

Shore Capital Partners Management, L.P.  
Part 2A of Form ADV  
The Brochure

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This brochure provides information about the qualifications and business practices of Shore Capital Partners Management, L.P. (“SCP” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 312-348-7580. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SCP is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

The following material changes have been incorporated into this brochure since the last annual amendment filed March 31, 2022:

- SCP has launched one new fund related to the food and beverage sector and we have amended or enhanced disclosures in Items 8

In addition, we have made clarifying updates throughout this brochure. We recommend that you review this brochure in its entirety.

### **Item 3: Table of Contents**

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#### **Item 4: Advisory Business**

SCP is an investment adviser focused on managing private equity funds. SCP is the investment adviser to Shore Capital Partners Fund I, L.P. (the “SCP Fund I”), Shore Capital Partners Fund I-A, L.P. (the “SCP Fund I-A”), Shore Capital Partners Fund II, L.P. (the “SCP Fund II”), Shore Capital Partners Fund II-A, L.P. (the “SCP Fund II-A”), Shore Capital Healthcare Partners Fund III, L.P. (the “SCP HC Fund III”), Shore Capital Healthcare Partners Fund III-A, L.P. (the “SCP HC Fund III-A”), Shore Capital Food & Beverage Partners Fund I, L.P. (the “SCP FB Fund I”), Shore Capital Food & Beverage Partners Fund I-A, L.P. (the “SCP FB Fund I-A”), Shore Capital Real Estate Partners Fund I, L.P. (the “SCP RE Fund I”), Shore Capital Healthcare Partners Fund IV, L.P. (the “SCP HC Fund IV”), Shore Capital Healthcare Partners Fund IV-A, L.P. (the “SCP HC Fund IV-A”), Shore Capital Business Services Fund I, L.P. (the “SCP BS Fund I”), Shore Capital Business Services Fund I-A, L.P. (the “SCP BS Fund I-A”), Shore Capital Food & Beverage Partners Fund II, L.P. (the “SCP FB Fund II”), Shore Capital Food & Beverage Partners Fund II-A, L.P. (the “SCP FB Fund II-A, L.P.”), Shore Capital Partners Fund IV, L.P. (the “SCP Pre-Fund IV”), Shore Capital Partners Pre-Fund V, L.P. (the “SCP Pre-Fund V”) (each a “Fund” and collectively, the “Funds”). SCP also advises SVP-B Holdings, LLC and SCP SVP Long Term Holdings, LLC, two entities that invest in a single investment platform, SVP Holdings, LLC (“SVP”), as described further herein. SCP also advises BV Long Term Holdings, LLC, an entity that invests in a single investment platform, BrightView 2.0 Holdings, LLC (“BV”) as described further herein. Except where otherwise noted herein, references to the “Funds” in this brochure also include such entities, but not SVP or BV themselves. SCP affiliates serve as general partner to the Funds. Shore Capital Partners GP I, L.P. (“SCP GP I”), serves as the general partner to the SCP Fund I and SCP Fund I-A, Shore Capital Partners GP II, L.P. (“SCP GP II”) serves as the general partner to SCP Fund II and SCP Fund II-A, Shore Capital Healthcare Partners GP III, L.P. (“SCP HC GP III”) serves as the general partner to SCP HC Fund III and SCP HC Fund III-A, Shore Capital Food & Beverage Partners GP I, L.P. (“SCP FB GP I”) serves as the general partner to SCP FB Fund I and SCP FB Fund I-A, Shore Capital Real Estate Partners GP I, L.P. (“SCP RE GP I”) serves as the general partner to SCP RE Fund I, Shore Capital Healthcare Partners GP IV, L.P. (“SCP HC GP IV”) serves as the general partner to SCP HC IV and SCP HC IV-A, Shore Capital Business Services Partners GP I, L.P. (“SCP BS GP I”) serves as the general partner to SCP BS Fund I and SCP BS Fund I-A, Shore Capital Food & Beverage Partners GP II, L.P. (“SCP FB GP II”) serves as the general partner to SCP FB II and SCP FB II-A, Shore Capital Partners GP IV, L.P. (“SCP GP IV”) serves as the general partner to SCP Pre-Fund IV, Capital Partners GP V, L.P. (“SCP GP V”) serves as the general partner to SCP Pre-Fund V, Shore Capital UGP I, LLC serves as the general partner to SCP SVP Long Term Holdings, LLC and BV Long Term Holdings, LLC, and SCP SVP Long Term Holdings, LLC serves as the general partner to SVP-B Holdings, LLC (each a “General Partner” and collectively, the “General Partners”). The primary purpose of the Funds is to seek to generate returns for their respective partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related investments in the lower middle market and middle market healthcare services, healthcare products/devices, payor services, and distribution markets, companies in the food and beverage lower middle market and middle market, companies in the business services lower middle market and middle market, and real estate properties in select markets.

