

Second-Party Opinion

PNC Sustainable Financing Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the PNC Sustainable Financing Bond Framework (the "Framework") is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Affordable Housing, Access to Essential Services, and Socio-Economic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDGs 3, 4, 7, 8, 9, 10, and 11.



PROJECT EVALUATION / SELECTION PNC's Sustainability Bond Approval Committee, comprised of members from the ESG and Debt Capital Markets teams, will review proposed Eligible Projects from business representatives and issue approvals in accordance with the eligibility criteria of the Framework. PNC conducts a baseline environmental and social risk assessment applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS PNC's Sustainability Bond Asset Tracking Group will track all funds raised through the issuance of bonds under the Framework using PNC's internal reporting system. All proceeds are expected to be allocated within 24 months of issuance and pending allocation, proceeds will be held in cash and cash equivalents. This is in line with market practice.



REPORTING PNC intends to report on the allocation of proceeds on its website on at least an annual basis and for the period that a bond is outstanding. Allocation reporting will include a description of projects to which proceeds have been allocated, the total amount allocated to eligible projects, and unallocated balances. Impact reporting will include relevant qualitative and quantitative environmental and social impact indicators. Sustainalytics views PNC's allocation and impact reporting as aligned with market practice.

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Issuer Location	Pittsburgh, USA

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¹ In August 2021, PNC renamed and revised its 2019 Green Bond Framework to be a Sustainable Financing Bond Framework. The scope of Sustainalytics' update consists of assessing the addition of the Clean Transportation category in addition to three social categories (Affordable Housing, Access to Essential Services, and Socio-Economic Advancement and Empowerment), and confirming that the Framework is aligned with market practice.

Introduction

The PNC Financial Services Group, Inc. ("PNC" or the "Bank") is a diversified financial institution in the United States and is headquartered in Pittsburgh, Pennsylvania. PNC has businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of its products and services nationally. PNC's retail branch network is located primarily in markets across the Mid-Atlantic, Midwest, Southeast and Southwest. PNC also has strategic international offices in four countries outside the US.

PNC has developed the PNC Sustainable Financing Bond Framework (the "Framework") under which it intends to issue one or multiple green, social, and sustainability bonds and use the proceeds to finance/refinance, in whole or in part, existing and/or future projects that advance positive environmental and social outcomes.

The Framework defines eligible green categories in the following four areas:

1. Renewable Energy
2. Energy Efficiency
3. Green Buildings
4. Clean Transportation

The Framework defines eligible social categories in the following three areas:

1. Affordable Housing
2. Access to Essential Services
3. Socio-Economic Advancement and Empowerment

PNC engaged Sustainalytics to review the PNC Sustainable Financing Bond Framework, dated August 2021, and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the SBG 2021, GBP 2021, and SBP 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of PNC's ESG, Debt Capital Markets and Corporate Treasury teams to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. PNC representatives have confirmed (1) they understand it is the sole responsibility of PNC to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant material information and (3) that any provided material information has been duly disclosed to Sustainalytics in a timely manner. Sustainalytics also reviewed relevant public documents.

² The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The PNC Sustainable Financing Bond Framework is available on PNC's website at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/green-bonds.html>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with the Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and PNC.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warranty or argument, either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that PNC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the PNC Sustainable Financing Bond Framework

Sustainalytics is of the opinion that the PNC Sustainable Financing Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of PNC's Framework:

- Use of Proceeds:
 - PNC's four green categories are aligned with those recognized by the GBP, and the three social categories are aligned with those recognized by the SBP.
 - Under the Renewable Energy category, PNC intends to finance renewable energy projects, including the construction and maintenance of wind and solar energy generation facilities. This is in line with market practice.
 - For the Energy Efficiency category, PNC may finance projects to reduce energy consumption such as (i) energy-efficient heating (excluding those powered by fossil fuels), ventilation, air conditioning, refrigeration, lighting, and electrical equipment; (ii) projects that enable energy optimization and smart building technologies including smart meters, load control systems, sensors or building information systems; and (iii) financing for businesses focused on the development and deployment of clean technologies resulting in greenhouse gas reduction or avoidance.
 - Sustainalytics notes positively that the Framework indicates a minimum threshold of 25% improvement in energy performance for upgraded energy-efficient equipment.
 - Sustainalytics notes that eligible businesses for financing must have at least 90% of revenue focused on the development and deployment of technologies that meet the Framework's green eligibility criteria.
 - Under the Green Buildings category, PNC intends to invest in new or existing certified green buildings such as LEED "Gold", "Platinum" or equivalent. Sustainalytics considers the referenced certification standard to be credible and the selected levels to be aligned with market practice while noting that it is market expectation to specify all eligible schemes, and encourages PNC to report on any other schemes that may be financed (see Appendix 1 for additional details on LEED certification).

