

Resolved: Shareholders request the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, explaining how PNC's risk management systems ensure effective implementation of its Human Rights Statement in existing and proposed general corporate and project financing. The report may include:

- A description of human rights due diligence processes in place to embed respect for human rights into operations and to provide access to remedy for human rights impacts connected to financing relationships; and
- Indicators used to assess effectiveness.

Whereas: Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies are expected to respect human rights throughout their operations by conducting human rights due diligence to assess, identify, prevent, mitigate, and remediate adverse human rights impacts.¹ PNC is one of the largest banks in the US, with over \$556 billion in assets.²

PNC has a practice of financing clients connected to systemic human rights violations, despite its human rights commitments. The Company is exposed to legal and reputational risk if it fails to effectively implement its policies across business activities. For example, PNC was a key financier of Energy Transfer in 2017, which built the widely opposed Dakota Access Pipeline,³ a project which incurred \$7.5 billion in material social costs.⁴ PNC additionally increased its fossil fuel financing by 77% between 2021 and 2022, investments which are frequently linked to human rights abuses, particularly in Indigenous, Black, and brown communities.⁵ For instance, PNC provided credit facilities to enable the now defunct Atlantic Coast Pipeline, which was abandoned in part due to civil rights concerns.⁶

Additionally, PNC lends over \$2.82 billion to companies producing controversial weapons, including nuclear weapons, white phosphorus, depleted uranium weapons, and incendiary weapons.⁷ These are illegal or have prohibited use under international law due to their potentially indiscriminate and disproportionate impacts on civilians.⁸ For example, nuclear weapons are designed to cause massive death and destruction, impacting long-term human health, the environment, and socioeconomic development.⁹ Major investment institutions are divesting from

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

² <https://www.forbes.com/advisor/banking/largest-banks-in-the-us/>

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https://www.banktrack.org/download/does_your_money_fund_oil_pipelines/mazaskatalksdoesyourmoneyfundoilpipelines3f.pdf

⁴ https://www.colorado.edu/program/fpw/sites/default/files/attached-files/social_cost_and_material_loss_0.pdf

⁵ https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf ;

<https://ajph.aphapublications.org/doi/10.2105/AJPH.2023.307403>

⁶ <https://insideclimatenews.org/news/18052018/atlantic-coast-pipeline-natural-gas-civil-rights-environmental-justice-epa/> ;

<https://www.nrdc.org/bio/gillian-giannetti/three-lessons-learned-axed-atlantic-coast-pipeline>

⁷ <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/risky-returns/>

⁸ <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>

⁹ <https://www.icrc.org/en/document/humanitarian-impacts-and-risks-use-nuclear-weapons>

producers of controversial weapons¹⁰, including over 100 institutions with policies against investments in nuclear weapons.¹¹

Although PNC's Human Rights Statement commits to upholding the UN Universal Declaration of Human Rights, it is not aligned with the UNGPs. PNC's Environmental and Social Risk Management and Rapid Risk Screen tools lag behind peers in identifying the bank's most salient human rights risks. Bank of America and Citigroup disclose lists of high-risk social issues and disclose criteria for elevated human rights due diligence.¹² The report we request will enable investors to assess the effectiveness of PNC's screening tools and questionnaires to mitigate human rights impacts throughout its lending portfolio.

¹⁰ <https://www.ai-cio.com/news/norways-klp-divests-from-producers-of-controversial-weapons/>

¹¹ <https://www.dontbankonthebomb.com/policy-analysis-report-moving-away-from-mass-destruction/>

¹² https://about.bankofamerica.com/content/dam/about/pdfs/MISC-02-23-0371_of_ADA.pdf ;
<https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf> h