TCFD PROGRESS UPDATE

JANUARY 2023

THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PNC

TCFD PROGRESS UPDATE

As a Main Street bank, we are committed to delivering on each of our strategic priorities while looking out for the best interests of all our stakeholders, including our customers, employees, and shareholders, and the communities in which we operate. That means playing a role in addressing climate change efforts by supporting the transition to a low-carbon economy through strong relationships with our individual stakeholders, our communities and our public/private partnerships.

As we write this, climate-related disclosure rules are in flux, the methodologies are still in development, emerging technology is still being prototyped, and international standards are slowly aligning. Climate change is a complex problem requiring collaboration and cooperation across sectors and institutions — from governments to corporations to nongovernmental organizations (NGOs) and beyond. This TCFD Progress Update covers the additional efforts we've taken since our first report last year to fold climate risk management more intentionally into our business processes and strategy. We describe details such as our Climate Action Strategy and the changes made to our board- and management-level governance structures. As the world's collective understanding of the scope and pace of climate-related impacts — and the technologies and strategies to mitigate those impacts — accelerates, we're committed to appropriately accelerating and enhancing our own commitments, risk management practices, disclosures and strategies to better meet the financing needs of a changing world.

EXPANDING CLIMATE RISK GOVERNANCE

Since our first report in 2021, in response to a greater climate risk workset and stakeholder feedback, we've made a variety of enhancements to our climate risk governance and management processes.

The board of directors has ultimate oversight of PNC's strategy, including the risks and opportunities flowing from the environmental, social and governance (ESG) issues material to PNC's business. Given the highly integrated nature of environmental concerns, including significant climate change issues, the full board oversees such matters directly, informed by each board committee's oversight of the ESG matters within its purview, as set forth in its charter. For example, the Nominating & Governance Committee generally oversees governance matters, while social matters are generally overseen by the Human Resources Committee and the Special Committee on Equity & Inclusion. As another example, climate-related risks are within the purview of the Risk Committee and are an important component of the board's overall approach to environmental strategy, while the Audit Committee has responsibility for our climate-related disclosures, including those in our financial reports. The board reviews the Corporate Responsibility strategic plan annually, receives updates on ESG matters at least quarterly and provides guidance to management with respect to such matters.

At the management level, we recently established a new Climate Risk Committee to specifically oversee the integration of climate-related risks into the Enterprise Risk Management (ERM) framework. Key responsibilities include reviewing, recommending and/or approving ERM framework enhancements to integrate climate-related risks; escalating climate-related risks (including assumptions, limitations and uncertainties of results and known issues) from across the organization to assess an aggregated view of climate-related risk; and reviewing or recommending control processes and/or risk management practices for the development and implementation of sound and repeatable processes to comply with any SEC climate disclosure requirements once finalized.

The Climate Risk Committee reports to the Enterprise Risk Management Committee (ERMC), which reports to the Executive Committee. The ESG Executive Steering Group will retain its responsibilities in setting and driving PNC's ESG strategy, goals and public disclosures, which includes our Climate Action Strategy. Both the ESG Executive Steering Group and the Climate Risk Committee maintain representation across multiple lines of business and service areas, from Internal Audit, Realty Services and ERM to Sustainable Finance, Credit Portfolio Management and the Diversified Industries Group. Finally, through the ESG team, the Corporate Responsibility Group is responsible for the development and execution of PNC's Climate Action Strategy.

FORMALIZING OUR CLIMATE ACTION STRATEGY

Our Climate Action Strategy leverages PNC's strengths and business expertise to facilitate the transition to a low-carbon economy. We set this Climate Action Strategy at the start of 2022 and, since then, have been working with stakeholders to collect feedback and are working across business lines to identify and set appropriate targets and goals. Shortly after setting our Climate Action Strategy, we convened a session facilitated by Ceres to receive actionable feedback from a group of investors and environmental NGOs on our Climate Action Strategy.

PNC has long supported the transition to a low-carbon economy by managing our physical footprint in a sustainable manner, incorporating climate-related risk considerations into our ERM framework, integrating responsible investing strategies into our investment and portfolio management practices, and helping clients finance their own sustainability goals. These tenets have been incorporated into our Climate Action Strategy, with a commitment to take action on those things we can control, while laying a solid foundation for the work still to come.

Employee Engagement: We're developing a pilot initiative called Climate Transition Advocates, which will leverage employees' passion for environmental sustainability and coach them to have transition-related conversations with clients pursuing their own climate transition plans. This training program will be open to all employees, providing them the opportunity to learn about climate topics they find interesting or relevant to their work. For those employees who are passionate about understanding how they can apply their skills to the climate crisis, this program will give them the ability to do so. Our intent is to launch the program in 2023 and maintain and extend the training into broader ESG-related topics over time.

Long-Term Collaboration: We're committed to thoughtfully engaging with our stakeholders, including external partners and industry groups, to find and create climate transition solutions that work not only for us as a bank but for our clients and communities in an equitable fashion. Additionally, we will seek out ways to assume leadership roles to help propel our Climate Action Strategy, such as leading the PCAF business loans working group, and will engage with our stakeholders to create programming and goals with environmental justice principles in mind. Finally, we commit to remaining transparent on our progress and related developments as we continue to develop our Climate Action Strategy. We recently released a report on our environmental and social guidance for responsible lending, which provides greater transparency on the ESG practices we employ in making business decisions.

Supporting Customer Transition Plans: A key part of our Climate Action Strategy includes enhancing and deepening existing client relationships through a strategic, client-driven ESG-focused dialogue to further establish PNC as a trusted advisor in this space. Our focus areas include greater internal education about PNC's sustainable finance platform, better alignment of PNC's full set of sustainability-focused

PNC CLIMATE RISK GOVERNANCE STRUCTURE

PNC BOARD OF DIRECTORS
(oversight of ESG strategy and ESG risks and opportunities)

RISK COMMITTEE
Oversight of risk flowing from ESG matters, including climate-related risk

AUDIT COMMITTEE
Oversight of ESG and financial disclosures, and related controls, processes and frameworks

CEO AND EXECUTIVE COMMITTEE
(day-to-day oversight of ESG strategy and ESG risks and opportunities)

CORPORATE RESPONSIBILITY GROUP
Development and implementation of the ESG strategy, including climate action

ENTERPRISE RISK MANAGEMENT COMMITTEE
Oversight of ESG risk management process, including climate risk

ESG EXECUTIVE STEERING GROUP
(goals, targets, disclosures and policies)

CLIMATE RISK COMMITTEE

products and services with our go-to-market strategy, building support for middle market and consumer banking product creation, and improving our sustainable finance data warehousing and reporting capabilities. Finally, in 2021, we committed to mobilize $20 billion in environmental financing over 5 years, then expanded that commitment to $30 billion in January 2023. We believe this speaks to our clients' deep interest in these solutions.

