



Sustainability / ESG Update

Q4 2020

Forward looking statement

Any statements contained in this presentation and statements that ALLETE, Inc. representatives may make orally in connection with this presentation that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE, Inc. with the Securities and Exchange Commission.

ALLETE's presentation and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements.

Non-GAAP financial measures utilized by the Company may include presentations of earnings (loss) per share and earnings before interest, taxes, depreciation and amortization. ALLETE's management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the Company's operations. Management believes that the presentation of the non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company's ongoing financial performance over the periods presented.

This presentation was prepared as of November 24, 2020, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2020 outlook contained herein was provided, and is as of, November 9, 2020.

Environmental, Social and Governance:

Sustainability is at the Foundation of ALLETE Strategy

At ALLETE, we recognize that impacts from human activity, including climate change, are **real, complex, and interrelated**. We are committed to answer the call to **transform** the nation's energy landscape through **innovative and sustainable solutions**.

The challenges of climate change are real, complex, interrelated, and urgent

- **ALLETE Strategy:** Innovative energy solutions to grow our company while creating a sustainable tomorrow
- **Minnesota Power/SWL&P:** *EnergyForward* = State-leading 50% Renewables and over 50% CO₂ reduction by 2021
- **ALLETE Clean Energy:** ALLETE = 2nd largest investor in renewables as a percentage of market cap

Bridging the opportunity gap to help people and communities thrive

- \$1 million in annual giving
- Yellow Ribbon Company – recognized for strong support of military-connected employees & families

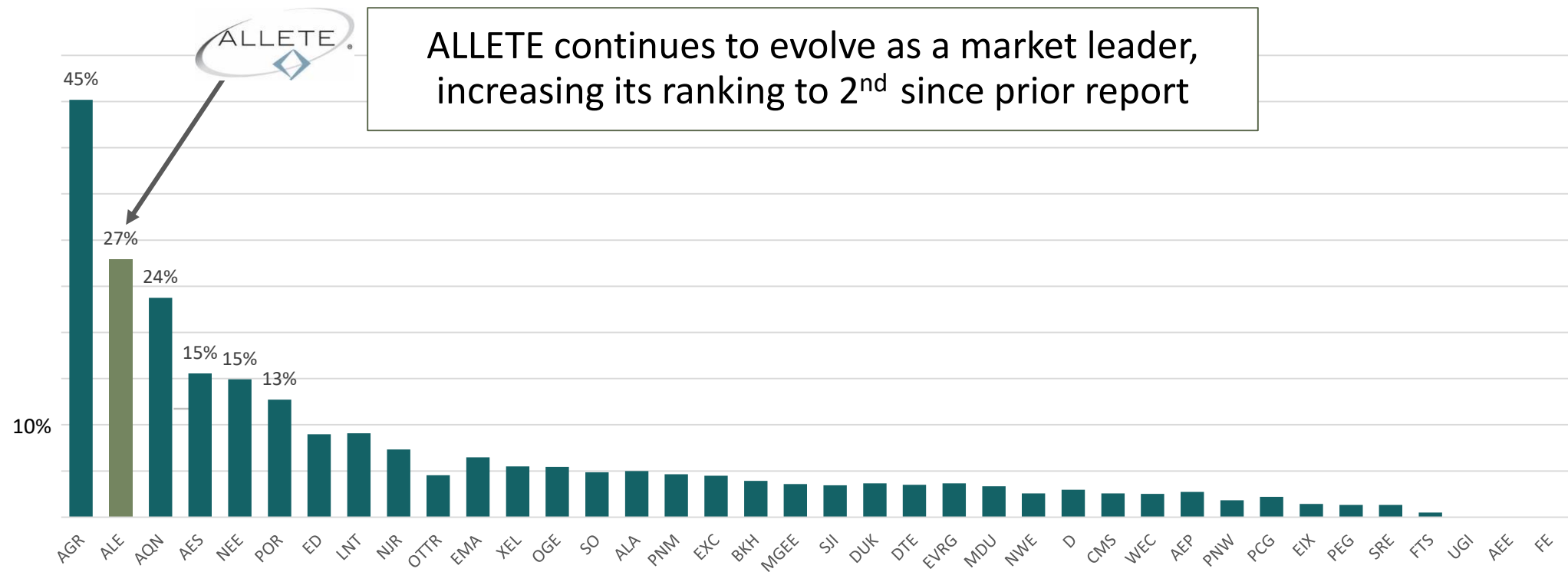
Values-based culture and best-practice governance

- Demonstrated commitment to diversity and best practice by Board of Directors and leadership
- Strategy provides enduring value for all of our stakeholders



Relative to size, ALLETE is one of the largest investors in renewables

Solar and Wind Capacity as a Percent of Market Cap (MW / US\$ Market Cap)¹



Source: Company public filings, SNL, Press Releases, Bloomberg market data as of 03-Feb-20

Note: Includes both regulated and unregulated wind and solar net generation capacity.

¹ Calculated as solar and wind net owned operating capacity / market cap. Excludes development pipelines.



