArcLight or the organization (e.g., the Fund or the applicable portfolio company) for which the personnel are working or both.

In addition, personnel of portfolio companies, vendors, service providers (including law firms and accounting firms) and limited partners will, in certain circumstances, be seconded to, serve internships at or otherwise provide consulting services to, ArcLight, the Funds and the portfolio companies thereof ("ArcLight Secondees"). While often the Funds and their portfolio companies are the beneficiaries of these types of arrangements, ArcLight is from time to time a beneficiary of these arrangements as well, including in circumstances where the ArcLight Secondee also provides services to the Funds, their portfolio companies or ArcLight in the ordinary course. ArcLight, the Funds or their portfolio companies could receive benefits from such arrangements at no cost, or alternatively could pay all or a portion of the fees, compensation and/or cover other expenses associated with ArcLight Secondees, and if a portfolio company pays the cost, such will be borne directly or indirectly by the Funds and/or ArcLight. To the extent such fees, compensation or other expenses are borne by a Fund, including indirectly through its portfolio companies, the Advisory Fee will not be offset or reduced as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. ArcLight Secondees may provide services in respect of multiple matters, including in respect of matters related to ArcLight, the Funds, portfolio companies, each of their respective affiliates and related parties, and any costs of such personnel may be allocated accordingly. ArcLight will endeavor in good faith to allocate the costs of these arrangements, if any, to ArcLight, the Funds, portfolio companies and other parties based on time spent by the personnel or another methodology ArcLight deems appropriate in a particular circumstance.

*Separate Agreements with Limited Partners.* The Adviser expects to enter into additional written agreements ("Side Letters") with one or more limited partners in connection with their admission to a Fund without the approval of any other limited partner, which will have the effect of establishing

rights with respect to such limited partners in a manner more favorable to such limited partners than those applicable to other limited partners. Such rights or terms in any such Side Letter or other similar agreement may include (i) excuse or exclusion rights applicable to particular investments, (ii) the Adviser's agreement to extend information rights or additional reporting to such limited partners, including to accommodate special tax, regulatory, policy or other circumstances of such limited partners, (iii) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the Adviser for the benefit of lenders or other persons extending credit to or arranging financing for the Fund, (iv) consent of the Adviser to certain transfers by such limited partners or other exercises by the Adviser of its discretionary authority for the benefit of such limited partners, (v) restrictions on, or special rights of, such limited partners with respect to the activities of the Adviser, (vi) withdrawal rights, which may materially increase the percentage interest of other limited partners in, and their contribution obligations for, future investments and expenses, and reduce the overall size of the Fund, (vii) other rights or terms necessary in light of particular legal, regulatory, tax, accounting or public policy characteristics of such limited partners, (viii) economic arrangements (including, for example, with respect to Carried Interest distributions or the amount of any Advisory Fees charged to such limited partners), (ix) matters regarding such limited partners' right to participate in co-investment opportunities (including economic arrangements with respect to co-investment opportunities, such as a right to fee-free and/or carried interest-free co-investment), even if agreed to simultaneously with a limited partner's investment in the Fund, (x) matters regarding such limited partners' (or their affiliates') interest in providing debt financing to the Fund or its portfolio companies or (xi) additional obligations and restrictions of the Fund with respect to the structuring of any investment (including with respect to alternative investment vehicles). Side Letters may permit such limited partners to take actions on the basis of information not available to other limited partners that do not have the benefit of such agreements. Any rights or terms established in a Side Letter with a limited partner (including, for example, with respect to Advisory Fees and performance-based compensation to be charged to such investor) will govern solely with respect to such limited partner (and any of such limited partner's assignees or transferees if so specified in the Side Letter) and will not require the approval of any other limited partner. Notwithstanding the fact that a limited partner may receive the benefit of a most favored nations provision, such limited partner will not have the right to see and/or elect certain rights or benefits.

It is also expected that ArcLight will from time to time confirm factual matters to incoming limited partners, make statements of intent or expectation to such limited partners or acknowledge statements by such incoming limited partners that relate to a Fund and/or ArcLight's activities pertaining thereto in one or more respects. Additionally, it is expected that limited partners who designate representatives to be an ArcLight Seconded or to participate on the Board of Advisers may, by virtue of such participation, have more information about the Fund and investments in certain circumstances than other limited partners generally and may be provided information in advance of communication to other limited partners generally. Any such statements, confirmations, agreements or acknowledgements, including those made in response to an investor's due diligence requests, will not involve the granting of any legal right or benefit, and therefore will not be subject to the "most favored nations" process or election by the limited partners, and as a result limited partners will not typically receive notice thereof or copies of the documentation (if any) in which they are contained. There can be no assurance that any such arrangements will not have an adverse effect on the Fund or that such arrangements will not influence ArcLight's activities or the operations of the Fund.

In certain circumstances, a limited partner's excuse or exclusion right otherwise applicable to one or more investments may be limited or unavailable in respect of follow-on investments relating to such investments, particularly where a follow-on investment results from decisions in respect of subsequent acquisitions made by management of the relevant portfolio company, or the follow-on investment is made as part of a platform investment or in the same portfolio company as the initial investment (and therefore is not segregated from the initial investment).

*Terrorist Activities.* Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and could prevent a Fund from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States and world financial markets and the Fund for the short or long-term in ways that cannot presently be predicted.

*Cyber Security Risk.* The information technology systems of the Adviser, the Funds, the Funds' portfolio companies, their respective affiliates and/or their respective service providers 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 (including fires, tornadoes, floods, hurricanes and earthquakes). Although the Adviser intends to implement various measures designed to manage risks relating to such events, if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the Adviser, the Funds and/or portfolio companies may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in the Adviser's, the Funds' and/or portfolio companies' operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to limited partners, the beneficial owners of limited partners, prospective Fund investments, portfolio company performance, follow-on investments and/or exits). Such a failure could harm the Adviser's, the Funds', portfolio companies', a limited partner's or a beneficial owner of a limited partner's reputation, subject such persons to legal claims and/or regulatory actions, or otherwise affect the business and financial performance of such persons. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure, or deemed failure, to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company or a Fund to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, also may attempt fraudulently to induce portfolio companies or their personnel to disclose

sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its affiliates or service providers holding its financial or investor data, the Adviser, the Funds or their respective affiliates also may be at a risk of loss despite efforts to prevent and mitigate such risks under the Adviser's related policies and procedures.

The service providers of the Adviser, the Funds and/or their respective affiliates are subject to the same electronic information security threats as the Adviser, the Funds and/or their respective affiliates. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the limited partners may be lost or improperly accessed, used or disclosed.

*Enhanced Scrutiny of Private Fund Industry; Potential Regulatory Changes.* Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny of and/or increasing regulation of the private fund industry. In addition, regulators have indicated an interest in reviewing and possibly adopting further regulatory measures relating to the recent high volume of SPACs (as defined below) active in the public capital markets, including with respect to utilization of (or involvement with) SPACs by private fund sponsors or their personnel. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private fund investment firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers (including private fund investment firms) contributed to the 2008 global financial crisis may negatively impact a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competitors outside the alternative asset space. Increased regulation targeting SPACs could restrict the use of SPACs as a potential investment or exit opportunity for the Fund. Similar increased regulatory and other scrutiny could apply in the future to other structures used by fund sponsors. As a result, a Fund may make fewer investments, incur greater expenses or delays in completing or exiting investments, and/or realize lower proceeds on the disposition of investments than it otherwise would have. Moreover, any such enhancement of scrutiny or increase in regulation may adversely impact a Fund's activities (including the Fund's ability to implement portfolio company operating improvements (if applicable), comply with applicable laws, rules and regulations in a manner not materially more burdensome than currently anticipated, or otherwise execute its investment strategy or achieve its investment objectives). In particular, a Fund may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Fund's business, including to establish greater substance in certain jurisdictions in which the Fund invests or proposes to invest, and the Fund also may 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 Adviser's and the Principals' time, attention and resources from portfolio management activities.



In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, the Commodity Futures Trading Commission, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and retain the right to suspend or limit trading in securities, swaps or futures, which may have an adverse impact on a Fund. In particular, the regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. Furthermore, the tax environment for derivative instruments and funds is evolving, and changes in the taxation of derivative instruments or funds may adversely affect the value of total return swaps held by a Fund and the ability of the Fund to pursue its investment strategies.

*Regulation and Enforcement.* The growth of the private fund industry and the increasing size and reach of private fund transactions has prompted additional governmental attention to the industry and its practices. Acquisition by a Fund of equity securities often results in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other similar laws, rules and regulations in non-U.S. jurisdictions (“Antitrust Laws”). Compliance with Antitrust Laws could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Fund, and/or infringe upon the ability of the Fund to engage in certain transactions.

In addition, numerous regulatory initiatives have been launched and significant legislation has been enacted as a result of the severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds that occurred during the 2008 global financial crisis. U.S. regulators, including the U.S. Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have also recently warned banks against leveraged lending that load companies with large amounts of debt. Regulation generally, as well as regulation more specifically addressed to the private fund industry, including tax laws and regulation, whether in the United States or outside of it, could further increase the cost of acquiring, holding or divesting investments and the cost of operating the Funds (including as a result of preparing and submitting regulatory filings that are proliferating, and the cost of which will be borne by the Funds) as well as harm the profitability of enterprises and interfere with the ability of the Funds to engage in certain transactions.

*European Union Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive and the UK Alternative Investment Fund Managers Regulations 2013 (together, the “AIFMD”), as implemented in each member state of the European Economic Area (“EEA”) and as implemented and retained by the UK following its departure from the EU, regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors in the EEA, and the UK respectively. To the extent that a Fund is actively marketed to investors domiciled or having their registered office in the EEA or the UK: (i) the Fund, and/or the Adviser will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional fees, costs and expenses; (ii) the Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would result in the Fund incurring additional fees, costs and expenses or otherwise affect the management and operation of the Fund; (iii) the Adviser will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will restrict certain activities

of the Fund in relation to EEA or UK portfolio companies (including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure a portfolio company within the first two years of ownership), which may in turn affect operations of the Fund generally. Any fees, costs and/or expenses incurred by the Fund, the Adviser and/or their respective affiliates in connection with complying with AIFMD or otherwise marketing the Fund to investors in the EEA or the UK will be expenses of the Fund and thus borne by all limited partners. Such fees, costs and/or expenses include the engagement of local counsel, filing fees and other offering-related fees. In addition, it is possible that some 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 Fund to raise its targeted amount of Capital Commitments.

The Adviser may provide information regarding a Fund and the interests in the Fund to UK or EEA investors who have contacted the Adviser or its placement agent at the investor's own initiative to request such information. Where information is provided in response to an own-initiative request by a prospective investor, such investor will not benefit from any protections or rights under the AIFMD in respect of any resulting subscription for Interests.

*Privacy, Data Protection and Information Security Compliance Risk - General.* Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a Fund (and its portfolio companies).

The Adviser, a Fund (and its portfolio companies) and/or their respective affiliates are, and will from time-to-time be, subject to various laws and regulations related to privacy, data protection, and information security in the jurisdictions in which they do business (collectively, "Privacy Laws"). As Privacy Laws are enacted, implemented, interpreted, applied, amended and replaced, compliance costs, which will be borne by a Fund to the extent they relate to the Fund's activities, may increase and may require the dedication of additional time and resources (costs of which will be borne by the Fund in many respects), particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

*Laws and Regulations Governing the Internet.* The future success of many, if not all, portfolio companies, will depend upon the continued use of the internet as a primary medium for commerce, communication and business services. Changes in laws and regulations related to the internet or changes in the infrastructure of the internet itself may diminish the demand for portfolio companies' products, including software solutions. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting the use of the internet as a commercial medium. Portfolio companies may be required to modify their products in compliance with such changes in laws and regulations. Also, domestic and foreign government agencies and private organizations may begin to impose taxes, fees or other charges for accessing the internet or for commerce conducted via the internet. Such charges and regimes could limit the growth of internet-related commerce or communications generally or reduce demand for internet-based products and business services, which may negatively impact certain of the Funds' portfolio companies.

*European and United Kingdom sustainability-related disclosure and reporting frameworks may lead to increased compliance costs.* On June 22, 2020, the Official Journal of the European Union

published a classification system that establishes a list of environmentally sustainable economic activities and sets out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, “Taxonomy Regulation”). The Taxonomy Regulation, amongst other things, introduces mandatory disclosure and reporting requirements and supplements the framework set out in the Sustainable Financial Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, “SFDR”), which requires certain disclosures in relation to how sustainability risks and negative impacts on environmental and social factors are taken into account in investment decisions and for financial products which have a sustainable investment objective or which promote environmental or social characteristics.

Further, the UK Government’s stated policy goal is to introduce economy-wide disclosure requirements of climate-related financial risk in line with the Taskforce on Climate-related Financial Disclosures (“TCFD”) Framework by 2025. The UK is in the process of introducing mandatory TCFD-aligned disclosure requirements for UK firms. The regime captures (amongst others) any FCA-regulated firm providing portfolio management services.

Compliance with frameworks of this nature may create an additional compliance burden and costs to funds and/or fund managers because of the need to collect certain information to meet the disclosure requirements. Such information is not maintained by the Adviser and may not be able to be verified by the Adviser. In addition, where there are uncertainties regarding the operation of the framework, a lack of official, conflicting or inconsistent regulatory guidance, a lack of established market practice and/or data gaps or methodological challenges affecting the ability to collect relevant data, funds and/or fund managers may be required to engage third party advisors and/or service providers to fulfil the requirements, thereby exacerbating any increase in compliance burden and costs. To the extent that any applicable jurisdictions enact similar laws and/or frameworks, there is a risk that a Fund may not be able to maintain alignment of a particular investment with such frameworks, and/or may be subject to additional compliance burdens and costs, which might adversely affect the investment returns of the Fund. There is some legal uncertainty around the parameters applicable when categorizing a financial product under SFDR and there is not yet a guarantee that regulators will agree with the relevant characterization. In circumstances where there is a determination that the Fund has been characterized incorrectly, there could be a risk of investigation, enforcement proceedings and/or sanctions. This may cause additional costs to the Fund.

*CFIUS & Foreign Investment Clearance Considerations.* Certain investments by a Fund that involve the acquisition of, or investment in, a U.S. business (including a U.S. subsidiary of a company domiciled outside of the U.S.) or U.S. assets may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”) and/or non-U.S. national security investment clearance regulators depending on, among other factors, the structure, beneficial ownership and control of the Interests and the nature of the U.S. business. Notably, new regulations to reform CFIUS, which became effective on February 13, 2020, make CFIUS filings relating to certain investments in critical technology, critical infrastructure or personal data-intensive businesses mandatory. Any failure to make a mandatory filing could lead to adverse scrutiny and legal penalties.

Moreover, countries outside of the United States are increasingly taking action to strengthen their own foreign investment clearance (“FIC”) regimes. As a result, certain investments by a Fund in portfolio companies with business outside the United States may likewise be subject to review by non-U.S. FIC regimes if the investments are perceived to implicate national security policy priorities. CFIUS and other FIC regulatory practices are evolving rapidly, and CFIUS and other FIC regulators have substantial discretion in deciding how to interpret, apply, and enforce the relevant regulations. If a Fund investment is subject to review and approval by CFIUS or another FIC regulator, this may have outsized impacts on transaction certainty, timing, feasibility, and cost, among other things. Certain of the limited partners are expected to be non-U.S. investors, and in the aggregate, such limited partners are expected to comprise a substantial portion of a Fund’s Capital Commitments, which increases the risk that Fund investments may be subject to review by CFIUS. In the event that CFIUS or another FIC regulator reviews one or more of a Fund’s proposed or existing investments, there can be no assurances that the Fund will be able to proceed with, or maintain, such investments on terms acceptable to the Fund or to ArcLight. CFIUS or another FIC regulator may seek to impose limitations on or prohibit one or more of the Fund’s investments. Such limitations or restrictions may prevent a Fund from maintaining or pursuing investments, which could adversely affect the Fund’s performance with respect to such investments (if consummated) and thus, the Fund’s performance as a whole.

In the event that restrictions are imposed on any investment by a Fund due to the non-U.S. status of a limited partner or group of limited partners or other related CFIUS or FIC considerations, the Adviser may choose to restrict such limited partner’s or such group of limited partners’ ability to invest in any such portfolio investment and further, if applicable, restrict such limited partner’s or such group of limited partners’ rights to participate in or vote on certain decisions of the Board of Advisers with respect to such investment. However, there can be no assurance that any restrictions implemented on any such limited partner or any such group of limited partners will allow the Fund to maintain, or proceed with, any investment on terms acceptable to the Fund or ArcLight.

Moreover, a Fund may invest in portfolio companies that have previously taken capital from, or may in the future take capital from, third-party investors that are considered “foreign persons” for CFIUS purposes. In some cases, notifications to CFIUS in connection with such third-party investments may be mandatory, and failure to make a notification may result in the imposition of fines or penalties on the investor and/or the portfolio company. In the event that CFIUS reviews such investors’ investments in portfolio companies, CFIUS may impose limitations or restrictions on the investors or the companies that may adversely impact such companies’ performance and thus the performance of the Fund as a whole.

In addition, heightened scrutiny of foreign investment in companies by CFIUS and similar non-U.S. FIC regulators may constrain the universe of suitable buyers for a portfolio investment and thus may limit or restrict the universe of suitable buyers for a portfolio investment, thereby making it more difficult for a Fund to successfully exit investments or causing the Fund to favor buyers that it believes are less likely to require or warrant CFIUS or other FIC review, even in circumstances where other buyers may offer better terms or more consideration.