The Company has full discretionary authority with respect to investment decisions, and its advice with respect to the Funds is tailored according to the investment objectives, guidelines, and requirements as set forth in each Fund's respective offering memoranda and advisory agreement. The Company may enter into agreements with one or more investors which have the effect of altering or supplementing the terms of the offering to the specific investor. Any terms contained in such agreements to or with an investor shall govern with respect to such investor notwithstanding the provisions of the Fund's governing documentation, but for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between the Company and any investor. Among other things, terms generally include Fund Advisory Board membership, additional notification provisions, UBTI restrictions, and most-favored nation provisions. Under certain circumstances, these agreements could create preferences or priorities for such investors compared to other limited partners.

SCP is a Delaware limited partnership that was formed and began operating in 2009. SCP is owned by JRI Investment I, LLC, which is wholly owned by Justin Ishbia, Managing Partner. SCP manages the Funds.

As of December 31, 2022, the Company managed approximately \$2,879,908,238 of regulatory assets under management on a discretionary basis for the Funds. The SVP and BV platforms to which SCP provides business and operational consulting services have an aggregate value of \$2,561,028,757.

## **Item 5: Fees and Compensation**

The fees and expenses applicable to the Funds are set forth in detail in each of the Funds' respective offering documents (e.g. private placement memorandum, limited partnership agreement, limited liability company agreement, and subscription agreement). A brief summary of fees and expenses is provided below.

SCP (through the SCP affiliates) is entitled to receive management fees ("Management Fees") for the investment management and advisory services provided to the Funds. The principal terms related to the Management Fees payable by the Funds are currently as follows (unless otherwise noted in each of the Funds' respective offering documents):

- Depending on the Fund, Management Fees are either paid quarterly in advance or in arrears (set forth in the relevant private placement memorandum, limited partnership agreement or similar agreement (collectively, the "Fund Documents")).
- Prior to the end of the relevant Fund's investment period, Management Fees range up to 2% per annum of either the aggregate amount of the capital commitments by the limited partners to the relevant Fund or of net asset value of the relevant Fund.
- After the investment period, Management Fees generally are reduced as specified by the relevant Fund Documents, and are calculated as a percent of the aggregate amount of the limited partners' capital contributions in respect of investments that have not been realized or completely written-off for U.S. federal income tax purposes (or the unrealized portion of any investment that has been partially realized). As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including

following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments completely written off for U.S. federal income tax purposes. Except where the Fund Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

- The Fund Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Fund Documents until they are reduced in the circumstances and on the date(s) specified therein.
- Transaction fees, monitoring fees, directors' fees, break-up fees and other similar fees from portfolio companies (or potential portfolio companies in the case of break-up fees) received by SCP or SCP Affiliates ("Other Fees") will be credited against the Management Fee otherwise owed to SCP by an amount specified in the relevant Fund Documents. In general, the offset is 80% of the relevant Fund's proportionate share of such Other Fees after a specified threshold has been received by SCP as disclosed in each Funds' respective offering documents and may change over time depending on timing of subsequent funds initiated. To the extent that such an offset credit would reduce the Management Fee for a given period below zero, the credit generally is carried forward for future application against payable Management Fees, and if a credit remains upon liquidation, SCP is permitted to retain the benefit of such credit in circumstances specified by the governing documents. Additionally, as a matter of practice, SCP is typically paid Other Fees from, on behalf of or with respect to co-investors in an investment. The receipt of such Other Fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such Other Fee and not the portion of any Other Fee that relates to such co-investors or potential co-investors, which have the potential to be significant. Other Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such Other Fees or the provision of related services.
- SCP intends to receive from its portfolio companies allowable expense reimbursement and consulting fees as a result of providing operational consulting services, which are outlined in the relevant Fund Documents. Such services are provided by the Shore Resources Team ("SRT"). These amounts are not included in Other Fees defined above and generally do not offset Management Fees.
- SCP reserves the right to waive all or a portion of the Management Fee. In such case, limited partners will be required to make additional capital contributions in an amount up to the amount of any waived Management Fees, the required capital contributions from relevant SCP Affiliates will be reduced by a corresponding amount, and SCP will receive distributions and allocations of profits in connection with such contributions.