Sustainability Focus Areas at ALLETE (2020-2021)

People - *Powerful commitment to our employees, suppliers, customers, and communities*

- Diversity, equity, and inclusion
- Respect in the workplace
- Strong community engagement and support
- Human capital management

Planet - *Innovative energy solutions to grow our company while creating a sustainable tomorrow*

- Continuing our carbon reduction journey
- Continue to expand our renewable portfolio

Prosperity - *Enduring value for all of our stakeholders*

- Ensuring ALLETE continues to grow in a climate altered world
- Increased ESG reporting to include TCFD and SASB reporting



Building on the 4 Pillars of TCFD



Governance

- ESG priority for all of ALLETE Board of Directors
- ALLETE BOD Governance & Nominating Committee evaluates ESG risks, opportunities, reporting
- Audit Committee reviews financial related disclosures
- Executive Comp Committee aligns compensation with goals and metrics



Strategy

- ESG foundation of all ALLETE strategies
 - Leading energy transformation in regions we serve
- Opportunities evaluated through ALLETE Steering Committee, Boards
- ALLETE's ESG commitment reflected in our Investments
 - Market leader in net-owned renewables
- Assisting customers in their sustainability goals



Risk Management

- Transitional & physical risks evaluated through Enterprise Risk Management Risk Committee
- ESG reporting audited through ALLETE Internal Audit
- Communicating ESG efforts with Credit Rating Agencies
- Incorporate science based externalities in decision making



Metrics & Targets

- ALLETE Clean Energy
 - Committed to adding new renewable projects each year
 - Currently has 100% wind generation with other renewable and carbon free options being considered
- Minnesota Power
 - Well ahead of state goals for reductions
 - 50% carbon reduction at Minnesota Power from 2005 to 2021
 - 90% reduction in major air pollutants, water usage

ALLETE's Sustainability & Resiliency Reporting Journey

2020

- **Edison Electric Institute (EEI) ESG Reporting**
 - Strong focus on Minnesota Power due to reporting format's utility focus
 - Annual report June of each year
- **EEI Customer-Focused Reporting**
 - Consistent, transparent framework for Minnesota Power's carbon intensity reporting
- **TCFD, CDSB, & SASB Research & Planning**
 - Identified existing practices already aligned with TCFD/CDSB structural elements
 - Compared existing reports/data against SASB standards for all ALLETE companies
 - Developed plan for second phase of ESG reporting
- **Accountability**
 - Align executive compensation with focus on sustainability reporting and framework

Q1 2021

- **TCFD/CDSB Initial Report**
 - Clear and transparent description of ALLETE's approach toward climate-related risks and opportunities
 - Initial report will focus on macro-level climate scenarios
- **Initial SASB Reporting**
 - All ALLETE companies
 - Five SASB Standards (2018)
 - Estimate initial report will encompass ~75% of SASB Standards

2021 and beyond

- **Research and Planning for enhanced TCFD/CDSB Reporting**
 - Representative Carbon Pathways/Climate Scenarios
 - Consultant selection
 - Rigorous management and Board evaluation/discussion
- **Enhanced SASB Reporting**
 - Focus on efforts to meet majority of remaining SASB standards
- **TCFD/SASB Report Issuance**
 - Estimated late 2021
 - 2020 Data
- **Accountability**
 - Align executive compensation with increased reporting transparency; bolstering processes and metrics to measure sustainability progress in all dimensions

Find ESG information at ALLETE.com

ALLETE Profile

- <https://www.allete.com/Content/Documents/Profile/2019-ale-profile.pdf>

Sustainability (ESG)
at ALLETE

- <https://www.allete.com/Sustainability>

EEI ESG Sustainability Report

- <https://www.allete.com/Sustainability/SustainabilityReport>

Environmental Stewardship at
Minnesota Power

- <https://www.mnpower.com/Environment>

Serving Our Community

- <https://www.mnpower.com/Community>

ALLETE is committed to align sustainability disclosures with TCFD and SASB reporting frameworks and guidelines and will continue to enhance its disclosures taking a right sized approach based on available resources.

Some proud



moments...



MPUC accepted Minnesota Power's plan resolving rate request in response to economic challenges of COVID-19

Gender Parity in Directors and Executive Officers

Company	Percentage of Women Directors	Percentage of Women Executive Officers
ALLETE, Inc.	50%	42.9%
East Bay Co., Inc.	50.8%	33.3%
Integrus Systems, Inc.	40%	50%
West North Central	50%	34.6%

The 2019 Minnesota Census of Women in Corporate Leadership named ALLETE an Honor Roll company with Special Distinction



Minnesota Power brightens holiday season with \$10,000 donation to 3 nonprofits serving children and homeless community



Minnesota Power drives EnergyForward with expanded support for electric vehicles



Minnesota Power to triple solar energy portfolio to help spur region's economic recovery from COVID-19 pandemic



ALLETE Clean Energy, BNI Energy give \$50,000 to North Dakota engineering program at a university in Bismarck, North Dakota



ALLETE formally recognized as a Minnesota Yellow Ribbon Company



"EnergyForward is one example of how the utility industry takes its responsibility to environmental stewardship seriously."
Brian Wolff, EEI



ALLETE Clean Energy announces large grant to Oklahoma school district to support students during COVID-19 pandemic



"Plans to link your hydroelectricity with wind power produced in the U.S. holds the potential to reduce costs and increase the use of renewable energy on both sides of our border."
Hillary Rodham Clinton



Minnesota Power energizes International Project to move Company closer to 50 percent renewable by 2021



Bison Wins Project Of The Year For Wind Energy At International Conference



Minnesota Power's "Hometown Hydropower" receives national hydro award



Received the award for "Reclaiming an Inert Waste Disposal Facility at the Center Mine"