- Within the Clean Transportation category, eligible projects may include the provision of retail loans for the procurement of low- to zero-emissions vehicles for consumers, corporate or municipal fleets; lending for public transportation; and rolling stock rail infrastructure.
 - Sustainalytics notes that the Framework defines low-emission vehicles as those with tailpipe emissions lower than 75gCO₂/km and considers this threshold to be in line with market expectations for low-carbon light-duty passenger vehicles (LDVs).
 - The Framework also defines low-emission public transport vehicles, including buses, as those with tailpipe emissions lower than 50gCO₂e/p-km, and defines passenger and freight rolling stock to have emissions lower than 50gCO₂e/p-km and 25gCO₂e/t-km respectively. Sustainalytics views these thresholds to be in line with market expectations.
- In the three social categories, the Framework allows for the financing and refinancing of loans and investments made for eligible projects that benefit identified target populations, including low- and moderate-income (LMI)⁵ individuals and communities; majority-minority census tracts,⁶ and/or vulnerable or underserved populations. Sustainalytics views this targeting as aligned with market practice.
- For the Affordable Housing category, PNC intends to make investments that support affordable housing for LMI persons and projects eligible for the Low-Income Housing Tax Credit (LIHTC).⁷ Eligible projects will include financing or refinancing (i) the acquisition, construction, rehabilitation, or preservation of affordable multi-family and single-family homes and (ii) non-profit organizations dedicated to addressing housing affordability.
 - The Framework specifies the target population based on Area Median Income ("AMI") households determined by the US. Department of Housing and Urban Development where LMI refers to individuals and families having income less than 80% of an area's median income, or 120% in high-cost areas. While social finance related to affordable housing typically focuses on income earners at 80% of AMI or lower, Sustainalytics recognizes that, given the very high cost of housing in identified metropolitan areas, many people in the workforce category are unable to afford market-rate units in key areas. In this context, Sustainalytics finds PNC's targeting to be credible and impactful.
- Under the Access to Essential Services category, PNC contemplates investments and loans that support access to education, emergency healthcare facilities and other basic societal needs. This category includes projects such as apprenticeships and vocational training in LMI or majority-minority census tracts; and the provision of broadband services aimed at reducing or eliminating the digital divide.
 - Eligible educational facilities include accredited Historically Black Colleges and Universities (HBCUs) and Tribal Colleges and Universities (TCUs). Sustainalytics views certified HBCUs and TCUs as playing a key role in providing access to education for historically disadvantaged groups and while acknowledging that these will benefit target populations, Sustainalytics recognizes that these services may involve costs, and in particular that these costs may present a barrier to the access of post-secondary education. Sustainalytics considers financing certified institutions that primarily serve the identified target groups as indicative of positive social impact and encourages PNC to report on the accessibility of the facilities financed.
 - The financing of non-profit or public emergency healthcare facilities will aim to improve access for underserved populations. Sustainalytics recognizes PNC's intention to enhance access to healthcare services in the US and notes that in the Framework only non-profit or public organizations that provide free or subsidized services to the target populations are eligible for financing. However, it is noted that, in the regulatory context

⁵ In the US., low- and moderate-income (LMI) individuals are defined as those earning less than 80% of the area median income ("AMI"). From: US Federal Reserve. "Community Reinvestment Act (CRA) - Key Terms & Definitions", at: https://www.federalreserve.gov/consumerscommunities/cra_resources.htm

⁶ A majority-minority census tract has a population that is at least 50% minorities, which means that more than half of individuals in the census tract are minorities.

⁷ Projects will include developments eligible to receive the Low-Income Housing Tax Credit (LIHTC) - A tax credit program created under the Tax Reform Act of 1986 in the US. for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. At: <https://www.huduser.gov/portal/datasets/lihtc.html>

in which PNC operates, even the cost of subsidized services may present a barrier to access to emergency healthcare for some. Sustainalytics considers the lack of guaranteed access regardless of ability to pay to be a deviation from market practice and encourages PNC to report on the accessibility of the facilities financed.