Executing on Operational Sustainability: On the operations side, with the acquisition of BBVA USA in June 2021, our physical footprint has grown considerably through the addition of more than 600 buildings and 9,000 employees. Among the other challenges that have come with managing a larger footprint, we must set new sustainability targets and redefine the baselines on which those targets have been set, while taking into account factors such as increased flexible work arrangements and new geographies. Accordingly, PNC will establish new, ambitious, science-aligned environmental targets for its operational footprint in 2023. These new targets will use a base year of 2022, which is the first full year of combined PNC and BBVA USA operations.

With respect to our current targets, as of December 31, 2021, we've reduced our emissions and energy use by 66% and 50%, respectively, compared to a 2009 baseline; reduced water use by 55%, compared to a 2012 baseline; and purchased 46% of our electricity from renewable sources.[1]

Portfolio Alignment Over Time: Initial work areas in this pillar will include calculating our financed emissions according to the PCAF methodology, further integrating climate risk into our ERM framework and laying the groundwork needed for the use of scenario analysis to inform decision making.

Within the Credit Portfolio Management function, the current priority has been to calculate PNC's financed emissions in line with the PCAF methodology to help set a baseline level of emissions. This will serve as one of many factors that will influence continued client-led engagement with customers. Near-term priorities include joining and mapping PNC data to external data sources, improving alignment and analytics across line of business areas, and further evaluating and iterating on exploratory proof-of-concept transition and physical scenario analyses completed in the first half of 2022. Additional workstreams include putting into place client and collateral information feedback loops and aligning scenario and credit portfolio management analyses to a bottom-up risk identification approach.

Within ERM/Independent Risk Management, the starting point for risk management is our risk identification framework. Identifying new risks is an ongoing process — starting there enables PNC to isolate and aggregate climate risk exposure from individual risk areas and from an enterprise perspective. We consider climate risk a risk amplifier that will manifest through existing risk types, not as a new vertical risk type in PNC's risk taxonomy. Future work includes the development of climate-related metrics for measurement and possible inclusion within our risk appetite framework, and, as climate-related risks are identified, evaluation of the controls we have established to ensure mitigating activities are sufficient to reduce the risk to an acceptable level.

Our overarching strategic vision is to set concrete, incremental and achievable goals that leverage PNC's core competencies while remaining responsive to future regulatory guidance such as the SEC's planned climate disclosure rules; competing demands from governments, investors and activists; and evolving best practices for incorporating climate into our ERM framework and assessing the carbon intensity of our portfolio in decision-useful ways. More information on each individual pillar area can be found within our 2021 Corporate Responsibility Report.

REPORT SCOPE

The progress toward the environmental targets and goals stated in this report covers the period of January 1 through December 31, 2021, with the exception of the $30 billion environmental commitment announced in January 2023. Otherwise, this TCFD Progress Update covers developments in 2021 through 2022. Additional information about the company's corporate responsibility efforts, including important legal disclosures and information, is available on our Corporate Responsibility website.

1 The targets and stated progress for 2021 do not include the additional footprint of BBVA USA, which was fully integrated in October 2021.

CONTACT US

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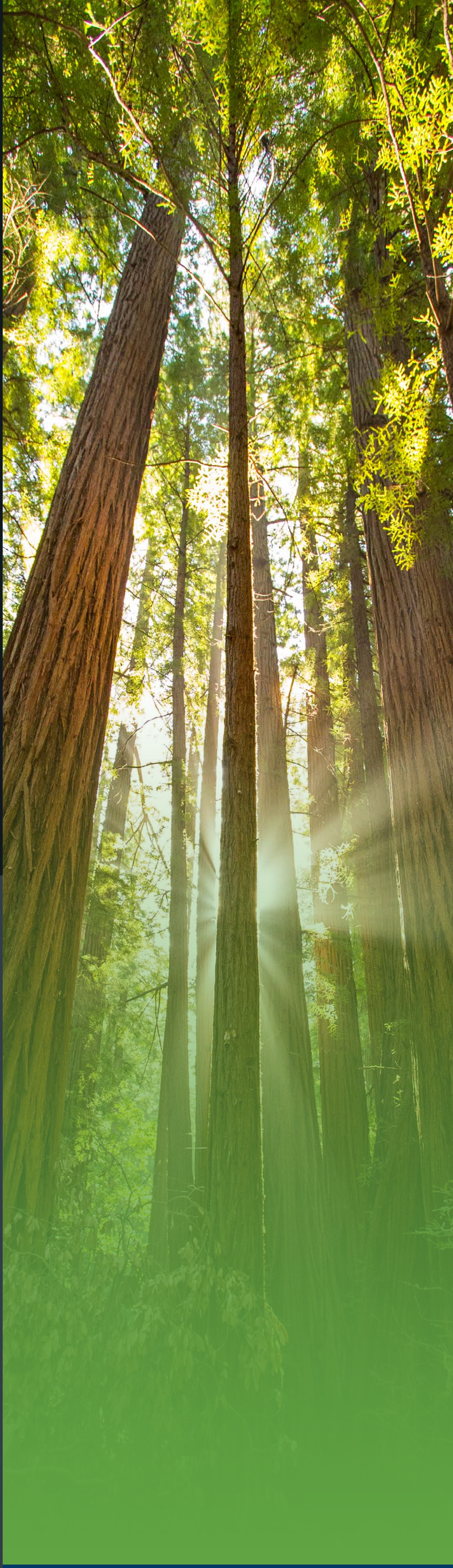

INTRODUCTION

TCFD PROGRESS UPDATE

IN LATE 2015, THE FINANCIAL STABILITY BOARD LAUNCHED THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) TO USE FINANCIAL DISCLOSURES AS A MEANS TO INFORM INVESTORS OF THE RISKS AND OPPORTUNITIES COMPANIES FACE RELATED TO CLIMATE CHANGE.