In addition to Management Fees, in general SCP affiliates are also entitled to receive a carried interest or incentive allocation from each Fund of up to 20% of cumulative net profits after satisfaction of an 8% hurdle return. In addition, the Fund Documents for SCP HC III and SCP HC III-A provide SCP carried interest or incentive allocation up to 25% pending satisfaction of distribution thresholds, and the Fund Documents for SCP HC IV and SCP HC IV-A provide SCP carried interest or incentive allocation up to 30% pending satisfaction of distribution thresholds.

SCP's entitlement to carried interest is subject to clawback provisions and other more detailed allocation and distribution provisions set forth in the Fund Documents of each Fund.

The organizational documents of SVP and BV provide that SCP will be entitled to up to 30% of applicable distributions. SCP is also entitled to receive monitoring and transaction fees from SVP and BV in exchange for business and operational consulting services provided pursuant to Professional Services Agreements with these entities.

Expenses attributable to and borne by each Fund are described in the respective Fund Documents. A Fund generally bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees, which generally include, but are not limited to, the following: organizational and startup expenses, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses; costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the structuring, organizing, acquiring, managing, monitoring, operating, holding, winding up, liquidating, dissolving and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal, auditing, consulting, financing, accounting, administration and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; regulatory related fees and expenses (including fees and expenses related to the preparation and filing of Form PF); expenses incurred in connection with transactions not consummated; expenses of the Advisory Board (as defined below) and annual meetings of the Limited Partners and any other meeting with any Limited Partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Expenses attributable at the portfolio company level generally are described in portfolio company management services agreements.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of SCP and/or its affiliates. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the items listed in the previous paragraph, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Other Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. As is typical for private funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to SCP's

related policies and the relevant Fund Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by SCP or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or SCP. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which are expected from time to time to result in the Funds bearing different levels of expenses with respect to the same or similar investments.

Please refer to the “Client Referrals and Other Compensation” section below for additional expenses that generally are expected to be borne by the Funds, and additional compensation that is intended to be received by SCP, the General Partners, and/or the Operating Partners. The Funds’ fees are not negotiable since the Funds are closed to new investors. SCP negotiates fees during the process of raising a new Fund.

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

As disclosed above and in the relevant Fund Documents, each Fund generally pays a carried interest of up to 20% - 30%. The carried interest is calculated based on the profits generated from the sale or disposition of Fund assets. The carried interest may be viewed as creating an incentive for SCP to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such carried interest were not allocated to SCP. The Company has adopted and implemented written compliance policies and procedures that are designed to address potential conflicts of interest. Further, SCP believes that the above conflict of interest is substantially mitigated since the interests of SCP and the General Partners are aligned with investors in the Funds (i.e., the General Partners are investors in the Funds and invest *pari passu* in all Fund investments with the limited partners). Carried interest is generally subject to clawback provisions and such other more detailed provisions set forth in the Funds offering and organizational documents.

#### **Item 7: Types of Clients**

SCP provides investment management and advisory services, as described above in the Advisory Business section, to the Funds. Investment advice is not provided individually to the limited partners of the Funds. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and “qualified purchasers”, within the meaning of the U.S. Securities Act of 1933, as amended and the U.S. Investment Company Act of 1940, as amended, respectively.



Investors in the Funds are generally required to make a capital commitment or investment of no less than a required minimum amount as set forth in the relevant Fund Documents. At its discretion, SCP or the General Partners are permitted to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including SCP and any other person designated by SCP, such as “friends and family” of SCP or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The relevant General Partner reserves the right to make any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by SCP and/or its affiliates, or through other Funds which co-invest with a Fund. The Funds, however, are closed to new investors.

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

As disclosed above, the primary purpose of the Funds is to seek to generate returns for its partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related investments in the lower middle market and middle market healthcare services, healthcare products/devices, veterinary services, payor services, and distribution markets, as well as food and beverage lower middle market and middle market companies.

SCP focuses on making investments in a range of healthcare businesses, food and beverage businesses, business services businesses, and real estate generally with headquarters or base of operations in North America. SCP has direct experience in the following areas, but not limited to:

- Specialty Infusion
- Physical Therapy
- Diagnostics
- Urgent Care
- Healthcare Staffing
- Veterinary Service Organizations
- Dental Service Organizations
- Surgical Products
- Wound Care Products
- Medical Devices
- Autism Therapy
- Opioid Addiction Centers
- Concierge Medicine Consulting
- Ophthalmology
- Third Party Administration
- Baked Goods
- Food Ingredient Manufacturers and distributors
- Food and Beverage Co-Manufacturers
- Frozen Food Manufacturers
- Veterinary Real Estate

