2021 CORPORATE SUSTAINABILITY REPORT

PEOPLE. PLANET. PROSPERITY.

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Our Commitment to Sustainability Strengthens a Changing World


Bethany Owen

Dear customers and investors,

ALLETE is putting sustainability into action while honoring our commitments to the climate, our customers and the communities we serve and operate in. Building strong communities goes hand-in-hand with caring for the environment. People, planet, and prosperity are part of who we are and what we do every day.

At ALLETE, we recognize that impacts from climate change are real – we have taken action, and are committed to doing more. Our overall strategy is to enhance and grow our companies by providing sustainable energy solutions to meet changing societal expectations and evolving regulations.

All of our companies are engaged in this effort. Minnesota Power began delivering 50% renewable energy to customers in late 2020, the first Minnesota utility to achieve that milestone. Just one month later, the company announced its vision to deliver 100% carbon-free energy by 2050 with interim targets to reach 70% renewable energy and close one of two remaining coal units by 2030, and to achieve an 80% reduction in carbon emissions and coal-free operations by 2035. Our other utility company, Superior Water, Light & Power in Wisconsin, receives its energy from Minnesota Power and shares in these carbon-reduction and climate goals.

ALLETE Clean Energy continues to expand its national footprint through its success in creating clean energy solutions for its customers. In 2020, it added two new wind projects to increase its wind facility portfolio to more than 1,000 megawatts (MWs) across seven states, and it has another 300-megawatt wind site under construction. ALLETE Clean Energy is now building on its reputation and strong track record of success to expand its focus beyond wind to additional opportunities within the clean energy space.

BNI Energy's focus on sustainability involves supporting its customer to advance an ambitious project to take the carbon emissions from a neighboring power plant and safely sequester them deep underground. If successful, it could make North Dakota's lignite a valuable source of clean, affordable and reliable energy for decades to come.

Our view of sustainability, however, goes beyond reaching these important environmental and climate goals. It includes supporting our customers and local communities to foster a healthy and thriving society. While our companies provide essential services that are the backbone of our modern society, we also play an essential role in that society. As events of the past year have shown, we need resilient, equitable communities that offer diverse economic opportunities for everyone.

In viewing sustainability through that lens, we know that our actions outside of the clean energy transition are critically important. We believe we must nurture a more diverse workforce to help build stronger communities. To do so, we strive to create a work culture that embraces employees' unique backgrounds, talents and perspectives and encourages them to achieve their fullest potential. With integrity as our foundation, we have created a corporate governance structure that serves as an example of diversity, equity and inclusion from the top down, and we have more work to do.

As a leading company in the region, our financial choices also can have a big impact. We have initiatives underway to support diverse businesses through our investment and purchasing decisions. It is equally important that we thoughtfully address our region's social needs through our distribution of grants. We are committed to supporting programs that focus on education, income inequality, social justice and the opportunity gap.

The COVID-19 pandemic and turmoil during the past year exposed these social problems even further, prompting corporate and employee giving focused on immediate needs along with our usual broad donations. With many families working and learning from home, and the high demand for health-care services, the pandemic also reaffirmed the value of our essential, 24/7 energy services.

We have a saying at ALLETE that we strive to achieve "the right results, the right way." This sustainability report highlights the many ways we achieved the right results, the right way for the climate, our customers, our communities and our employees. When we all work together to build equitable, healthy communities served by increasingly clean energy, we create the change we wish to see and build a better world for tomorrow.

Bethany M. Owen
ALLETE Chair, President and CEO

ALLETE is putting sustainability into action while honoring our commitments to the climate, our customers and the communities we serve.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-Related Financial Disclosures (TCFD) section details ALLETE's **governance**, **strategy**, **risk management**, and **metrics and targets** in regards to the risks and opportunities associated with climate change.

There is considerable overlap between these four sections of the TCFD report, and material is referenced from different sections accordingly.

This section of ALLETE's Corporate Sustainability Report has been compiled in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the TCFD Implementation Guide. Additional guidance has been taken from the Climate Disclosure Standards Board (CDSB), and other information and data has been sourced from ALLETE's Sustainability Accounting Standards Board (SASB) reporting, as well as the Edison Electric Institute (EEI) Environmental, Social, and Governance (ESG) report.

ALLETE recognizes the significant impacts climate change can have on our businesses, and the importance of evaluating our business model for different climate-related transitions/pathways. Our carbon vision for Minnesota Power, ALLETE's largest business unit, represents a proposed path that significantly reduces the risks of more aggressive carbon emission reduction scenarios that might be imposed by external parties through regulation or legislation. Subsequently, this report focuses on ALLETE's actual and projected carbon reductions in comparison to state, national, and international goals. The comparison of our carbon vision to various carbon-reduction goals illustrates our proactive approach toward managing transitional risk associated with shifts to a lower-carbon economy.

We believe our considerable progress on reducing carbon emissions, coupled with our bold vision for the future, positions us to continue to be a leader in renewable energy and carbon reduction for decades to come. This combination of execution and vision helps ALLETE manage transitional and physical risks, while also providing an excellent platform for continuing the significant growth ALLETE has and continues to achieve.

Governance and Management

(TCFD G(a) and G(b))

Our commitment to sustainability is led and supported through strong board leadership, intentional management focus and sound governance practices. We firmly believe these elements are foundational to ensure ALLETE and its investors continue to prosper while protecting the planet and supporting and empowering employees, stakeholders and our communities.

Governance

The board oversees ALLETE's strategy and Enterprise Risk Management, including the evaluation of sustainability-related risks and opportunities and ESG initiatives, in a manner designed to drive performance for our investors and other stakeholders. Corporate responsibility is integrated into our governance processes and is embedded in our strategy and our core values, namely: integrity, environmental stewardship, safety, employee growth, and community engagement.

Each committee of the ALLETE board of directors has an oversight role in the advancement of sustainability measures through evaluation of ALLETE's climate-related reporting process, linking environmental performance to executive compensation, or ensuring sustainability-related financial disclosures receive appropriate levels of review and assurance.

+ Corporate Governance and Nominating Committee oversees the reporting of ESG matters and addresses ESG topics on at least a quarterly basis.

+ The Executive Compensation Committee establishes the company's philosophy and policies regarding ALLETE executive and director compensation, which includes setting sustainability-related performance goals. Our annual incentive plan (AIP) is designed to balance the needs of multiple stakeholders, including investors, employees and customers. Environmental, reliability, and safety metrics have been incorporated into annual incentive plan (AIP) performance goals for more than 15 years. In 2019 and 2020 we added sustainability goals to advance our next-generation sustainability vision and increase the transparency and clarity for sustainability reporting.

+ The Audit Committee assists the board in its oversight of ALLETE's sustainability-related SEC financial disclosures and internal controls over financial reporting, as well as compliance with legal and regulatory requirements. The Audit Committee also receives audit reports for ESG reporting from ALLETE's internal audit department.

Management

As an energy company, evaluating, preparing, planning and responding to environmental and climate-related risks is a management priority. Many of ALLETE's businesses and growth initiatives are focused on meeting regulatory requirements and mandates that are related to climate-related concerns. This includes reducing carbon emissions, adding renewable energy, and strengthening our energy delivery system.

As discussed in the risk management section, ALLETE's management closely monitors, tracks and evaluates environmental and climate-related issues on regulatory, legislative and policy fronts. Environmental regulations and mandates are identified through monitoring the Federal Register, participating in trade associations and industry peer groups, and engaging with external legal and regulatory consultants. Physical risks are regularly evaluated by ALLETE's business leaders and discussed with corporate sustainability reporting staff at least annually.

Once identified, environmental and/or climate issues are then assessed for impact to the company through the company's risk management programs and groups. See the section on transitional risk management activities at ALLETE for more information on ALLETE's environmental strategy group.

During 2020, management actively engaged with investors, customers and other key stakeholders to discuss ALLETE's sustainability strategy and initiatives and to gain insights into stakeholders' perspectives about sustainability and corporate responsibility, and how to effectively measure, communicate and disclose our efforts.