In 2017, the TCFD provided a reporting framework containing 11 recommendations over four categories — governance, strategy, risk management, and metrics and targets — to give the investors informative and actionable information on how companies manage climate risk as the world begins to transition to a low-carbon economy.

Markets, governments and individuals are beginning to respond to climate change with more urgency than ever, requesting additional analysis and greater transparency on climate risk management procedures. In October 2019, keeping with our commitment to transparency, we formally endorsed the recommendations of the TCFD. We have begun assessing the work necessary to integrate the recommendations into our business operations, supporting business resilience to physical climate risk and the transition to a low-carbon economy.

PNC's long-standing commitment to reducing our environmental impact is part of our larger purpose of making a positive difference by leveraging our resources to help all move forward financially. The evolution of sustainability at PNC has been long and methodical and began by making efforts to reduce PNC's direct impact on communities. In 2000, our first building became Leadership in Energy and Environmental Design (LEED®) certified, and, shortly after, we applied green standards to all new construction.

Ten years later, in 2010, we set energy-, water- and carbon-reduction goals for 2020 and initiated efforts to increase our environmental reporting while reducing our financing impact. During the first half of the decade, PNC was a top energy-efficient mortgage lender; began exiting the financing of single-site coal-fired power plants and mountaintop removal projects; financed the first utility-scale solar plant on an EPA Superfund site; and made an initial entry into green bonds by underwriting bonds covering Chicago Public Schools' energy-efficient facility upgrades.

During the latter half of the decade, PNC made various internal changes and external commitments to align our sustainable efforts with the United Nations Sustainable Development Goals 11 and 13 — Sustainable Cities and Communities, and Climate Action. PNC became a Green Bond Principles Signatory, formally charged PNC's board of directors (the board) with oversight of issues related to climate change and, among other successes and commitments, signed on to the TCFD.

This report is an extension of our efforts to date. While specific metrics will primarily cover the period from January 1, 2020, to December 31, 2021, the report aims to give a holistic view of our climate-related efforts and is not strictly bound by that time period. This report should be viewed alongside our most recent and subsequent CDP Climate Change reports, which provide additional detail on our climate risk governance structures, strategies and risk management processes.

GOVERNANCE

EXPANDING CLIMATE RISK GOVERNANCE

GIVEN THE IMPORTANCE OF ESG AND CLIMATE CHANGE, PNC'S BOARD OF DIRECTORS HAS ULTIMATE OVERSIGHT OF THESE ISSUES.

BOARD OVERSIGHT

In 2017, PNC expanded its corporate governance guidelines to include a provision that the entire board is responsible for overseeing PNC's Corporate Social Responsibility policies, programs and strategies. In November 2019, the guidelines were amended once more to explicitly state that the board's oversight of Corporate Social Responsibility includes significant ESG and climate change issues. The decision was made to assign these responsibilities to the board in its entirety, rather than to a committee of the board, because the effective management of environmental, social and governance (ESG) issues is seen as essential to all aspects of company strategy and operations. PNC's board oversees the environmental practices and policies we have in place, and receives periodic climate-related updates from management.

PNC's head of Corporate and Institutional Banking (C&IB) reports directly to the CEO and takes a leadership role in defining the strategic approach to climate change from a lending perspective. The head of C&IB has briefed the board on new climate-related opportunities such as the issuance of our first green bond and strategies to proactively invest in sustainable finance opportunities. Also reporting to the CEO, the chief corporate responsibility officer oversees the work being done to manage PNC's ESG commitments and challenges. This includes work streams such as our ESG disclosure and reporting efforts; the design of tools, processes and frameworks to support and enhance functions such as environmental and social risk management, and sustainable finance; the setting of external ESG commitments; and the management of stakeholder engagement efforts.

PNC's ESG team, which sits in the Corporate Responsibility Group, presents a broad ESG update to the full board at least annually. Included in these updates are changes reflected in the ESG Scorecard; information on the progress made toward our operational sustainability goals and sustainable finance commitments; the results of environmental risk due diligence reviews; our place in various ESG ratings and rankings, which serve as a relative guidepost on our progress compared to peers; and information regarding emerging ESG issues. More targeted, issue-specific updates are provided to committees of the board on a regular basis. For example, the board's Nominating and Governance Committee is updated on corporate governance matters quarterly, and this update typically covers a number of climate-related matters, including climate change benchmarking, activism, engagement with investors and developments in reporting standards. Further, the board's Risk Committee is responsible for overseeing the establishment, implementation and approval of PNC's Enterprise Risk Governance Framework and is primarily responsible for overseeing the firm's mitigation of material risks facing the company. The Risk Committee receives periodic presentations by the ERM team, in coordination with the ESG and Credit Portfolio Management team, on climate-related risks and exposure, which supplement the existing holistic risk reporting in place as part of the risk governance framework.

PNC ADDRESSES ENVIRONMENTAL, SOCIAL AND CLIMATE-RELATED RISKS.

MANAGEMENT-LEVEL RESPONSIBILITY

Management-level responsibility begins within our ESG Executive Steering Group. The executive-level management in the ESG executive Steering Group is represented by our chief corporate responsibility officer, general auditor, chief human resources officer, general counsel & chief administrative officer, head of C&IB, head of retail banking and chief risk officer. The executive members of this steering group cover many different functions in the bank and, as such, are able to advise and direct strategy across a broad spectrum of ESG issues. The chief human resources officer offers expertise regarding the social issues impacting PNC. PNC's general counsel & chief administrative officer provides expertise in and oversees the work done to address the governance issues impacting PNC. Our chief risk officer oversees and challenges our strategy on how PNC addresses environmental, social and climate-related risks.