- Third Party Administrators

Utilizing the private equity and direct management experience among SCP's investment team, SCP has developed its disciplined investment approach:

- Identify a niche within the healthcare industry that it believes is a long term growth sector
- Perform detailed due diligence led by senior investment professionals
- Recruit industry experts to help evaluate the opportunities and who may manage the business
- Supplement the current team and business processes with business development, management expertise, industry focused metrics, robust financial reporting tools, and capital for growth initiatives and add-on acquisitions

SCP typically focuses on making investments with the following characteristics (more specifics on the focus of each fund can be found in each respective fund's governing documents):

- Lower middle market and middle market companies
- Revenues generally between \$5 and \$100 million at investment
- Identifiable and achievable improvement and/or growth opportunities
- Strong incumbent key managers preferred but not required
- Control equity investments generally between \$10 million and \$40 million, but may have equity investments of substantially more than \$40 million in certain situations

SCP has an Investment Committee comprised of Justin Ishbia, Ryan Kelley, Don Pierce, Mike Cooper, John Hennegan, Richard Boos, and Chris Mioton. The Investment Committee for SCP Fund I and SCP Fund I-A include the first five previously mentioned individuals as well as James Forest. The Investment Committee for SCP HC Fund IV, SCP Fund IV-A, SCP BS Fund I, and SCP BS Fund I-A include these 7 individuals and also Brad Morehead. And the Investment Committee for SCP RE Fund I is comprised of Justin Ishbia and Steve Malley. All portfolio company investments are subject to Investment Committee approval in accordance with the relevant Fund's Documents.

### Risks

All investing involves a risk of loss that the Funds and its partners should be prepared to bear. SCP cannot give any guarantee that it will achieve a Fund's investment objectives or that the Funds will receive a return on their investments. The past performance of investment strategies such as those implemented by SCP is not indicative of their future results. Investors should ultimately refer to their respective Fund's Documents for detailed risk disclosures that specifically address risks of each Fund's investment strategies, methods of analysis, and/or particular types of investments recommended. The strategies, methods of analysis and material risks applicable to an investment in the SVP and BV investments are unique and pertain to the acquisition, growth, and sale of a single portfolio company. Below is a summary of potentially material risks for each significant SCP investment strategy used, the methods of analysis used, and/or the particular type of investment recommended.

- *Business Risks* – The Funds’ investment portfolio may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- *Investment in Junior Securities* – The securities in which the Funds will invest may be among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund’s investment once made.
- *Concentration of Investments* – The Funds will participate in a limited number of investments and intends to make most of its investments in one industry or one industry segment. As a result, the Funds’ investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return.
- *General Risks of Investments in Healthcare Companies* – While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. The Funds’ portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources.
- *Healthcare Reform* – Healthcare reform continues to be a significant factor in the profitability of companies in which the Funds intend to invest. The efforts to reform the healthcare delivery system in the United States and Europe has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which the Funds invest.
- *Healthcare Regulation and Reimbursement* – Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a

material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. Recent legislative changes, including the passage of the U.S. Patient Protection and Affordable Care Act, have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry and/or on companies in which the Funds may invest.

- *Healthcare Research and Innovation* – The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.
- *Illiquidity; Lack of Current Distributions* – An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded Commitments.
- *Early-Stage Investments* – It is anticipated that the Funds will make investments in certain early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.
- *Reliance on the General Partner and Portfolio Company Management* – Control over the operation of the Funds will be vested with the General Partner, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize their investment objectives. Limited Partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of each Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the General Partner will monitor the performance of each Fund's investments, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day