Strategy for Climate-Related Risks and Opportunities

(TCFD S(a), S(b), and S(c))

ALLETE's Overall Strategy for Climate Change Risks and Opportunities

ALLETE's growth strategy is designed to put sustainability into action. Our robust but flexible strategy is designed to simultaneously manage risks and help advance the clean energy economy. We do this by researching, evaluating and implementing real-world solutions that provide environmental, social and economic benefit. This approach positions ALLETE for long-term resiliency in a lower-carbon economy, and is a business approach that is designed to endure and thrive through the transitional and physical risks associated with climate change. Embedded throughout this strategy is an unwavering commitment to protect the environment while also providing consistent value and services to our customers, investors and all of the regions we serve.

BNI Energy uses drones as a survey tool.

While managing risks is important, there are also significant opportunities within our businesses to participate in the transition to a lower-carbon economy. Financial growth has already been achieved through expanding renewable generation for our regulated and nonregulated businesses, as well as significant investments in transmission infrastructure.

We feel these growth opportunities will continue in the coming years, and innovative solutions like carbon capture and sequestration technology, electrification of different sectors of the economy, energy efficiency and energy storage will create additional business opportunities. ALLETE's growth strategy is designed to provide solutions for these converging trends and needs in the energy sector, including significant planned capital investments over the next five years, most of which advance clean energy initiatives.

Key Elements

Our multipronged strategy for climate-related risks and opportunities relies on the following common elements across our business units.

Expand renewable sources of energy

Renewable energy will provide growth and reduce risks associated with additional carbon regulations. As of December 2020, ALLETE is ranked second among investor-owned utilities for investment in renewable energy based on market capitalization[i].

Reduce overall carbon emissions

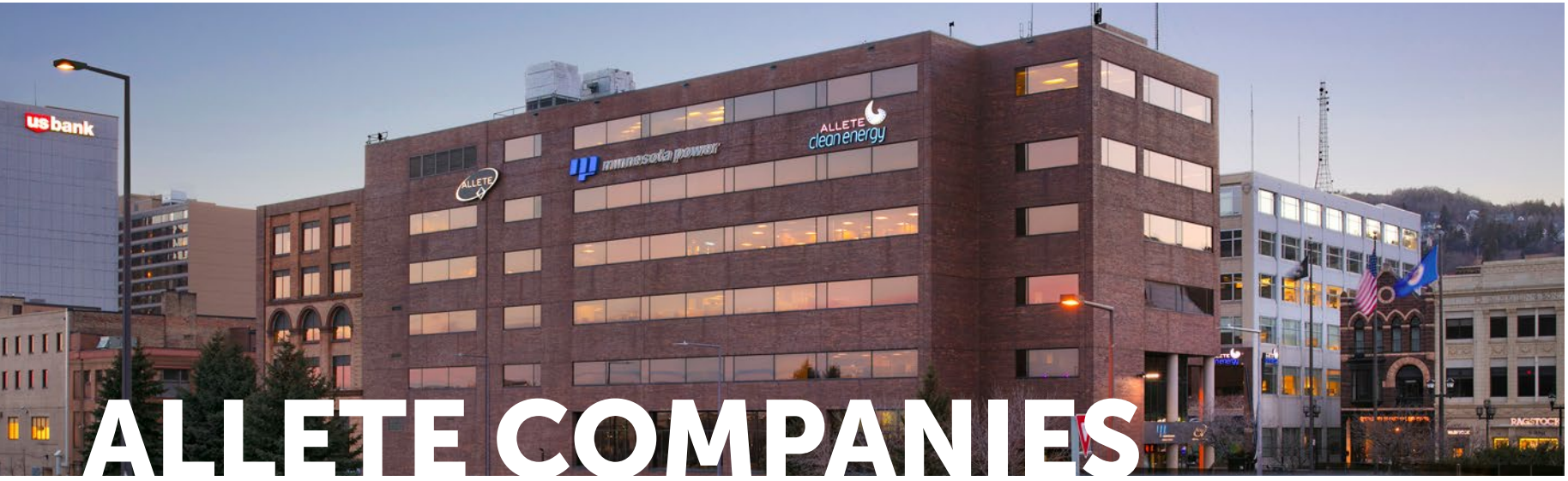
ALLETE's approach to decarbonization includes coal fleet retirements, conversion to natural gas, and partnering with customers on carbon capture and sequestration projects.

Strengthen the Electric Grid

ALLETE is investing in infrastructure for managing the delivery of increasing amounts of renewable energy, and enhancing the resiliency and reliability of the grid to protect against extreme weather events while providing customers more choice and control.

Adopt innovative solutions

We are reducing water use, investing in infrastructure that will be more resistant to weather changes, and implementing strategic underground installation of energy delivery components that may be more vulnerable to climate impacts. Coupled with ongoing efforts to identify feasible alternative low- or zero-carbon fuels and carbon capture and sequestration technology, we are optimistic technology advancement will continue to help ALLETE lead the way to a lower-carbon energy future.



ALLETE COMPANIES

Each ALLETE company plays a unique and significant role in executing our strategy. Combined, our businesses work together to create a well-balanced approach toward managing risks and building on opportunities to transition to a lower-carbon future.

ALLETE clean energy

ALLETE®

SM&P

BNI energy

minnesota power

minnesota power
AN ALLETE COMPANY

Minnesota Power is moving to renewable energy faster and further than most similar utilities through innovative projects and partnerships. It serves customers, including large industrial customers that provide clean minerals for a clean energy economy, with safe and reliable power.

Minnesota Power generates, transmits and distributes electricity in northern Minnesota, an area rich in natural resources. Increased renewable standards are expediting the transition away from coal and creating renewable infrastructure opportunities. Additional wind and solar generation, storage, and supporting transmission and distribution will play a significant role in Minnesota Power's future.

+ Minnesota Power leads Minnesota utilities in renewable generation with over 50% renewable sources, and has plans to reach 70% renewables by 2030. Minnesota Power's latest addition to its renewable generation supply includes a power purchase agreement with Nobles 2, a 250-megawatt wind energy facility ALLETE developed in partnership with Tenaska.

+ Minnesota Power energized the Great Northern Transmission Line (GNTL) in 2020, a 224-mile transmission line that represents an innovative energy delivery and storage system for renewable energy. This project delivers an additional 250 megawatts of hydropower from Manitoba Hydro to Minnesota Power's service territory. Significant opportunity also exists in potential modernization and expansion of Minnesota Power's direct current (DC) transmission line from North Dakota, connecting wind-rich North Dakota with natural resource-rich Minnesota.

Minnesota Power recently announced a vision for a 100% carbon-free energy supply by 2050, transitioning away from coal-fired generation by 2035.

Minnesota Power's 100% carbon-free energy vision

Today
Minnesota Power provides over 50% renewable energy, the first utility in Minnesota to achieve that milestone.

By 2030
Add an estimated 400 MW of wind and solar power to reach 70% renewable energy supply.

By 2035
Achieve 80% carbon-free target and a coal-free energy supply by transforming the company's last coal unit.

By 2050
Adopt innovative solutions and use evolving technology to deliver 100% carbon-free energy.

Minnesota Power anticipates investing in infrastructure for managing the delivery of increasing amounts of renewable energy and engage with stakeholders on strategies for reaching the 2050 carbon-free energy goal reliably, safely, affordably and justly.