*Adequacy and Availability of Insurance; Catastrophic Events.* A Fund will seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and

other risks customarily covered by insurance. However, it may not always be practicable or feasible for portfolio companies to have prudent insurance and other risk management products. Moreover, it will not be possible to insure against all risks, and insurance proceeds that may be derived in a timely manner from covered risks 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, or any other losses and/or expenses. Certain losses of a catastrophic nature such as those caused by wars, earthquakes, hurricanes, tornadoes, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that insurance against such events is impracticable or would adversely impact the portfolio company's and/or the Fund's 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 a Fund's 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 Fund could lose both its capital invested in, and anticipated profits related to, such investment.

The Funds expect to seek to obtain representation and warranty insurance in connection with certain transactions in an effort to insure against losses from breaches of representations or warranties in the agreements related to such transaction. In particular, the Adviser expects to use such insurance in lieu of conducting more comprehensive due diligence when a Fund participates in a competitive bid process. Representation and warranty insurance could result in the Fund bearing, directly or indirectly, additional costs and expenses and may not be a complete substitute for direct recovery against the counterparty to such transaction. Additionally, the market for representation and warranty insurance continues to evolve and insurers may not be able to adequately cover losses, particularly following an event that broadly affects the industry. Additionally, changes in the market could lead to a decreased availability of representation and warranty insurance, which could lead the Fund to not obtain such insurance.

*Force Majeure Events.* Certain force majeure events (meaning those events beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, hurricanes, tornadoes, storms, earthquakes, war, terrorism, labor strikes, pandemics, outbreaks of infectious diseases or any other serious public health concern) may adversely affect the ability of ArcLight, the Funds, the portfolio companies, their respective affiliates, counterparties of the foregoing or other persons to perform their respective obligations. The cost of repairing or replacing assets damaged by a force majeure event could be impracticable or considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event may cause a permanent loss of customers, substantial litigation or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre agreed time period. The occurrence of a force majeure event may, directly or indirectly, have a material adverse effect on a Fund and/or any of the portfolio companies.

*Litigation Risk.* A Fund's business and investment activities expose the Fund, ArcLight, the Fund's portfolio companies and their respective affiliates generally to the risk of third-party litigation. Accordingly, in the ordinary course of its business, the Fund may be subject to litigation from time to time. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce the value of Fund interests. The outcome of litigation proceedings may materially and adversely affect the value

of Fund interests, and such litigation may continue without resolution for extended periods of time which could lead to reputational harm to the Fund, its portfolio companies, ArcLight and/or their respective affiliates. Additional regulation also could increase the risks of third-party litigation. Any litigation may consume substantial amounts of the ArcLight's and the Principals' time and attention, and such time and attention, as well as the devotion of other resources, spent in connection with such litigation may, at times, be disproportionate to the amounts at stake in such litigation. In addition, the financial performance of portfolio companies (and in turn, the value of investments made in them) may be affected from time to time by litigation such as contractual claims, occupational health and safety claims, public liability claims, environmental claims, industrial disputes, tenure disputes, cybersecurity claims, privacy claims, labor and employment claims and legal action from special interest groups. Such litigation could materially reduce the value of such investments.

*Co-Investment Risk.* The Funds may invest alongside strategic, financial or other third-party co-investors. A Fund's ability to achieve certain co-investment objectives assumes that the Fund will be able to negotiate and execute mutually acceptable terms and conditions in respect thereof. Such investments will involve additional risks which are not present in investments which do not involve a co-investor, including the risks that a co-investor or co-investors have interests contrary to a Fund's investment objective or will default on their obligations.

*Continuation Vehicles.* ArcLight has in the past established and may establish one or more Continuation Vehicles for purposes of purchasing one or more portfolio investments from a Fund, and, subject to certain limitations set forth in the applicable Governing Documents, a Fund may sell (or otherwise structure the transfer of) such portfolio investments to any such Continuation Vehicle. Because a transfer to a continuation vehicle may represent the sale of a Fund's entire interest in such portfolio investment to such continuation vehicle, such Fund's limited partners' indirect interest in such portfolio investment to such continuation vehicle will generally be sold even if such limited partners do not desire to participate in such continuation vehicle, and may occur at a time when such limited partners would have preferred to maintain their interest in such portfolio investment through such Fund. Given that the Adviser and/or its affiliates will likely charge Advisory Fees and Carried Interest, and receive reimbursements for other fees, costs and expenses with respect to, and have a capital or other interests in, any such Continuation Vehicle, such General Partner will likely face conflicts of interest in determining whether to utilize a Continuation Vehicle when structuring a Fund's exit from any portfolio investment. However, such conflicts will not restrict the relevant General Partner from utilizing a Continuation Vehicle if it determines to do so in its sole discretion and such transaction is conducted in accordance with the applicable Governing Documents.

*Conflicts Related to Continuation Transactions.* The Adviser has in the past established, and may, from time to time in the future, establish, Continuation Vehicles for the purpose of purchasing one or more investments from a Fund (often where the selling Fund is approaching the end of its term) in connection with or alongside another Fund making an investment (such transactions, "Continuation Transactions"). As part of a Continuation Transaction, the selling Fund's limited partners from time to time may be, and have in the past been, given an election to rollover their existing Fund investment into the Continuation Vehicle, through which they continue to invest in the underlying portfolio company or companies, along with other investors of such Continuation Vehicle. The affiliated nature of these transactions and the Adviser's involvement with both the selling and purchasing entities give rise to conflicts of interests, including those discussed below under "*Participation or Interest in Client Transactions*". In addition, the Adviser has an incentive to maximize the purchase price for the

investments on behalf of the selling Fund which would benefit the Adviser by potentially making it more likely that the Adviser will earn Carried Interest (or will earn more Carried Interest) with respect to the selling Fund to the detriment of the purchasing Continuation Vehicle. Furthermore, following a Continuation Transaction, the Adviser will from time to time be entitled to receive Advisory Fees and potentially Carried Interest with respect to the purchasing Continuation Vehicles and where applicable the Fund, which it would not receive if the investments were sold to an unrelated third-party. Accordingly, a Continuation Transaction may benefit the Adviser because the Adviser may receive an aggregate amount of fees and Carried Interest greater than it otherwise would have received in a sale transaction to an unrelated third-party.

Further, there is not always a third-party market check or bidding process involved in a Continuation Transaction. Accordingly, the consideration paid by a Continuation Vehicle and, where applicable, such other purchasing Fund(s), may be more or less than what the transferred investments are ultimately worth had they been sold to one or more other buyers in one or more separate transactions, including an outright sale to a third party.

Following a Continuation Transaction, a Continuation Vehicle may be invested in the same portfolio company as other Fund(s). Investments in the same portfolio company give rise to the conflicts of interest discussed below in “*Conflicts Related to Purchases and Sales.*”

*Risk of Investor Misrepresentation.* In connection with the subscription for limited partner interests in a Fund, a limited partner may be required to represent that (i) the limited partner and its affiliates do not own or operate, directly or indirectly, any electric facilities or are engaged in the generation, transmission, or distribution of electric power, except solely from “qualifying facilities” within the meaning of the federal Public Utility Regulatory Policies Act of 1978, as amended, eligible facilities of “exempt wholesale generators”, facilities of foreign utility companies under the Public Utility Holding Company Act of 205 (“PUHCA”), or through the books and records of power marketers; (ii) the limited partner and its affiliates do not collectively own or control five percent or more of the generating capacity available in any U.S. market whether through ownership of electric generating facilities or contractual arrangements that confer control over the facilities; (iii) the limited partner and its affiliates do not own or control unique land sites, fuel supplies, or other inputs to electric power generation that could be used to prevent other competitors from entering any U.S. market; (iv) the limited partner is not subject to regulation as a “public utility” under section 201(e) of the Federal Power Act, as amended (16 U.S.C. § 824(e)); and (v) the limited partner is not subject to regulation under the laws of any state concerning regulation as an electric utility, public utility or public serviced corporation or company, or the rates of electric utilities or the financial and organizational regulation of electric utilities. If any such representation proves to have been incorrect, a Fund could lose the benefit of certain regulatory exemptions benefiting certain investments that the Fund may make. Such loss of regulatory exemption benefits could result in the imposition of regulation under PUHCA upon a Fund, any joint venture or other entities in which it will invest or has invested. This also could adversely affect the economic performance of such investments and could result in the incurring of substantial liabilities by the Fund and any investor making such misrepresentations. The Adviser has the authority to require a limited partner to withdraw from the Fund if the continued participation of such limited partner could materially and adversely affect the Fund or any of its portfolio investments.

*Transportation Risks; Commodity Price Controls and Regulation.* The availability, terms and cost of transportation significantly affect sales of natural gas. The interstate transportation and sale or resale

of natural gas is subject to federal regulation, including regulation of the terms, conditions and rates for interstate transportation, storage and various other matters, primarily by the FERC. Federal and state regulations govern the price and terms for access to natural gas pipeline transportation. The FERC's regulations for interstate natural gas transmission in some circumstances also may affect the intrastate transportation of natural gas. Although natural gas prices are currently unregulated, Congress historically has been active in the area of natural gas legislation. There is no way to predict whether new legislation to regulate natural gas might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures, and what effect, if any, the proposals might have on a Fund's investments. Sales of condensate and natural gas liquids are not currently regulated.

There are currently no federal price controls on sales of condensate and natural gas liquids by a portfolio company. However, there can be no assurance that Congress will not enact controls at any time.

States do not currently regulate wellhead prices or engage in other similar direct economic regulation, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of natural gas that may be produced from wells that generate payments to us, and to limit the number of wells or locations that can be drilled.

*Depleting Assets.* Certain net proceeds payable to a Fund from portfolio companies that hold properties in the exploration and production sector will be derived from the sale of depleting assets. The reduction in reserve quantities is a common measure of depletion. Future maintenance and development projects with respect to a property will affect the quantity of reserves and can offset the reduction in reserves. The timing and size of these projects often will depend on the market prices of crude oil, natural gas and other hydrocarbons. If the portfolio company developing a property does not implement additional maintenance and development projects, the future rate of production decline of reserves of such a property may be higher than the rate currently expected.

*Real Estate Risks.* Some or all of the Funds' investments will likely be subject to the risks inherent in the ownership and operation of assets or business which derive a substantial amount of their value from real estate and real estate-related interests. These types of underlying interests are typically illiquid. Deterioration of real estate fundamentals will likely negatively impact the performance of such investments. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in environmental and zoning laws, casualty or condemnation losses, environmental liability, regulatory limitations on rents, changes in neighborhood values, changes in the appeal of properties to tenants, the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, natural disasters, increase in interest rates and other factors that are beyond the control of ArcLight. Additionally, a Fund may acquire assets in jurisdictions where indigenous rights (e.g., with respect to tribes or other dispossessed people/communities) to land exist. While the Fund will generally conduct due diligence in such jurisdictions to determine the extent to which it may be affected by such rights, it may not be possible to mitigate against or remove a risk associated with indigenous claims. Additionally, any declaration of title in respect of government-protected land on which infrastructure assets are located could negatively affect the operation of those businesses.



*Land Title Risks.* Certain investments require large areas of land to install and operate their equipment and associated infrastructure. The rights to use the necessary land may be obtained through freehold title, easements, leases and other rights of use. Different jurisdictions adopt different systems of land title and in some jurisdictions it may not be possible to ascertain definitively who has the legal right to enter into land tenure arrangements with portfolio companies. In addition, the grantor's fee interests in the land which is the subject of such easements and leases are or may become subject to mortgages securing loans, other liens (such as tax liens) and other lease rights of third parties (such as leases of gas or other mineral rights). As a result, a portfolio company's rights under such leases or easements are or may be subject and subordinate to the rights of third parties. It also is possible that a default by the grantor under any mortgage could result in a foreclosure on the grantor's interest in the property and thereby terminate the portfolio company's right to the leases and easements required to operate such portfolio company. Similarly, it is possible that a government authority, as the holder of a tax lien, could foreclose upon a parcel and take possession of the portion of the portfolio company located on such parcel. The rights of a third party pursuant to a superior lease (such as leases of gas or other mineral rights) also could result in damage to or disturbance of the physical assets of a portfolio company or require relocation of investment assets. The locations of the portfolio companies also may be subject to government exercise of eminent domain power or similar events. The expiration of a landowner lease and the failure to obtain an extension will adversely affect the portfolio company on such property. If any portfolio companies were to suffer the loss of all or a portion of their underlying real estate interests or equipment as a result of a foreclosure by a mortgagee or other lienholder of a land parcel, or damage arising from the conduct of superior leaseholders, such portfolio company's operations and revenues may be adversely affected.

*Key Inputs.* The operations of the companies in which a Fund invests rely on access to certain key inputs such as strategic consumables, raw materials and drilling and processing equipment. The inability to obtain such key inputs in a timely manner could delay or reduce a portfolio company's production, which could have an adverse impact on its results of operations and financial condition. Periods of high demand for such supplies can result in periods when availability of supplies are limited and cause costs to increase above normal inflation rates. Any interruption to supplies or increase in costs could adversely affect the operating results and cash flows of a Fund's investments and, therefore, of the Fund.

*Unavailability or Cost of Equipment and Personnel.* The demand for qualified and experienced field personnel, geologists, geophysicists, engineers, landmen and other industry professionals can fluctuate significantly, often in correlation with gas and natural gas liquid prices, causing periodic shortages. Historically, there have been periods during which shortages of drilling and workover rigs, pipe and other equipment have occurred as demand for rigs and equipment has increased along with the number of wells being drilled, which can have an adverse impact on midstream operations. It cannot be predicted whether such conditions will exist in the future and, if so, what their timing and duration will be. Such shortages could delay or cause a portfolio company or project to incur significant expenditures and result in a material adverse effect on its business, financial condition and/or results of operations.

*Ability to Exit Investments.* Individual investments in certain portfolio companies in the energy industry have unique geographic and market characteristics (and may be subject to political, regulatory and public opinion considerations), which could make them highly illiquid. In addition, the Funds' investments are expected to be quite sizeable. There are limited pools of capital available

in the sector that can make sizeable investments and limited numbers of market participants. As a result, the potential exits from these investments can be limited and there can be no assurance that the Funds will be able to realize its investments on favorable terms, in a timely manner or at all. Moreover, the realizable value of a highly illiquid investment is often less than its intrinsic value.

*Availability of Raw Materials.* Constraints in the supply of, prices for, and availability of transportation of raw materials can adversely affect entities engaged in the energy business. Raw materials that are expected to be essential to a Fund's portfolio companies, such as proppants, hydrochloric acid, and gels, including guar gum, are normally readily available. Shortage of raw materials as a result of high levels of demand or loss of suppliers during market challenges can trigger constraints in the supply chain of those raw materials, particularly where a company has a relationship with a single supplier for a particular resource. Many of the raw materials essential to the energy industry require the use of rail, storage, and trucking services to transport the materials to jobsites. These services, particularly during times of high demand, may cause delays in the arrival of or otherwise constrain the supply of raw materials. These constraints could adversely affect the business and results of operations of a portfolio company. In addition, price increases imposed by vendors for raw materials used in such company and the inability to pass these increases through to customers could have a material adverse effect on the operations of a portfolio company.

*Non-U.S. Investments.* A Fund may make investments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States and its territories and possessions. Investments in non-U.S. securities or instruments involve certain considerations not typically associated with investing in U.S. securities and instruments, including risks relating to: (i) currency exchange matters (including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments may be denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another); (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets (including potential price volatility in, and relative illiquidity of, certain non-U.S. securities markets); (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements comparable to those that apply to U.S.-based companies and less or more government supervision and regulation; (vi) certain economic, social and political risks (including potential exchange control regulations, restrictions on non-U.S. investment and repatriation of capital, and the risks of political, economic, governmental or social instability (including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation)); (vii) the possible imposition of non-U.S. taxes (including withholding taxes) on the Fund, a portfolio company, the Adviser and/or limited partners with respect to income, gains and gross sales or other proceeds recognized with respect to non U.S. securities or instruments (including the imposition of such taxes as a result of the formation by the Adviser of an alternative investment vehicle outside the United States); (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Fund and/or the partners (including as a result of the formation by the Adviser of an alternative investment vehicle outside the United States); (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment (including enhanced legal and

regulatory compliance); (xii) political hostility to investments by foreign or private fund investors; (xiii) less publicly available information; (xiv) economic dislocation in the host country; (xv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; and (xvi) nationalization and expropriation of private assets.

Additionally, a Fund may be less influential than other market participants in jurisdictions where it and/or the Adviser does not have a significant presence, and it may have greater difficulty enforcing its legal rights in a non-U.S. jurisdiction. A Fund may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions which might adversely affect the payment of proceeds to investors located outside the country of the portfolio company, whether from currency blockage or otherwise. Furthermore, certain of a Fund's investments may be subject to brokerage taxes levied by non-U.S. governments, the effect of which would be to increase the cost of such an investment and reduce the realized gain (or increase the realized loss) on such an investment at the time of its disposition. While the Adviser intends, where it deems appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks and to take these factors into consideration in making investment decisions for the Funds, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are held in certain non-U.S. jurisdictions.

*Non-U.S. Currency Risks.* Although many of the Funds' investments are expected to be U.S. dollar denominated, an investment that is denominated in a non-U.S. currency is subject to the risk that the value of the particular currency in which such investment is denominated will change in relation to one or more other currencies, including the U.S. dollar, which is the currency in which the books of the Funds will be kept and contributions and distributions generally will be made. Factors that may affect currency values include trade balances between nations, short-term interest rates, variations in the relative value of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. A Fund and/or the portfolio companies may incur costs in converting investment proceeds from one currency to another. The Adviser reserves the right, but is under no obligation, to employ hedging techniques to manage currency exchange exposure, although there can be no assurance that such techniques will be effective. Interests are denominated in U.S. dollars, and prospective investors in any country in which U.S. dollars are not the local currency should note that changes in the exchange rate between the U.S. dollar and such local currency may have an adverse effect on the value, price or income of an investment in the Fund. Foreign exchange regulations may be applicable to investments in certain jurisdictions.