- Under the Socio-Economic Advancement and Empowerment category, the Framework outlines eligible activities that support job creation and retention in LMI communities and majority-minority census tracts, or that reduce income inequality. Such activities include (i) financing for minority-owned or -operated⁸ small and medium-sized businesses, as well as small businesses in LMI communities and majority-minority census tracts; and (ii) investments in Minority Deposit Institutions (MDIs), Community Development Corporations, Community Development Financial Institutions (CDFIs), and New Market Tax Credits.⁹
 - Sustainalytics views positively the financing of small businesses that are owned or operated by minority groups or that operate in geographies serving such populations. Sustainalytics further highlights the Bank's intention to rely upon official definitions to determine eligibility as a small business,¹⁰ which is considered to be aligned with market practice.
 - This category includes projects financed via the New Market Tax Credit program which provides financing to Community Development Entities for investment in Qualified Active Low Income Community Businesses (QALICBs).¹¹
 - PNC has communicated to Sustainalytics that all CDFIs and certain MDIs, where applicable, will be CDFI Fund certified. CDFIs are mission-oriented lenders compliant with the regulatory definition of at least 60% of financing activities targeted at LMI populations or underserved communities. Sustainalytics recognizes that financing may still hold uncertainty around its end use, due to the mandate and structure of some CDFIs, and encourages the issuer to provide transparency on potential end uses and allocations to MDIs that strive to exceed the minimum threshold for serving targeted populations. Sustainalytics also notes that long-term deposits provide greater social impact due to the security that this capital provides to MDIs and recommends that PNC report on the structure of the placed certificates.
- PNC's Framework includes exclusionary criteria for activities it commits to not intentionally finance under green, social, and sustainability bonds. The ineligible activities include energy generation from fossil fuels, private prisons, alcohol, tobacco, gambling, weapons and arms trade, adult entertainment, predatory lending, loans or investments that have matured, and loans and investments for projects outside of the US and its territories. Sustainalytics is of the opinion that these exclusions strengthen the Framework.
- Project Evaluation and Selection:
 - PNC's Sustainable Finance Working Group (SFWG) has been established to oversee the process for project evaluation and selection. The SFWG comprises members from various relevant internal stakeholders, including PNC's Sustainable Finance Practice, Renewable Energy Finance Group, Real Estate Finance, Corporate Responsibility, Community Development Banking, Corporate Treasury, and other PNC business segments.
 - Within the SFWG, the Sustainability Bond Approval Committee, comprised of individuals from PNC's ESG and Debt Capital Markets teams, will ultimately approve Eligible Projects in accordance with both the criteria outlined in the Framework and with PNC's Environmental and Social Risk Management (ESRM) process. PNC's ESRM includes a Rapid Risk Screen that subjects every Corporate & Institutional Banking transaction to a baseline environmental and human rights risk assessment, which are applicable to all allocation decisions made under the

⁸ Sustainalytics notes that eligible businesses are those that are 51% minority-owned or -operated as defined by the Framework.

⁹ CDFI Fund, "New Markets Tax Credit Program", at: [https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit#:~:text=The%20NMT%20Program%20attracts%20private,Community%20Development%20Entities%20\(CDEs\)](https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit#:~:text=The%20NMT%20Program%20attracts%20private,Community%20Development%20Entities%20(CDEs))

¹⁰ PNC has communicated to Sustainalytics their approach to assessing SMEs which is consistent with those set by the US. Small Business Administration ("SBA"). At: <https://www.sba.gov/document/support-table-size-standards>.

¹¹ A QALICB must be located in a qualifying census tract, derive at least 50% of gross income from activity conducted in a LIC, have at least 40% of both the use of tangible property and services provided located or performed in the LIC, and have less than 5% of the aggregate unadjusted bases of the property attributable to collectibles or nonqualified financial property. At: <https://fas.org/sfp/crs/misc/RL34402.pdf>

Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.

- Based on PNC's well-defined governance structure and the cross-divisional participation in project evaluation and approval, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - PNC has established a Sustainability Bond Asset Tracking (SBAT) Group that will track proceeds from bond issuances made under the Framework using PNC's internal reporting system.
 - All green, social, and sustainability bond proceeds will be earmarked at issuance for allocation to applicable Eligible Projects. PNC intends to fully allocate bond proceeds within 24 months of issuance. Pending allocation, proceeds will be tracked by the SBAT Group and will be held in cash or cash equivalents.
 - Based on defined policies for management of proceeds, timely allocation, and disclosure on temporary allocation, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - PNC intends to publish on its Sustainable Finance webpage, on an annual basis while bond(s) remains outstanding, an allocation report that details all projects to which proceeds have been allocated, the total amount allocated to each project category, and the total unallocated balance.
 - In addition, PNC intends to publish qualitative and quantitative impact reporting that will include a mix of environmental and social performance indicators where relevant and available. Potential impact reporting indicators may include without limitation: GHG emissions avoided per year; green building certification achieved; transportation infrastructure financed; the number of individuals and/or families benefitted, and the number of jobs created or retained.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the PNC Sustainable Financing Bond Framework aligns with the four core components of the SBG, GBP and SBP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of PNC