Participants also include senior-level management from various lines of business, including Debt Capital Markets, Corporate Real Estate, Credit Portfolio Management, Corporate Communications, Community Affairs, Enterprise Risk Management and Merchant Services.

In meetings convened quarterly by the ESG team, the members of senior-level management meet with the executive team to give in-depth updates and seek guidance on new programs and policies, progress made on internal and external goals, the status of pending disclosures, details on stakeholder engagement activities, and emerging ESG risks and opportunities for the lines of business they represent.

In 2022, PNC established a new Climate Risk Committee to specifically oversee the integration of climate-related risks into PNC's ERM framework. The Climate Risk Committee maintains representation across multiple lines of business and service areas, from Internal Audit, Realty Services and ERM to Sustainable Finance, Credit Portfolio Management and the Diversified Industries Group.

WORKING GROUPS

The senior-level management in the ESG Executive Steering Group also participates in working groups that inform various pieces of our ESG and climate change strategy.

The Sustainable Finance Working Group is responsible for defining PNC's sustainable financing commitments and influencing strategies to ensure that we meet our sustainable finance goals. The Sustainable Finance Working Group includes employees from Realty Services, Debt Capital Markets and Responsible Investing. More information on PNC's sustainable finance and responsible investing initiatives and areas of focus can be found in the Corporate Responsibility section of our website.

The Reputational Risk Working Group is led by Enterprise Risk Management and the ESG team, and includes representatives of the compliance, legal, ethics, audit, investor relations, corporate communications and ESG functions. The Reputational Risk Working Group tracks PNC's reputational risk exposure to climate-related issues (one of many reputational risk elements the group tracks), identifies impacted lines of business and details actions to address related issues. By involving many different areas within PNC, the Reputational Risk Working Group helps to create a shared level of knowledge among risk-related and external-facing senior management.

BY INVOLVING MANY DIFFERENT AREAS WITHIN PNC, THE REPUTATIONAL RISK WORKING GROUP HELPS TO CREATE A SHARED LEVEL OF KNOWLEDGE AMONG RISK-RELATED AND EXTERNAL-FACING SENIOR MANAGEMENT.

STRATEGY

FORMALIZING OUR CLIMATE ACTION STRATEGY

OUR CLIMATE ACTION STRATEGY LEVERAGES PNC'S STRENGTHS AND BUSINESS EXPERTISE TO SUPPORT THE TRANSITION TO A LOW-CARBON ECONOMY.

PNC's sustainability and climate change strategy is based on how we can support the transition to a low-carbon economy and is executed through a four-pronged approach:

1. Maintaining risk management controls that incorporate climate change considerations as necessary
2. Managing our internal operations in a sustainable manner
3. Helping our clients finance their sustainable operations
4. Managing capital for our clients in responsible ways

As with the TCFD recommendations, we view climate risks falling into two distinct categories: transition risks or physical risks. Transition risks are experienced as the world moves toward a low-carbon economy and becomes less reliant on fossil fuels. Transition risks can be reputational in nature or accelerate existing risks across our risk taxonomy as a result of changes in the market, technology and policy, and may be experienced over the short-, medium- or long-term depending on the speed of change. Physical risks are realized to a greater degree in the medium- to long-term due to the increased severity of natural hazards stemming from a changing climate. Managing physical risks requires a different approach as we anticipate that impacts over the next few decades are largely locked in and will be marginally impacted by action taken today, if at all. However, physical impacts around the mid–21st century and beyond are largely dependent on the policies and technologies implemented today. Exploring a range of possible outcomes for climate risks, including assessing tail risks, provides important insight for our risk management.

Outcomes from these reviews may include, but are not limited to, enhanced due diligence, changes in origination requirements or limits on credit exposure. Decisions may be made to build expertise in related areas, exit relationships, build reserves or build relationships, among other approaches.

MANAGING OUR INTERNAL OPERATIONS

We are committed to making our operations more sustainable and are maximizing operational efficiency to achieve greater energy reduction and cost savings. While continuing to work toward achieving our 2035 targets

$30B
IN ENVIRONMENTAL FINANCE

In 2021, we committed to mobilize $20 billion in environmental financing over 5 years. We enhanced this commitment to $30 billion in 2023, in response to our clients' deep interest in these solutions.

TIME HORIZON	FROM (YEARS)	TO (YEARS)	COMMENTARY
SHORT TERM	0	3	PNC's ERM framework and risk appetite focuses on risks in a short-term window as that is the basis for our determination of which risk or set of risks (risk themes) could have a material impact to the organization. The risk frameworks across PNC's Risk Taxonomy are designed to identify, assess, monitor, manage and report on those risks.
MEDIUM TERM	3	5	Currently, we are developing capabilities to identify risks (existing or emerging), in addition to determining how we define medium- and long-term time horizons. We're also considering how our historical practices will need to be adjusted to account for climate-risk measurement in the medium and long term. Historically, we have leveraged Moody's definition of emerging risks for industries with clear exposure to environmental risks that could be material to credit quality over the medium term (3 to 5 years) but are less likely in the next 3 years. Further, we have historically defined long term as risk and opportunities more than 5 years out. As we build our capabilities, we will define medium- and long-term horizons that are suitable for PNC's climate-related opportunities and risk management practices.
LONG TERM	Beyond 5 years		

(see the Metrics and Targets section), we also set a goal to purchase 100% renewable electricity by 2025. Besides these specific goals, our comprehensive energy and sustainability program takes a holistic approach to good environmental stewardship by leveraging state-of-the-art intelligent building design, green building standards, resource conservation and improved indoor air quality for our employees and customers.

RENEWABLE ENERGY

PNC's renewable energy pathway is a multifaceted approach and will rely on a handful of methods to reach 100% purchased renewable electricity by 2025. We are currently purchasing bundled renewable energy credits (RECs) in our deregulated electric procurement supply contracts and LEED projects. By 2025, we anticipate that our renewable electricity portfolio will be composed of power purchase agreements, RECs and on-site generation.

