NAIC CLIMATE RISK DISCLOSURE SURVEY TCFD-ALIGNED QUESTIONS UPDATED 2022

GOVERNANCE

1. *Disclose the insurer's governance around climate-related risks and opportunities.*

   In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:
   - Identify and include any publicly stated goals on climate-related risks and opportunities.
   - Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

   A. *Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.*

   In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:
   - Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

   B. Describe management's role in assessing and managing climate-related risks and opportunities.

The Chief Executive Officer of Ally Financial Inc. (Ally), under the direction and oversight of the Board of Directors (Board), is responsible for the business and affairs of Ally and its subsidiaries, including climate-related issues. The Compensation, Nominating, and Governance Committee assists the Board in overseeing, in coordination with other committees of the Board as appropriate, Ally's ESG strategies, initiatives, and activities, including climate-related issues. The Risk Committee assists the Board in overseeing Ally's climate-related risks commensurate with its structure, risk profile, complexity, activities, and size. The Audit Committee assists the Board in overseeing Ally's accounting and financial reporting, including in connection with any climate-related issues. Examples of climate-related actions made by these Committees include annual review, since 2021, of Ally's ESG strategies, initiatives, and activities, including climate-related issues.

The Risk Committee's oversight of climate-related risks is informed and facilitated by periodic reports from the Chief Risk Officer and the Sustainability Risk Executive. The Board and management regularly review all risks including those related to climate change. As Ally continues to mature climate risk management processes and climate change mitigation strategies, ongoing education and overall understanding of the potential impacts of climate change will remain a priority.

Ally leveraged the Enterprise Risk Management (ERM) framework to identify potential existing and emerging climate-related risks to insurance underwriting by conducting qualitative climate-related risk reviews with relevant, internal stakeholders. These reviews helped Ally understand potential risk transmission channels that could impact operations, financial performance, employees, value chain, strategic decision-making and brand reputation.

Accurately assessing climate-related risks is a challenge given the complexity and dynamic evolution of climate-related data and the availability of relevant analytical tools. Ally is actively collaborating with peers and leaning into strategic relationships to evaluate available options to assist efforts and enhance the climate strategy that works for Ally. One such option is the use of climate risk scenario analysis which considers plausible, relevant and challenging variations of potential impacts of climate change. The outcomes of these scenarios provide qualitative and quantitative insights into how Ally could manage climate-related risks that are relevant to its business model.

Ally has continued to use climate risk scenario analysis to evaluate the extent to which climate risks could impact Ally's business. In 2022, Ally conducted an analysis of potential impacts from river flooding and wildfire on our commercial insurance portfolio and has continued to build out climate scenario analysis capabilities in 2023.

Additionally, as part of how Ally P&C Insurance business manages climate related physical risk, the portfolio's exposure to weather losses is assessed, which includes weather losses resulting from changes in climate over time. Ally Insurance also complies with the State of California Climate Risk Initiative (2016) that contains restrictions on investments related to thermal coal enterprises.

STRATEGY

2. *Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.*

   In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:
   - Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. *
   - Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. *

   A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

   In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:
   - Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.

   B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

   In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:
   - Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
   - Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

   C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Ally's strategy continues to be informed by the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD), a framework that is intended to improve industry consistency and comparability around the complex topic of climate-related risks and opportunities. By aligning with TCFD, we are well positioned to adapt to evolving regulatory requirements, both federal and state, which are substantively based on TCFD's core recommendations. Our intentional focus on this industry framework helps Ally to communicate our efforts in a language that resonates with our stakeholders with a goal of greater transparency and clarity on a topic that can be complex and challenging to understand.

Ally leveraged the Enterprise Risk Management (ERM) framework to identify potential existing and emerging climate-related risks to insurance underwriting by conducting qualitative climate-related risk reviews, structured in alignment with TCFD recommendations, with relevant, internal stakeholders. These reviews helped Ally understand potential risk transmission channels that could impact operations, financial performance, employees, value chain, strategic decision-making and brand reputation. Ally is currently assessing how to better integrate environmental sustainability objectives and opportunities into our strategic planning and forecasting process.

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As Ally seeks to evolve and mature its environmental strategy, we are evaluating climate-related opportunities that deliver value for Ally's stakeholders. These include exploring opportunities to develop products and services that create environmental and social benefits, a focus on more sustainable operations, employee engagement and training and evaluation of sustainable finance opportunities. We are working strategically to integrate climate-related insights into our decision-making where relevant and striving to help our suppliers do the same.

RISK MANAGEMENT

3. *Disclose how the insurer identifies, assesses, and manages climate-related risks.*

   In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:
   - Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk. *
   - Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. *
   - Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. *

   A. *Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:*
      - Discuss whether the process includes an assessment of financial implications and how frequently the process is completed. *

   B. *Describe the insurer's processes for managing climate-related risks.*

   C. *Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.*

      In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:
   - Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
   - Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
   - Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

As part of how Ally P&C Insurance manages climate-related physical risk, Ally's actuarial pricing analysis incorporates projected weather losses to allow Ally to properly and adequately price for insured risks. Changes in frequency or severity of weather events are reflected in these loss projections. Ally's underwriting team also evaluates and adjusts policy terms and conditions as necessary based on changes in loss experience (e.g., increasing weather aggregate deductibles in areas where projected losses from weather are increasing). Catastrophe Modeling estimates weather-related annualized average losses (AAL) and probable maximum losses (PML). AAL is used as a reference for P&C pricing.

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Accurately assessing climate-related risks is a challenge given the complexity and dynamic evolution of climate-related data and the availability of relevant analytical tools. Ally is actively collaborating with peers and leaning into strategic relationships to evaluate available options to assist efforts and enhance the climate strategy that works for Ally. One such option is the use of climate risk scenario analysis which considers plausible, relevant and challenging variations of potential impacts of climate change. The outcomes of these scenarios provide qualitative and quantitative insights into how Ally could manage climate-related risks that are relevant to its business model.

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METRICS AND TARGETS

4. *Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.*

   In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:
   - Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

   A. *Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.*

      In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:
      - In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

   B. *Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*

   C. *Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.*

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.

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2023 Enterprise-wide (Ally Financial) emissions:

Scope 1: 5,402 mtCO2e

Scope 2 Location-Based: 9,016 mtCO2e

Scope 2 Market-Based: 0 mtCO2e

Scope 3 Category 1: 165,872 mtCO2e

Scope 3 Category 2: 10,611 mtCO2e

Scope 3 Category 4: 14,251 mtCO2e

Scope 3 Category 6: 6,597 mtCO2e

Scope 3 Category 7: 12,471 mtCO2e