Contribution of Framework to PNC's sustainability strategy

Sustainalytics is of the opinion that PNC demonstrates a commitment to sustainability with a focus on key environmental and social areas, including sustainable operations, the financing of sustainable activities such as renewable energy, green buildings and sustainable transport, and the financing to low- and medium-income communities and minorities. PNC has published a corporate responsibility (CR) report annually since 2015,¹² outlining its sustainability achievements and targets. PNC has demonstrated and reported on its commitments to these focus areas with the following initiatives and goals:

- Sustainable Operations – PNC is committed to the sustainable operations of its retail and office locations, including through its adoption of LEED certification for its newly constructed or renovated retail branches and office operations since 2002.¹³ PNC has implemented several initiatives to reduce its environmental impact, including reducing carbon emission and energy use by 75% by 2035 based on a 2009 baseline and decreasing its water use by 50% by 2035 against a 2012 baseline.¹⁴ Additionally, PNC has set a goal of 100% renewable energy use by 2025. PNC reported as being on track to meet its 2035 goals, and in 2017 PNC had met its energy, water, and carbon emissions goals for 2020.¹⁵ Other operational efforts made by PNC include commitments to waste reduction through furniture donations, composting, and

¹² PNC, "Corporate Responsibility", (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility.html>

¹³ PNC, "Sustainable Operations", (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/sustainable-operations.html>

¹⁴ PNC, "Sustainable Operations", (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/sustainable-operations.html>

¹⁵ PNC, "Sustainable Operations", (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/sustainable-operations.html>

initiatives to continue the efficient operation of its buildings, such as through energy-efficient heating and cooling and LED lighting.¹⁶

- **Sustainable Finance** – In addition to applying sustainability targets for its operations, PNC is committed to advancing sustainable finance through its investments towards the transition to a low-carbon economy. In 2018, PNC formalized its approach to sustainable finance by creating a Sustainable Finance Working Group that includes employees from various business units that help drive the strategy focused on sustainable investing. This includes areas such as renewable energy, energy efficiency, green building, and air and water quality.¹⁷ In 2020, PNC had a total of USD 3.4 billion in responsible investing assets under management, a 31% increase from 2019.¹⁸ PNC defines responsible investing as investments that support material ESG issues such as climate change, and diversity and inclusion. Additionally, PNC integrates ESG criteria to assist in its responsible investment strategies.¹⁹
- **Community Development** - PNC is also committed to social issues through its efforts to support the communities in which it operates. Measures include philanthropy, community development through bank offerings and services, and supporting social causes.²⁰ By 2022, PNC has committed USD 88 billion towards its "Community Benefits Plan" to assist low and moderate-income communities.²¹ In 2020, PNC distributed USD 94.4 million in charitable contributions and committed USD 30 million to support communities affected by the COVID-19 pandemic.²²

Sustainalytics is of the opinion that the PNC Sustainable Financing Bond Framework is aligned with PNC's overall sustainability strategy and initiatives, and will further PNC's action on its key environmental and social priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible green and social projects may include land and biodiversity concerns associated with construction/ infrastructure projects, improper disposal of site waste, worker health and safety, and predatory lending. Additionally, there are risks associated with being exposed to controversial companies or projects as a result of the Bank's lending activities.

Although PNC has a limited role in the development of specific eligible projects, Sustainalytics is of the opinion that PNC is able to manage and/or mitigate potential risks through implementation of the following:

- **Environmental and Social Risk Management (ESRM)** – PNC's ESRM strategy is regularly reviewed by senior management and overseen by its Board of Directors. As part of its ESRM strategy, PNC provides environmental risks and stress scenario results to its Credit Portfolio Strategy Committee, which manages the risks of its loan portfolio.²³ In 2018, PNC developed an Environmental and Social Risk Management Rapid Risk Screen to use across all of Corporate & Institutional Banking.²⁴ The Rapid Risk Screen accounts for environmental and human rights risks and expands PNC's focus on both risk domains across all of the company's wholesale lending activities.²⁵ Additionally, PNC provides environmental risk and stress scenario loss results to its Credit Portfolio Strategy Committee, which manages the overall risk/return balance of PNC's loan portfolio.