*Risks Associated with Hedging Transactions and Derivative Instruments.* Subject to the terms of the Governing Documents, a Fund may, but is not required to, employ hedging techniques designed to reduce the risks of adverse movements in interest rates, commodity prices and/or currency exchange rates. However, even if the Fund seeks to hedge certain of these risks, some residual risk may remain as a result of imperfections and inconsistencies in the market and/or in the hedging contract. While such hedging transactions may reduce certain risks, they create or magnify others. In certain cases, particularly in over-the-counter contexts, hedging arrangements will subject a Fund or the portfolio companies 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. Over-the-counter contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Even if used primarily for hedging purposes, the price of derivative instruments is highly volatile, and acquiring or selling such instruments involves certain leveraged risks. There may be an imperfect correlation between the instrument acquired for hedging purposes and the investments or market sectors being hedged, in which case, a speculative element is added to the highly leveraged position acquired through a derivative instrument primarily for hedging purposes. Default by any hedging counterparty in the performance of its obligations could subject a Fund and/or its investments to unwanted credit and market risks. Accordingly, although a Fund may benefit from the use of hedging strategies, failure to properly hedge the market risk in the investments and/or the default of a counterparty in the performance of its obligations under a hedging contract could have a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the Interests.

Additionally, in connection with certain hedging contracts, a Fund and/or a special purpose vehicle may be required to grant security interests over some or all of its assets to the relevant hedging counterparty as collateral. Such hedging contracts will typically give the counterparty the right to terminate the agreement upon the occurrence of certain events. Such termination events may include a failure by a Fund to pay amounts owed when due, a failure by the Fund to provide required reports or financial statements, a decline in the value of some or all of the Fund's assets (including undrawn Capital Commitments), a failure by the Fund to maintain sufficient collateral coverage or liquidity, a failure by ArcLight to comply with the Fund's investment policy and any investment restrictions, key changes in the Fund's management or ArcLight Personnel and material violations of the terms, representations, warranties or covenants contained in the hedging contract, as well as other events determined by the counterparty. If a termination event were to occur, there may be a material adverse effect on the performance of a Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests in the Fund.

Finally, ArcLight may cause a Fund to take advantage of derivative instruments that are neither presently contemplated nor currently available, but that may be developed in the future. Any such investment may expose the Fund to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and/or ArcLight determines to make such an investment.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and/or the Adviser may be required to make (and/or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses) and may be responsible for the content of disclosure documents under applicable securities laws. The Fund and/or the Adviser also may be required to indemnify the purchasers or underwriters of such investment to the extent that any such representations or disclosure documents are inaccurate. Such arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, the Fund's partners. The Adviser may establish reserves or escrows for such contingent liabilities, and the partners also may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Governing Documents.

*Need for Follow-On Investments.* Following its initial investment in a portfolio company, a Fund, under its Governing Documents, may reserve the right to determine to provide additional funds or otherwise increase its investment in such portfolio company (whether for opportunistic reasons, to fund the needs of the portfolio company, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Fund will make any follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any determination by a Fund to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a portfolio company in need of such follow-on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company to the extent that a third party invests in such portfolio company. In the event that any co-investor who participated in the initial investment in a portfolio company does not participate in a follow-on investment in such portfolio company, such co-investor's pro rata portion of such follow-on investment may be allocated to any other person, including a Fund. As a result, the Fund may increase its concentration with respect to such portfolio company, which may result in the Fund being less diversified.

*Volatility of Commodity Prices.* The performance of certain of the Funds' investments will be substantially dependent upon prevailing prices of oil, natural gas, natural gas liquids, coal and other commodities (such as metals) and the difference between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as petroleum refining ("crack spread") and power generation ("spark spread"). Commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations (as evidenced by the precipitous decline in the price of oil throughout 2015, early 2016 and 2020) in response to a variety of factors that are beyond the control of ArcLight or the Fund, including: (i) relatively minor changes in the supply of and demand for such commodities; (ii) market uncertainty and the condition of various economic measures (including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets); (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and importation in certain relevant markets; (v) foreign supply; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) the price of steel and the outlook for steel production; (x) weather conditions; (xi) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (xii) the industry-wide refining or processing capacity for oil, gas or coal; (xiii) the effect of any current or future U.S. and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xiv) breakthrough technologies (such as hydraulic fracturing and other methodologies to extract shale oils, improved storage or clean coal technologies) or government subsidies, tax credits or other support that allow alternative fuel generation projects to produce more reliable electric energy or lower the cost of such production compared to natural gas fueled electric generation projects; (xv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries ("OPEC"), including in reaction to political developments, international conflicts and regional strife, and other large petroleum exporting countries that are not a member of OPEC, such as Russia, and other producers; (xvi) the expected consumption of coking coal in steel production; (xvii) the amount and character of excess electric generating capacity in a market area; (xviii) overall economic conditions; (xix) the strength of the U.S. dollar relative to other currencies; (xx) terrorist acts and the impact of military and other action; and (xxi) a variety of additional factors that are beyond the control of ArcLight or the Funds.

For example, volatile oil, natural gas and natural gas liquids prices make it difficult to estimate the volumes of oil, natural gas and natural gas liquids to one or more points of delivery via a dedicated transportation and distribution infrastructure. Price volatility also makes it difficult to budget for and project the return on midstream projects.

*Nature of Investments in the Power Industry.* Certain of the companies in which a Fund invests is expected to be in the power sector. For much of its history, the power sector, and particularly the utility industry within this broader sector, was characterized by institutional stability and predictability of financial performance. The advent of deregulation, privatization, technological change and market volatility has created a much less stable sector with substantially greater variability of company performance in developed markets as well as emerging markets, where these changes are much more recent. There can be no assurance that the pace or direction of the change will be in accord with the expectations of ArcLight, nor that the industry changes will benefit investments made by a Fund. Investing in power facilities and related assets is subject to a variety of risks, not all of which can be foreseen or quantified, including operating, economic, environmental, commercial, regulatory, political and financial risks. These risks may be magnified in emerging markets. There can be no assurance that a Fund's portfolio companies will be profitable or generate cash flow sufficient to provide a return on or recovery of amounts invested therein.

The operation of power facilities and certain other types of energy-related infrastructure or facilities involves many risks, including higher than anticipated operating and maintenance costs, loss of sale and supply contracts or fuel contracts, bankruptcy of key customers or suppliers, the breakdown or failure of pipelines, transmission lines, power generation equipment or other equipment or processes and performance below expected levels of output or efficiency. Although each project typically contains certain redundancies and back-up mechanisms and insurance is generally maintained to protect against the effects of certain operating risks, such redundancies and back-up mechanisms may not cover every operating contingency, and the proceeds of such insurance may not be adequate to cover lost revenues or increased expenses.

Actual cash flow generating ability of a Fund's portfolio companies will be influenced by (among other things): (i) the technology employed in the power generation plants or other assets; (ii) demand/pricing considerations; (iii) changes in regulations and subsidy regimes affecting the power industry; (iv) competition from other power generation plants that may have lower production costs and operating and maintenance costs; and (v) fluctuations in fuel prices.

*Covariance Risk.* Investments held by a Fund may be susceptible to covariance risks, which is correlated with the energy production of intermittent generating assets. In cases where there is a high correlation among assets in a region, times of high production may push power prices towards zero, or even negative. While covariance risk can be mitigated through "as-generated" power purchase agreements ("PPAs") that pay a fixed price regardless of hourly/time-of-day market power pricing, projects may still be subject to basis risk if the contract's settlement point is somewhere other than the project's point of interconnection. Although power pricing at the point of interconnect and the settlement point may be correlated, there may be times of material deviation that could result in effective prices received being materially different from the contract price.

*Power Purchase Agreement Risk.* Certain portfolio companies of the Funds are expected to enter into PPAs. Payments by power purchasers to such companies or projects pursuant to their respective PPAs

may provide the majority of such companies' or projects' cash flows. There can be no assurance that any or all of the power purchasers will fulfill their obligations under their PPAs or that a power purchaser will not become bankrupt or that upon any such bankruptcy its obligations under its respective PPA will not be rejected by a bankruptcy court or trustee. There are additional risks relating to PPAs, including the occurrence of events beyond the control of a power purchaser that may excuse it from its obligation to accept and pay for delivery of energy generated by a company or project. The failure of a power purchaser to fulfill its obligations under any PPA or the termination of any PPA may have a material adverse effect on a portfolio company of the Funds.

*Power Hedges.* Portfolio companies of a Fund may enter into power hedges to manage expected volatility in price and/or volume of electricity or other energy commodity. A hedge position likely will not be effective in eliminating all of the risks inherent in any particular position. Such hedging transactions also limit the opportunity for gain. The success of hedging transactions will be subject to the ability of the portfolio company to correctly predict movements in and the direction of relevant commodity prices and interest rates. Unanticipated changes in commodity prices or interest rates may negatively impact the overall performance of a portfolio company and of a Fund. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to hedge, a portfolio company may not obtain the desired protection and the portfolio company, and therefore, a Fund may be exposed to additional risk of loss. The portfolio company also may be exposed to possible bankruptcy, insolvency or default by the counterparty to the transaction or the illiquidity of the instrument acquired by the portfolio company relating thereto. The portfolio company may determine in its sole discretion not to hedge against certain risks, and certain risks may exist that cannot be hedged. There can be no guarantee that instruments suitable for hedging market shifts will be available at the time when the portfolio company wishes to use them. The portfolio company's hedging arrangements that are undertaken through brokers, banks or other organizations will subject the portfolio company to the risk of default or insolvency of such organizations. In such event, there can be no assurance that any money advanced to such organizations.

*Transmission and Interconnection.* Since PPAs only require the purchaser to pay for electricity that is delivered, an extended interruption in the ability to wheel power to the contractual energy delivery point, whether due to transmission service failure or curtailment, could cause a portfolio company of a Fund to be unable to receive payment for power the project produces, or could otherwise produce. Invariably, PPAs will excuse a power purchaser from buying energy at the contractual delivery point in violation of the directions of a system operator's orders relating to safety or reliability. In addition, some PPAs allow a power purchaser to curtail project output to the extent downstream transmission is not available for all of the power being produced in an area or a region or if the power is not needed or is more expensive in relation to other sources of generation. As system operators have shifted to congestion-based transmission pricing, some offtakers have attempted to mitigate transmission pricing risk by limiting their obligation to buy power that is too expensive to move to load. Any interruption in transmission service, curtailment or related limitation on a power purchaser's obligation to purchase power from the project may have a material adverse effect on a portfolio company of the Fund.

*Merchant Price Exposure.* Portfolio company projects will have varying degrees of exposure to uncontracted revenues. Projects may face substantial market risk due to price fluctuations, which could impact a portfolio company's ability to fulfill debt obligations and impact the level of

investment returns to such portfolio company and, therefore, a Fund. In order to seek to mitigate some of this risk, portfolio companies may enter into PPAs or hedging transactions. However, there can be no assurance that PPAs or hedging transactions will mitigate, reduce or eliminate any merchant price risk or that such instruments will be available on commercially reasonable terms, if at all. In addition, there can be no guarantee that instruments suitable for hedging market shifts will be available at the time when a portfolio company wishes to use them. In the event that a portfolio company seeks to develop an asset on a fully merchant basis (i.e., without entering into any PPAs or hedging transactions), then such portfolio company will be expected to face greater levels of exposure to merchant risk, including the risk of a decline in market prices, which could materially and adversely affect the economic position of the portfolio company and, therefore, the Fund. Moreover, merchant price risk is increasingly correlated with the combined effects of a number of observable factors that impact price formation in electricity markets including the price of natural gas, the pace and scale of renewable capacity build-out in a given market, the falling costs of renewables technologies, especially solar photovoltaics (“PV”) and battery storage. These factors, among others, could combine in various ways to significantly impact power prices and therefore the degree of investment risk represented by exposure to uncontracted revenues.

*Equipment Risks.* The generation and transmission of electricity requires the use of expensive and complicated equipment. While a Fund will, where able, cause its portfolio companies to implement maintenance programs, generating plants are subject to unplanned outages because of equipment failure. If such an equipment failure occurs while the Fund or one of its portfolio companies is party to a PPA, the Fund or its relevant portfolio company may be subject to financial penalties to its customers or may be required either to produce replacement power from potentially more expensive units or purchase power from others at unpredictable and potentially higher cost in order to supply its customers and perform its contractual agreements. Any of these results could increase costs materially and adversely affect the amount of funds available for payment to the Fund and the limited partners. These factors, as well as weather, interest rates, economic conditions, fuel availability and prices, price volatility of fuel and other commodities and transportation availability and costs are beyond the control of the Fund, but can have a material adverse effect on the earnings, cash flows and financial position of certain of the Fund’s portfolio companies.

In addition, the wind turbines, solar panels, solar trackers and other equipment used in renewable energy projects are still evolving and, as a result, much of the equipment being used has not undergone extensive field testing over a period of years to determine its long-term costs of operation or its durability. Manufacturing and delivery of the equipment, as well as its timely installation, also may be difficult due to rapidly changing product designs and general manufacturing issues. Also, as with any equipment purchase, the purchaser is subject to the risk that the equipment, software or processes may be protected intellectual property of third parties, which may subject a portfolio company of a Fund to the risk of being unable to use the equipment as well as damages for its prior use. Each of these risks could result in late delivery or project underperformance. If the project is not delivered on time, at required productivity and capacity levels, not only will there be a drop in revenues, but PPA or financing commitments may not be met, leading to project failure. To protect against these risks, equipment suppliers or balance of plant contractors typically provide a guaranty of timely completion and an equipment performance warranty. These warranties typically protect project owners against equipment capacity and efficiency shortfalls while they are effective. In most cases, however, the investment period in a project will extend beyond the warranty period. Furthermore, some equipment manufacturers or contractors may not be sufficiently capitalized to enable them to respond to all



customer claims, especially serial defect warranty claims. As competition among equipment suppliers continues to drive down the cost of some wind turbines and solar panels, there is a risk that some equipment manufacturers may be unable to honor their warranty claims. In the context of financing, projects are typically exposed to vendor credit, as a credit event around a key vendor is often a financing event of default. A defect in vendor credit also may lead to a violation of financing. In the event of a failure of any equipment after the end of the warranty period (or during the warranty period if the supplier or contractor does not have the ability to respond), a portfolio company may incur significant costs to keep the project operational or lose the project.

*Special Purpose Acquisition Companies Investments.* ArcLight and/or one or more of its affiliates (including, potentially, a Fund) is permitted to participate in one or more entities (each such entity, a “SPAC Sponsor”) that is formed for the primary purpose of forming, sponsoring, controlling and/or managing a publicly traded special purpose acquisition companies (each, a “SPAC”). If formed, each SPAC is expected to register its shares with the SEC or another applicable regulatory body in an initial public offering and seek to use the funds raised in such offering to effect a business combination and, thereafter, operate as a public company. To the extent a SPAC is sponsored by a SPAC Sponsor owned by a Fund (either entirely or in part), the Fund will be required to contribute significant capital to the SPAC, including in respect of underwriting fees, deal expenses and working capital (collectively, the “at-risk capital”). If, following a SPAC’s initial public offering, the funds held in a SPAC’s trust account are insufficient to allow it to operate until it consummates its initial business combination, a SPAC will depend on loans from its SPAC Sponsor or its management team (which management team could include employees (including certain Principals), Consultants and/or operating partners of ArcLight and/or its affiliates) to fund its search for a business combination, to pay income taxes, if any, and to complete its initial business combination. If the Fund does not control the SPAC Sponsor, there can be no assurance that the other owners of the SPAC Sponsor will loan the SPAC sufficient capital to fund the SPAC’s continued search for a suitable target. If a SPAC Sponsor (including any SPAC Sponsor owned, entirely or in part, by the Fund) loans any amounts to its applicable SPAC, the Fund (if applicable) may bear a significant amount of the risk of any such loan and any related expenses. There can be no assurance or guarantee that any SPAC will be able to identify a suitable target business and consummate an initial business combination within the limited completion window established in connection with the SPAC’s initial public offering, and in such case, the SPAC will be forced to cease operations and liquidate and any loans it received (including indirectly from the Fund) will not be repaid and the SPAC Sponsor (including any SPAC Sponsor owned, entirely or in part, by the Fund) will lose the at-risk capital it contributed, which may be substantial. Moreover, following the initial public offering of a SPAC, the trading price of its securities may materially increase or decrease, whether before or after the initial business combination, and none of ArcLight, the Fund, the applicable SPAC Sponsor or any of their respective affiliates will be able to control or predict the movement of such price. A Fund could also make a direct investment in connection with the initial business combination transaction of a SPAC (including a SPAC sponsored by ArcLight, the Principals or their respective affiliates).

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

## **Item 10. Other Financial Industry Activities and Affiliations**

## **Related General Partners**

Various limited liabilities companies that are under common control with the Adviser serve as General Partners of the Funds and are related persons of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners and the investment activities of the Adviser and its related entities, as well as a description of how such conflicts are addressed, please see Item 11 below.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics (the “Code of Ethics”) that is applicable to all of its partners, officers, principals, directors (or other persons occupying a similar status or performing similar functions) and other Adviser personnel who are covered persons, and may also apply to officers, principals, employees and other personnel of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. To supervise compliance with its Code of Ethics, ArcLight requires Adviser Personnel to submit certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. Approval by the CCO is required prior to any Adviser Personnel’s investment in any initial public offering, initial coin offering, private placement or certain other securities as set forth in the Code of Ethics.