to day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

- *Food Industry Competition* – Certain Funds invest in portfolio companies within the food industry, which is highly competitive with respect to price and quality of food products, new product development, advertising levels and promotional initiatives, customer service, and quality reputation. If consumer or dietary preferences change, or certain portfolio companies or projects in which the relevant Fund invests are unable to compete successfully with other food and beverage companies in new and existing markets, their respective business could be adversely affected. Companies in the food and beverage industry also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas. Increased competition could have an adverse effect on the sales, profitability or development plans, which could harm the financial condition and operating results of portfolio companies in which the relevant Fund invests. In addition, labor is a primary operating cost component of most companies in the food and beverage industry. Competition for qualified employees could also require certain Fund portfolio companies to pay higher wages to attract a sufficient number of employees, which could adversely impact their profit margins.
- *Food Safety and Food-Borne Illnesses* – A Fund may invest in portfolio companies which may be vulnerable to food-borne illnesses, such as E. coli, Listeria and salmonella, as well as certain food safety issues such as food tampering, contamination and adulteration. Any report or publicity linking them to instances of food-borne illness or food safety issues could adversely affect brands and reputations as well as revenues and profits, and possibly lead to product liability claims, litigation and damages. If a customer becomes ill from food-borne illnesses or as a result of food safety issues, a portfolio company's operations may be temporarily closed or disrupted, which would decrease revenues. In addition, instances or allegations of food-borne illness or food safety issues, real or perceived, involving portfolio companies, competitors, suppliers or distributors (regardless of whether they use or have used those suppliers or distributors), or otherwise involving the types of food served by the portfolio companies, could result in negative publicity that could adversely affect their sales. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in their supply chain and/or lower margins.
- *Commodity, Labor and Operating Costs* – An increase in certain commodity prices, such as ingredients, packaging and energy costs, could adversely affect the operating results of portfolio companies or projects in which the relevant Fund invests. Certain operating expenses also include employee wages and benefits and insurance costs (including workers' compensation, general liability, property and health) which may increase over time. Such increases could result from government imposition of higher minimum wages

or from general economic or competitive conditions, which could affect wage rates. In addition, significant increases in gasoline prices could result in the imposition of fuel surcharges by distributors. Any increase in the prices of the commodities used by certain companies or operating expenses they incur could adversely affect their profit margins. Because portfolio companies in which the relevant Fund may invest and their franchisees may provide competitively priced food, their ability to pass along increased expenses to customers may be limited.

- *Public Health Risk* – Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Firm may invest and/or operate. Such disruption could thereby adversely affect the ability of the Firm to provide investment management services and the performance of the Firm’s Investments.
- *Public Health Emergencies* - Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market 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 the Funds. In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and entities, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders) and ordering the closure of large numbers of offices, businesses, schools and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds, and contribute to volatility in financial markets, . demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — 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, but could have a significant adverse impact and result in significant losses to a Fund. The extent of the impact on a Fund’s and its portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter

existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy a Fund intends to pursue, all of which could adversely affect a Fund's ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of SCP, any Fund, its portfolio companies or the relevant General Partner may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

- *Leveraged Investments* - A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Fund Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund

would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund may incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by SCP or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Fund Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the relevant Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations.

- *Subscription Lines* - A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Fund Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise



in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Fund Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner 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 partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse SCP for expenses incurred on behalf of the relevant Fund. A Fund is also

permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Fund Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

- *Limited Access to Information* - Limited partners' rights to information regarding a Fund, the relevant General Partner or SCP generally will be specified, and in many cases strictly limited, by the Fund Documents. In particular, it is anticipated that the relevant General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of SCP's control. Decisions by SCP or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor SCP and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and SCP reserves the right to withhold certain information from investors subject to such laws for reasons relating to SCP's public reputation, business strategy or other reasons.
- *Material Non-Public Information; Other Regulatory Restrictions* - As a result of the operations of SCP and its affiliates, as well as in connection with officerships or directorships of SCP personnel, SCP frequently comes into possession of confidential or material non-public information. Therefore, SCP and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made

by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or SCP's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent SCP or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of SCP's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by SCP or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

- *Cybersecurity Risks* - Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. 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. Any of such circumstances could subject a portfolio company, or the relevant 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, may also 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 SCP or one of its service providers holding its financial or investor data, SCP, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under SCP's policies and practices.

- *Privacy and Data Protection Law Compliance Risk* - The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions ("Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of SCP, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for SCP, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include SCP, the General Partners, the Funds and/or their portfolio companies.

- *Force Majeure* – SCP's activities, as well as its portfolio investments, could be affected by force majeure events (i.e., unforeseen circumstances beyond SCP's control or beyond the control of its portfolio investments). Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and business activity in general. Force majeure events include, but are not limited to: acts of God, war, riots, fire, flood, hurricane, earthquake, explosion, outbreaks of an infectious disease, pandemic or any other serious public health concern, act or threat of terrorism, labor strikes, theft, cyber attacks, malicious damage, electricity line rupture, energy blackouts, failure of technology, social instability, etcetera).
- *Real Estate* – There is no assurance that the operations of a Fund will be profitable or that cash from operations will be available for distribution to Investors. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of real property interests. The marketability and value of the real property interests will depend on many factors beyond the control of a Fund, including, without limitation: (i) changes in general or local economic conditions; (ii)

changes in supply of or demand for competing properties in an area (e.g., as a result of over-building); (iii) changes in interest rates; (iv) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (v) unavailability of mortgage Funds which may render the sale of a property difficult; (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in real estate tax rates and other operating expenses; (viii) the imposition of rent controls; (ix) energy and supply shortages; (x) various uninsured or uninsurable risks; and (xi) acts of God, war or terrorism or natural disasters and uninsurable losses. Since investments in real estate generally are not liquid, there is no assurance that there will be a ready market for real property interests held by a Fund. In addition, general economic conditions in the United States and abroad, as well as conditions of domestic and international financial markets, may adversely affect operations of a Fund.