ALLETE clean energy

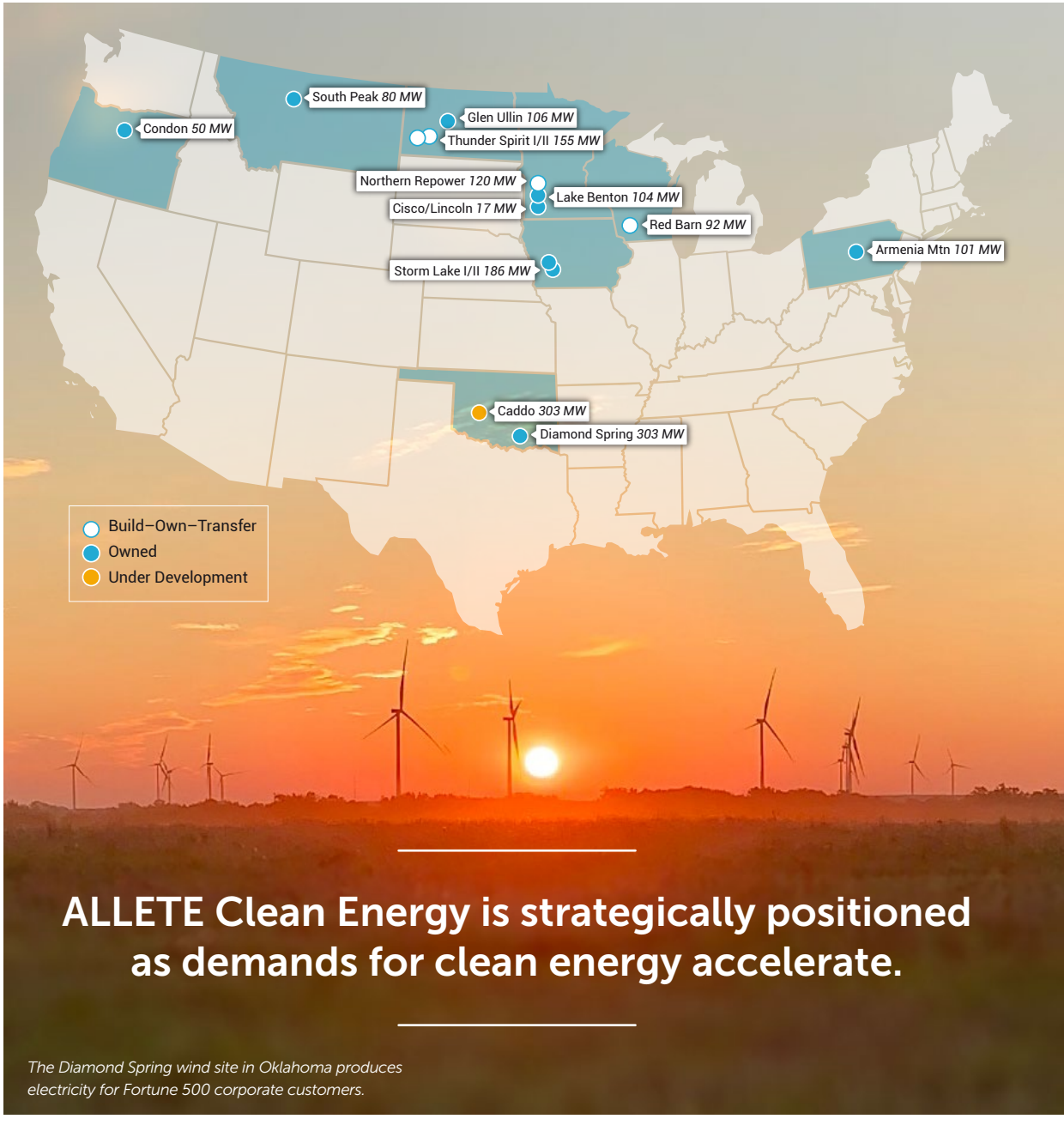
ALLETE Clean Energy leverages industry knowledge and innovation to bring clean energy to customers across North America. It has a growing reputation as a respected national player in wind energy as it builds relationships, grows its capabilities and expands to new geographies.

ALLETE Clean Energy is an independent power producer and supplier that develops and acquires renewable projects and delivers clean energy solutions at the heart of the exciting energy transformation underway across North America. ALLETE Clean Energy's entrepreneurial spirit and talented team fuel the company's passion for clean energy project development, construction and efficient operations.

+ With the addition of the Caddo wind energy project, ALLETE Clean Energy will have more than 1,500 megawatts (MW) of clean, renewable power in its built-transferred and operating portfolio. Its customer base expanded in 2020 to include an additional utility and Fortune 500 companies in the food, beverage and retail sectors.

+ ALLETE Clean Energy's deployment of production tax credit-qualified refurbishment projects are helping to make wind energy projects more economical and efficient. ALLETE Clean Energy is increasingly providing asset management and other value-added renewable industry resources.

+ ALLETE Clean Energy is partnering with industry experts to find ways to recycle decommissioned wind turbine blades during its refurbishment projects, simultaneously conserving resources and landfill space while continuing to develop modernized renewable power projects.



ALLETE Clean Energy is strategically positioned as demands for clean energy accelerate.

The Diamond Spring wind site in Oklahoma produces electricity for Fortune 500 corporate customers.

SWL&P
AN ALLETE COMPANY

Superior Water, Light & Power is transforming the way it delivers electricity, natural gas and water to its customers in northwestern Wisconsin while providing more information and options to help them manage their energy and water use. The company purchases its power from Minnesota Power, resulting in a more than 50% renewable energy supply to its electric customers.

SWL&P Customers

15,000 electric
13,000 natural gas
10,000 water

+ Received approval to build, construct and operate a 470-kilowatt community solar garden in Superior, Wisconsin, to provide customers greater choice for their power supply.
+ Advanced Metering Infrastructure deployment across its electric, gas and water utilities is 90% complete, allowing customers more control over their energy use and increased accuracy in billing.
+ Beginning in 2019, the company commenced a 30-year water infrastructure review and associated replacement projects to ensure water quality, reliability and flexibility to serve current and future customer needs.

BNI energy
AN ALLETE COMPANY

BNI Energy is engaging in national efforts to develop carbon capture and sequestration for the energy industry and is an industry leader in reclamation practices at its North Dakota mine.

BNI Energy owns and operates BNI Coal, a lignite mine near Center, North Dakota. Two electric generating cooperatives, Minnkota Power and Square Butte, operate the Milton R. Young Generating Station and utilize virtually all of the coal produced by BNI Energy under long-term agreements. BNI Energy's vision is to be a trusted partner recognized as an expert in delivering energy solutions while being environmentally responsible, community minded and financially strong.

BNI Energy has a rich history of responsible energy production in North Dakota and is focused on value-added energy services and infrastructure solutions that balance environmental stewardship and the energy needs of consumers. The company is leveraging its talent, experience and solid track record to advance sustainable solutions in North Dakota. Increasing regulation and evolving social expectations have placed a priority and urgency on finding lower carbon clean energy solutions.

Part of BNI Energy's mission is to work with partners such as Minnkota Power Cooperative and the state of North Dakota to advance clean-carbon solutions, including carbon sequestration technology at the Milton R. Young Generating Station. Such solutions are critical to the coal industry and could help solve climate issues and secure the utilization of North Dakota's vast lignite resources for generations. BNI also is an industry leader in mineland reclamation at its Center Mine, where farmers work alongside mining operations on reclaimed land. Most recently, BNI Energy received the North Dakota Public Service Commission Excellence in Reclamation Award for research on mineland reclamation practices.

Physical Risks of Climate Change on ALLETE

Many climate models predict that global climate change will result in the potential for increased frequency, intensity, and duration of severe weather or other natural disasters. In turn, these changes could result in increased costs to ALLETE's businesses and decreased reliability and increased costs for our customers.

Short- to Medium-Term Physical Risks

Intensity, frequency, duration of storms

All of ALLETE's companies recognize the risk and the potential impact more frequent or intense storms could have on our operations, and plan accordingly to minimize disruptions. Our regulated operations at Minnesota Power and Superior Water, Light & Power, with their extensive energy delivery systems, have particularly robust response plans based off the incident command approach.

Despite these plans, changes in the intensity, frequency, and duration of weather events due to climate change could stress availability of both internal and mutual-aid resources in restoring critical infrastructure. More widespread storms in multiple geographic areas could also stress the supply chain, impacting the timeliness in which power poles, lines, and other equipment is available to make repairs.