INTELLIGENT BUILDINGS

To achieve greater operational efficiency within our buildings, PNC is leveraging an Intelligent Building software platform to save energy and improve building performance. The Intelligent Buildings Project is applying real-time advanced energy analytics and reporting to better manage facilities, identify cost-saving opportunities and support prioritization of capital investments throughout PNC's buildings. Intelligent buildings start with intelligent infrastructure and a software platform that turns data into meaningful information that drives action and reaction to promote safe, secure and energy-efficient operations. PNC's Energy & Innovation Group has been working on projects and successful case studies relating to intelligent buildings for 6 years with Pittsburgh-based universities, various startups and industry partners.

INDOOR AIR QUALITY

Preserving occupant comfort and safety within our buildings has been and will continue to be a top priority for PNC. PNC's Operations staff within Realty Services continues to proactively implement measures to enhance indoor air quality, which includes ensuring that ventilation systems are operating properly within all office and retail buildings, outdoor air circulation is increased as much as possible, and all water systems are cycling properly to minimize the risk of exposure. Additional steps have also been taken to upgrade air filtration systems and utilize industry-leading technology such as bipolar ionization (BPI) and

TRANSITION RISK EXAMPLES WITHIN PNC'S RISK TAXONOMY

RISK	DEFINITION	EXAMPLE
Credit	Risk that a customer, counterparty or issuer may not perform in accordance with contractual terms, resulting in the potential loss of value in PNC's assets	Secular shift toward green energy increases default rate for companies within industries with a higher reliance on fossil fuels
Market	Risk of a loss in earnings or economic value due to adverse movements in market factors such as interest rates, credit spreads, foreign exchange rates, and commodity prices and equity prices	Price volatility within the oil and gas industry driven by reduced demand for fossil fuels
Strategic	Risk to earnings that may arise from adverse business decisions, improper implementation of business decisions and/or inadequate response to changes in the business environment	Ineffective strategic planning for the changing business environment shifting toward climate risk management causes loss to earnings
Reputational	Risk to franchise and/or shareholder value based on a negative perception of PNC by its stakeholders and/or the changing expectations of its stakeholders	Potential changes in consumer preference toward PNC based on perceptions of our climate risk management activities
Operational Risk: Business Continuity	Risk of potential disruptive events to business activities	Extreme weather events disrupting the bank's critical operations
Operational Risk: Compliance	Risk arising from violations of laws, rules or regulations, including nonconformance with prescribed practices and industry standards driven by self-regulatory organizations	Adopting mandatory climate-related disclosure requirements for public or financial companies

ultraviolet germicidal irradiation (UVGI) wherever possible. PNC will continue to monitor all indoor air quality standard updates and follow industry-leading guidance as more research is completed and shared with the public.

GREEN BUILDINGS

Our top-performing buildings are recognized through LEED and Energy Star® certification programs. Our commitment to LEED certification started back in 2000 when we became an industry leader with the construction of our first green building, Firstside Center. Today, PNC continues to pursue LEED in all new ground-up construction and major renovations. PNC also tracks building performance and identifies high-performing buildings through the Energy Star certification.

In 2021, we achieved nearly

33%

OF OUR ORIGINAL GOAL TO MOBILIZE $20 BILLION IN ENVIRONMENTAL FINANCE OVER 5 YEARS

HELPING OUR CLIENTS FINANCE THEIR SUSTAINABLE OPERATIONS AND MANAGING CAPITAL FOR OUR CLIENTS IN RESPONSIBLE WAYS

We believe not only in managing our own operations in a sustainable manner but also in doing our part to finance the transition to a low-carbon economy. Underwriting debt with an environmentally sustainable use of proceeds is a key way in which we enable our clients' sustainable operations. Our eight sustainable finance pillars include:

- Renewable energy
- Energy efficiency
- Green building
- Brown field remediation
- Sustainable transportation
- Waste management and pollution control
- Water quality and conservation
- Air quality

Since our inaugural green bond issuance in 2019, we have published a Green Bond Impact Report available on pnc.com/csr. We have also established a Renewable Energy Finance Group (REFG) and a Sustainable Finance practice. The REFG is primarily focused on project finance and tax structuring related to renewable energy. Although the United States does not have a federally mandated renewable energy policy, the Inflation Reduction Act, which provides substantial federal incentives for green energy projects, the expansion of individual state clean energy policies, renewable portfolio standards, and robust clean energy and net zero goals by major utilities present many opportunities to grow within this space. The Sustainable Finance practice is within our Debt Capital Markets Group and supports debt finance and renewals with green, social, sustainability and ESG-linked bonds and loans. This group recently named its first head of Sustainable Finance and is supported by expertise from our ESG function and Responsible Investing group, as well as ESG Advisory in Solebury. Furthermore, throughout 2021, we refined our sustainable financing bond, and an area of focus for us during 2022 has been to explore ways to ensure a greater degree of consistency and accuracy in our sustainable finance data.

In 2021, we achieved nearly 33% of our original goal to mobilize $20 billion in environmental finance over 5 years. These figures incorporate transactions from our public finance, capital markets, real estate, corporate banking, equipment finance, energy capital, consumer lending, community development banking and business banking lines of business. Also included in the figures above are investments in our own facilities' green building and energy-efficiency projects, as well as our charitable contributions that have an environmental sustainability component.

Our sustainable finance strategy also includes our responsible investing activities. At PNC, we view responsible investing as a goals-based investment strategy that employs a lens or filter to help implement a portfolio that aligns with client goals, intentions or values and that:

- Avoids harm by excluding or restricting certain portfolio exposures that may conflict with a set of values and/or organizational mission
- Benefits stakeholders by proactively supporting certain values or causes by assessing and engaging on ESG-related factors
- Contributes to solutions by defining a specific, targeted impact and allocating capital toward that objective

PHYSICAL RISK EXAMPLES WITHIN PNC'S RISK TAXONOMY

RISK	DEFINITION	EXAMPLES
Chronic Physical Risk	Chronic physical risks occur due to long-term changes in climate; while chronic, these risks can have acute affects	• Negative impact to collateral values as a result of a weather event • Negative impact to asset values as a result of a weather event • Impact of a weather event on PNC's employees, customers, facilities, processes or third parties
Acute Physical Risk	Acute physical risks arise from specific events, like extreme weather	

Responsible Investing is used as an umbrella term for all investing that considers ESG issues, and we continue to implement responsible investing in our overall investment approach. This includes investment strategy, portfolio construction, manager due diligence and security selection. The investing solutions implemented are based on client goals and take the form of negative screenings (e.g., fossil fuels and tobacco), active engagement (e.g., CO^2 emissions and anti-discrimination policies), and thematic solutions (e.g., climate change and education). As of December 31, 2021, PNC had $3.9 billion in responsible investing assets under management.