¹⁶ PNC, "Sustainable Operations," (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/sustainable-operations.html>

¹⁷ PNC, "Sustainable Finance", (2020), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green/sustainable-finance.html>

¹⁸ PNC, "Corporate Responsibility Report 2020", (2021), at: https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/CSR/PNC_Corporate_Responsibility_Report_2020.pdf

¹⁹ PNC, "Corporate Lending and Our Approach to Risk Management", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/approach-to-risk-management.html>

²⁰ PNC, "Dedicated to Our Communities and the Environment", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/communities-green.html>

²¹ PNC, "Corporate Responsibility Report 2020", (2021), at: https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/CSR/PNC_Corporate_Responsibility_Report_2020.pdf

²² PNC, "Corporate Responsibility Report 2020", (2021), at: https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/CSR/PNC_Corporate_Responsibility_Report_2020.pdf

²³ PNC, "Corporate Lending and Our Approach to Risk Management", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/values-business.html>

²⁴ PNC, "Corporate Lending and Our Approach to Risk Management", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/values-business.html>

²⁵ NC, "Corporate Lending and Our Approach to Risk Management", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/values-business.html>

- **Supplier Code of Conduct** – PNC's Supplier Code of Conduct commits PNC to ensure occupational health and safety and maintaining a healthy and safe workplace for its suppliers and service providers.²⁶
- **Business Ethics** – PNC adheres to policies to mitigate social risks, including its Code of Business Conduct and Ethics.²⁷ The Code of Business Conduct and Ethics addresses PNC's compliance with laws and regulations and its responsibilities to the proper disciplinary action when these are violated. The Corporate Ethics Office oversees the management of PNC's business ethics policies.
- **PNC Fair Lending and Consumer Compliance** – PNC has shared with Sustainalytics its policies and procedures for identifying, assessing and reporting on consumer lending and its compliance with Federal laws and regulations protecting consumers from predatory lending practices such as the Equal Credit Opportunity Act ("ECOA"), the Fair Housing Act ("FHA"), and the Unfair, Deceptive, or Abusive Acts or Practices ("UDAAP") provisions of the Federal Trade Commission Act and the Dodd-Frank Act.
- **Corporate Governance** – PNC has internal processes²⁸ and personnel in place, such as its Corporate Social Responsibility team, which helps manage Corporate & Institutional Banking's environmental and social risk efforts and facilitates regular communication between business partners when reviewing materiality, renewable energy financing, environmental assessments, and socially responsible investing.

In addition to the above, Sustainalytics notes that the financing under the Framework will take place primarily in the US, which is categorized as a Designated Country under the Equator Principles, indicating strong environmental and social governance legislation systems and institutional capacity to mitigate common environmental and social risks.²⁹

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that PNC has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on three below where the impact is specifically relevant in the local context.

The role of the financial sector in supporting sustainable finance

The financial services industry is essential for society to reach a carbon-neutral economy as companies need funding and insurance to manage physical and transition risks.³⁰ Making investment decisions through an ESG lens correlates to a company's economic performance, and investing with ESG criteria in place has experienced rapid growth in recent years.³¹ However, it is estimated that to achieve the SDGs by 2030, there is a USD 2.5 trillion annual gap in funding which must be filled.³² Furthermore, the International Energy Agency estimates that if we are to limit global warming to 1.5°C, the annual investment in low-carbon technologies and energy efficiency needs to increase six-fold "from around USD 390 billion in 2013 to USD 2.3 trillion per year by 2035."³³

The UN Environment Programme Finance Initiative has also recognized that "bank loans are the most important source of external finance for companies and will play a crucial role in steering businesses."³⁴ Thus, the need for financial institutions to contribute and partner with the public sector to facilitate the mobilization

²⁶ PNC, "Supplier Code of Conduct", (2021), at: <https://www.pnc.com/en/about-pnc/corporate-responsibility/corporate-social-responsibility/governance-risk/supplier-code-of-conduct.html>

²⁷ PNC, "Code of Business Conduct and Ethics", at: <https://thepncfinancialservicesgroupinc.gcs-web.com/static-files/9bbed25f-9cfb-45d6-87b0-52b442c5f008>

²⁸ PNC, "Wolfsberg Group Correspondent Banking Due Diligence Questionnaire", https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/compliance-program/PNC_Wolfsberg_Questionnaire.pdf

²⁹ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

³⁰ Ernst and Young, "How can sustainable finance support the road to net-zero", (2021), at: https://www.ey.com/en_ca/financial-services/how-can-sustainable-finance-support-the-road-to-net-zero

³¹ Accenture, "The future of finance is sustainable – and profitable", (2020), at: <https://bankingblog.accenture.com/future-of-finance-is-sustainable-and-profitable>

³² UNDP, "Closing the green finance gap", (2019), at: <https://www.undp.org/content/undp/en/home/blog/2019/closing-the-green-finance-gap.html>