- *Consumer Related Industries* – Consumer industries are typically highly competitive and are typically characterized by relatively low barriers to entry and a crowded field of competitors. The long term market success of a consumer industries company is generally subject to a variety of factors, many of which are outside of the control of the Fund and the Fund’s portfolio companies. For instance, consumer spending may be disproportionately affected by adverse economic conditions and, in respect of certain market segments, may be difficult to predict. In addition, consumer industries companies may face competition from a number of other, more established market participants, including global companies with significantly greater resources. It is not uncommon for a consumer industries company to ultimately be unsuccessful in gaining a significant market position, and anticipated market opportunities may not develop as expected. In either case, the consumer industries companies in which the Fund may invest may be affected in a materially adverse manner.
- *U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership’s income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or SCP who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for SCP to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.
- *LIBOR and other Benchmark Rates.* To the extent that a Fund’s investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate (“LIBOR”) or other benchmark or reference rates (each, a “Benchmark Rate”), the Fund may be subject to certain material risks, including

the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

- *Secondaries and other General Partner-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and SCP reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by SCP following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where SCP believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by SCP and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of SCP or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where SCP or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, SCP, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent SCP requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by SCP in addition to the

purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances SCP reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that SCP will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, SCP reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Fund Documents. SCP is permitted to seek the consent of the relevant Fund advisory committee(s) to approve conflicts associated with such transactions, and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

- *Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “Financial Institution”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, SCP, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with

Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of SCP to manage the Funds and their investments, and on the ability of SCP, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of SCP or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that SCP will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that SCP will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that SCP and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although SCP seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, SCP is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

#### **Item 9: Disciplinary Information**

SCP and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.



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

As described above, SCP GP I, SCP GP II, SCP HC GP III, SCP FB GP I, SCP RE GP I, SCP HC GP IV, SCP BS GP I, SCP FB GP II, SCP GP IV, SCP GP V, SCP Long Term Holdings, LLC, and Shore Capital UGP I, LLC serve as either general partners or managers to the Funds.

The SVP and BV entities are “hybrid entities” that have some features of operating companies and some features of investment vehicles. Each operates as the top-level corporate entity of an operating business. Certain SCP personnel serve on the boards of SVP and BV, respectively. These entities intend to grow their operations by de novo growth and through the acquisition of other businesses within their target industries, typically through asset purchases, although control acquisitions of operating business are also permitted.

The General Partners and managers are not registered as investment advisers with the SEC. While the General Partners and managers are not registered as an investment adviser, all of their investment advisory activities are subject to the Investment Advisers Act of 1940 (“Advisers Act”) and the rules thereunder. In addition, employees and persons acting on behalf of the General Partners and managers are subject to the supervision and control of SCP. Thus, the General Partners, managers, any employees and the persons acting on their behalf would be “persons associated with” SCP so that the SEC could enforce the requirements of the Advisers Act on the General Partners and managers.

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

### Participation in Client Transactions

SCP, its employees or a related entity (collectively “Related Persons”), will generally have an investment in the Funds managed by SCP. As a result, Related Persons have an interest in the Funds’ investments. The Operating Partners have also invested in certain of the Funds’ investments. Please refer to the Client Referrals and Other Compensation section for additional disclosures with respect to the Operating Partners.

### Conflicts of Interest

The Company and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Company will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Fund Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Company conducting its activities, the interests of a Fund likely will conflict with the interests of the Company, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Company will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

Company personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Except where expressly restricted by the relevant Fund Documents, Company personnel are also permitted to serve on boards or act in other roles unaffiliated with the Company, the Funds or their 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.

Except to the extent expressly prohibited by the relevant Fund Documents, the Company and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the relevant Fund Documents and anti-"assignment" provisions of the Advisers Act, the Company and its personnel are also permitted to offer, restructure and monetize interests in the Company.

The Company has adopted and implemented written compliance policies and procedures that are designed to address conflicts of interest. The Company further mitigates conflicts primarily through specific policies outlined in the relevant Fund' Documents to seek to act in the best interests of our Funds and to seek to disclose potential conflicts of interest to the Funds and its investors.