CLIMATE STAKEHOLDER ENGAGEMENT

PNC has a commitment to engagement that helps us learn from and understand what is important to our various stakeholders, whether it is our employees, customers, communities or shareholders. The ESG and Sustainable Finance teams regularly engage with stakeholders to discuss our progress as it relates to our climate change strategy and to act in an advisory capacity for our clients seeking to finance their own green initiatives.

PNC frequently discusses climate-related issues with its investors, government agencies, authorities and regulators. These engagements cover topics such as our sustainable finance and climate risk management strategies and processes; plans to implement and disclose various goals and metrics, such as financed emissions; industry partnerships and initiatives, such as The Partnership for Carbon Accounting Financials (PCAF); shifting and increasing expectations, such as more robust disclosures and harmonized strategies; and the direction government policy development is taking.

Meetings with nonprofit and activist groups keep us apprised of issues that are material to our communities and help us to identify and fill gaps in our understanding around those issues. This engagement activity is a key part of our environmental and social risk management strategy.

We also engage with our clients and employees to educate and advise on environmental and sustainability-related topics, including climate change. Together, the ESG and Sustainable Finance teams meet with clients on an ad hoc basis to speak about their low-carbon transition plans, or lack thereof, and how we can help facilitate actions to help them meet or create decarbonization goals. Whether it is in an environmental or a social context, their points of view often uncover many valid considerations that would have gone unheard. Discussions with all involved stakeholders provide the fullest view of these very complex, nuanced topics and allow PNC to maintain a comprehensive strategy.

Likewise, groups of employees learn through on-site and virtual lunch-and-learns and "roadshow" presentations on ESG topics, and learn about the ways in which we can support their clients in meeting their sustainable financing needs. Cross-functional meetings also help determine the direction internal ESG policies should take.

RISK MANAGEMENT

PNC ENCOUNTERS RISK AS PART OF THE NORMAL COURSE OF OPERATING OUR BUSINESS.

ACCORDINGLY, WE DESIGN OUR RISK GOVERNANCE FRAMEWORK, REFERRED TO AS THE ERM FRAMEWORK, AND RISK MANAGEMENT PROCESSES TO HELP MANAGE THIS RISK.

We manage risk in light of our risk appetite to optimize long-term shareholder value while supporting our employees, customers and communities. Our ERM framework, which consists of seven core components (see image at right), provides executive management and the board of directors with an aggregate view of significant risks impacting the organization. For more information on PNC's ERM framework, refer to PNC's 2021 10-K Part II Item 7 – Risk Management.

PNC RISK GOVERNANCE

Risk committees established within this risk governance and oversight framework provide oversight for risk management activities at the board of directors, executive, corporate and business levels. The Risk Committee of the board (or its appropriate subcommittee) oversees and approves the enterprisewide Risk Governance framework (ERM framework) and oversees the processes established to identify, assess, monitor and report the organization's risks. Quarterly Enterprise Risk Reporting is provided to PNC's Risk Committee, which summarizes the Enterprise Risk Profile, key risks facing the organization and emerging risks.

Climate change is a Primary Risk Area of Focus highlighting the need for PNC to adapt the ERM framework and develop new capabilities to effectively identify, assess, monitor and report climate-related risks across PNC's Risk Taxonomy. The Climate Risk Primary Risk Area of Focus is being reported in the ERM framework and governance structure.

PNC's governance framework also consists of Corporate, Working and Transactional committees that operate at the senior-management level and are designed to facilitate the review, evaluation, oversight and approval of key risk activities in support of the overall ERM framework. As discussed in the Governance section in this report, management-level responsibilities to identify, assess, monitor and report climate change based on the direction from the ESG Steering Group is important to ensure that climate risk is effectively incorporated into our ERM framework.

PNC RISK MANAGEMENT LINES OF DEFENSE

To ensure that risks are effectively managed and controlled, the ERM framework requires the establishment of three lines of defense (LODs):

1. The first LOD takes risks and, therefore, is responsible for the identification and management of the risks facing their business. The manner in which the first LOD executes their responsibilities must reflect PNC's risk culture and risk appetite. Our ESG Executive Steering Group and various working groups help ensure that management across many lines of business

and levels of the organization are informed about climate risk.

2. The second LOD monitors the risks generated by the first LOD, reviews and challenges the implementation of effective risk management practices, and reports risk. Our ESG Executive Steering Group and various working groups include members of Independent Risk Management to help ensure that the ERM framework and effective risk management practices include climate risk.
3. The third LOD, Internal Audit, provides the board and executive management comprehensive assurance on the effectiveness of PNC's ERM framework, including the manner in which the first LOD and the second LOD achieve risk management and risk appetite objectives.

IDENTIFYING, ASSESSING AND MONITORING RISK

Risk identification is fundamental to the firm's risk management infrastructure and ensures appropriate identification, measurement and assessment of material risks for business-as-usual risk management as well as the firm's stress testing and capital planning processes. Risk identification must take place across all the risk types defined in PNC's Risk Taxonomy. PNC must identify the risks stemming from its business activities and associated exposures that are specific to the organization while also capturing emerging risks.

Climate risks are embedded within PNC's Risk Taxonomy, and various environmental themes, including those that are climate-related, are aligned with traditional risk categories such as credit, market, liquidity and reputational risk. Some of the themes captured in the Risk ID framework that could manifest as a result of climate change include:

- Collateral Value Loss (e.g., coastal erosion, natural disasters)
- Geographic credit concentrations in areas exposed to natural disasters
- Transition risks, such as customer preference shifts, technology improvements and regulatory change, increasing credits losses
- Increased operational losses from acute and chronic weather events

Once risks are identified, they are evaluated based on quantitative and qualitative analysis to determine whether they are material. Risk assessments support the overall management of an effective ERM framework and allow us to control and monitor our actual risk level and risk management effectiveness through the use of risk measures, metrics and internal controls. Results are reported through the risk governance structure quarterly, at a minimum, to provide senior and executive leadership the current risk profile and performance against our risk appetite to inform the decision-making processes.