Adviser Personnel are also required to act in accordance with applicable U.S. securities law at all times, promptly report any violation of the Code of Ethics of which they become aware to the CCO and annually certify that such Adviser Personnel has received, read, understands and is in compliance with, the Code of Ethics. Adviser Personnel who violate the Code of Ethics are subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Min (Christina) Kenny, Chief Compliance Officer, 617-531-6300 / [compliance@arclight.com](mailto:compliance@arclight.com).

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

Certain employees and affiliates of the Adviser invest in the Funds, either through the General Partners as limited partners or otherwise. A Fund or its General Partner, as applicable, often reduces all or a portion of the Advisory Fee related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “*Conflicts of Interest*” immediately below.

### **Conflicts of Interest**

The Adviser and its related entities, including Adviser Personnel, engage in a broad range of activities, including but not limited to investment activities for their own accounts and for the accounts of other

investment funds, and providing transaction-related, investment advisory, management and other services to Funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time-to-time conflict with the interests of the Adviser, other Funds, Adviser Personnel or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

Due in part to the fact that actual and/or potential investors in a Fund often ask different questions and request different information, the Adviser will provide certain information to one or more actual and/or prospective investors that it does not necessarily provide to all prospective investors or limited partners.

*Addressing Conflicts.* In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the manner in which such conflicts are addressed, will be made subject to the relevant Governing Documents and using the Adviser's best judgment, but in its sole discretion. In seeking to resolve conflicts, the Adviser considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for addressing specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is consistent with the Fund's investment objectives, strategy and structure;
- Many important conflicts of interest will generally be addressed by the Conflicts Committee, which the Adviser has established to assist in making allocation determinations among certain Funds, or by the set procedures, restrictions or other provisions contained in the Governing Documents of the Funds;
- Generally, each Main Fund has established an advisory committee (each a "Board of Advisers"), consisting of representatives of investors not affiliated with the Adviser. The Boards of Advisers meet at least annually or more frequently (as required) to, among other things, consult with the Adviser as to certain potential conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help alleviate conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Fund's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that the Adviser will identify or resolve all conflicts in a manner that is favorable to the Funds and the Funds' investors are not generally entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

*Material Conflicts.* The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund will potentially encounter. Other conflicts are generally disclosed in the Governing Documents and throughout this Brochure. The Brochure should be read in its entirety for other conflicts.

*Time and Attention.* The Adviser and Adviser Personnel engage in a broad range of activities, including investment activities for their own accounts, and will spend a portion of their time and attention pursuing investment opportunities and other activities for multiple Funds, including transaction-related, investment advisory, management and other services to multiple Funds. This time will, from time to time, include Adviser Personnel serving in their capacity as members of the Adviser's investment committee on behalf of multiple Funds. The Adviser expects to continue to form, sponsor and manage multiple Funds in the future and will sponsor, manage or co-manage funds and may establish separate account relationships with different and/or similar investment strategies as well. In addition, the Adviser will continue to oversee portfolio companies in which multiple Funds have acquired interests. These other activities and time spent by the Adviser and Adviser Personnel likely will result in conflicts of interest with a Fund and the limited partners of such Fund on one hand, and other Funds and their limited partners on the other hand, such as when the Adviser or Adviser Personnel pursue the interests of a Fund and other Funds simultaneously or, even if such pursuit is not simultaneous, if the interests of certain Funds are otherwise adverse to other Funds. In the event that the Adviser launches Funds with different investment strategies than other Funds, then it is likely that this would give rise to additional conflicts of interest not specifically described herein, and there can be no assurance that the Adviser will identify or resolve such conflicts and, if resolved, that such conflicts will be resolved in a manner that is favorable to or benefits the Funds or the limited partners. For each Fund, the Adviser and Adviser Personnel will manage that Fund's investments while also spending a significant amount of business time on other opportunities, investments and entities unrelated to the Fund's investments, and certain investment opportunities identified by the Adviser and Adviser Personnel will not be presented or made available to the Fund.

*Allocation of Investment Opportunities Among Clients.* In connection with its investment activities, the Adviser will encounter situations in which it must determine how to allocate investment opportunities (including follow-ons) among various clients and other persons, which may include, but are not limited to, the following:

- the Funds;
- Co-investors or Co-Investment Vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the co-investors or investors in such Co-Investment Vehicles which may include Adviser Investors and/or individuals and entities that are not investors in any Funds);

- Adviser Investors and/or third party investors that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or third party investors acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser makes allocation determinations consistent with the Funds’ Governing Documents. The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements, if any, are generally set forth in each Fund’s Governing Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the written policies and procedures relating to the allocation of investment opportunities which are summarized below.

The Adviser must first determine which Fund(s) and/or other parties are eligible to potentially participate in an investment opportunity. The Adviser has established a Conflicts Committee to, to the extent relevant and applicable, make allocation determinations with respect to the Funds, approve the appropriateness of an investment for a particular Fund and to ensure adherence to the allocation requirements set forth in a Fund’s Governing Documents. In particular, the Conflicts Committee assesses whether an investment opportunity is appropriate for a particular Fund(s), based on, among other things, such Fund’s investment objectives, diversification requirements, strategies and structure, as well as various investment restrictions negotiated with that Fund’s investors as detailed in such Fund’s Governing Documents. A Fund’s investment objectives, strategies and structure, together with its investment restrictions, typically are reflected in the Fund’s Governing Documents. Prior to allocating an investment opportunity to a Fund, to the extent relevant and applicable, the Conflicts Committee determines what additional factors restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** The Adviser could be required to offer an investment opportunity to one or more Funds if such opportunity is deemed suitable for such Funds. This obligation to offer appropriate investment opportunities will typically be set forth in a Fund’s Governing Documents. The Adviser or certain Funds can be expected to enter into covenants that restrict or otherwise limit the ability of other Funds or its portfolio companies and their respective affiliates to make investments in, or otherwise engage in, certain businesses or activities. These types of restrictions may negatively impact the ability of a Fund to implement its investment program.
- **Related Investments:** The Adviser could offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** The Adviser could determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

- Other restrictions: Other restrictions result in a determination that a Fund should not participate in an investment opportunity, including its size, sector, nature or stage of the business, or geographic location.

Once the Fund(s) that will participate in a particular investment have been identified, the Adviser, in its discretion, will allocate such investment opportunity among the identified Fund(s) based on various criteria, including unreserved and uncalled capital, or as specified in a Fund's Governing Documents. In making this determination, the Adviser may consider some or all of a wide range of factors, which generally include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives, strategies, guidelines and focus;
- Transaction sourcing and the nature and extent of involvement of the respective teams of Adviser Personnel dedicated to the relevant Funds in such efforts (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Fund to or with such third-party);
- Each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity);
- Structural and operational differences between the Funds;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund, including through use of leverage, as well as each Fund's projected future capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity) and anticipated co-investment, if any;
- The size, liquidity and duration of the investment;
- Any "ramp-up" period for a newly established Fund;
- Each Fund's targeted rate of return (if any);
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Fund's portfolio and each Fund's investment parameters and restrictions (including, without limitation, parameters such as concentration (i.e., geography, industry, issuer, volatility, leverage or other similar risk metrics), diversification requirements, and asset class restrictions, industry and other allocation targets);
- The suitability as a follow-on investment for a current portfolio company of a Fund or to upsize an existing investment;

- The use of leverage in the proposed capital structure;
- The availability of other suitable investments for each Fund;
- Legal, contractual, tax, accounting, regulatory, risk, policy restrictions and other similar considerations;
- The timing necessary to execute an investment;
- Cash flow considerations;
- The likelihood of current income;
- The centrality of an investment to a Fund's strategy;
- Supply or demand of an investment opportunity at a given price level;
- The seniority of an investment and other capital structuring criteria;
- Minimum and maximum investment size requirements;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third party investors;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Conflicts considerations (*e.g.*, in scenarios where there is an investment opportunity in a service provider or supplier to an existing portfolio company of a Fund, the Adviser could determine it is either in or against the best interests of such Fund to allocate such investment opportunity to another Fund to avoid common ownership);
- Any other relevant limitations imposed by or conditions set forth in the applicable Governing Documents of each Fund, including any applicable limitations in the Side Letters of any applicable Fund (including the requirement to excuse any investor in any such Fund from investing in an investment opportunity);
- Strategic benefits associated with any applicable Fund;
- Facts, circumstances and preferences applicable to any investor or group of investors in any applicable Fund; and
- Any other factor deemed relevant by the Adviser.

The Conflicts Committee will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, or (ii) the profitability of any Fund.

While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and the outcome of any allocation determination by the Adviser will result in the allocation of all, none or a sub-optimal portion of an investment opportunity to a Fund, which could adversely affect the Fund's performance in the same manner as an under- or over-allocation. There can be no assurance that a Fund will have an opportunity to participate in certain investments that fall within the Fund's investment objectives.

The classification of an investment opportunity as appropriate or inappropriate for any Fund will be made by the Adviser, considering such factors as it deems relevant at the time of purchase and will govern in this regard. This determination frequently will be subjective in nature. Consequently, an investment that the Adviser determined was appropriate (or more appropriate) for a Fund could ultimately prove to have been more appropriate for another Fund. As such, there can be no assurance that the subjective judgments made by the Adviser will ultimately be correct in hindsight. Furthermore, the decision as to whether a Fund should make a particular follow-on investment, or whether the follow-on investment will be shared in the same proportion as the original investment, could differ from the decision regarding the initial purchase due to a changed determination on this issue by the Adviser. In addition, investments made by a Fund (including a successor Fund) toward the end of its commitment period, if applicable, could be structured so that one or more other Funds can make an anticipated follow-on investment on certain prearranged terms and conditions, including price (which could be based on cost of the original investment). For example, due to the Adviser's application of its allocation methodology, a Fund could participate in one or more follow-on investment opportunities related to another Fund that has an investment mandate substantially similar to or overlapping with those of the Fund, and thereby permitting such other Fund's participation in such investment opportunities. Where potential overlaps exist among Funds, such opportunities will be allocated by the Adviser after taking into consideration the investment focus of each affected Fund and such factors as the Adviser deems relevant, which could include the investment allocation considerations set out above.

In addition to the allocation decisions described above that could result in a Fund not participating in certain investments that fall within its investment objectives, a similar outcome arises from an excuse right granted to an investor in a Fund. As permitted under a Fund's Governing Documents, a General Partner is authorized to agree with a Fund investor that such investor will be excused from participating in certain types of investments in which the Fund invests. Depending on the scope of any such excuse, and the manner in which the relevant investments would be held by a Fund, it will not always be practicable to excuse a Fund investor from such investments and accordingly, such excuse rights could have the practical result of preventing the Fund from making such investments. It is therefore possible that the impact on a Fund of any excuse rights agreed to by the General Partner will be more material than anticipated by the General Partner at the time such excuse rights are granted.

In addition, Adviser Personnel invest indirectly in, and are permitted to invest directly in, Funds and therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment



opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, the Adviser will consider some one or more of the factors set forth above and will make a determination in its good faith discretion.

*Allocation of Co-Investment Opportunities.* The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Fund(s) (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, service providers and Consultants to the Adviser and/or the Fund(s) or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess will, from time to time, be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents or, to the extent not addressed in such Funds' Governing Documents, in accordance with in the following paragraphs. There may be circumstances where the Adviser determines, for strategic or other reasons, the amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

Other Fees that are attributable to the investments of third-party co-investors and third-party investors, including Co-Investment Vehicles, and the General Partner will not offset the Advisory Fee of a Fund, and such Other Fees will typically be retained by the Adviser. The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to the Adviser in addition to the receipt of Other Fees, including the receipt of advisory fees or allocation of carried interest from the co-investor, and/or Capital Commitments to Funds (including successor Funds). As a result of the foregoing, the Adviser could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

The Adviser has given and expect to in the future give contractual co-investment priority rights to certain investors in certain of its Funds and/or develop co-investment programs to invest alongside a Fund.

Subject to any Investment Allocation Requirements, priority co-investment rights described above or other specific agreements with investors, in general, (i) investors in the Fund(s) do not have rights to participate in any co-investment opportunity and investing in the Fund(s) does not give an investor any rights, entitlements or priority to co-investment opportunities; (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors; (iii) co-investment opportunities are typically offered to some and not all investors in the Funds, in the sole discretion of the Adviser or its related persons, investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller Capital Commitments to such Fund; (iv) certain persons other than investors in the Funds (e.g., other Funds managed by the Adviser,

Consultants, joint venture partners, Adviser Investors, persons associated with a portfolio company and other third party investors, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise) will occasionally be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons; and (v) co-investors often purchase their interests in a portfolio company at the same time as the Funds, but sometimes purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing syndication, sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (*e.g.*, timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgments of investors' interest in co-investment opportunities do not trigger Investment Allocation Requirements and do not require the Adviser to notify such investors if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, Funds, or other third party investors priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns that arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;

- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, competitive, confidentiality reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party will have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- Whether the potential co-investment party will make commitments to invest in other Funds (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Adviser;
- Whether the co-investment opportunity is being provided in connection with a potential investment in the Funds (i.e., a stapled co-investment opportunity); and

- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and third party investors, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations will likely be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangements with such persons (including, for example, whether the Adviser and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investor parties, to additional advisory fees and/or carried interest based on the availability of co-investment opportunities offered to such parties).

While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

**In the** event the Adviser determines to offer an investment opportunity to one or more co-investors, there can be no assurance that (i) the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, (ii) the closing of such co-investment will be consummated in a timely manner, (iii) the co-investment will take place on the terms and conditions that will be preferable for the applicable Fund or (iv) expenses incurred by the applicable Fund with respect to the syndication of the co-investment will not be substantial. Each Fund expects that from time to time it will acquire an investment with the intent to sell a portion of such investment to another Fund, a Co-Investment Vehicle or a third-party co-venturer or partner. The applicable Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. The Fund will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the applicable Fund, consequently, will likely hold a greater concentration and have greater exposure to the related investment opportunity than was initially intended and would bear all or a greater portion of any fees, costs and expenses related to such investment, which could make the

applicable Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks. A Fund expects from time to time to borrow to fund the portion of an investment that it intends to sell to co-investors (including Co-Investment Vehicles), and if the prospective co-investors do not ultimately invest in such investment or the proposed transaction in respect of such investment is not consummated, the Fund will bear the interest and other expenses relating to any such borrowing or investment. Where appropriate, and in the Adviser's sole discretion, the Adviser reserves the right to charge interest on the purchase to the co-investor or Co-Investment Vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne solely by the relevant Fund(s).

The Adviser reserves the right to establish additional investment vehicles managed or advised by the Adviser or an affiliate thereof to facilitate the participation of third party investors (who will not necessarily be Fund investors, whether established in connection with such investor's investment in the Fund or otherwise), including "standing," dedicated or committed Co-Investment Vehicles, which will not necessarily be subject to more favorable rights and/or terms than a Fund. Certain Co-Investment Vehicles could be fully committed and provide the investors therein with no discretion regarding the deployment of capital. The use of a Co-Investment Vehicle could have the impact of blending an investor's effective Advisory Fee rate (and/or Carried Interest rate) down and the Adviser potentially generally will be incentivized to allocate co-investment opportunities to discretionary vehicles with higher effective fees, carried interest or other performance-based compensation rates. The Adviser also reserves the right to provide certain Co-Investment Vehicles with priority rights to participate in co-investment opportunities alongside a Fund, or the Adviser could agree to allocate co-investment opportunities to one or more Co-Investment Vehicles in a programmatic manner. The terms of any Co-Investment Vehicle will not be subject to any "most favored nations" rights, notwithstanding that such terms could have been agreed to simultaneously with an investor's investment in a Fund, and that such Co-Investment Vehicle will be permitted to invest alongside a Fund periodically or programmatically, effectively modifying the economic terms of such investor's participation in such shared investments. The amount and frequency of co-investment by any Co-Investment Vehicle would be at the discretion of the Adviser. It is likely that the existence of any Co-Investment Vehicle would result in fewer co-investment opportunities to investors who do not participate therein and allocations to the Co-Investment Vehicles could result in a Fund investing less than it would have in the related investments. Furthermore, to the extent that the Adviser establishes any Co-Investment Vehicles, it has the potential to result in fewer investment opportunities for a Fund and fewer co-investment opportunities being made available to Fund investors. The number of co-investment opportunities made available to Fund investors (if any) could be higher or lower than those made available to the Co-Investment Vehicles.

The Adviser will, from time to time, agree with service providers, joint venture or similar partners, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to a Fund if the investment does not

increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

*Allocation of Secondary Transactions.* To the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationship that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Governing Documents; and
- Such other facts as it deems appropriated under the circumstances in exercising such discretion.

*Conflicts Related to Purchases and Sales.* From time to time, conflicts will arise when one Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction where a Fund has already made an investment. Depending on the circumstances, investment opportunities are appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts are likely to arise in determining the terms of investments, particularly where Funds invest in different types of securities in a single portfolio company. Questions are likely to arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation will often raise conflicts of interest, and the Adviser may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. In those circumstances where multiple Funds hold investments in different classes of a company's or asset's debt or equity, the Adviser generally expects to, as practicable and to the extent permitted by applicable law, take steps to reduce the potential for adversity between the Funds. Any such step could have the effect of benefiting one Fund (or the Adviser) and will not necessarily be in the best interests of, or could potentially be adverse to, another Fund.

Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear all or a higher level of fees, costs and expenses (including diligence and transaction amounts) than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of costs and expenses relating to the unconsummated transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. There may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, Funds may receive different consideration upon a disposition (for instance, one Fund may receive cash whereas another Fund may be provided the opportunity to receive distributions in-kind), which may impact the realized returns ultimately received by each Fund. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, a Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time as another Fund of the Adviser, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

In certain circumstances, considerations relating to the management of conflicts of interest could adversely affect or limit a Fund. For example, the Adviser could decide not to pursue or proceed with an investment opportunity for a Fund because of an actual or potential conflict of interest. This includes circumstances in which the Adviser has determined that an opportunity cannot or should not be pursued owing to a likelihood or possibility of harm to one or more members of the Adviser or certain Funds (whether reputational or otherwise).

The Adviser expects, from time to time, to have an opportunity to acquire a portfolio or pool of assets, securities and instruments that the Adviser determines should be divided and allocated among the Funds. Such allocations generally would be based on the Adviser's assessment of the expected returns and risk profile of each of the assets. For example, some of the assets in a pool could have a higher return profile, while others could have a lower return profile not appropriate for certain Funds. Also, a pool could contain both debt and equity instruments that the Adviser determines should be allocated to different Funds. In all of these situations, the combined purchase price paid to a seller would be allocated among the multiple assets, securities and instruments in the pool and therefore among the Funds acquiring any of the assets, securities and instruments. Similarly, there will likely be circumstances in which the Funds will sell assets in a single or related transactions to a buyer. In some cases, a counterparty will require an allocation of value in the purchase or sale contract, though the Adviser could determine such allocation of value is not accurate and should not be relied upon. The Adviser generally will rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third party valuation reports. Regardless of the methodology for allocating value, the Adviser will have conflicting duties to the Funds when the Adviser buys or sells assets together in a portfolio, including as a result of different financial incentives the Adviser has with respect to different Funds, most clearly when the fees and compensation, including performance-based compensation, earned from the different Funds differ. There can be no assurance that an investment of a Fund will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such investment were acquired or sold independently rather than as a component of a portfolio shared with multiple Funds.

In certain circumstances, a Fund could be required to commit funds necessary for an investment prior to the time that all anticipated debt financing has been secured, and another Fund could provide bridge or other short-term financing and/or commitments, which at the time of establishment are intended to be replaced and/or syndicated with longer-term financing. Such bridge financing and/or commitment would not necessarily be considered a “co-investment” under a Fund’s Governing Documents and would be sold down ahead of equity invested by a Fund. In any such circumstance, a Fund and/or the Adviser would likely be permitted to receive compensation for providing such financing and/or commitment (including ticking or commitment fees), which fees will not be shared with Fund investors and/or otherwise result in an offset of Advisory Fees. The conflicts applicable to Funds who invest in different securities of portfolio companies will apply equally to the Adviser in such situations.

In certain transactions, a Fund can commit and/or provide financing to third parties that bid for and/or purchase assets of another Fund and its portfolio companies. Although the Adviser believes that the participation by a Fund in such debt financings could be beneficial to other Funds by supporting third parties in their efforts to bid on the sale of investments or assets by Funds, the Adviser will have an incentive to cause a Fund or relevant portfolio company to select to sell an asset to a third party that obtains debt financing from another Fund to the potential detriment of the selecting or selling Fund. Often, price is the deciding factor in selecting a winning bid, but other factors at times cause a seller to select another bid. The Adviser could thereafter cause a Fund or a portfolio company to sell an investment or asset to a bidder that has received financing from another Fund, even when the bidder has not offered the most consideration for the asset. Fund investors rely on the Adviser to select in its sole discretion the best overall bidder in sales of Fund investments or assets, despite any conflict related to the parties financing the bidder.

The transactions described herein raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and generally there can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment’s fair value. In certain circumstances, a Fund is authorized under its Governing Documents to participate in a transaction with another Fund if the Fund is able to obtain a third party value (e.g., a market value, a value supported by a majority of the unaffiliated equity owners of the portfolio company or the opinion or other presentation of an unaffiliated third party (including the use of a Consultant or investment banker to support the valuation of a purchase or sale price)) or by obtaining the consent of the Fund’s Board of Advisers or the Fund’s investors. In addition, the Adviser is permitted to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund(s) under then-current market conditions. Notwithstanding the foregoing, any such transaction could in any event require the consent of the Board of Advisers of such Fund acquiring the portfolio company and there is no assurance such consent will be obtained. The Adviser intends that any such transactions be conducted in a manner that it believes to be appropriate to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

If a Fund enters into any indebtedness or guaranty with another Fund on a joint and several basis, it is expected that each Fund would bear its proportionate share of such indebtedness or guaranty. In administering or seeking to enforce this arrangement, the Adviser will be subject to conflicts of



interest between the Funds. It is possible that, if and when a Fund were to seek to enforce any such right, any such other Fund could default on its obligation and/or such right could otherwise be unenforceable. Additionally, in connection with seeking financing or refinancing of portfolio companies and their assets, it could be the case that better financing terms are available when more than one portfolio company provides collateral, particularly in circumstances where the assets of each portfolio company are similar in nature. As such, rather than seeking such financing or refinancing on its own, a portfolio company of a Fund is permitted to enter into cross collateralization arrangements with another portfolio company of other Funds. While the Adviser would expect any such financing arrangements to generally be non-recourse to the Funds, as a result of any cross-collateralization, a Fund could also lose its interests in otherwise performing investments due to poorly performing or non-performing investments of another Fund.

A Fund and its portfolio companies are permitted to purchase investments or assets from or sell investments or assets to the Fund's investors, portfolio companies of other Funds, other Funds' investors or their respective related parties, including parties which Fund investors or portfolio companies own or have invested in. In certain circumstances, it can be expected that the proceeds received by a seller from a Fund in respect of an investment or asset will be distributed, in whole or in part, to a related party (i.e., a Fund investor, other Funds and/or portfolio companies thereof) of the Fund when such related party indirectly holds interests in such underlying investment or asset through the seller (including, e.g., in such related party's capacity as an investor in such seller). In such circumstances, Fund investors, other Funds, portfolio companies or their respective related parties would likely also have limited governance rights in respect of such seller or such investment or asset. Purchases and sales of investments or assets between a Fund or its portfolio companies, on the one hand, and the Fund's investors and/or portfolio companies of another Fund and its investors or their respective related parties, on the other hand, are not subject to the approval of the Board of Advisers except as expressly required under a Fund's Governing Documents or applicable laws or regulations. The Adviser will have conflicting duties to a Fund and another Funds when a Fund sells assets to another Fund, including because of different financial incentives the Adviser could have with respect to Funds. There can be no assurance that any assets sold by a Fund to another Fund will not be valued or allocated a sale price that is lower than might otherwise have been the case if such asset were sold to a third party rather than to another Fund. The Adviser will not be required to solicit third-party bids prior to causing a Fund to sell an asset to another Fund as provided above. There can be no assurance that any bidding process will not be negatively impacted by the presence of another Fund.

In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect one or more of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. Certain Funds and their affiliates invest in bank debt and securities of companies in which other Funds hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund are likely to be in conflict with the interest of such other Fund, particularly in

circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, even though such actions would harm another Fund's equity investment in the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds will be prohibited from exercising voting or other rights and are likely to be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary for a portfolio company, as a result of financial or other difficulties of a portfolio company or to finance growth or other opportunities, the Funds generally will not be required to provide such additional capital and each Fund generally will supply such additional capital in such amounts, if any, as determined in the sole discretion of the Adviser, subject the terms of the relevant Fund Governing Documents, and considering such factors as each deems relevant. In the event one Fund is unable to fund its share of additional capital (*e.g.*, in the event such Fund does not have sufficient available capital or is otherwise restricted from funding such amounts), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund in a portfolio company will also raise the risk of using assets of one Fund to support positions taken by the other Fund or that a client may remain passive in a situation in which it is entitled to vote. When called upon to take action with respect to an investment (*e.g.*, to sell, to vote, or to exercise a right or remedy) a Fund's overall holdings, and related rights, may be such that it is in such Fund's best interest to take action (or refrain from taking action) in a manner that would be contrary to the interest of a person holding only the particular class of interest on which the right is conferred, when doing so is in the overall best interests of such Fund based on its overall holdings. In these circumstances, Funds that have co-invested in some, but not all, of the classes of interests of the issuer held may be disadvantaged.

When considering whether to pursue a particular course of action, including asserting available claims or remedies, factors that may be considered include the costs of pursuing the course of action (or alternative courses of action) and the likelihood of a favorable outcome. As a result, not every potential claim or course of action will be pursued and it will not always be the case that conflicts will be able to be resolved in the best interest of any particular Fund, nor can there be any assurance that actual or potential conflicts of interest can be resolved such that the ultimate terms of an investment (or an amendment to such terms) will be as favorable as they would be in the absence of such conflicts.

The application of a Fund's Governing Documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed. Employees and related persons of the Adviser have made or are likely to make capital investments in or alongside certain Funds, and therefore will have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

From time to time, the Adviser will, in its discretion, enter into transactions with investors in one or more Funds, prospective investors in a Fund, co-investors, Adviser Investors or Third-Parties to dispose of, or “sell down,” all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will comply with the requirements set forth in the Governing Documents of the applicable Fund(s), or to the extent not addressed in the Governing Documents of the applicable Fund(s), the Adviser will likely consider some or all of the factors listed above under “*Allocation of Fees and Expenses; Allocation of Investment Opportunities Among Clients; Allocation of Co-Investment Opportunities and Allocation of Secondary Transactions.*” Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means the Adviser may not obtain the highest price for the transaction, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. Subject to the applicable organizational documents of the Co-Investment Vehicle, the Adviser typically charges, but could decide not to charge, a co-investor (such as a Fund investor, an Adviser Investor, third party investor, another Fund or prospective investors in a Fund) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable Co-Investment Vehicle. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will provide equity and/or debt capital to consummate the transaction. Furthermore, in certain instances, the Funds will also enter into (i) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (ii) full guarantee arrangements where a Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While committed co-investors would be obligated to pay their proportionate share of the equity purchase price and their portion of related expenses, if such co-investors are not party to a binding definitive agreement at the time of such sale or at the time such reverse termination fee is due, such co-investors would have no such obligation and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. Therefore, if there is no arrangement between the Fund and a Co-Investment Vehicle that requires such Co-Investment Vehicle to pay its proportionate share of the equity purchase price (if any) or in the unlikely event that a Co-Investment Vehicle defaults on such arrangement with the Fund, the Fund would be held responsible for the entire equity purchase price or other applicable obligations.

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Adviser has a material relationship, in which case the Adviser could have an incentive to cause the Fund or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

*Cross-Transactions.* From time to time, the Adviser will cause a Fund to purchase investments from another Fund or cause a Fund to sell investments to another Fund, including in situations where one

Fund will warehouse an investment for another Fund. In doing so, the Adviser expects to (i) use an unaffiliated broker-dealer or custodian to execute such cross-transaction and could pay such broker-dealer or custodian in connection therewith, or (ii) execute a cross-transaction directly without the use of a broker-dealer or custodian, in which case the Adviser will not receive compensation to effect such transaction. Any compensation, expenses or other transaction costs associated with a cross-transaction are expected to be allocated among the participants based upon the expenses that relate to each such party unless the Adviser determines in its sole discretion that a different allocation would be fairer and more equitable, subject in each case to the relevant Funds' Governing Documents. Such transactions create conflicts of interest. For instance, in the event the buy and sell transaction is not exposed to market forces, there is a chance that a Fund will not receive the best price otherwise possible, or the Adviser will have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund (or the Adviser as a result of its interests in a particular Fund) vis a vis the other Fund, and one Fund may (a) incur expenses in excess of the amount that it would have incurred or that it would not have incurred or (b) forego gains that would have been obtained had it not entered into such transaction. For example, the Adviser may be incentivized to support a less successful portfolio company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide the Adviser additional time to potentially manage it to a successful exit and increase the likelihood of the Adviser or an affiliate receiving Carried Interest. Conversely, the Adviser may be incentivized to sell an attractive investment in an older Fund to a newer Fund to increase the amount of fees received by the Adviser or an affiliate with respect to such an investment. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and generally there can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Additionally, in connection with such transactions, the Adviser, and/or its professionals (i) could have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser generally receives Advisory Fees or other fees in connection with their management of the relevant Funds involved in such a transaction and are generally entitled to share in the investment profits of the relevant Funds (including, for the avoidance of doubt, Carried Interest in such Funds). The Funds also generally pool their assets in order to create a portfolio to use in a collective financing vehicle.

Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Adviser's consideration of the particular terms (including the fee terms) of the Funds and the Adviser's interest in such Funds. Depending on the structure of such transaction, such acquisition or merger may result in the acquiring Fund purchasing an interest in another Fund's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Adviser may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with

any such transaction will be borne by such Funds in accordance with such Funds' Governing Documents and to the extent not addressed in the applicable Governing Documents, on an allocation that the Adviser deems in good faith to be fair and reasonable.

To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser will be responsible for (i) considering its respective duties to each Fund, (ii) determining whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtaining any required approvals of the transaction's terms and conditions, which typically include approval from the relevant Fund's Board of Advisers.

*Principal Transactions.* Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

*Warehousing Investments.* One or more Funds may acquire an investment or make a follow-on investment in an existing investment and sell all or a portion of such investment to another Fund shortly thereafter. Generally, in these situations, any such investment is expected to be acquired from a Fund at a valuation consistent with such Fund's Governing Documents. However, there is no guarantee that the value of the investment will not have fluctuated, including declining significantly, between the time of acquisition and the date the investment is transferred to the acquiring Fund, but such Fund will remain obligated to acquire such investment for the pre-agreed amount.

*Management of the Funds.* The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or Adviser Personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. Allocation of available investment opportunities among such Funds gives rise to conflicts of interest. See "*Allocation of Fees and Expenses; Allocation of Investment Opportunities Among Clients; Allocation of Co-Investment Opportunities and Allocation of Secondary Transactions*" above. The Adviser may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally may not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result

in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that Adviser Personnel responsible for managing a particular Fund will have responsibilities with respect to other Funds or vehicles managed or sponsored by the Adviser, including, without limitation, Funds raised in the future or to proprietary investments made by the Adviser and/or Adviser Personnel of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these Adviser Personnel. Adviser Personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

In addition, the Adviser receives or obtains various kinds of data and information from the Funds and their portfolio companies, Fund investors and service providers, including data and information relating to business operations, trends, budgets, customers, carbon emissions and other metrics, some of which is sometimes referred to as “big data.” The Adviser can be expected to be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to (and rights regarding) this data and information from the Funds, their portfolio companies and investors in the Funds. The Adviser has entered and will continue to enter into information sharing and use measurements and other arrangements with the Funds, their portfolio companies, Fund investors, related parties and service providers, which will give the Adviser access to (and rights regarding) data that it would not otherwise obtain in the ordinary course. Although the Adviser believes that these activities improve the Adviser’s investment management activities on behalf of the Funds, information obtained from the Funds, their portfolio companies and investors in the Funds also provides material benefits to the Adviser, and other Funds with respect to data related to a Fund, without compensation or other benefit accruing to Funds or Fund investors. For example, information from portfolio companies of a Fund, without compensation to the Fund or its portfolio companies, can be expected to enable the Adviser to better understand a particular industry or sector and execute trading and investment strategies in reliance on that understanding for the Adviser and other Funds that do not own an interest in the portfolio company. Further, data is expected to be aggregated across the Funds and their respective portfolio companies and, in connection therewith, the Adviser would serve as the repository for such data, including with ownership and use rights therein.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information and limitations on the use and distribution thereof, and regulatory limitations on the use of MNPI (as defined below), the Adviser generally is free to use data and information from a Fund’s activities to assist in the pursuit of the Adviser’s various other activities, including to trade for the benefit of the Adviser or other Funds. Subject to the terms of the Fund Governing Documents, confidentiality obligations in a Fund’s partnership agreement generally do not limit the Adviser’s ability to do so. For example, the Adviser’s ability to trade in securities of an issuer relating to a specific industry could, subject to applicable law, be enhanced by information of a portfolio company in the same or related industry. Such trading can be expected to provide a material benefit to the Adviser without compensation or other benefit to the Funds or Fund investors.

The sharing and use of “big data” and other information presents potential conflicts of interest and any benefits received by the Adviser or the Adviser Personnel (including fees (in cash or in kind), costs and expenses) will not be subject to Advisory Fee offset provisions or otherwise shared with

the Funds or Fund investors. As a result, the Adviser has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits the Adviser and multiple Funds.

*Follow-on Investments.* Investments to finance follow-on acquisitions present conflicts of interest, including the determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund will on occasion participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

*Conflicts Relating to Transactions with Affiliates.* From time to time, the Adviser will, in its discretion, and subject to requisite approvals, (i) recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (a) the Adviser, a related person of the Adviser (including but not limited to a portfolio company of a Fund), or an affiliate of one of the Adviser's direct or indirect owners (including for the avoidance of doubt, ArcLight Development Services (as further described in "*ArcLight Services Platform*") below or (b) an entity or individual with which the Adviser or an Adviser Personnel has a relationship (including, but not limited to, a third-party service provider utilized by the Adviser) or from which the Adviser or an Adviser Personnel otherwise derives financial or other benefit or (ii) contract with any related person of the Adviser or an affiliate of one of the Adviser's direct or indirect owners to perform services for the Adviser in connection with its provision of services to the Funds. Such relationships may influence decisions that the Adviser makes with respect to the Funds. When making such a recommendation, the Adviser will generally, because of its financial or other business interest, have an incentive to recommend the related entity or other person even if another entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Adviser Personnel and other related persons of the Adviser have made and may make capital investments in certain Funds. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments.

