

Resolved: Shareholders request the Board of Directors report on the company's due diligence process to identify and address environmental and social risks related to financing companies producing controversial weapons and/or with business activities in conflict-affected and high-risk areas.

Whereas: Under the UN Guiding Principles on Business and Human Rights, PNC has a responsibility to address adverse human rights impacts that it may cause, contribute to, or be directly linked to its business.¹ This applies regardless of the size or scope of those activities.

PNC lends over \$2.82 billion to companies producing controversial weapons, including nuclear weapons, white phosphorus, depleted uranium weapons, and incendiary weapons.² These are illegal or have prohibited use under international law due to their potentially indiscriminate and disproportionate impacts on civilians.³ For example, nuclear weapons are designed to cause massive death and destruction, impacting long-term human health, the environment, and socioeconomic development.⁴ Major investment institutions are divesting from producers of controversial weapons⁵, including over 100 institutions with policies against investments in nuclear weapons.⁶

An Amnesty International report found that Boeing, General Dynamics, and several other companies PNC finances are failing to meet their human rights responsibilities and have been connected to gross human rights violations, including those that could amount to war crimes.⁷ For example, Boeing is an integral arms supplier to Saudi Arabia for use in Yemen.⁸ Gross human rights violations have been committed throughout the conflict, prompting Congress to urge Biden to "halt all arms sales" until civilian harm ceases.⁹

PNC's Environmental and Social Risk Management (ESRM) framework, due diligence processes, and screens lag behind peers. The Company does not explicitly address weapons nor identify the defense sector as presenting elevated risk. Other peers like Citigroup have policies against directly financing military equipment like nuclear weapons.¹⁰

PNC faces reputational risk if its "sustainable" reputation is undermined by financing activities that fuel the climate crisis and undermine global security. The U.S. Department of Defense (DoD) is the world's largest greenhouse gas emitter.¹¹ DoD emissions have surpassed the steel industry, of

¹ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

² <https://www.washingtonpost.com/news/checkpoint/wp/2016/09/19/saudi-arabia-appears-to-be-using-u-s-supplied-white-phosphorus-in-its-war-in-yemen/> ; <https://www.nytimes.com/2020/02/07/us/trump-land-mines-cluster-munitions.html> ; <https://www.dontbankonthebomb.com> (Forthcoming Report)

³ <https://www.un.org/disarmament/wmd/nuclear/tpnw/> ; <https://www.icrc.org/en/doc/assets/files/other/customary-international-humanitarian-law-i-icrc-eng.pdf>

⁴ <https://www.icrc.org/en/document/humanitarian-impacts-and-risks-use-nuclear-weapons>

⁵ <https://www.ai-cio.com/news/norways-klp-divests-from-producers-of-controversial-weapons/>

⁶ <https://www.dontbankonthebomb.com/policy-analysis-report-rejecting-risk/>

⁷ <https://www.amnesty.org/download/Documents/ACT3008932019ENGLISH.PDF>

⁸ https://complaints.oecdwatch.org/cases/Case_474

⁹ <https://www.nytimes.com/2022/09/07/us/politics/biden-aid-yemen-saudi-arabia.html>

¹⁰ <https://www.citigroup.com/citi/sustainability/data/Environmental-and-Social-Policy-Framework.pdf>

which PNC's ESRM flags as an elevated risk for environmental due diligence.¹¹ It is unclear why the Company has omitted controversial weapons from this framework. Nuclear weapons development, production, and testing, deemed by UN experts as one of the "cruellest" forms of environmental injustice, continues to have catastrophic impacts on human health and the environment.¹² Weapons like white phosphorus have destructive environmental impacts that can perpetuate for years.¹³

Increasing scrutiny of lending practices escalates reputational risk to PNC as a retail banker. The Stop Banking the Bomb Campaign has held over 100 demonstrations outside of PNC offices, calling for divestment from nuclear weapons manufacturers. Shareholders lack sufficient evidence on how PNC is managing these increasing risks.

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<https://watson.brown.edu/costsofwar/files/cow/imce/papers/Pentagon%20Fuel%20Use%2C%20Climate%20Change%20and%20the%20Costs%20of%20War%20Revised%20November%202019%20Crawford.pdf>

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https://www.icanw.org/nuclear_tests#:~:text=Even%20those%20that%20have%20been,soil%2C%20air%2C%20and%20water.

13 <https://ieeexplore.ieee.org/document/5596102>