

**SUSTAINABILITY-RELATED DISCLOSURES IN ACCORDANCE TO Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR")**

**TREE LINE DIRECT LENDING IV OFFSHORE, LP AND TREE LINE DIRECT LENDING IV OFFSHORE UNLEVERED, LP (TOGETHER, the "Fund")**

**Summary**

- **No sustainable investment objective:** The Fund promotes environmental and/or social characteristics with the goal of generating attractive risk-adjusted returns for investors but does not have sustainable investments as its objective. While the Fund makes investments that seek to promote the environmental and or social characteristics noted in this disclosure, the Fund does not make investment decisions based on the definition of “sustainable investments” as defined by SFDR.
- **Environmental or social characteristics of the financial product:** The Fund will seek to promote environmental and social characteristics by integrating certain ESG factors into its investment due diligence process (both during the pre-investment due diligence phase and during an investment’s holding period) as part of the deployment of a proprietary ESG scoring methodology in respect of each investment (the “**E/S Characteristic**”), which is used internally by Tree Line and maps to both general and sector-specific indicators that are in each case developed on a case by case basis at Tree Line’s sole discretion depending on the specific investment and sub-sector.
- **Investment strategy:** The Fund seeks to deliver its investors superior risk-adjusted returns through the construction of a senior secured loan portfolio diversified by borrower, sector and geography. The Fund will target lower middle market and directly originate, underwrite and manage loans to small and medium sized borrowers in North America. Each potential investment in the Fund will also undergo ESG screening and diligence including in respect of governance practices.
- **Proportion of investments:** Tree Line will seek to promote the E/S Characteristic of the Fund’s investment strategy in respect of at least 75% of its investments but there can be no guarantee or assurance that the Fund will be able to implement the characteristics with respect to more than 75% of investments. The Fund does not intend to make sustainable investments.

**Monitoring of environmental or social characteristics:** The Fund intends to monitor the attainment of the E/S Characteristic promoted by the Fund by assessing each investment based on a proprietary ESG scoring methodology in order to select investments that meet minimum performance criteria on material ESG risks, impacts and opportunities. The Fund intends to conduct quarterly assessments of its investments, including monitoring of material ESG-related risks, impacts and opportunities.

**Methodologies:** As part of the pre-investment due diligence, the Fund seeks to assess each potential investment against various ESG factors including ESG-related risks, impacts and opportunities which are included in an initial ESG screen. Following the initial risk assessment, each potential investment is assessed against a bespoke set of ESG factors including both general and sector-specific factors in order to evaluate a potential investment’s ESG-related risks, impacts and opportunities. The results of the ESG

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due diligence is reviewed by the investment committee and is taken into account (along with other risk factors) into the investment decision-making process. Where feasible, post-investment, the Fund seeks to monitor investments against bespoke ESG factors in accordance with the proprietary ESG scoring methodology.

**Data sources and processing:** The Fund intends to ensure that each portfolio investment provides material ESG data as part of the due diligence process and, where possible, throughout the holding period through regular reporting. Tree Line, in its sole discretion, may instruct additional third-party assessments and/or assurance of the data.

**Limitations to methodologies and data:** Limitations to the methodologies and data can primarily arise because of a lack of available data from investee companies and/or a lack of infrastructure in place for the collection and processing of relevant data from investee companies. The Fund may depend on data provided through a number of sources, including third-party reports or advisors, which may be incomplete, inaccurate or unavailable. The Fund does not intend to independently verify all information reported in respect of investments. Tree Line does not anticipate that such limitations will have a material impact on the promotion of the E/S Characteristic.

**Due diligence:** Tree Line integrates ESG risks, impacts and opportunities into its pre-investment due diligence process. Such due diligence process includes two stages: (i) an initial ESG screen which assesses the potential investment against material ESG-related metrics; and (ii) a proprietary ESG scoring methodology which assesses the potential investment against a bespoke set of ESG factors including both general and sector-specific factors in order to evaluate a potential investment's ESG related risks, impacts and opportunities. Post-investment, Tree Line seeks to regularly monitor investments against bespoke ESG-related factors in accordance with the proprietary ESG scoring methodology.

**Engagement policies:** Where possible, Tree Line seeks to engage with portfolio companies on their ESG performance and strategy, including material ESG incidents. Tree Line's ability to engage with portfolio investments will depend on the level of control Tree Line may have under the relevant lending documentation. Where Tree Line acts as lead lender or agent, there may be more opportunities for Tree Line to establish direct relationships with borrowers and conduct monitoring.

**Designated reference benchmark:** No index has been designated as a reference benchmark to meet the environmental characteristics at this time.

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**No sustainable investment objective**

The Fund promotes environmental and/or social characteristics with the goal of generating superior risk-adjusted returns for investors but does not have sustainable investments as its objective. While the Fund makes investments that seek to promote the environmental and or social characteristics noted in this disclosure, the Fund does not make investment decisions based on the definition of “sustainable investments” as defined by SFDR.

**Environmental or social characteristics of the financial product**

The Fund will seek to promote environmental and social characteristics by integrating certain ESG factors into its investment due diligence process (both during the pre-investment due diligence phase and during an investment’s holding period) as part of the deployment of a proprietary ESG scoring methodology in respect of each investment (the “E/S Characteristic”), which is used internally by Tree Line and maps to both general and sector-specific indicators that are in each case developed on a case by case basis at Tree Line’s sole discretion depending on the specific investment and sub-sector.