Multiple third parties (collectively, the “Minority Investors”) currently own a minority interest in the Adviser. The Minority Investors do not have any authority over the day-to-day operations or investment processes, or decisions of the Adviser related to the Funds, but such Minority Investors have certain customary minority protections with respect to their ownership interests in the Adviser. Subject to any restrictions or approvals in the Funds’ Governing Documents, the Adviser reserves the right to permit additional persons to become minority investors in the Adviser. Certain investment funds or separate accounts managed by Goldman Sachs Asset Management, L.P. (“GSAM”) or its subsidiaries collectively own a significant indirect interest in the Adviser. Certain GSAM affiliates may provide various services to the Funds, or portfolio companies thereof, including, without limitation, custody, distribution, transfer agency, administrative, lending or other services, broker, dealer, agent, lender and advisory services. As an example, a portfolio company could hire a GSAM affiliate to provide underwriting, merger advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services or other services to such portfolio company. Given the relationship between the Adviser and GSAM, the Adviser may have an incentive to recommend or utilize a GSAM affiliate rather than a third-party, even if another entity or person may be regarded as more qualified to provide the applicable services and/or may be able to provide such services at a lesser overall cost.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, there is a chance that the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses, which could result in lower returns to investors. Adviser Personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, the Funds’ Governing Documents will not preclude Funds from undertaking any of these investment activities or transactions.

*Material Non-Public Information.* As a result of the operations of the Adviser, the Adviser and Adviser Personnel will come into possession of confidential or material, non-public information concerning specific companies (“MNPI”), including as a result of certain Adviser Personnel serving on the boards of directors of companies, including portfolio companies of the Funds or other companies affiliated with the Adviser’s current or former affiliates, and as a result of Adviser Personnel participating in sales, recapitalizations or other process for potential portfolio companies. As a consequence of the Adviser’s inability to use MNPI for investment purposes under applicable securities laws and/or the Adviser’s internal policies and procedures, a Fund’s investment flexibility could be constrained. For example, a Fund will be restricted from initiating a transaction or selling an investment which, if MNPI had not been known to it, could have been undertaken. Due to these restrictions, a Fund occasionally may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. Each of the Adviser and the Funds anticipates that, to minimize the impact of such restrictions, the Funds will elect not to receive MNPI in certain situations in which such an election is available. If Adviser Personnel obtains MNPI about



an issuer, a Fund will be prohibited by law, policy or contract, for a period of time, from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer and/or (iii) pursuing other investment opportunities related to such issuer, which could impact the investment returns generated for the Funds. The Adviser will be under no duty or obligation to disclose to, or use for the benefit of, a Fund any information in relation to any transaction in which it, or any person to whom it owes a duty, has an interest.

*Fee Structure.* The Funds often have fixed investment periods after which capital from investors in the Funds is only permitted to be drawn down in limited circumstances, and Advisory Fees are, at certain times during the life of certain Funds, based upon capital invested by the Funds. This fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partner of each Fund (except for the Feeder Vehicles) is entitled to Carried Interest under the terms of such Fund's Governing Documents. The existence of the Carried Interest creates an incentive for a General Partner to cause such Fund to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in a Fund, any clawback obligation of a General Partner (as described below) and the fact that a preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of Adviser Personnel.

Pursuant to the Governing Documents, a General Partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for such General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for such General Partner.

In addition, the Adviser is incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing Advisory Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of any clawback obligation of such General Partner. Where the Advisory Fee is calculated based on the valuation of an investment, or a determination of whether an investment has been written off or written down, the Adviser will have an incentive to make determinations that result in the continued payment of, or a higher, Advisory Fee. In situations where the Advisory Fee is calculated based on committed capital or contributed capital, the Advisory Fee generally will not be reduced based on reductions in investment value, and any portion of a portfolio investment that otherwise would have been deemed disposed of will be treated as having been disposed of (thereby reducing the Advisory Fee base) only to the extent that, as of the date of any such disposition, the aggregate fair value of all remaining Fund investments (as determined by the General Partner in accordance with its valuation procedures) in such portfolio investment is less than the Fund's aggregate existing and former capital contributions (and borrowings outstanding under a subscription facility in lieu thereof) made with respect to such portfolio investment. Moreover, for the avoidance of doubt, in such cases, the Advisory Fee will not in any event be reduced as a result of any reorganization or restructuring of, or similar transaction related to, an investment that does not result in the complete disposition of a Fund's interest therein (even in cases where the value of a Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such reorganization, restructuring or similar transaction), and in

such cases, Fund investors will continue paying Advisory Fees based on committed capital or contributed capital, as applicable in situations where the Advisory Fee is based on committed capital or contributed capital, regardless of any such transaction. The lack of a requirement to reduce Advisory Fees in connection with any reorganization or restructuring of, or similar transaction related to, an investment presents certain conflicts between the interests of the Adviser and the interests of Fund investors, including by incentivizing the Adviser to pursue such transactions that would result in the continued payment of Advisory Fees. In addition, because in certain instances the Advisory Fee base will be dependent on the aggregate fair value of all remaining Fund investments in a portfolio investment, the Adviser faces potential conflicts of interest in exercising its discretion in determining the fair value of portfolio investments. If, following the expiration of a Fund's commitment period, the Advisory Fee is expected to be calculated based on the Fund's invested capital (which includes, subject to a Fund's Governing Documents, certain borrowings by a Fund), this creates an incentive for the Adviser to hold investments longer than would otherwise be the case.

Current and former employees of the Adviser and certain persons who are not current or former employees of the Adviser or any of its affiliates (including a General Partner), will be invited to invest a Fund or related entities without paying Advisory Fees or Carried Interest distributions or at reduced rates. To the extent that Adviser Personnel are assigned different percentages of Carried Interest distributions in Funds, while mitigated through ArcLight's Conflicts Committee, such personnel are subject to potential conflicts of interest, to the extent such personnel are involved in identifying investment opportunities and determining the appropriate Funds to which such identified investment opportunities should be allocated because such personnel are incentivized to allocate such opportunities to the Funds from which they are entitled to receive a higher incentive distribution percentage.

*Fund Level Borrowing.* Certain parties participating in an investment (including a General Partner and any co-investment party and/or joint venture partner) are not expected to bear their pro rata share of expenses relating to a subscription facility or other borrowing arrangement used for making an investment (including, without limitation, interest expenses, origination and other costs). The Funds may also utilize its credit facilities to benefit co-investment parties. As a result, although co-investors generally bear a portion of the expense related to the use of a subscription facility or other arrangement, the Fund may bear a disproportionate cost in connection with the extension of credit. In addition, because General Partners, co-investment parties and/or joint venture partners are not expected to be parties to a subscription facility or other borrowing arrangement, the Funds will bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties.

In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds. Borrowings of this kind (i) are secured by the same collateral under a Fund's credit facility and (ii) are guaranteed by such Fund itself. In such instances the Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including direct investments by the applicable General Partner and any co-investor) benefit from the credit risk of the Fund in incurring the debt or providing credit support.

Borrowings under a Fund's credit facility may affect a Fund's investors in several ways. To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of

interest on such borrowed funds. As a result, a Fund's use of borrowed funds will impact the calculation of net performance metrics and generally (i) increase such Fund's net internal rate of return as investors in such Fund contribute capital later than they would have otherwise been required absent such borrowings and (ii) lower such Fund's net return on investment due to the reduction of such Fund's overall investment profits resulting from the payment of interest on such borrowings. The payment of interest on borrowed funds that reduces a Fund's overall investment profits also reduces the Carried Interest received by such Fund's General Partner. However, the use of borrowed funds could result in such Fund's General Partner receiving such Carried Interest earlier than it otherwise would have by reducing the amount of Fund distributions that are required to be made to Fund limited partners in satisfaction of any preferred return. A General Partner therefore has a conflict of interest in deciding whether to borrow funds because such General Partner may receive benefits from such borrowings that it otherwise would not have received absent such borrowings.

To the extent a credit facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time during which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. The batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. See "*Use of Leverage*" above.

*Insurance.* A Fund will purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) to insure the Fund, portfolio companies, the Adviser and its affiliates, Adviser Personnel and members of the Board of Advisers and other indemnified parties against liability in connection with the activities of the Fund and its portfolio companies. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella," group or other insurance policies maintained by the Adviser that cover one or more of the Funds, the Adviser and its affiliates, Adviser Personnel and members of the Board of Advisers. The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella," group or other insurance policies among one or more of the Funds, the Adviser and/or its affiliates, in its sole discretion, and could make corrective allocations should it determine subsequently that such corrections are necessary or advisable.

The relevant liability standards under insurance coverage procured by the Adviser are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverage from time to time are expected to vary from relevant liability and/or indemnity standards. A Fund generally will be responsible for insurance premiums, as set forth in the Fund's Governing Documents, regardless of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Fund's Governing Documents.

*Cross-Guarantees and Cross-Collateralization.* A counterparty, lender or other participant in any transaction to be pursued by a Fund (other than parallel funds and alternative investment vehicles) could require or prefer facing only one Fund entity or group of entities, which would result in any Fund, its respective portfolio companies and/or other vehicles being jointly and severally liable for such applicable obligation (subject to any limitations set forth in the applicable Fund Governing Documents), which, in each case, could result in a Fund, such portfolio companies and/or vehicles

entering into a back-to-back or other similar reimbursement agreement. In such situation, better financing terms could be available through a cross-collateralized arrangement, but it is not expected that any Fund, portfolio company or vehicle would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third-party counterparty. Also, it is expected that cross-collateralization generally will occur at portfolio companies rather than a Fund for obligations that are not recourse to the Fund except in limited circumstances such as “bad boy” events. Any cross-collateralization arrangements with Funds, or among portfolio companies of a Fund and other Funds, could result in a Fund losing its interests in (and/or a loss in value in) otherwise performing investments due to poorly performing or non-performing investments of other Funds in the collateral pool or such persons otherwise defaulting on their obligations under the terms of such arrangements. Fund investors could also be required to fund capital contributions to cover a Fund’s obligations under such a default. Through cross-collateralization, a Fund can, in certain circumstances, be exposed to risks associated with borrowings or other indebtedness of other Funds, including when such other entities are not in turn exposed to risks associated with a Fund’s borrowing for a similar purpose (if, for example, such other entities or the partners thereof are excused from cross-collateralizing certain fund expenses, management fees or other obligations of a Fund).

*Diverse Investor Base with Conflicting Interests.* The investors in the Funds include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors typically relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest often arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are often more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. In selecting, structuring, acquiring and disposing of investments appropriate for a Fund, the Adviser intends to consider the investment, tax and other relevant objectives of the applicable Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some investors than to others or to the Adviser than to a particular investor. In addition, each Fund will make investments without regard to the impact on related investments made by the Fund investors in separate transactions unrelated to their interest in any Fund. In voting on matters related to a Fund, investors will be permitted to consider only their own interests and preferences, which may conflict with the interests and preferences of other investors and will owe no fiduciary duty to consider the interests of other investors.

*Business with and Among Portfolio Companies and Investors.* Given the collaborative nature of the Adviser’s business and the portfolio companies in which the Funds have invested, situations arise where the Adviser is in the position to recommend the services of a portfolio company to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments, discounts and/or other benefits to the Adviser, an affiliate or a portfolio company. The Adviser has a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended will not always necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser will likely have an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended will not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund have in the past and may in the future enter into commercial arrangements to provide services to the Adviser, certain Fund investors, other portfolio companies, prospective investors or other related parties, including parties which Funds, portfolio companies or Fund investors own or have invested in. Such arrangements could be more or less advantageous to a Fund and/or its portfolio companies relative to other Funds and/or portfolio companies, and are not subject to the approval of the Board of Advisers except as expressly required under a Fund's Governing Documents or applicable laws or regulations. This creates a conflict of interest, as the Adviser could indirectly benefit from either side of an arrangement and has an incentive to cause the portfolio company to favor the Adviser, or those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Current and former officers and executives of portfolio companies may also invest in a Fund. While the Adviser believes this aligns portfolio company management teams with the best interests of the Fund, the Adviser may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Adviser occasionally engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. The performance and operations of a competitor,

customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

The members of a Main Fund's Board of Advisers are, or in the future could be, officers or directors of, or otherwise affiliated with, investors in another Fund, including as a member of another Fund's Board of Advisers.

The Adviser may, from time to time hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

*Positions with Portfolio Companies.* From time to time, Adviser Personnel serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such Adviser Personnel's fiduciary duties as a director conflict with those of the Fund, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives MNPI by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an Adviser Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Adviser Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund or is not in the best interest of the portfolio company. Adviser Personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company. In addition, to the extent an Adviser Personnel serves as a director on the board of more than one portfolio company, such Adviser Personnel's fiduciary duties among the two portfolio companies may create a conflict of interest. Certain decisions made by a director may subject the Adviser, its affiliates or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. To the extent not prohibited by applicable law and subject to any limitations in a Fund's Governing Documents, the Funds will indemnify the Adviser and Adviser Personnel from such claims. Adviser Personnel serving in a director or observer role are required to remit any remuneration they may receive as directors to the applicable Funds.

From time-to-time, Adviser Personnel may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such person's employment with the Adviser. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such Adviser employee or former

employee is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

In addition, the Adviser may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

The Adviser is expected to have the right to appoint portfolio company board members (including current or former Adviser Personnel), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the Adviser or Adviser Personnel by such portfolio company, and, except to the extent such amounts are subject to Fund Governing Document provisions, are in addition to the Advisory Fee or Carried Interest with respect to such Fund. The Adviser's authority to appoint or influence the appointment of portfolio company board members who could be involved in approving compensation payable to the Adviser or Adviser Personnel subjects the Adviser and any such portfolio company board appointees to conflicts of interest.

Additionally, a portfolio company typically will reimburse the Adviser and Adviser Personnel for certain expenses (including travel expenses) incurred by such person or entities in connection with the performance of services for such portfolio company. This subjects the Adviser to conflicts of interest because a Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Such reimbursements will neither be shared with Fund investors nor offset or otherwise reduce the Advisory Fee. The Adviser will determine the amount of such reimbursements in its sole discretion and in accordance with its internal reimbursement policies and practices. The amount of specific reimbursements generally is not expected to be disclosed to investors in a Fund, however, their effect will be reflected in the Fund's audited financial statements (e.g., through the valuation of portfolio companies), and any payments or reimbursements to the Adviser generally will be subject to agreements with sellers, buyers and management teams and/or the review and supervision of a portfolio company's board of directors or lenders and/or third party co-investors in the applicable transaction.

*Side Letter Agreements; Board of Advisers Rights.* The Adviser will often enter into certain Side Letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different information and reporting rights, priority co-investment rights or targeted co-investment amounts, rights to serve on the Board of Advisers, economics, fees and excuse or exclusion rights, waiver of certain confidentiality obligations, confidentiality protections and disclosure rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, modification of default remedies, liquidity or transfer rights and arrangements with respect to broker's and finder's fees. These Side Letter arrangements are often subject to contractual "most favored nation" protections in a Fund's partnership agreement. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to

disclose the terms of Side Letter arrangements with other investors in the same Fund. Also, as a general matter, investors will have no recourse against a Fund, the applicable General Partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such Side Letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, Side Letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

The Adviser is likely to have its own economic and/or other business incentives to provide certain terms to certain Fund investors (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a Fund investor to provide sourcing or other services to the Adviser and Adviser Personnel or a Fund), or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser and Adviser Personnel, or a Fund. Further, Side Letters are also expected to relate to strategic relationships under which a Fund investor agrees to make commitments to multiple Funds. Side Letters subject the Adviser to conflicts of interest, including in circumstances where an investor's right to serve on the Board of Advisers results in an investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors would be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a consequence of one or more investors being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments. Although the Adviser believes it to be unlikely, excuse rights requested or received by one or more investors (or such regulatory, tax or other factors applicable to such investors) representing a substantial percentage of a Fund has the potential to create significant variations in investor investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by the Adviser on behalf of a Fund as a whole. An investor's voting rights for regulatory or other reasons can be limited in circumstances specified in Fund Governing Documents; conversely, a limitation on one or more investor's voting rights generally will increase the relative voting rights percentage of other investors in a Fund.

Many of the Funds have established a Board of Advisers, consisting of representatives of certain investors. A conflict of interest may exist when some but not all limited partners are permitted to designate a member to the Board of Advisers because those designating limited partners will, for instance, have greater information rights. The Board of Advisers may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the Board of Advisers. Representative of the Board of Advisers may have various business and other relationships with the Adviser and Adviser Personnel. These relationships may influence the decisions made by such members of the Board of Advisers.

In addition, members of one Fund's Board of Advisers may also be a member of another Fund's Board of Advisers. In such instances, a conflict of interest exists because the Funds on which such overlapping Board of Advisers members may have conflicting interests and such Board of Advisers



members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

*Possibility of Different Information Rights.* Certain investors are expected to request information from the General Partner relating to a Fund and, to the extent such information is readily available or can be obtained without unreasonable effort or expense, the General Partner will, subject to any confidentiality requirements and its duty to act in the best interests of the Fund, generally provide such investors with the information requested. Furthermore, certain investors are expected to receive information with respect to portfolio companies by virtue of such investor's participation in Funds. Investors that request and receive such information could consequently possess information regarding the business and affairs of a Fund or a portfolio company that is not generally known to other investors. As a result, certain investors will be able to take actions on the basis of such information that, in the absence of such information, other investors do not take. If the disclosure of such information is within the General Partner's discretion, the General Partner reserves the right to deny requests for requested information pursuant to Fund Governing Documents.