Extreme or extended precipitation events can also significantly affect our operations. This could include inundation of critical infrastructure, including thermal and hydroelectric generation located next to surface waters or substations or other energy delivery infrastructure. Prolonged saturation of soils can also impact wooden power poles, causing structural concerns from increased microbial activity. Both of these risks can be exacerbated by increased intensity of wind storms.

As carbon dioxide levels increase in the atmosphere, some climate models indicate stronger updrafts can be expected. This could increase severity of thunderstorms, increasing the frequency or intensity of lightning strikes and result in a corresponding increased risk of damage to wind turbine blades and other electrical infrastructure. While electrical system designs typically include some level of lightning protection, and equipment is insured for damages, lightning can have significant localized impact.

Water availability

Lack of water availability for our thermal and electrical conversion facilities is another potential physical risk due to climate change. Water is used for cooling purposes for our thermal facilities for electrical generation, and is also used to cool electrical conversion infrastructure at our high-voltage direct current (HVDC) conversion terminals in Minnesota and North Dakota. Additionally, Minnesota Power hydropower generation, both owned and purchased, depends on fairly consistent natural conditions for precipitation and evaporation, in addition to well-regulated water use conditions.

As detailed in the SASB report, Minnesota Power withdraws and consumes the most water of the ALLETE business units. However, Minnesota Power has significantly decreased water usage, totaling over a 90% reduction at its largest generating facilities since 2005. In 2020, Minnesota Power withdrew 57,541,000 m^3 of water, of which 18,169,000 m^3 were for consumptive use. By comparison, Superior Water, Light & Power withdrew a total of 2,843 m^3 for its customers in 2020. BNI withdrew 342 m^3 for its coal mining operations. ALLETE Clean Energy's water withdrawals were negligible and were not reported for 2020 SASB metrics.

Wildfire risks

Changing precipitation and temperature patterns, along with altered forest management practices, can change the amount and/or type of hazardous fuels on timbered lands, thereby increasing the risk of wildfires. Wildfire presents risks to our transmission, distribution and generation facilities, as well as potential liability due to proximity of energized equipment to potential wildfire fuel sources.

At BNI, wildfire risks are also present. However, grassland fires are generally easier to contain than forest fires. BNI incorporates a proactive approach of installing firebreaks next to active mining areas to reduce the risk of grassland fires. Onsite firefighting equipment, including water trucks, also help mitigate this risk.

See the Risk Management: Physical section for efforts we have taken to reduce these risks.

Customers can view daily power production at Minnesota Power's community solar garden in Wrenshall, Minnesota, on the company's website.

Transitional Risks, Opportunities and Impacts

Climate-related transitional risks that could adversely affect our financial position include effects of environmental- or economic-based laws, regulations, incentives or initiatives designed to reduce the quantity and/or impact of greenhouse gas emissions. Additionally, restrictions on land use, wildlife impacts, and other environmental regulations could affect the siting, construction and operation of new or existing generation and transmission facilities needed to transition to lower-carbon generation sources.

One of the more significant transitional risks involves scenarios where carbon reduction or renewable generation requirements are mandated, but do not allow for a thoughtful transition to protect the safety, reliability and/or affordability of energy for our customers. Requirements to pursue more aggressive carbon-reduction goals and renewable generation before cost-effective technology is developed and regulatory policy is established could place significant pressure on one or more of our businesses and/or our customers.

ALLETE also recognizes that some approaches to limit the worst impacts of climate change would require the electric sector to decarbonize faster than other sectors. In these scenarios, the electric sector would reduce or eliminates carbon emissions 10-15 years prior to overall 2050 net-zero goals, which would allow electrification of other sectors and reduce overall net emissions. This "electric system first" approach represents significant risks and opportunities, which ALLETE closely tracks and considers in its planning and strategic activities.

The majority of our risk management discussion in this report is focused on carbon regulations related to climate change; other risk factors are discussed in more detail in the most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC).

Short- to Medium-Term Transitional Risks

ALLETE takes special care when assessing the magnitude and impacts of climate-related transitional risks because the diversity of our business mix is a significant part of our resiliency. That diversified business mix requires a unique risk assessment approach, with transition risks that potentially could impact one business negatively while being beneficial to another business.

In the following section, different risks and opportunities that ALLETE monitors and addresses are discussed. This list is not exhaustive, but rather is focused on the primary risks and opportunities to ALLETE, based on magnitude, probability, and other factors. Below we make a number of comparisons to aggregate emission reductions at the state, national, and global levels. Such comparisons are strictly illustrative; comparison of aggregate reduction levels to individual companies requires certain assumptions that are often not representative of the unique circumstances and uncertainties present in reality. See EPRI (Rose and Scott, 2020, 2018) for more discussion on these comparisons.

Economic Risks

Both our regulated utilities and our other businesses are subject to various types of economic risk. For our regulated utilities, we need to work within our regulatory compact to maintain financial health to support investments required for the clean energy transformation. Lack of access to capital, impacts to credit ratings, or widespread disruptions to the economy all could affect ALLETE's strategy to advance clean energy initiatives. Changes to production tax credits (PTCs), tax credits or incentives for carbon capture and sequestration, and other economic instruments also could create additional risks and opportunities for our business units. Other economic factors, such as market prices and the overall energy market, can also be difficult to predict and represent risks that must be monitored and considered in our overall strategy and risk management processes.

State-level Regulatory Risks

ALLETE monitors state-level developments for climate and energy-related matters in all of the states where we operate. Several of the more relevant state-level regulatory risks are discussed here.

Minnesota's Next Generation Energy Act of 2007 (NGEA) set multiple-year goals for greenhouse gas emission reductions. NGEA is a state goal which applies only to Minnesota Power. Transitional risks from the NGEA are considered low, as Minnesota Power has already achieved over 50% carbon reductions from 2005 levels, well in advance of the goals set forth in the NGEA. Minnesota Power has proposed a 100% carbon-free generation operational strategy by 2050, 20% higher than the NGEA goals, in its preferred Integrated Resource Plan (IRP) filed with the Minnesota Public Utilities Commission (MPUC) in 2021.

As represented in Figure 1, if carbon reductions are executed consistent with the company's vision, transitional risks from NGEA are anticipated to be low[1]. However, despite Minnesota Power and the electric utility sector in Minnesota being responsible for the most reductions in the state and meeting NGEA goals to date, proposed state legislation was introduced in early 2021 in Minnesota that would set a new goal of 100% carbon-free energy from the electric utility sector by 2040.

Minnesota Power's vision is to be carbon-free by 2050, 10 years later than the proposed state legislation would require. Minnesota Power incorporated a variety of factors when developing its carbon-free vision by 2050, including reliability, affordability, host community transition, and the current uncertainty around technology advancements that may or may not occur over the next 30 years. While the proposed legislation did not become law, future legislation could result in more aggressive carbon goals that do not fully align with Minnesota Power's timing for its preferred plan with respect to carbon reduction and renewable generation.

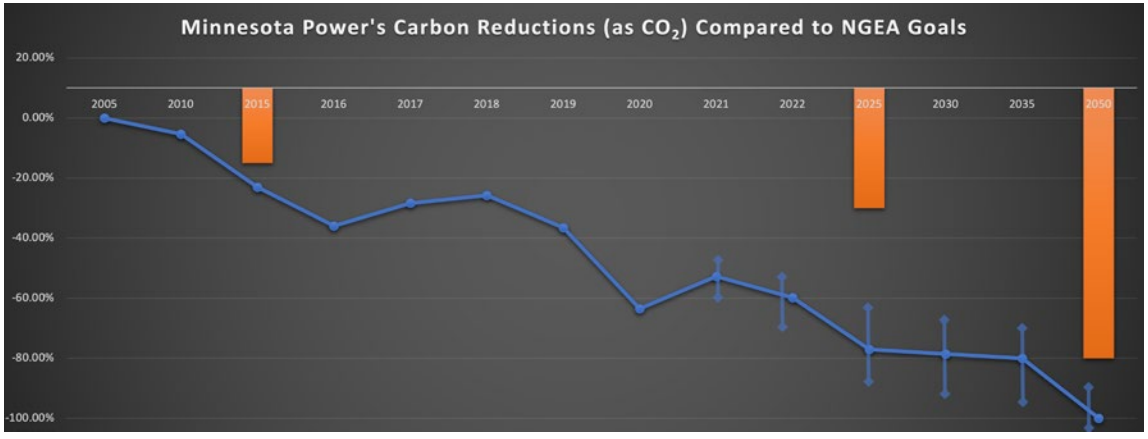


Figure 1 Carbon emission reductions (as CO_2) from Minnesota Power's major Scope 1 sources compared to Minnesota's Next Generation Energy Act (NGEA). The vertical bars from 2021-2050 represent approximate potential ranges of cost-effective carbon emission reductions, which will be dependent on technology advancements, regulatory requirements and policies, and other factors not possible to predict at this time. The orange bars represent NGEA carbon reduction goals, and the blue line represents Minnesota Power's carbon reductions from our Electric Generating Units (EGU).