#### Code of Ethics and Personal Trading

SCP strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, SCP has adopted a Code of Ethics (the "Code"). The Code requires that all employees must act with competence, dignity, integrity, and in an ethical manner when interfacing with the public, current or potential investors, third-party service providers, and fellow employees. Employees must use reasonable care and exercise independent judgment when conducting investment analysis, making investment recommendations, making investment transactions, promoting SCP's services, and engaging in other professional activities. SCP expects all employees to adhere to the highest standards with respect to any potential conflicts of interest with either the Funds or investors. As a fiduciary, SCP must act in the Funds' best interests.

The Code governs personal trading by SCP Access Persons, including that Access Persons disclose their personal securities holdings and transactions to SCP on a periodic basis. SCP's Code requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide SCP with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. The Code also includes reporting requirements and restrictions designed to supervise the giving or receiving of gifts and entertainment, and employees' outside business activities. The Code also requires SCP and its employees to pre-clear certain political donations. Also, policies and procedures for reporting, investigating, and treating violations are included in the Code.

Investors may request a copy of the Code by contacting SCP at the address or telephone number listed on the first page of this document.

SCP also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information. SCP’s personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

## **Item 12: Brokerage Practices**

SCP focuses on making investments in private securities. The Funds therefore do not typically deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with Fund investments. To the limited extent SCP transacts in public securities, it intends to select brokers based upon its duty to seek best execution for the Funds.

SCP recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In implementing transactions for the Funds, SCP will take into account the full range of applicable factors when hiring third party service providers or other intermediaries for the purpose of completing transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Funds. As a result of the Funds’ controlling interests in portfolio companies, SCP and/or its affiliates typically have the right to appoint portfolio company board members (including current or former SCP personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to SCP and/or its affiliates. Except to the extent such amounts are subject to the Fund Documents’ offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to SCP. Additionally, a portfolio company typically will reimburse SCP or service providers retained at SCP’s discretion for expenses (including without limitation travel expenses) incurred by SCP or such service providers in connection with its performance of services for such portfolio company. This subjects SCP and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. SCP determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their overall effect is reflected in each Fund’s audited financial statements, and any fee paid or expense reimbursed to SCP or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest. SCP is generally authorized to make the following determinations, subject to the Funds’ investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or

sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

SCP does not participate in any soft dollar arrangements with any broker.

### **Item 13: Review of Accounts**

The Funds are monitored on a continuous basis by personnel at SCP. The progress of all portfolio companies is monitored on an ongoing basis and is subject to the supervision and review by SCP investment professionals. Generally, portfolio companies provide weekly updates, monthly reports, and quarterly board presentations to SCP; which include high level metrics that are key drivers to the business. SCP reviews financial statements of portfolio companies on a monthly basis and typically attends board meetings, when held.

SCP may provide written quarterly and annual reports to each Fund's limited partners. Such quarterly report aims to provide updated information on investments, and includes unaudited financial statements of the Funds. The annual report may include audited Fund financial statements. SCP also holds an annual investor meeting for all Funds.

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

#### Economic Benefits from Non-Clients

As described above in the "Fees and Compensation" section and in Fund offering documents, SCP and its affiliates shall be permitted to receive fees, commissions and other compensation from entities other than the Funds, subject to the relevant remuneration and offset provisions in the Fund Documents. For example, SCP has contractual rights to receive advisory fees from certain portfolio companies to the extent permitted in written agreement(s) with portfolio companies. SCP, at its discretion, reserves the right to waive, defer, accrue or renegotiate such advisory fees. In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to the SRT, Operating Partners and other consultants (including consultants introduced or arranged by SCP and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset or reduce the Management Fee as described herein. Although Operating Partners generally are not SCP employees, from time to time Operating Partners are expected to make use of SCP resources, bear indicia of employment (e.g., listing on the SCP website) or otherwise be associated with SCP. SCP 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. Although the use of the SRT, Operating Partners and other consultants and the allocation of compensation paid to them by SCP, its affiliates and/or the portfolio companies subjects SCP and/or its affiliates to potential conflicts of interest, SCP believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the SRT, Operating Partner or relevant consultant is lower than market rates for the services provided and/or if the services of such persons align with SCP's model for the portfolio company and improve portfolio company performance. Although SCP seeks to retain the SRT, Operating Partners and other consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no

cost savings from such retention. SCP also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that SCP believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, 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.