TO ENSURE THAT RISKS ARE EFFECTIVELY MANAGED AND CONTROLLED, THE ERM FRAMEWORK REQUIRES THE ESTABLISHMENT OF THREE LINES OF DEFENSE.

ENVIRONMENTAL AND SOCIAL RISK WITHIN THE RISK MANAGEMENT FRAMEWORK

PNC recognizes that environmental issues, including climate change, are impacting our business, our clients and the communities in which we operate. A way to mitigate climate risk identified through risk identification is the Environmental and Social Risk Management (ESRM) Rapid Risk Screen process, which routinely engages in proactive and constructive dialogue with our stakeholders to allow robust risk management at both the individual transaction and the portfolio levels.

At a transaction level, PNC utilizes the ESRM Rapid Risk Screen within Corporate and Institutional Banking. This environmental and social risk screening helps PNC identify and escalate transaction-related environmental, social and reputational risks early in the loan approval process. Transactions that are identified through ESRM Rapid Risk Screen are escalated to leaders in the business and our underwriting group, who determine whether to proceed as requested, conduct enhanced due diligence alongside the company's ESG team or pass on the transaction.

The ESRM Rapid Risk Screen performed at the transaction level captures systemic risk areas as well as specific issues related to a prospect or client. As potential risks are elevated through the ESRM process, the first step is often to reach out to the client to gain a better understanding of that risk. This effort can take the form of verbal discussions with clients or individualized questions specific to the elevated or suspected risk. Transition risk in the coal sector due to policy enactments is one such area where we have held discussions to gain a better understanding of how that risk might affect the client and any plans the client has to mitigate that risk.

At the industry and portfolio levels, risks identified through the ESRM Rapid Risk Screen leads to maintenance of policies and procedures for sensitive industries and their practices, such as mountaintop removal. For higher-risk industries (e.g., coal, oil and gas), we continue to develop industry-specific guidance and enhance due diligence applicable to all transactions, for new and existing clients. These measures are then incorporated into our client onboarding and underwriting platforms, processes and line of business policies as necessary.

Occasionally, the ESRM Rapid Risk Screen ultimately leads to a decision to limit exposure to clients with elevated risk profiles. Alternatively, we may make a concerted effort to engage in discussions with our customers and external stakeholders to try to better understand the potential risks and find a path forward to mitigate those risks. This is a key part of the ESRM Rapid Risk Screen and our broader environmental and social risk management approach. One such area where we have had numerous discussions to inform our risk management processes and build upon best practices is responsible and environmentally conscientious mining practices, including coal and non-coal.

CLIMATE RISK APPLIED TO WATER- AND FOREST-RELATED ISSUES

WATER

Water-related risks include the risks and opportunities related to water scarcity and the abnormal fluctuation of water availability due to climate change (e.g., severe storms, seasonal rains, flood or drought) and water quality. PNC assesses these risks and opportunities at the portfolio and transaction levels through the ESRM process. Through the ESRM Rapid Risk Screen process and department-level policies, PNC's water-related risk and opportunity assessments cover the Corporate and Institutional Banking portfolio and relevant products and services within our retail business, such as mortgages and home equity lines of credit. Efforts within our mortgage portfolio and other real estate–related loans include ensuring adequate insurance is present for properties exposed to flooding and monitoring other water-related risks, such as increased shoreline and coastal erosion or chronic inundation from sea level rise.

FORESTS

Forest-related risks and opportunities considered include those stemming from deforestation and degradation, such as the effect of the agriculture industry in the everglades; the closing or opening of previously open or closed lands; the reduced or increased availability of sustainably managed feedstocks for sustainability-certified products such as paper or furniture; engagement in rehabilitation and restoration measures; and the impact operations can have on biodiversity. These risks, which can be present in industries including, but not limited to, agriculture, mining, oil and gas, and utilities, may lead to implications such as fines or increased costs, project delays or cancellations, losses of revenue, loss of the license to operate, and supply chain disruptions.

Our ESRM Rapid Risk Screen includes questions related to supply chain governance through the lens of environmental standards and the extent to which the company contributes to biodiversity or habitat loss and deforestation. At the nexus of climate-related and environmental risk, an example of a previously instituted PNC policy is our decision to cease providing financing to companies with anything more than a de minimis amount of exposure to mountaintop removal. If it is determined that a prospective client has exposure to ridgetop and mountaintop removal after the review of topographical mining survey data, government satellite imagery and other publications detailing actively mined areas, these transactions go no further and the prospective client is informed that PNC will not provide financing.

WE MAKE A CONCERTED EFFORT TO ENGAGE IN DISCUSSIONS WITH OUR CUSTOMERS AND EXTERNAL STAKEHOLDERS TO TRY TO BETTER UNDERSTAND THE POTENTIAL RISKS AND FIND A PATH FORWARD TO MITIGATE THOSE RISKS.

Furthermore, when a potential risk is elevated to or identified by the ESG, Enterprise Risk Management, Credit Portfolio Management or other teams with related risk functions within the enterprise, we make a determination of the significance and communicate that to the line of business. If the identified risk is determined to be inconsequential or significant, either through discussion or by analysis, the line of business for which the risk is relevant will be apprised of that determination, and the risk is logged. Prior determinations regarding the significance of a particular risk help inform future discussions as needed.

More information on PNC's ESRM framework can be found in our Environmental and Social Policy Guidance for Responsible Lending report.

METRICS AND TARGETS

PROGRESS TOWARD THE ENVIRONMENTAL TARGETS AND GOALS STATED IN THIS REPORT COVERS THE PERIOD OF JANUARY 1 THROUGH DECEMBER 31, 2021.