Minnesota Power, BNI Energy, and ALLETE Clean Energy all have a significant presence in North Dakota, a state with abundant fossil and renewable resources. North Dakota has also been advancing carbon capture and sequestration efforts for its carbon-based energy resources. BNI Energy is working with its customer, Minnkota Power, to support its carbon capture and sequestration effort, and also achieves biological carbon capture through net positive plantings of trees and wetland restoration projects through its mineland reclamation program.

ALLETE Clean Energy developed three wind-generating facilities in North Dakota, one owned facility (Glen Ullin, 106 megawatts) and two build-own-transfer projects (Thunder Spirit I and II, at 107 and 48 megawatts, respectively). Minnesota Power's 497-megawatt Bison wind generating facility, located in the wind-rich center of North Dakota, is Minnesota Power's largest source of owned renewable power. BNI Energy, located in Center, North Dakota, has a long-established presence of lignite coal mining in North Dakota and has cost-plus contracts that extend to 2037.

The expansion of wind resources in North Dakota has provided significant opportunities for many energy companies, and renewable energy development in North Dakota has been a major

[1]As noted in the main text, comparisons to aggregate emissions reductions should be treated with caution, since the aggregate reductions do not reflect individual companies and their unique circumstances.

component of ALLETE's strategy. The Minnesota Power-owned DC transmission line is also a major strategic asset for ALLETE. The DC line is able to deliver renewable wind energy from North Dakota to Minnesota Power's service territory with less line loss than an equivalently-sized alternate current (AC) transmission line.

However, the low fuel costs and tax incentives associated with wind energy have placed economic pressures on fossil fuel based-generating stations in the state, which in turn has caused some counties to implement moratoriums on new wind or solar development. ALLETE continues to monitor these developments, especially as they impact the potential for Minnesota Power and ALLETE Clean Energy to expand renewable generation or to site and construct additional energy delivery infrastructure in North Dakota.

National-level Regulatory Risks

The United States Environmental Protection Agency (EPA) has a mandate to regulate carbon dioxide, which originates from the 2007 Massachusetts v. EPA U.S. Supreme Court decision and EPA's resultant 2009 Endangerment Finding on CO_2 (carbon dioxide). The Endangerment Finding established CO_2 as a pollutant that negatively impacts human health and the environment. Since that time, the EPA has been responsible for regulating carbon dioxide in some manner. However, over a decade after the Endangerment Finding, despite two rulemaking attempts by the EPA (the Clean Power Plan (CPP) and the Affordable Clean Energy (ACE) Rule), no such federal requirement has been implemented.

The EPA can be reasonably expected to craft a replacement rule regulating carbon dioxide emissions from existing power plants in the future.

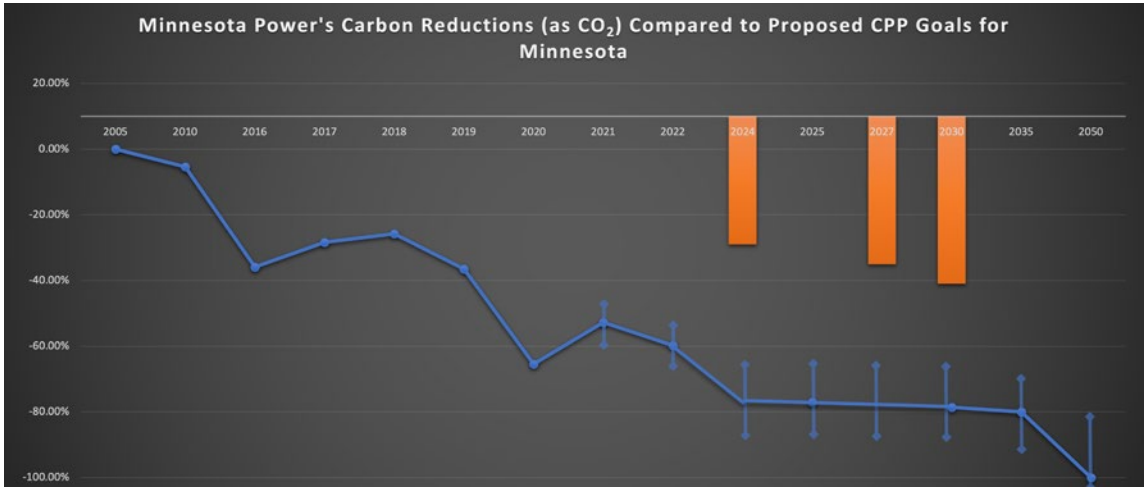


Figure 2 Carbon emission reductions (as CO_2) from ALLETE's largest Scope 1 sources compared to Minnesota's potential CPP reduction goals. These are presented for illustrative purposes only; the CPP was stayed by the U.S. Supreme Court, and the carbon reduction goals were never finalized in a State Implementation Plan. The vertical bars from 2021-2050 represents approximate potential ranges of carbon emission reductions, which will be dependent on technology advancements, regulatory requirements and policies, and other factors not possible to predict at this time. The orange bars represent potential CPP carbon reduction goals, and the blue line represents Minnesota Power's carbon reductions from our EGUs.

Future national carbon regulations may impose more stringent requirements; however, to date, ALLETE has been able to take steps to balance customer reliability and affordability with actual or potential carbon reduction goals. This strategy is an important aspect of managing transitional risk given the uncertainty in how or when carbon regulations may come into effect, and the extent to which they might require additional carbon emission reductions.

The example in Figure 2 demonstrates how Minnesota Power could have fared under the more aggressive of the two EPA regulations, the Clean Power Plan. Actual outcomes would have depended on important factors such as regulatory policies, allocation of credits, the opportunity and impacts of allowance trading, and other factors.

While these Minnesota mass-based limits were not finalized and are not in effect, this graphic is provided to show how Minnesota Power's overall carbon reductions might have fared under a national carbon reduction standard.

As of July 2021, Minnesota Power already has reduced carbon emissions over 50% from 2005 levels, exceeding potential CPP goals by a decade[2]. The CPP was part of the Obama administration's strategy for realizing the Intended Nationally Determined Contribution (INDC) goal of 26-28% reduction by 2025.

The EPA has also issued rulemaking to apply CO_2 emission New Source Performance Standards (NSPS) to new, modified, and reconstructed fossil fuel-fired electric generating units under Section

[2]Comparisons to aggregate emissions reductions should be treated with caution, since the aggregate reductions do not reflect individual companies and their unique circumstances.

111(b) of the Clean Air Act. The NSPS rule was finalized in October 2015, revised in December 2018, and finalized again in January 2021. Our proposed natural gas combined cycle facility, the Nemadji Trail Energy Center (NTEC), is expected to meet the NSPS requirements.However, additional rulemakings may occur and we will continue to monitor Section 111(b) developments.