**Investment strategy***Investment strategy used to meet the characteristics*

The Fund seeks to deliver its investors superior risk-adjusted returns through the construction of a senior secured loan portfolio diversified by borrower, sector and geography. The Fund will target lower middle market and directly originate, underwrite and manage loans to small and medium sized borrowers in North America.

*Good governance*

Each potential investment in the Fund will undergo ESG screening and diligence including governance practices. With regards to corporate governance, Tree Line will seek to assess the following factors including but not limited to a review of legal issues relating to sound management structures, remuneration of staff, employee relations and tax compliance.

**Proportion of investments**

Tree Line will seek to promote the E/S Characteristic of the Fund’s investment strategy in respect of at least 75% of its investments but there can be no guarantee or assurance that the Fund will be able to implement the characteristics with respect to more than 75% of investments. The Fund does not intend to make sustainable investments. Tree Line will typically have direct or indirect exposures to investments and will look through any relevant investment structures for the purpose of applying the E/S Characteristics.

**Monitoring of environmental or social characteristics**

The Fund intends to monitor the attainment of the E/S Characteristic promoted by the Fund by applying a screen on each potential investment based on a proprietary ESG scoring methodology in order to select investments that meet minimum performance criteria on material ESG risks, impacts and opportunities. The screening will involve assessing the performance of investments based on ratings tools, which maps to both general and sector-specific indicators, including bespoke ESG-related indicators, in each case developed on a case by case basis at Tree Line’s sole discretion, depending on the specific investment and sub-sector.

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## Methodologies

The Fund seeks to integrate ESG-related factors into its investment strategy in the following ways:

1. **Pre-investment risk-based due diligence:** Each investment is subject to a due diligence process pursuant to which each investment is measured against various ESG factors including ESG-related risk, impacts and opportunities which are included in an initial ESG screen. The outcome of the initial due diligence, including the initial ESG screen is factored into the Fund's investment decisions in respect of that investment.
2. **Proprietary ESG scoring methodology:** Following the initial risk assessment, each potential investee company is assessed against a bespoke set of ESG factors including both general and sector-specific factors in order to evaluate a potential investment's ESG-related risks, impacts and opportunities. Tree Line's proprietary ESG scoring methodology uses the SASB Materiality Map<sup>1</sup> in order to assess potential sustainability risks on an industry-by-industry basis. The results of the ESG due diligence assessment is reviewed by the investment committee and is taken into account (along with other risk factors) into the investment decision-making process.
3. **During the holding period:** Where feasible, the Fund seeks to monitor certain investments against bespoke ESG factors in accordance with the proprietary ESG scoring methodology.

## Data sources and processing

### *Data sources used to attain the characteristics*

The Fund intends to ensure that each portfolio investment provides material ESG data as part of the due diligence process and, where possible, throughout the holding period through regular reporting.

### *Measures taken to ensure data quality*

Tree Line and the Manager oversee the data collection process. If required, Tree Line may instruct additional third-party assessments and/or assurances in respect of the data.

Data may not be audited or otherwise verified and Tree Line cannot guarantee that data provided by portfolio companies or third parties is complete, accurate or reliable.

### *Data processing*

Data provided by portfolio companies is processed by Tree Line.

### *Proportion of data estimated*

Actual data provided by investee companies will be used, where available.

Where data may be missing, Tree Line does not intend to use estimates but will instead look to engage with the relevant investments and encourage further disclosures from borrowers or sponsor.

## Limitations to methodologies and data

Limitations to the methodologies and data can primarily arise because of a lack of available data from investee companies and/or a lack of infrastructure in place for the collection and processing of relevant

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<sup>1</sup> [The Sustainability Accounting Standards Board \(SASB\) Standards Materiality Map](#) (2018).

data from investee companies. The Fund may depend on data provided through a number of sources, including third-party reports or advisors, which may be incomplete, inaccurate or unavailable. The Fund does not intend to independently verify all information reported in respect of investments. Tree Line does not anticipate that such limitations will have a material impact on the promotion of the E/S Characteristic.

**Due diligence**

Tree Line integrates ESG risks, impacts and opportunities into its pre-investment due diligence process. Such due diligence process includes two stages: (i) an initial ESG screen which assesses the potential investment against material ESG-related factors; and (ii) a proprietary ESG scoring methodology which assesses the potential investment against a bespoke set of ESG-related factors including both general and sector-specific factors in order to evaluate a potential investment's ESG-related risks, impacts and opportunities.

The identification and management of ESG risks, impacts and opportunities is integrated into the investment decision-making process for the Fund. The investment committee will review the results of the proprietary ESG scoring methodology when evaluating potential investments.

Post-investment, Tree Line seeks to regularly monitor investments against bespoke ESG-related factors in accordance with the proprietary ESG scoring methodology.

**Engagement policies**

Where possible, Tree Line seeks to engage with applicable portfolio companies on their ESG performance and strategy, including material ESG incidents. Tree Line's ability to engage with portfolio investments will depend on the level of control Tree Line may have under the relevant lending documentation. Where Tree Line acts as lead lender or agent, there may be more opportunities for Tree Line to establish direct relationships with borrowers and conduct monitoring.

**Designated reference benchmark**

No index has been designated as a reference benchmark to meet the environmental characteristics.

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