³³ Fabian, N., (2015), "Economics: Support low-carbon investment", Nature, at: <https://www.nature.com/news/economics-support-low-carbon-investment-1.17015>

³⁴ UNEP, "Financial Institutions Taking Action on Climate Change", at: <http://www.unepfi.org/fileadmin/documents/FinancialInstitutionsTakingActionOnClimateChange.pdf>

of capital needed to achieve the SDGs and limit global warming. Although banks have made progress towards supporting sustainable finance, further investments, collaboration and innovations will need to be made to meaningfully contribute to achieving a low carbon economy and focus on creating more products for clients within the realm of sustainability.³⁵

Sustainalytics is of the opinion that PNC's financing of renewable energy, green buildings, clean transportation, and energy efficiency will contribute to closing the gap to reach the SDGs and limit the adverse effects of climate change.

Importance of affordable housing investments in the US

In 2021, the USUS government set a target of building 500,000 new homes for low- and moderate-income families as part of its Jobs Plan.³⁶ The lack of affordable housing is a significant issue in the US., with about 568,000 people experiencing homelessness in 2019, a 3% increase over the previous year.³⁷ In addition, more than 18.5 million households spend over 30% of their income on rent, with about 10.8 million households spending over 50%.³⁸ Lack of affordable housing leads to adverse social outcomes as families and individuals need to make trade-offs between spending on rent and other essentials such as food, healthcare, and transportation.

The COVID-19 pandemic has exacerbated the affordable housing crisis.³⁹ The combination of sharply increasing demand and limited supply created a scenario where housing prices increased their fastest in the past decade, pushing more Americans out of reach of homeownership.⁴⁰ In addition, racial disparities, including a gap of more than 30% in home ownership between white and black households, and other major barriers, including supply shortages, financial and credit barriers, continue to present challenges for low- to moderate-income Americans, especially amongst minority groups.⁴¹

Addressing the housing crisis requires a mix of both policy and financial measures to reduce barriers. New finance offerings to low- and moderate-income Americans could assist consumers in improving their financial positions and helping people to qualify for mortgages that they may not have been able to previously.⁴² Examples of solutions include government-sponsored programs such as (i) the National Housing Trust Fund ("HTF"), an annual grant to states for creation, preservation, or rehabilitation of rental housing for low-income renters; and (ii) the Low-Income Housing Tax Credit (LIHTC), a tax incentive to construct or rehabilitate affordable rental housing for low-income households. The US. government has announced the allocation of USD 326 million towards the HTF in 2020, an increase of over 30% versus last year. The LIHTC costs about USD 9 billion per year, making it the largest federal program for low-income housing.⁴³

In addition to government-sponsored support, housing development at the scale required will also require significant private-sector investment. In this context, Sustainalytics considers PNC's financing in this category to contribute to advancing affordable housing.

The importance of increasing the share of renewable energy in the US

In 2021, the US set a target of reaching 100% carbon-free electricity by 2035 and a net-zero emissions economy by 2050 to meet the commitments made under the Paris Climate Agreement.⁴⁴ According to the

³⁵ Deloitte, "2021 Banking and capital markets outlook", (2020), at: <https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/banking-industry-outlook.html>

³⁶ White House, "Fact Sheet: The American Jobs Plan Will Produce, Preserve, and Retrofit More Than 2 Million Affordable Housing Units and Create Good-Paying Jobs", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/05/26/fact-sheet-the-american-jobs-plan-will-produce-preserve-and-retrofit-more-than-2-million-affordable-housing-units-and-create-good-paying-jobs/>

³⁷ National Low Income Housing Coalition (NLIHC), "The Gap: A Shortage of Affordable Homes", (2021), at: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf

³⁸ National Low Income Housing Coalition (NLIHC), "The Gap: A Shortage of Affordable Homes", (2021), at: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf

³⁹ Habitat for Humanity, "2020 State of the Nations Housing Affordability", (2021), at: <https://www.habitat.org/costofhome/2020-state-nations-housing-report-lack-affordable-housing>

⁴⁰ Harvard University, "The State of the Nations Housing – 2021", (2021), at:

https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁴¹ Habitat for Humanity, "2020 State of the Nations Housing Affordability", (2021), at: <https://www.habitat.org/costofhome/2020-state-nations-housing-report-lack-affordable-housing>

⁴² Stanford Social Innovation Review, "Innovative Solutions for the Housing Crisis", (2020), at: https://ssir.org/articles/entry/innovative_solutions_for_the_housing_crisis

⁴³ Tax Policy Center, "What is the LIHTC and how does it work?", (2020), at: <https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work>