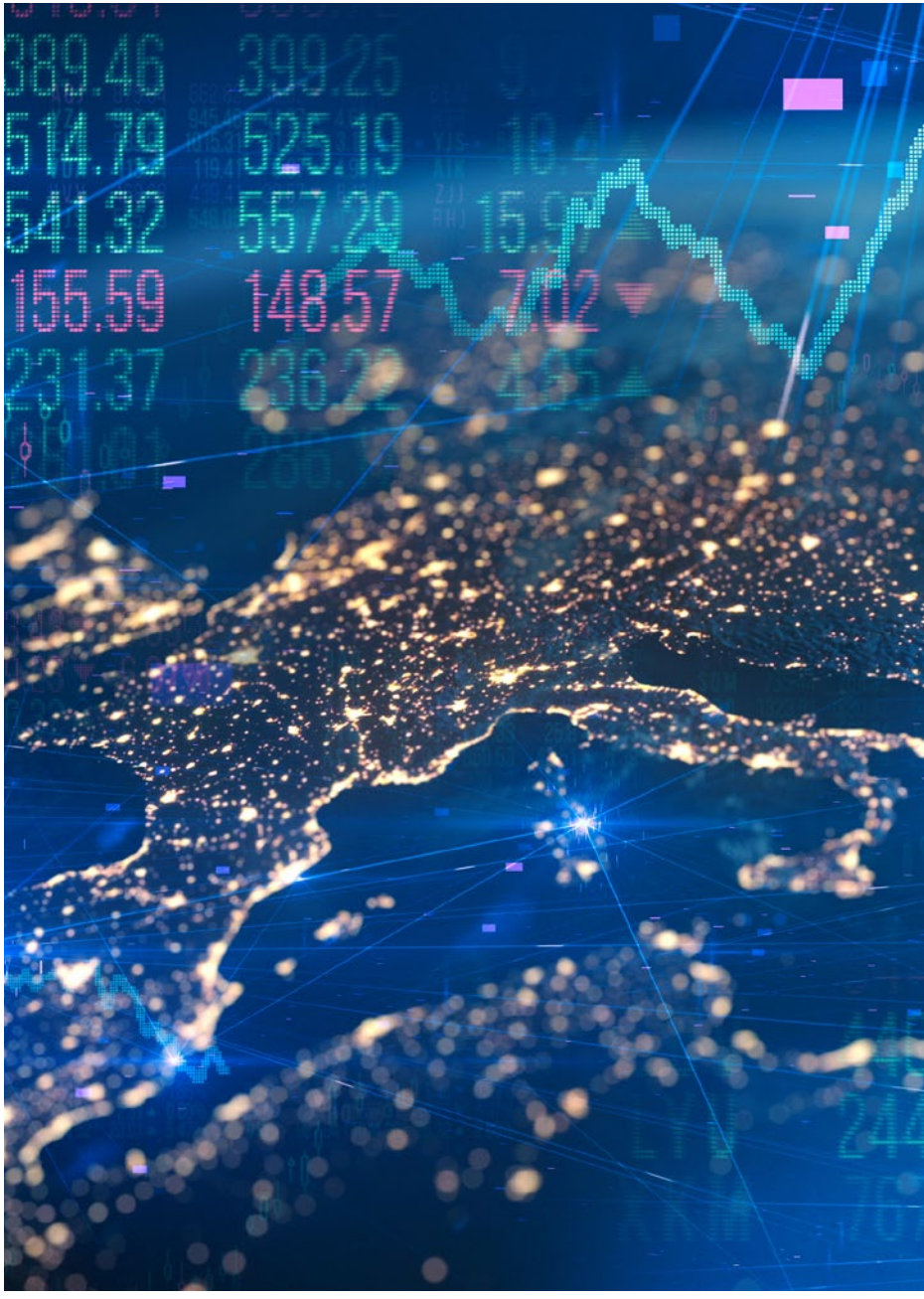
International-level Risks

In the first half of 2021, the Biden administration announced its intention to take several climate-related actions. These actions, taken either independently or in conjunction, could create both risks and opportunities for ALLETE.

In February 2021, the U.S. officially re-entered the Paris Agreement on climate change, which has nearly 200 countries signed on and is designed to limit greenhouse gas emissions.

In an April 2021 announcement, the Biden administration announced the intent to set a net-zero GHG goal for the U.S. by 2050, with a 50-52% reduction in GHGs from 2005 levels by 2030. These goals include 100% carbon pollution free emission from the electric sector by 2035.[iv]

President Biden's decision to re-enter the Paris Agreement is expected to result in a new, potentially more aggressive carbon-reduction pledge for the U.S., including for the electric sector. The Biden administration is also pursuing economic policies that could impact ALLETE's businesses. One of President Biden's executive orders reconvenes an interagency working group to establish interim (which have been released) and final social costs of three greenhouse gases on a per ton basis. The three greenhouse gases with potential social costs include carbon dioxide, nitrous oxide and methane. Once updated, it is expected that the final social cost figures will be used by the Biden administration to inform federal regulations and major agency actions. This in turn could justify aggressive climate actions that could create additional risks and opportunities for ALLETE.



Longer-Term Risks and Impacts

Some longer-term risk areas include the following:

The siting and operation of our wind energy facilities depends heavily on meteorological conditions, as well as avoiding or minimizing negative impacts to flora, fauna, and critical habitat. Although ALLETE's wind energy facilities are located in diverse geographic regions to reduce the potential impact that may be caused by unfavorable weather in a particular region, suitable meteorological conditions are variable and difficult to predict. If wind conditions are unfavorable or meteorological conditions are unsuitable, our electricity generation and revenue from wind energy facilities may be substantially below our expectations. The electricity produced, production tax credits received, and revenue generated by a wind energy facility are highly dependent on suitable wind conditions and associated weather conditions, which are variable and beyond our control.

We base our decisions about which wind projects to build or acquire, as well as our electricity generation estimates, in part on the findings of long-term wind and other meteorological studies conducted on the project site and its region, as well as avoiding or minimizing impact on birds, bats, and other species. However, the unpredictable nature of wind conditions, weather and meteorological conditions, and/or expansion of avian and bat ranges can result in material deviations from these studies, permit conditions and our performance expectations. Additionally, wildlife protections under the Endangered Species Act are subject to change based on evolving research and government policy. Furthermore, components of our systems could be damaged by severe weather, such as hailstorms, lightning or tornadoes. In addition, replacement and spare parts for key components of our diverse turbine portfolio may be difficult or costly to acquire or may be unavailable. Unfavorable wind conditions, weather or changes to meteorological patterns could impair the effectiveness of our wind energy facility assets, reduce their output or require shutdown of key equipment, impeding operation of our wind energy facilities. Expanding ranges or further regulation of avian and bat species could require mitigation activities that could affect future performance of operating facilities or new site acquisition or development.

The construction, operation and maintenance of our electric generation facilities or investment in facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows. The construction and operation of generating facilities involves many risks, including the performance by key contracted suppliers and maintenance providers; start-up operations risks; breakdown or failure of facilities; the dependence on the availability of wind or water resources; or the impact of unusual, adverse weather conditions or other natural events; as well as the risk of performance below expected levels of output or efficiency. We could be subject to costs associated with any unexpected failure to produce and deliver power, including failure caused by breakdown or forced outage, as well as repairing damage to facilities due to storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events.

BNI Energy may be adversely impacted by its exposure to customer concentration and environmental laws and regulations. BNI Energy may be adversely impacted by the transitional risks associated with environmental laws and regulations, which could have an adverse effect on our financial position, results of operations and cash flows. In addition, insurance companies have decreased the available coverage for policyholders in the mining industry, affecting the availability of coverage and leading to higher deductibles and premiums.

Compatibility of ALLETE's Strategy with a Net-Zero Carbon Future

ALLETE is committed to lowering the carbon intensity of our operations at all business units and across all scopes of emissions. The business units' mission, customer mix, and regulatory status are all key drivers in determining the carbon reduction strategies employed.