*Separate Accounts.* To accommodate the needs of one or more specific investors (or related group of investors), the Adviser reserves the right to form, sponsor or manage one or more separate accounts, managed accounts, investment entities or similar arrangements for the benefit of one or more specific investors (or related group of investors) that will be managed by the Adviser and follow an investment strategy and approach that is similar to or overlaps with, in whole or in part, the investment strategy and approach of a Fund (collectively, "Separate Accounts"). Such Separate Accounts will not be considered successor funds or parallel funds under a Fund's Governing Documents and will be permitted to invest in certain securities or other investments eligible for purchase by a Fund (but would not necessarily invest in every investment made by a Fund). To the extent investment opportunities fall within the common objectives and guidelines of a Fund and any Separate Account, the allocation of such investments between the Fund and any such Separate Account will, subject to the terms of a Fund's Governing Documents, in certain cases be pro rata based on available capital; however, the Adviser will in other certain cases allocate such investments on another basis that the Adviser determines to be consistent with the investment allocation factors discussed under "*Allocation of Investment Opportunities Among Clients*" in its sole discretion.

Without limiting the foregoing, the Adviser also reserves the right to form one or more Separate Accounts that can invest in multiple Adviser strategies, including the strategy pursued by a Fund. Given the multi-strategy orientation of any such Separate Account, it will not be deemed a parallel fund or other related entity of a Fund. If any such Separate Account makes investments in the strategy pursued by a Fund, then it is anticipated that such investment opportunities generally will be allocated in a manner the Adviser determines to be appropriate, in its sole discretion.

The Adviser reserves the right in the future to organize one or more Separate Accounts that (i) will be permitted to make investments that exceed any investment restriction of a Fund or otherwise are not prudent for a Fund to make on its own or (ii) will consistently invest alongside a Fund on a scheduled or formulaic basis. Such Separate Accounts will, in certain situations, reduce the allocation of any investment opportunity to a Fund. Following each closing of a Fund (or the closing of any such Separate Account), the Adviser shall have the ability to rebalance investments alongside a Fund and any such Separate Account as the Adviser deems appropriate in its sole discretion considering such factors as it deems relevant.

*Other Side-by-Side Investments and Separate Accounts.* The Adviser reserves the right in its sole discretion to offer strategic and other investors (including one or more Fund investors) the opportunity to participate in one or more Fund investments on a side-by-side basis, subject to the allocation procedures described in “*Allocations of Investment Opportunities among Clients*” above. The terms of any such investment opportunity will be determined by the Adviser, including any advisory fee or carried interest charged in connection therewith, and will likely vary with respect to any such investment opportunity. In addition, the Adviser and Adviser Personnel are permitted to manage assets for one or more advisory clients through a Separate Account or similar arrangement employing an investment strategy investing in parallel with, or similar to, the strategy of a Fund. Such arrangements generally will afford those clients different terms than Fund investors with respect to fees and expenses, subscription, withdrawal and redemption rights and the content and frequency of reports.

*Other ArcLight Products.* The Adviser expects in the future to expand its investment management services to offer one or more Funds or single-asset investment vehicles and Co-Investment Vehicles, SPACs, and/or other specialized investment vehicles (collectively, “Other Products”). Other Products will likely give rise to additional conflicts of interest not specifically described herein. There can be no assurance that the Adviser will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund. The Adviser expects that the investment activities of the Other Products generally will also give rise to conflicts of interest in connection with allocating investment opportunities. The potential investments and activities of the Other Products could increasingly overlap with the potential investments and activities of the Funds, and an Other Product could be permitted to invest in the same portfolio companies as one or more Funds or in a target that would otherwise be suited for the Funds. Subject to any requirements set forth in a Fund’s Governing Documents, there can be no assurance that all investment opportunities identified by the Adviser will be made available to a Fund. Notwithstanding the actual and potential conflicts of interest that arise, the Adviser generally expects to determine the allocation of investment opportunities among the Fund and any Other Products in a similar manner as described in “*Allocation of Investment Opportunities among Clients*” above. If Other Products are formed, investment opportunities are permitted to be allocated in any number of ways between the Funds and/or such Other Products, and there can be no assurance that the application of the Adviser’s allocation policies and procedures will result in the allocation of any particular investment opportunity to a Fund. In addition, the application of the Adviser’s allocation policies could result in allocations of investment opportunities among Funds and/or Other Products on an other than pari passu basis. As a result, a Fund will not necessarily fully participate in all investment opportunities falling within its investment objectives.

*Conflicts Relating to Special Purpose Acquisition Companies.* The Adviser and/or its affiliates have sponsored, and may in the future to sponsor, one or more SPACs (“Adviser SPACs”) and, in connection therewith, have received and expect in the future to receive founder shares and private placement warrants in such Adviser SPAC; for the avoidance of doubt, any amounts earned with respect thereto will not reduce the Advisory Fee or be for the benefit of a Fund except to the extent provided in a Fund’s Governing Documents. The issuance of founder shares would have an indirect dilutive effect on the interests of the entity (e.g., a Fund) investing in the SPAC. Founder shares are also expected to have certain preferential rights, such as the exclusive ability to vote for directors

prior to any initial business combination (“IBC”). Based on the typical SPAC’s mandate to merge with a private company, such activity will not be subject to the restrictions on the formation of a follow-on Fund and will fall outside investment activity restrictions set forth in a Fund’s Governing Documents. Conflicts may arise as a result of such activities, including in the event that any such SPAC enters into a transaction with a portfolio company of any Fund, in the event that any Fund determines or commits to make an investment in any current or future SPAC, and in allocating expenses, investment opportunities, and Adviser Personnel time. Specifically, even though a majority of an Adviser SPAC’s board will consist of independent directors, the Adviser or an affiliate will select those independent directors in the first instance and holders of founder shares have the sole authority to elect all directors before any IBC closing. In addition, certain Adviser Personnel will become officers, serve on an Adviser SPAC’s board of directors and/or otherwise assist in the Adviser SPAC’s exploration of potential business combination opportunities. The time spent by such personnel in connection with the Adviser SPAC’s activities will be substantial and can detract from time spent directly managing a Fund’s investments. The Adviser will seek to resolve such conflicts in a manner that the Adviser deems fair and equitable to the extent possible under the prevailing facts and circumstances and that is consistent with the Governing Documents of the applicable Fund and of such SPAC.

In particular, if a Fund commits to invest in an Adviser SPAC (for example, via a forward purchase agreement or a private investment in publicly traded equity securities (a “PIPE Investment”)), conflicts of interest arise with respect to the Adviser’s or its affiliates’ contribution of the at-risk capital and receipt of founder shares and/or private placement warrants, which, as discussed above, will not reduce the Advisory Fee. At the time the SPAC is launched, the SPAC’s sponsor typically commits at-risk capital in exchange for private placement warrants and receives founder shares as the SPAC’s sponsor. If the Adviser or an affiliate commits to fund this at-risk capital, the Adviser or such an affiliate could be incentivized to pursue a deal to avoid losing the value of its at-risk capital. Additionally, the founder shares will only have value to the extent an IBC is consummated. A Fund’s investment in the SPAC (or a commitment by a Fund to invest in the SPAC) indirectly benefits the Adviser as the sponsor of the SPAC as such investment/commitment increases the likelihood of a successful IBC by providing committed capital for the IBC, thereby increasing deal certainty and the SPAC’s attractiveness to potential targets. Also, if a Fund invests in an Adviser SPAC, in addition to its receipt of Advisory Fees and Carried Interest, the Adviser or an affiliate would also have an interest in the SPAC’s founder shares and private placement warrants (which could result in significant value to the Adviser or its affiliate in the event of a successful business combination), which could act as a dual layer of fees/expenses borne by a Fund.

Additional potential conflicts of interest arise if the IBC is between an Adviser SPAC and a portfolio company of a Fund. The sponsor of a SPAC is incentivized to find a target for an IBC within a designated time period, which may cause it to take increased investment risk or complete an IBC on less favorable terms, to avoid losing the value of its at-risk capital, including the value of its founder shares and private placement warrants. In addition, the Adviser or an affiliate would likely receive Carried Interest upon the sale of the portfolio company to the SPAC, which could motivate the Adviser or an affiliate to sell the portfolio company at a higher price, or alternatively to sell a portfolio company to the SPAC at a lower price (including potentially below fair value) in order to increase the value of the founder shares and private placement warrants. All of these factors would incentivize an Adviser SPAC to consummate an IBC, including with a portfolio company.

Conflicts of interest can also arise with respect to the allocation of certain expenses. For example, while not currently expected, an Adviser SPAC could invest in an opportunity initially considered by a Fund and would therefore benefit from such Fund's prior diligence, potentially without any corresponding obligation to reimburse the Fund for the cost of diligence or related expenses. Additional conflicts may arise as a result of a Fund's investment in an Adviser SPAC, including via a forward purchase agreement, direct purchase in the initial public offering, or a PIPE Investment, including for example: (i) if a Fund commits to an optional or revocable forward purchase agreement, the Adviser or its affiliates may decide not to call a Fund's commitment in favor of a third-party PIPE Investment, even if such commitment would be in such Fund's best interest; (ii) to the extent that a Fund is able to redeem or votes its shares in connection with a proposed IBC, the Adviser or its affiliates will control such decisions and will be incentivized not to redeem a Fund's shares and to vote in favor of the IBC in order to enhance deal certainty and the value of its founder shares and private placement warrants; (iii) if a Fund owns public warrants, the Adviser or its affiliates will control whether and when such Fund determines to exercise its warrants, which decision may be influenced by the Adviser or its affiliates' own economic interests in the post-IBC entity; and (iv) to the extent that both a Fund and the Adviser or its affiliates own public shares of the SPAC's post-IBC entity, the Adviser or its affiliates may decide to sell its own public shares at different times or in non-pro rata amounts than those held by a Fund, or may determine to buy additional shares at a time when a Fund determines to sell its shares, or vice versa. In addition, the Adviser or its affiliates may possess MNPI about the SPAC or any post-IBC entity, which may restrict a Fund from buying or selling the SPAC's securities at opportune times.

The Adviser will seek to resolve such conflicts in a manner that the Adviser deems fair and equitable to the extent possible under the prevailing facts and circumstances and that is consistent with a Fund's Governing Documents and the Governing Documents of such SPAC.

*Certain Consultants.* The Adviser, the Funds or their portfolio companies expect from time to time to retain Consultants to provide assistance with deal sourcing, industry insight or due diligence, offer financial and structuring advice and perform other services for the Funds or their respective portfolio companies (including serving on boards of directors (or equivalent) and providing senior advisory services to a portfolio company), including services similar in nature to those provided by the portfolio management team. Such services will, in certain circumstances, be provided to the Adviser or certain Funds on an exclusive basis. The Adviser could make collective arrangements between a Consultant and one or more of the Adviser, the Funds and their portfolio companies whereby each such party (other than such Consultant) compensates such Consultant for his, her or its services to such party. The Funds' share of any retainer fees, success fees, promotes, profit sharing or other fees paid to Consultants ("Consulting Fees and Expenses") will be borne by the relevant Fund(s) or portfolio companies (whether paid by the Fund directly, by a portfolio company or by the Adviser and subsequently reimbursed by the Fund). Such arrangements will, from time to time, result in Consulting Fees and Expenses not always being comparable to costs, fees and expenses charged by other third parties. In addition to Consulting Fees and Expenses, a Fund also generally will bear its share of any travel costs or other out of pocket expenses incurred by Consultants in connection with the provision of their services. Certain Consultants generally make use of the Adviser's resources and receive benefits from the Adviser, including through: inclusion on the Adviser's website or in Adviser marketing materials; receipt of business cards and/or e-mail addresses; use of office space, resources and/or administrative personnel; or communications or other equipment or services and participation in meetings. To the extent that communications or other equipment or services are provided by a Fund

to a Consultant, these costs will be borne by the Fund as a Fund Expense. The Adviser and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. In addition, the Adviser is permitted in its sole discretion to elect to share a portion of the Carried Interest distributions paid by a Fund with one or more Consultants. The decision to permit a Consultant to share in such Carried Interest will not affect such individual's status as a Consultant or a Fund's obligation to pay the other costs, fees and expenses described above. Fees or other payments or benefits received by Consultants in connection with their services, including any amounts paid in connection with particular transactions or investments, will not be considered "Offset Fees" and consequently will not reduce the Advisory Fee or Carried Interest paid by a Fund. The decision by the Adviser to initially perform particular services in-house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties, and the Adviser has no obligation to inform the Fund of such a change. Such services may also supplement or be performed alongside services performed by the Adviser.

Certain Consultants will likely be granted the right to participate alongside a Fund in transactions that they source or for which they provide advice, and the Fund or relevant portfolio company could loan the Consultants funds to make any such co-investments. Such co-investment rights will, in certain cases, result in a Fund investing less capital than it otherwise would have in such transactions. In addition, Consultants are also permitted to invest directly in a Fund as limited partners and may receive favorable economic terms in connection with such investment.

Certain Consultants are also expected to serve on the boards of portfolio companies or as employees or Consultants in an operations capacity. Any directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation and incentives received by Consultants in such capacities will be borne by the portfolio companies, will not be considered Other Fees and consequently will not reduce the Advisory Fee or Carried Interest distributions paid by a Fund. Services provided by Consultants could include providing services directly to a Fund's portfolio companies or an individual issuer, whether as an employee or service provider of such issuer, and will otherwise conform to the description of the role of Consultants above. In addition to the arrangements described more fully in "*Former Employees and Secondes*," below, Consultants are expected from time to time to include former employees the Adviser or certain portfolio companies, and in some circumstances former Consultants are expected to become Adviser employees or employees of portfolio companies. Consequently, the determination of whether individuals are Consultants is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the Adviser otherwise would be required to bear. To the extent that Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or a Fund will bear a greater share of such compensation due to the utilization of a Consultant's services at a time when fewer portfolio companies or the Funds make use of such Consultant.

Although the Adviser expects to retain Consultants in an attempt to reduce costs to portfolio companies (and, ultimately, the Funds) and/or improve portfolio company performance, due to a number of factors any such retention could result in limited or no cost savings or an increase in costs, in which case portfolio company performance would only be marginally improved or could be negatively affected. In addition, there can be no assurance that no other service provider is more

qualified to provide the applicable services or could provide such services at lesser cost. In addition, portfolio companies of a Fund are expected to pay Consultants to perform services that, directly or indirectly, benefit the Adviser, its affiliates, other Funds and/or portfolio companies of other Funds. Consequently, in such circumstances, the Adviser, its affiliates, other Funds and/or portfolio companies of other Funds would receive services without being charged or at below market rates. Conversely, portfolio companies of a Fund from time to time will benefit from services that are paid for by the Adviser, its affiliates and/or portfolio companies of other Funds. Likewise, certain Funds are expected to pay Consultants to perform services that, directly or indirectly, benefit the Adviser, its affiliates, other Funds and/or portfolio companies of other Funds. Consultants could have conflicts of interest between their work for a Fund and its portfolio companies, on the one hand, and themselves or other clients, on the other hand, and the Adviser is limited in its ability to monitor and mitigate these conflicts.

*ArcLight Services Platform.* The Adviser has established certain platforms, including ArcLight Development Services and may establish additional affiliated entities in the future (collectively, the “ArcLight Services Platform”), each of which provides certain services to portfolio companies and the Funds (including maintenance, management, systems and controls, accounting, technical services, due diligence, exit support, development and other related services). The Adviser generally will be permitted to charge a portfolio company and the Funds (i) for services provided by the ArcLight Services Platform, including certain overhead and operating costs and expenses incurred by the applicable member(s) of the ArcLight Services Platform (including costs and expenses associated with leasing office space, providing employee benefits, maintaining and procuring technology services and providing other administrative services (e.g., human resources and other back-office support) that such member of the ArcLight Services Platform may share with, or receive from, the Adviser (or one of its affiliates)) and (ii) for all start-up and organizational costs and expenses incurred by the Adviser (or one of its affiliates) in connection with the establishment of a new member of the ArcLight Services Platform that is expected to provide services to the Funds or any of their portfolio companies. Any such fees received by the ArcLight Services Platform in respect of such services will not be shared with the Funds or Fund investors or be considered Other Fees and consequently will not reduce the Advisory Fee or Carried Interest distributions paid by the Funds. Fees for such services will be set at rates believed by the Adviser to be reasonable market rates for the relevant services; provided, however, various factors could result in such fees not always being comparable to costs, fees and expenses that would be charged by other third parties. Unless otherwise required by the relevant Fund’s Governing Documents, the Adviser undertakes no independent benchmarking in respect of such fees. The Adviser believes that the Funds will ultimately benefit from the services provided by the ArcLight Services Platform members. However, in some cases it is possible that the existence of fees for such services could dissuade certain portfolio companies from utilizing the services of the ArcLight Services Platform, to the detriment of such portfolio companies and/or the Funds.

*Specialized Portfolio Companies.* The Adviser has developed relationships with a diverse group of management teams, Consultants and has engaged certain of such persons to establish portfolio companies (each such portfolio company, a “Specialized Portfolio Company”) and expects to cause the Funds to establish additional Specialized Portfolio Companies in the future. The persons engaged by the Adviser to operate the Specialized Portfolio Companies (the “Specialized Management Teams”) are expected to operate and manage Specialized Portfolio Companies for multiple Funds.