Furthermore, certain expense reimbursement and consulting fees paid by portfolio companies to SCP related to operational consulting services may be in addition to the management fee. The Operating Partners, as defined in the Funds' limited partnership agreements, work in senior management roles in certain portfolio companies. As provided in the Funds' limited partnership agreements, the Operating Partners may receive compensation from the portfolio companies and such compensation may not be offset against management fees of the Funds.

Ancillary compensation (besides management fees and carried interest paid by the Funds) received by SCP, its affiliates/related persons, and/or the Operating Partners may be viewed as a conflict with the interests of the Funds. For example, any transaction-based or executive compensation (e.g. salary, stock options, cash fees, retainers, transaction fees, a profits or equity interest in a portfolio company, incentive equity, profits or equity interests in one or more Funds or General Partners, remuneration from SCP and/or its Funds or affiliates or other compensation) paid to Operating Partners may create an incentive for Operating Partners to recommend a portfolio company based on compensation received personally, rather than the Funds' needs. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation. SCP believes the potential related conflicts are mitigated since SCP maintains an investment committee that must approve investment deals, including those sourced by Operating Partners. Overall, SCP believes that conflicts of interest are substantially mitigated since the interests of SCP, the General Partners, and the Operating Partners are aligned with investors in the Funds (i.e., each General Partner is an investor in its Fund). Further, SCP has adopted and implemented written compliance policies and procedures that are designed to address conflicts of interest. Management fee offsets (as described above and in Fund offering documents) further mitigate the conflict of Related Persons receiving ancillary compensation. Finally, SCP has a fiduciary duty to act in the best interests of the Funds.

#### **Item 15: Custody**

SCP has access to the Fund's assets since it or a related person serves as the investment adviser, general partner, or managers of the Funds. Limited partners will not receive statements from any custodians. To comply with the Advisers Act Custody Rule (i.e. Rule 206(4)-2) and to provide meaningful protection to investors, the Funds are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles, and are intended to be distributed to

investors in accordance with Rule 206(4)-2 and delivery requirements stated in the relevant Fund Documents.

#### **Item 16: Investment Discretion**

In accordance with the execution of terms and conditions disclosed in the relevant Fund Documents, and subject to the direction and control of the General Partners, SCP has discretionary authority to determine the investments and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. Any limitations on this authority are included in the relevant Fund Documents, investor side letters, and/or SCP's internal compliance policies and procedures.

#### **Item 17: Voting Client Securities**

A majority of the portfolio companies held by the Funds are private companies which typically do not issue proxies. However, in the event proxies are required to be voted, SCP has adopted the following procedures:

- SCP will vote its clients' proxies in the best interest of its clients and not its own.
- SCP will seek to avoid material conflicts of interest between the interests of SCP on the one hand and the interests of its clients on the other.
- If the Chief Compliance Officer ("CCO") and/or any investment staff member detects a material conflict of interest in connection with a proxy solicitation, the CCO must be informed and will then elevate the matter to the Fund's limited partner advisory board. The CCO will retain a memo to the files describing the material conflict of interest and the proposed resolution.
- SCP will vote proxies in the interest of maximizing value for SCP's clients.
- All proxy solicitation materials received by SCP shall be received by the senior principal(s) responsible for the respective deal(s) and shared with the CCO and/or his or her designee.
- A copy of the deal team(s) proxy vote remittance will be provided to the CCO and/or his or her designee.

A number of SCP's investment professionals serve as board members for the Funds' portfolio companies. In situations where SCP votes the proxy for a company in which a member of SCP serves on the board of directors, SCP has determined that such situations do not inherently present a conflict of interest in light of the fact that the purpose for serving on the board is to maximize the return on the relevant Fund's investment and to ensure that the Fund's interests are protected.

SCP must either maintain its own copies of proxy statements as noted above or rely on proxy statements filed on the SEC's EDGAR system (See <http://www.sec.gov/info/edgar/forms.html>). Additionally, SCP may rely on proxy statements and records of proxy votes cast by SCP that are maintained by a third party such as a proxy voting service, provided that SCP has obtained an undertaking from the third party to provide a copy of the documents promptly upon request.

Any request made by an investor, whether written (including email) or verbal, received by any of SCP's employees, must be promptly reported to the CCO or his or her designee. Investors in a

Fund are permitted to request and SCP is required to distribute the proxy voting record for such Fund for the 5 year period prior to the relevant request. SCP shall furnish the information requested by any such investor within a reasonable time period and maintain a copy of the investor's request and the information furnished by SCP.

**Item 18: Financial Information**

A balance sheet is not required to be provided as SCP (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.