Minnesota Power represents the highest carbon emissions of ALLETE's business units, and subsequently relies on the most extensive mix of carbon reduction strategies. As seen in Figure 3, Minnesota Power has a multipronged approach that includes retiring or converting all coal units by 2035, with a bold vision of achieving a carbon-free generation portfolio by 2050. Additionally, Minnesota Power plans to add 400 MW of renewable energy and developing a more flexible and resilient energy delivery system. Combined with a flexible natural gas facility power purchase agreement with Nemadji Trail Energy Center to account for variabilities in renewable energy, as well as ongoing conservation efforts and evaluation of emerging technology, Minnesota Power is well-positioned to align operations with a net-zero future.

SWL&P represents the second highest carbon emissions at ALLETE. SWL&P's carbon emissions are primarily due to purchased energy from Minnesota Power, which ALLETE currently reports under Scope 2 emissions. SWL&P energy purchasing strategy currently results in significant decreases in carbon intensity at SWL&P. Additionally, SWL&P is furthering its carbon reductions through a community solar garden,

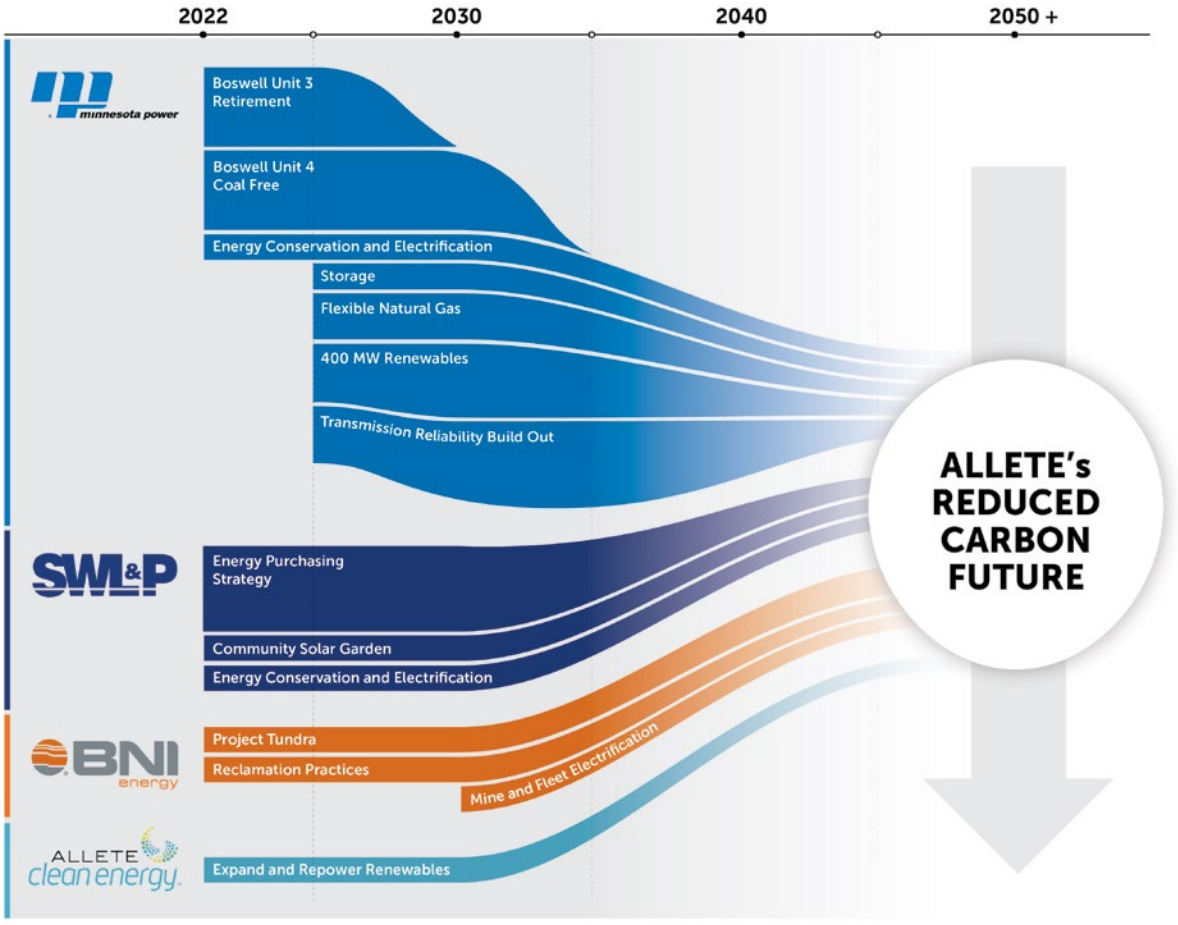


Figure 3 All of ALLETE's business units have strategies to reduce carbon, as shown above. Some of the options shown above may not be viable or have different timelines for implementation.

evaluation of line truck electrification, and plays an active role in the state of Wisconsin's energy conservation program.

BNI Energy's carbon emissions are primarily associated with emissions from gasoline and diesel engines used for mining operations. BNI monitors and evaluates options for commercially viable electrification options to reduce Scope 1 emissions. There are also numerous opportunities to deploy different reclamation activities to reduce carbon through land use management practices. Project Tundra could be another way to reduce BNI's downstream (Scope 3) carbon emissions. Project Tundra is a proposed carbon capture and storage initiative at Minnkota's Milton R. Young Station, BNI's primary customer. The project is designed to capture 90% of carbon emissions from either generating unit.

With relatively minimal Scope 1 and 2 emissions associated with their operations, ALLETE Clean Energy is laser focused on helping its customers meet their own carbon reduction goals. In 2021, ALLETE Clean Energy provided over 2,900,000 megawatt-hours of clean, renewable energy for its customers, and now has over 1,300 MW of installed renewable generating capacity. In addition to these impressive carbon reduction achievements, ALLETE Clean Energy is actively evaluating other clean energy options, including solar and storage. Combined with ongoing efforts to improve efficiency, add electric vehicles to the fleet, and develop blade recycling options, ALLETE Clean Energy will continue to play a major role in ALLETE's overall carbon reduction strategy.

Alignment of ALLETE's Carbon Reductions with Broader Climate Goals

The goals of the Paris Agreement are meant to limit the worst impacts of global climate change by reducing warming to certain levels. While sector- or company-specific carbon-reduction targets have not been established to meet these climate goals, measuring the company's performance and vision against these goals (in this case, 1.5°C and 2°C) illustrates how ALLETE's actions and vision help manage the risks associated with potential future changes in carbon policy or regulations.

For simplicity, ALLETE's carbon emissions and projection are based on Minnesota Power's actual and projected emissions from our Electric Generating Units (EGUs) using our carbon calculation methodology. BNI Energy represents the remaining (approximately 5%) of Scope 1 emissions that have been calculated for ALLETE, with Superior Water, Light & Power's and ALLETE Clean Energy's Scope 1 emissions not currently calculated. However, Superior Water, Light & Power's and ALLETE Clean Energy's Scope 1 emissions are primarily from vehicle emissions and generators, and would represent a small amount of additional Scope 1 generation. Furthermore, counting SWL&P's Scope 2 emissions from energy purchases from Minnesota Power would result in double-counting of ALLETE's overall emissions.

In this analysis, we have projected (Figures 3 and 4) our actual and projected carbon emission reduction rates against the ranges determined by two EPRI reports, the *Review of 1.5°C and other Newer Global Emission Scenarios*[ii] and *Grounding Decisions: A Scientific Foundation for Companies Considering Global Climate Scenarios and Greenhouse Gases*[iii].

It is important to note that these graphs do not imply that these are the ranges ALLETE needs to meet to achieve the climate goals; these emissions pathways are based on modeling of aggregate markets and idealized policy and technology assumptions, and do not capture the unique circumstances of individual companies. Different countries, sectors, and individual companies will have different cost-effective emissions reductions and timing of reductions based on unique technology, costs, markets, and regulatory structures in place[3].