The Specialized Management Teams will be subject to conflicts of interest when allocating their time to the multiple Specialized Portfolio Companies and may be incentivized to devote more time to Specialized Portfolio Companies owned by certain Funds depending on a number of factors, including whether a Specialized Management Team is more likely to receive incentive compensation from such other Specialized Portfolio Companies than from a Specialized Portfolio Company owned by other Funds. The fees, costs and expenses paid to the Specialized Management Teams generally are borne by the Specialized Portfolio Companies; however, certain fees, costs and expenses will be general in nature and not specific to any particular Specialized Portfolio Company and such fees, costs and expenses will be allocated between the applicable Funds and/or Specialized Portfolio Companies in a manner determined by the Adviser in its sole discretion. The Adviser will be subject to conflicts of interest when allocating such fees, costs and expenses among the Specialized Portfolio Companies and there can be no assurances that a Fund will not bear more than its proportional share of such fees, costs and expenses. As such, there is no guarantee that a Fund will derive any specific benefit or advantage from any Specialized Portfolio Company. No amounts paid to the Specialized Management Teams will be shared with the Fund investors and will not reduce or otherwise offset the Advisory Fee.

*CAMS.* Certain current and former Adviser Personnel own minority interests in Consolidated Asset Management Services (“CAMS”). Such interests are considered passive in nature and while they do confer limited rights to protect such Adviser Personnel’s economic interest, they do not confer any control or management with respect to day-to-day operations. The Adviser expects to cause certain Funds to engage CAMS to perform certain service for the Funds’ portfolio companies and CAMS also will provide such services to other third parties. Fees and expenses for such services will be set at rates determined to be reasonable by the portfolio company and CAMS and will not be subject to the approval of the Board of Advisers or Fund investors. Any fees, compensation, expense reimbursement and other amounts paid to CAMS by certain of the Funds in respect of such services will not be shared with such Fund or Fund investors or be considered Other Fees and consequently will not reduce the Advisory Fee or Carried Interest distributions paid by such Fund.

*Outside Activities.* ArcLight Personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Further, ArcLight Personnel are permitted to trade in securities for their own accounts, subject to restrictions and reporting requirements, applicable law, ArcLight’s policies, or otherwise determined from time to time by the General Partner or ArcLight, as applicable. ArcLight Personnel will continue to manage and monitor such investments until their realization. Such other investments that ArcLight Personnel expect from time to time to control or manage generally have the potential to compete with companies acquired by the Fund. Following the commitment period of a Fund, ArcLight Personnel reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to that Fund’s investments. To the extent an advisory opportunity is received that is unsuitable for the Funds, in ArcLight’s sole discretion, ArcLight and ArcLight Personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by a Fund’s Governing Documents, ArcLight Personnel are permitted to serve on boards or act in other roles unaffiliated with ArcLight, the Fund or its portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

*Employees and Service Providers.* The Adviser expects, from time to time, to employ or to enter into other arrangements with personnel with pre-existing ownership interests in, or who provided services to, Funds and/or were employed by portfolio companies held by the Funds; conversely, current or former personnel or executives of the Adviser will, from time to time, serve in significant management roles at portfolio companies or service providers recommended by the Adviser.

Similarly, the Adviser and/or Adviser Personnel maintain commercial or personal relationships with (or could invest in) financial institutions, law firms, vendors, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, investment bankers, lenders, Consultants, professional advisors (such as attorneys and accountants), commercial counterparties, banks, brokers, advisors, finders (including executive finders and portfolio company finders), institutional investors, family offices, investors, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of the Adviser, as well as certain family members or close contacts of these persons. Certain of these persons have in the past, and will in the future, invest (or be affiliated with an investor) in, engage in transactions with and/or provide services to, the Adviser, the Funds and their respective affiliates. Additionally, from time to time, certain service providers (*e.g.*, lenders) seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to certain Funds or their portfolio companies in connection with services provided. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by a Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which they operate (or are contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser will have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between itself and such service providers, while the products or services recommended are not necessarily the best available to the portfolio companies held by the Funds. In certain circumstances, advisors and service providers, or their respective affiliates, charge different rates or have different arrangements for services provided to the Adviser, a Fund, its portfolio companies or their respective affiliates as compared to services provided to or in relation to other Funds and/or their portfolio companies, which will, in certain cases, result in more favorable rates or arrangements than those payable by a Fund and/or its portfolio companies.

Over the life of a Fund, the Adviser generally expects to exercise its discretion to recommend to the Fund or to a portfolio company that it contracts for services with various service providers, potentially including: (i) the Adviser (or an affiliate, which could include Adviser Personnel or other portfolio companies of the Funds) and at rates determined or substantively influenced by the Adviser; (ii) an entity with which the Adviser or Adviser Personnel has a relationship or from which such person derives a financial or other benefit (including any Minority Investor); (iii) a Fund limited partner or its affiliates; (iv) members of the ArcLight Services Platform; or (v) any Specialized Portfolio Company. The Adviser intends to select service providers and vendors it believes are most appropriate in the circumstances based on its knowledge of such service providers and vendors (which knowledge is generally greater in the case of service providers and vendors that have other relationships to the Adviser), and any relationship of service providers and vendors to the Adviser will, in certain



circumstances, influence the Adviser in deciding whether to select, recommend or form such an advisor or service provider to perform services for a Fund or a portfolio company, the cost of which generally will be borne directly or indirectly by the Funds and can be expected to incentivize the Adviser to engage such service provider over a third party, utilize the services of such service providers and vendors more frequently than would be the case absent the conflict, or to pay such service providers and vendors higher fees or commissions than would be the case absent the conflict. The incentive could be created by current income and/or the generation of enterprise value in a service provider or vendor; the Adviser can be expected to also have an incentive to invest in or create service providers and vendors to realize on these opportunities or recommend service providers that benefit the financial or business interests of the Adviser. Furthermore, the Adviser will from time to time encourage third party service providers to the Funds and their portfolio companies to use other Adviser-affiliated service providers (including, for the avoidance of doubt, ArcLight Development Services) and vendors in connection with the business of the Funds, portfolio companies, and unaffiliated entities, and the Adviser has an incentive to use third party service providers who do so as a result of the indirect benefit to the Adviser and additional business for the related service providers and vendors. Fees paid by the Funds or their portfolio companies to, or value created in, these service providers and vendors do not offset or reduce the Advisory Fees payable by Fund investors and are not otherwise shared with a Fund unless required by the Fund's Governing Documents.

Additionally, there is a possibility that the Adviser, because of such incentive or for other reasons (including that the retention of certain persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, the Funds and their respective affiliates), will favor the retention or continuation even if a better price and/or quality of service provider could otherwise be obtained. In addition, portfolio companies sometimes will provide goods or services to another portfolio company, and there can be no assurance that the terms of any such transactions will be the same as those that would be obtained in an arm's length transaction between unaffiliated parties. In particular, such transactions could result in the provision of services to a portfolio company at a rate higher than could be obtained by such portfolio company on the open market. Whether or not the Adviser or any of its affiliates has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that a more qualified and/or lower cost service provider could not be obtained. The terms of any transaction involving the provision of goods or services to the Funds or any portfolio companies will be determined by the Adviser in its sole discretion and can differ significantly from the terms that could be obtained in an arm's length transaction between unaffiliated parties.

Legal fees for unconsummated transactions often are charged at a discounted rate, such that if a Fund and its portfolio companies consummate a higher percentage of transactions with a particular law firm than the Adviser, other Funds and their portfolio companies, the Fund with the higher percentage, and its investors, could indirectly pay a higher net effective rate for the services of that law firm than the Adviser or other Funds or their respective portfolio companies. Also, advisors, vendors and service providers often charge different rates or have different arrangements for different types of services. For example, advisors, vendors and service providers often charge fees based on the complexity of the matter as well as the expertise and time required to handle it. Therefore, to the extent the types of services used by a Fund and its portfolio companies are different from those used by the Adviser, other Funds and their respective portfolio companies, and their respective affiliates and personnel, such Fund and its portfolio companies could pay different amounts or rates than those paid by such

other persons. Similarly, the Adviser, the Funds and their respective portfolio companies and respective affiliates are permitted to enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with the Adviser) from time to time whereby such counterparty could charge lower rates or provide discounts or rebates for such counterparty's products or services depending on the volume of transactions in the aggregate or other factors.

The Adviser from time to time expects to cause the Funds to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Fund is not the sole shareholder of the portfolio company, other shareholders will benefit from the costs incurred by such Fund and will not reimburse the Fund for their pro rata portion of the cost of any such service provider.

*Industry Relationships.* As with other fund sponsors, as part of the Adviser's business, the Adviser, and Adviser Personnel have developed many commercial or personal relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, Consultants, professional advisors (such as attorneys and accountants), commercial counterparties, vendors, service providers, investors, co-investors, current and former directors, officers, employees and contractors of current and former portfolio companies, current and former service providers to current and former portfolio companies and former Adviser Personnel including their respective affiliates, personnel or family members of personnel of the foregoing. Certain of these third parties are expected to: (i) introduce investment opportunities to the Adviser; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to the Adviser, the Funds or portfolio companies. Such third parties may also provide goods or services to or have business, personal, political, financial or other relationships with the Adviser and Adviser Personnel. In addition, certain of such third parties have in the past, and are expected in the future to, invest in one or more Funds, co-invest in one or more portfolio companies, provide other significant business or investment services to the Adviser, the Funds and/or portfolio companies, or compete with a Fund for investment opportunities. These relationships generate conflicts of interest as the Adviser will have incentives to select or recommend any such third-party to perform services for the Funds or a portfolio company. The cost of any services provided by such third parties generally will be borne directly or indirectly by the Funds or their portfolio companies, as applicable.

*Former Employees and Seconded.* Former Adviser Personnel have in the past and may in the future become employees, officers or directors of, or otherwise engaged by, portfolio companies. Current Adviser employees could also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. Those companies are generally expected to pay such persons' directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation and incentives and to reimburse such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. In certain situations, the Adviser also will advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Advisory Fee paid, or Carried

Interest distributed by, a Fund to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the Adviser and reimbursed by a portfolio company) will not be treated as Other Fees and will not be offset against the Advisory Fee otherwise payable to the Adviser or any Carried Interest distributions otherwise payable to the Adviser, the applicable General Partner, and/or their affiliates. All or a portion of any such compensation and incentives will be borne by a Fund, directly or indirectly, via its ownership interest in such portfolio company.

In certain instances, whether an individual who provides services to a portfolio company should be characterized as a Consultant, a current or former Adviser Personnel, or a seconded employee will be unclear. In such cases, the Adviser will make a determination based on its evaluation of the relevant facts and circumstances.

In addition, former Adviser Personnel will, from time to time, be granted the right to participate alongside a Fund in transactions that they source or for which they provide advice, and the Fund or relevant portfolio company will be permitted to loan such persons funds to make any such co-investments. Such co-investment rights will, in certain cases, result in a Fund investing less capital than it otherwise would have in such transactions. In addition, former Adviser Personnel are permitted to invest directly in a Fund as limited partners.

*Group Procurements; Discounts; Allocation of Invoices.* The Adviser, the Funds and their respective portfolio companies enter into arrangements from time to time that provide access to products and services across the platform and reserve the right in the future to enter into agreements regarding group procurement (including an independent group purchasing organization), benefits management, purchase of title and/or other insurance policies (which could include brokerage and/or placement thereof), and will from time to time be discounted due to scale or pooled across such entities, including through sharing of deductibles and other forms of shared risk retention from a third party or an Adviser affiliate, and other operational, administrative or management related initiatives. The Adviser will allocate the cost of these various services and products purchased on a group basis among the Adviser, the Funds and their respective portfolio companies. The foregoing costs and benefits could be included on a single invoice in which the Adviser will be required to determine (in its sole discretion) which are attributable to and should be allocated to the Adviser, the Funds and their respective portfolio companies. Such allocation determinations are inherently subjective, and the method of making such determinations will change from time to time in the discretion of the sponsor and could give rise to conflicts of interest.

*Research Costs for Investments.* There will be circumstances when the Adviser considers a portfolio investment on behalf of a Fund and determines not to make such portfolio investment; however, the Adviser could eventually cause another Fund to make such investment. In these circumstances, the Adviser or such other Funds will benefit from research undertaken by the original investment team and/or from costs borne by the Fund in pursuing the potential investment, but such other Funds will not be required to reimburse the Fund for expenses incurred in connection with such research.

*Other Potential Conflicts.* The Governing Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general,

conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there are conflicts of interest (*e.g.*, cross transactions and other affiliated transactions). Members of the law firms engaged to represent the Funds could be investors in a Fund and could also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties will at times engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will occasionally be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds will at times engage other common service providers.

Investors may be introduced to the Adviser, or may be brought in a Fund, by a third-party consultant from which the Adviser or a related person purchase products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (*e.g.*, merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“Holding Company”) would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. In certain circumstances, such Holding Company employees may include former Adviser Personnel, or current or former senior advisors or Consultants to the Adviser. The Holding Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (*e.g.*, Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of Holding Company.

The Adviser may, from time to time, require, cause or invite the Funds and/or a portfolio company to make contributions to charitable initiatives, or other non-profit organizations that the Adviser believes could, directly or indirectly, enhance the value of the Funds’ investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio company. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former ArcLight Personnel, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Adviser, the Funds or the portfolio

companies. These relationships could influence the Adviser's decision whether to require, cause or invite the Funds or the portfolio companies to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the portfolio companies could supplement or replace charitable contributions that the Adviser would have otherwise made. Also, in certain instances, the Adviser may, from time to time, select a service provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where the Adviser believes such charitable initiatives could, directly or indirectly, enhance the value of the Funds' investments or otherwise be beneficial to the portfolio companies.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (i) a court might require such Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) such Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Governing Documents of certain Funds permit each such Fund's General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, certain confidential or sensitive information will be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The applicable General Partner will at times elect to withhold certain information to such limited partners for reasons relating to the General Partner's overall business strategy, despite the potential benefits to such limited partners of receiving such information.

To the extent permitted by law and each Fund's Governing Documents, the Funds indemnify (including the advancement of expenses) the Adviser, each Fund's General Partner and their respective officers, directors, employees, agents, stockholders, members, partners and other affiliates, and the members of the Funds' Boards of Advisers (or the limited partner that any such member represents).

The Adviser 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 or not such conflicts are described herein. The Adviser has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with investors in the Funds who hold or have held investments similar to those intended to be made by the Funds. The Adviser's policies, guidelines, procedures and practices in effect as of the date of this disclosure, including the Adviser's investment and expense allocation policies, are subject to change, and the information relating thereto could be qualified by subsequent disclosure to investors. There can be no assurance that the Adviser will not vary from its current policies, guidelines, procedures and practices with respect to any Fund in the future. In addition, from time to time, the Adviser expects to adopt, revise or rescind investment-related policies with respect to any Fund for the purposes of regulatory compliance, including for the purpose of establishing regulatory categorization or regulatory treatment of the Adviser, such Fund and/or their respective affiliates. Such policies could limit or restrict activities of a Fund and shall be operative to the extent provided in such policies.

Please see the discussion above under the sub-heading “*Addressing Conflicts*” for a description of the means by which the Adviser and its related persons seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

As the Funds invest primarily in privately-held assets or entities, the Adviser anticipates that investments in publicly traded securities will be relatively infrequent occurrences (*e.g.*, money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, *etc.*). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has, subject to the direction of such Fund’s General Partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction except to the extent it is permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser will consider the use of Electronic Communications Networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser will often also consider other business a particular broker or dealer has done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser’s principals. A broker-dealer providing such brokerage and research services will receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction, provided the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided

by the broker-dealer. Any such research service could be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds or could be relevant and useful for the management of one or only a few Funds' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that charge lower commissions.

### **Aggregation of Trades**

The Adviser from time to time will aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser typically combines orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliation have an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes partners, principals and other investment professionals of the Adviser.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund as soon as practicable after March 15 of each year, as well as quarterly performance reports within 45 days after each fiscal quarter end. The audited financial statements are audited by a Public Company Accounting Oversight Board registered accounting firm and the quarterly reports generally contain unaudited financial statements. The Adviser and the applicable General Partner will, from time to time, in their sole discretion, provide additional information relating to a Fund to one or more investors in such Fund. The Governing Documents of each Fund provide further information on the reports provided by a particular Fund to its investors.

## **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may in the future receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

The Adviser does not currently engage in client solicitation arrangements. The Adviser will from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the Capital Commitments for interests made by such potential investors to such Fund that are subsequently accepted. The Advisory Fees received by the Adviser are generally reduced by the amount of such placement agent fees.

### **Item 15. Custody**

Item 15 is not applicable to the Adviser.

### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

Co-Investment Vehicles are generally established in order to invest alongside one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles independent of the limitations as set forth in the Governing Documents of the Co-Investment Vehicle and applicable Main Fund.

The assets of a Feeder Vehicle are invested in a Main Fund.

### **Item 17. Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s General Counsel (the “General Counsel”) or the relevant Adviser investment professional, the costs associated with voting



such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the General Counsel or appropriate investment professional for a voting decision. In most cases, the General Counsel or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she will generally rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the General Counsel of any such Voting decision, and if the General Counsel does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the General Counsel are unable to arrive at an agreement as to how to vote, then the General Counsel will typically consult with the applicable Fund's Investment Committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The General Counsel has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the Vote is voted that presents a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The General Counsel will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the General Counsel deems appropriate in his or her sole discretion, unaffiliated third parties will be used to help resolve conflicts or to otherwise assist the Adviser in fulfilling all or part of its voting obligations. In this regard, Adviser can retain independent fiduciaries, Consultants, or professionals to assist with Voting decisions and/or to which Voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Min (Christina) Kenny, Chief Compliance Officer, (617) 531-6300 / [compliance@arclight.com](mailto:compliance@arclight.com).

#### **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.