INDICATOR	GOAL	2021 PROGRESS TO GOAL
Carbon Emissions	75% Reduction by 2035 against a 2009 baseline	66%
Energy	75% Reduction by 2035 against a 2009 baseline	50%
Water	50% Reduction by 2035 against a 2012 baseline	55%
Renewable Electricity	100% of Purchased Electricity by 2025	46%

DIVERSIFIED INDUSTRIALS ENVIRONMENTAL ENHANCED DUE DILIGENCE REVIEWS

SEGMENT	COMPLETED
Upstream	42
Midstream	30
Downstream / Services	7
Utilities	184
Coal	9
Total	272

AS A PART OF OUR COMMITMENT TO REDUCE OUR ENVIRONMENTAL IMPACT, WE SET 2035 REDUCTION TARGETS FOR OUR ENERGY AND WATER USE, AND CARBON EMISSIONS. WE ALSO SET A GOAL TO PURCHASE 100% RENEWABLE ELECTRICITY BY 2025.

PNC also recognizes that while operational sustainability is important, our financing activities have the greatest impact on the climate. To that end, in April 2021, we became members of the Partnership for Carbon Accounting Financials, committing ourselves to disclosing our financed emissions. We plan to provide additional detail and an update on progress toward our goals in our next TCFD report.

PNC'S ENVIRONMENTAL PERFORMANCE[1]	2009	2019	2020	2021
GENERAL INFORMATION				
Employees	55,820	51,918	51,257	50,426*
Real estate (square feet, thousands)	30,000	24,440	23,723	22,903
Annual revenue ($MM)	16,228	17,827	16,901	19,211
INTERNAL PAPER USE[2]				
8.5 x 11 sheets (thousands)	680,000	214,380	114,580	115,151
Sheets per employee	12,182	4,129	2,235	2,284
FACILITIES				
LEED-certified projects	**68**	**302**	**303**	**324**
New construction	66	167	167	185
Commercial interiors	2	135	136	139
ENERGY STAR–certified buildings	—	220	243	261
Space certified (square feet, thousands)[3]	1,016	8,916	9,130	10,369
Portfolio certified[3]	3.4%	36%	38%	45%
EMISSIONS (METRIC TONS CO_2e)				
Direct emissions (Scope 1)	**48,962**	**30,286**	**23,767**	**27,799**[4]
Natural gas	26,425	20,933	18,074	18,301
Jet fuel	4,014	4,433	1,543	4,746
Other direct sources	18,523	4,920	4,150	4,752
Indirect emissions (Scope 2)	**431,243**	**181,932**	**146,807**	**133,719**
Electricity	428,061	178,228	143,521	130,312
Other indirect sources	3,182	3,704	3,286	3,407
Other emissions (Scope 3)	**172,533**	**68,137**	**16,467**	**4,903**[5]
Business air travel	9,877	11,156	2,525	1,938
Rental cars	4,626	6,496	2,766	4,399
Other sources	158,030	50,485	11,176	-1,434
Target emissions (Scopes 1–2)	**480,205**	**212,218**	**170,574**	**161,518**
Target emissions (metric tons CO_2e) per 1,000 square feet	16.01	8.68	7.19	7.05
Target emissions (metric tons CO_2e) per employee	8.60	4.09	3.33	3.20
Target emissions (metric tons CO_2e) per million $ revenue	29.59	11.90	10.09	8.41
BUILDING ENERGY CONSUMPTION (MWh)				
Total building energy consumption	**888,353**	**514,096**	**445,170**	**445,393**
Electricity	730,054	381,538	330,454	328,306
Natural gas	124,066	115,289	99,542	100,986
Steam	10,498	14,230	13,142	13,038
Other	5,735	3,038	2,032	3,062
Energy use (kWh) per square foot	28	21.03	18.77	19.45
Energy use (kWh) per employee	15,139	9,902	8,685	8,833
Energy use (kWh) per million $ revenue	54,742	28,838	26,340	23,184
GREEN POWER (MWh)				
Purchased Renewable Energy Credits (RECs)	—	1,497	81,097	149,685
WATER CONSUMPTION				
Purchased water (gallons, thousands)	416,068	269,600	203,356	201,129

*This is only including PNC employees for 2021. We used the number 59,426, which was in the 2021 Form 10-K report, and subtracted out the 9,000 BBVA USA employees mentioned in the 10-K.

1 With the exception of water, which is measured against a 2012 baseline, PNC measures its environmental performance against 2009 baseline metrics. In 2009, PNC acquired National City, which doubled the size of our company. For the purposes of this report, only data for PNC Legacy properties was included, and the additional footprint of BBVA USA (acquired in October 2021) was excluded.

2 Paper data includes all internal white copy paper.

3 Includes both LEED- and ENERGY STAR–certified projects.

4 As a result of an increase in jet fuel use due to employee travel, which was much higher than in 2020 when more travel restrictions were in effect.

5 Due to an increase in travel (especially by air and rental cars within the new BBVA USA footprint). 2020 levels were much lower because of restrictions on travel. The difference for Scope 3 comes from a decrease in employee commuting from 2020 to 2021 as in 2020 we could assume almost a full quarter of normal employee commuting for all employees that significantly changed and did not go back to normal in 2021.

LEGAL STATEMENTS

ANY UPDATES OR CHANGES TO THIS REPORT WILL BE REFLECTED IN THE ONLINE VERSION OF OUR TCFD REPORT, WHICH CAN BE FOUND AT PNC.COM/CSR.

This TCFD report should be read in conjunction with PNC's most recent Annual Report and Proxy Statement, both of which contain additional information about our company. This report uses certain terms to reflect the issues of greatest importance to PNC and our stakeholders. Used in this context, these terms should not be confused with the terms "material" or "materiality," as defined by or construed in accordance with securities law, or as used in the context of financial statements and financial reporting. Furthermore, any forward-looking statements contained in this report should not be unduly relied upon, as actual results could differ materially from expectations. For more information about such statements, please refer to the "Forward-Looking Statements" and "Risk Factors" sections of our Annual Report on Form 10-K for the year ended December 31, 2021, and in our subsequent SEC filings, which can be found at pnc.com/investorrelations.

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