⁴⁴ White House, "fact sheet president Biden sets 2030 greenhouse gas pollution reduction target aimed at creating good paying union jobs and securing u-s leadership on clean energy technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet->

Intergovernmental Panel on Climate Change, these targets are important because global energy demand is rising at increasingly rapid rates due to population growth. Therefore, shifting towards clean energy plays an essential role in mitigating climate change and meeting the Paris Agreement's long-term goal of limiting temperature increases to well below 2°C, and ideally to 1.5°C.^{45,46} While the share of renewable energy in global energy production increased by 7.6% in the same year,⁴⁷ fossil fuel energy still supplied approximately 84% of the global energy needs in 2019, with renewable energy only contributing to 5% of global primary energy supply.⁴⁸ The International Renewable Energy Agency states that the total share of renewable energy must rise to approximately 66% of the total primary energy supply by 2050 to limit global warming to 2°C.⁴⁹

While renewable energy generation in the US. has experienced significant growth since 2008, it accounted for a total of only 12% of the country's total energy consumption and approximately 20% of electricity generation in 2020.⁵⁰ Specifically, wind energy contributed to 8.4% of total electricity generation in the country, while solar energy contributed 2.3% in the same year.⁵¹ Furthermore, despite the US experiencing an increase in renewable energy usage, coal usage rose from 20% to 23% in 2020, showing a need to increase investments in renewables.⁵² According to the Department of Energy's National Renewable Energy Laboratory, by increasing renewable electricity generation from technologies that are presently available, there is capacity for 80% of the country's electricity to be generated from renewable energy, including through wind and solar generation, by 2050.⁵³

Considering the above, Sustainalytics believes that the activities financed under PNC's Framework, including investments and financing of renewable energy, are expected to increase the share of renewable energy generation in the US., and positively impact global decarbonization efforts.

Importance of socio-economic advancement and empowerment in the US.

According to the US Federal Reserve, minority and low-income adults still face notable gaps in access to basic financial services.⁵⁴ Additionally, black and Hispanic workers and workers with less education were less likely to withstand small financial emergencies, which is aligned with the trend that minority groups in the US saw their financial well-being decline compared to white adults.⁵⁵ The Federal Reserve stated that one potential contributing factor to the discrepancies faced by minorities may be discrimination, but other barriers include access to education, access to healthcare, and access to affordable housing.⁵⁶ High-income households in the US. have experienced more rapid growth in income in recent decades, and trends show that the gaps may continue to increase.⁵⁷ The Congressional Research Service suggests that in order to reduce barriers for low-income and minority groups, access to credit markets and efficient capital investments need to increase.⁵⁸ Despite a slowing of economic productivity over the last two decades, greater inclusion of minority groups and low- and moderate-income groups will ensure that the US. can strengthen its economic growth.⁵⁹

[president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/](#)

⁴⁵ IPCC website, "Global Warming of 1.5°C", at: <https://www.ipcc.ch/sr15/>

⁴⁶ OCED website, "OECD Green Growth Studies, Energy", at: <https://www.oecd.org/greengrowth/greening-energy/49157219.pdf>

⁴⁷ UNEP website, "Uptick for renewable electricity generation in 2019", at: <https://www.unenvironment.org/news-and-stories/story/uptick-renewable-electricitygeneration-2019>

⁴⁸ BP report, "Statistical Review of World Energy 2020", at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energyeconomics/statistical-review/bp-stats-review-2020-full-report.pdf>

⁴⁹ IRENA report, "Global Energy Transformation", at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf

⁵⁰ EIA website, "US. primary energy consumption by energy source, (2021)", at: <https://www.eia.gov/energyexplained/us-energy-facts/>

⁵¹ EIA website, "What is US. electricity generation by source", at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

⁵² EIA website, "Short-Term Energy Outlook", (2020), at: <https://www.eia.gov/outlooks/steo/report/electricity.php>

⁵³ National Renewable Energy Laboratory report, "Renewable Electricity Futures Study", at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>

⁵⁴ Federal Reserve, "Economic Well-Being of US. Households in 2020", (2021), at: <https://www.federalreserve.gov/publications/files/2020-report-economic-well-being-us-households-202105.pdf>

⁵⁵ Federal Reserve, "Economic Well-Being of US. Households in 2020", (2021), at: <https://www.federalreserve.gov/publications/files/2020-report-economic-well-being-us-households-202105.pdf>

⁵⁶ Federal Reserve, "Economic Well-Being of US. Households in 2020", (2021), at: <https://www.federalreserve.gov/publications/files/2020-report-economic-well-being-us-households-202105.pdf>

⁵⁷ Pew Research Center, "Trends in income and wealth inequality", (2020), at: <https://www.pewresearch.org/social-trends/2020/01/09/trends-in-income-and-wealth-inequality/>

⁵⁸ Congressional Research Service, "The US. Income Distribution: Trends and Issues", (2021), at: <https://fas.org/sgp/crs/misc/R44705.pdf>

⁵⁹ Center for American Progress, "The Path to Higher, More Inclusive Economic Growth and Good Jobs", (2021), at: <https://www.americanprogress.org/issues/economy/reports/2021/04/27/498794/path-higher-inclusive-economic-growth-good-jobs/>

Reducing barriers to Black and Latinx families, which on average have 32 and 47 cents in liquid assets for every USD 1 held by White familiesUS, will help advance the socio-economic status of minority communities.⁶⁰

In this context, Sustainalytics views positively PNC's investments that can contribute to the socio-economic advancement and empowerment of low- and moderate-income people and minorities in the US. through its efforts to support job-creation and small and medium enterprise lending to support these communities.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the PNC Sustainable Financing Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Access to Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing, and basic services and upgrade slums
Access to Essential Services	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

⁶⁰ The Washington Post, "Driving the work of economic equity in underserve communities", (2020), at: <https://www.washingtonpost.com/brandstudio/jpmc/driving-the-work-of-economic-equity-in-underserved-communities/>

Socio-Economic Advancement and Empowerment	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Conclusion

PNC has developed the PNC Sustainable Financing Bond Framework under which it may issue one or multiple green, social, and sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing and/or future projects that advance positive environmental and social outcomes such as renewable energy, energy efficiency, green buildings, clean transportation, affordable housing, access to essential services, and socio-economic advancement and empowerment. Sustainability considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The PNC Sustainable Financing Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the PNC Sustainable Financing Bond Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 8, 9, 10, and 11. Additionally, Sustainalytics is of the opinion that PNC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that PNC is well-positioned to issue green, social, and sustainability bonds and that the PNC Sustainable Financing Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), and the Social Bond Principles (2021).

Appendices

Appendix 1: Summary of Referenced Green Building Certification Schemes

	LEED⁶¹
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit US. Green Building Council (USGBC).
Certification levels	• Certified • Silver • Gold • Platinum
Areas of Assessment	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority
Requirements	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
Performance display	
Qualitative Considerations	Widely recognized internationally, and strong assurance of overall quality.

⁶¹ USGBC, "LEED rating system", at: www.usgbc.org/LEED.

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	PNC Financial Services
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	PNC Sustainable Financing Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 9, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Affordable Housing, Access to Essential Services, and Socio-Economic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDGs 3, 4, 7, 8, 9, 10, and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| ☒ Renewable energy | ☒ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☐ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☒ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | ☐ Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☐ Affordable housing | ☐ Employment generation (through SME financing and microfinance) |
| ☐ Food security | ☒ Socio-economic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

PNC's Sustainability Bond Approval Committee, comprised of members from the ESG and Debt Capital Markets teams, will review proposed Eligible Projects from business representatives and issue approvals in accordance with the eligibility criteria of the Framework. PNC conducts a baseline environmental and social risk assessment applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

PNC's Sustainability Bond Asset Tracking Group will track all funds raised through the issuance of bonds under the Framework using PNC's internal reporting system. All proceeds are expected to be allocated within 24 months of issuance and pending allocation, proceeds will be held in cash and cash equivalents. This is in line with market practice.

Tracking of proceeds:

- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other (please specify):

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☒ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

PNC intends to report on the allocation of proceeds on its website on at least an annual basis and for the period that a bond is outstanding. Allocation reporting will include a description of projects to which proceeds have been allocated, the total amount allocated to eligible projects, and unallocated balances. Impact reporting will include relevant qualitative and quantitative environmental and social impact indicators. Sustainalytics views PNC's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|---|
| ☒ Project-by-project | ☐ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (please specify): |

Information reported:

- | | |
|---|---|
| ☒ Allocated amounts | ☐ Sustainability Bond financed share of total investment |
| ☐ Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Impact reporting:

- | | |
|---|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
|---|--|

☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported (expected or ex-post):

- | | |
|---|---|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☐ Decrease in water use | ☒ Number of beneficiaries |
| ☒ Target populations | ☐ Other ESG indicators (please specify): green building certification achieved; transportation infrastructure financed |

Frequency:

- ☒ Annual ☐ Semi-annual
- ☐ Other (please specify):

Means of Disclosure

- | | |
|---|---|
| ☐ Information published in financial report | ☐ Information published in sustainability report |
| ☒ Information published in ad hoc documents | ☐ Other (please specify): |
| ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**
Type(s) of Review provided:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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