[3]EPRI's 2020 study notes that "caution is merited regarding direct use [of global emissions scenarios] as quantitative benchmarks for evaluating or guiding companies. Global and subglobal results from these scenarios—emissions, market, and technology (e.g., coal plants, vehicle mix)—are problematic as benchmarks, as well as inputs to even more disaggregated assessment (e.g., asset-level). Among other things, they model markets not companies, are contingent on embedded scenario assumptions, missing key uncertainties, and suggest economically inefficient identical action across companies."

In Figure 4, a range of emissions has been modeled to limit warming by less than 1.5°C from pre-industrial levels, with a net-zero outcomes before and after 2050. Actual (2020) and projected (2025-2050) carbon emissions from ALLETE's major emission sources are represented by the blue line, with blue vertical bars on the graph representing a wider potential carbon-reduction ranges post-2021[5]. The wider range for future carbon emissions is due to a variety of factors, ranging from economic dispatch levels for Boswell, the outcome of Minnesota Power's IRP, and potential future regulatory changes.

This scenario represents a low probability of "overshoot," which is generically defined as a period of time when there is a probability that temperatures go above the temperature goal—in this case, 1.5°C—before cooling back down. Even if this fairly aggressive scenario was implemented for ALLETE's major sources of carbon emissions, our carbon-reduction strategy positions the company well for those regulatory outcomes. Again, sector-specific and company-specific reductions will depend on regulatory policies, available technology, and markets, as well as balancing environmental performance, safety, affordability, and reliability.

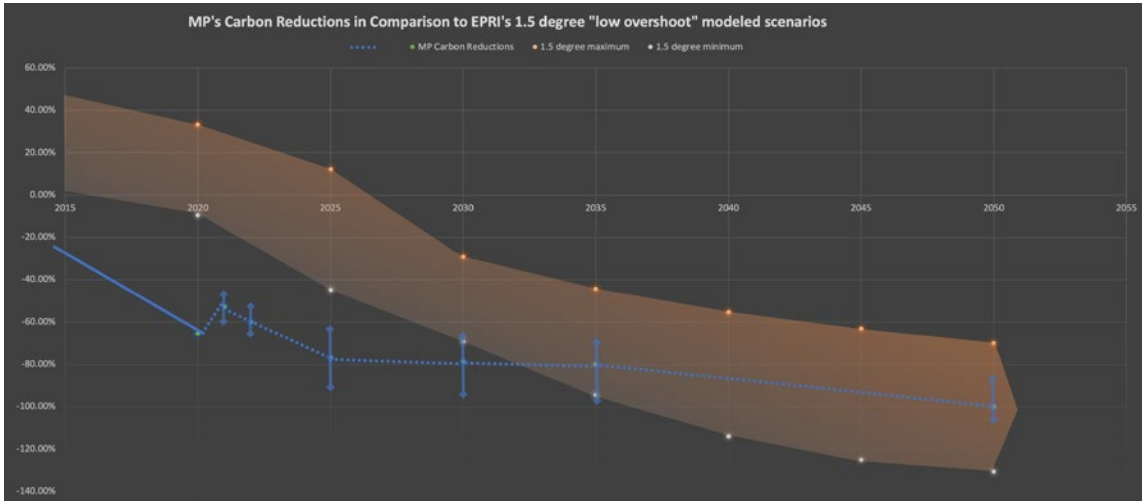


Figure 4 In this graphic, carbon emission reductions (as CO_2) from ALLETE's largest Scope 1 sources are shown in relation to the estimated ranges needed for a 1.5°C scenario with low temperature overshoot[4]. The vertical bars from 2021-2050 represent approximate potential ranges of carbon emission reductions, which will be dependent on technology advancements, regulatory requirements and policies, and other factors not possible to predict at this time.

[4]Derived from Rose and Scott (2020).

[5]Comparisons to aggregate emissions reductions should be treated with caution, since the aggregate reductions do not reflect individual companies and their unique circumstances.

Figure 5 represents a 2°C scenario. Again, ALLETE's major carbon emissions fall below the range of projections[7]. Although additional requirements may be imposed upon our businesses, the carbon-reduction progress we've achieved to date and our carbon-free vision is important factor in managing the risk of more ambitious carbon reduction requirements in the future for Minnesota Power and ALLETE. It is expected that there will be more clarity around Minnesota Power's IRP status, as well as potential new national and international goals for additional carbon-reduction, near the end of 2021.

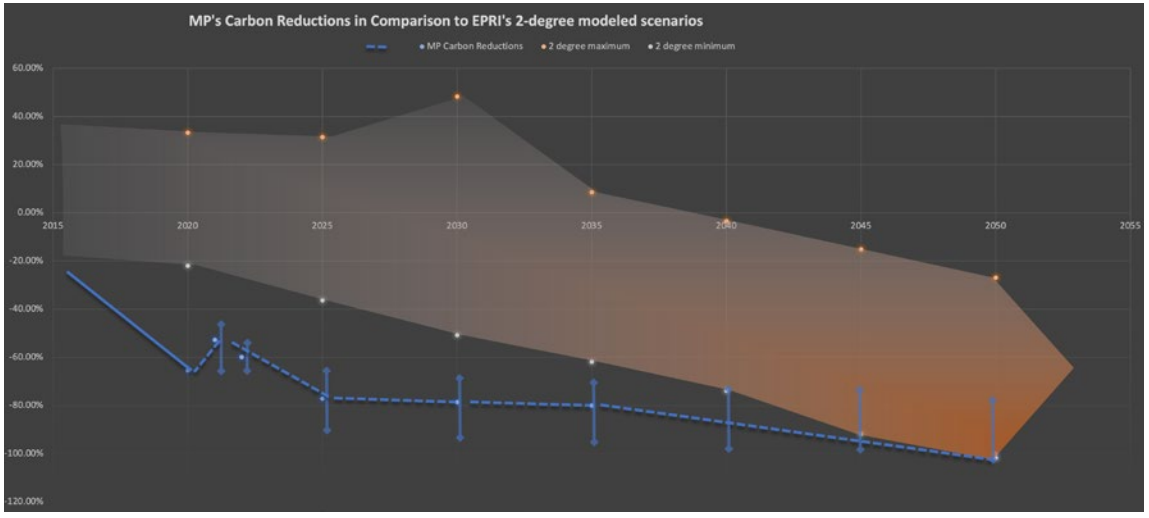


Figure 5 In this graphic, carbon emission reductions (as CO_2) from ALLETE's largest Scope 1 sources are shown in relation to the estimated ranges needed for a 2°C scenario[6]. The vertical bars from 2021-2050 represent approximate potential ranges of carbon emission reductions, which will be dependent on technology advancements, regulatory requirements and policies, and other factors not possible to predict at this time.

[6]Derived from Rose and Scott (2018 and 2020).

[7]Comparisons to aggregate emissions reductions should be treated with caution, since the aggregate reductions do not reflect individual companies and their unique circumstances.

Risk Management: Identifying and Managing Climate-Related Risks at ALLETE

Just as climate-related risks are classified into physical and transitional risks, ALLETE tailors risk-management activities according to risk type. We use well-established risk-management tools and processes to identify and manage climate-related risks on an ongoing basis, with clear communication of risk factors and risk-management approaches to management and the board.

Physical Risk Management

Includes planning, infrastructure hardening, and reduced reliance on natural resources where possible to reduce risk of operational impacts.

Transitional Risk Management

Relies on external sensing and internal collaboration to assess, quantify, and communicate the impacts and management strategies for environmental or economic requirements related to climate change.

Physical Risk Management

ALLETE's infrastructure is designed and constructed with resiliency in mind. Harsh, ever-changing weather conditions are a normal course of business for our operations, and we build, operate and maintain our infrastructure to last long periods of time in extremely challenging conditions.

However, ALLETE understands that climate change may shift the intensity, frequency, and duration of extreme weather events in the coming years. We also recognize that less-extreme, longer-term trends can also significantly alter the world in which we operate, including but not limited to changes in water availability, extended warmer weather that affects in-ground infrastructure, and ecosystem-level changes.

In addition to broader risk mitigation activities, such as geographic distribution of wind energy resources to account for potential wind pattern changes, ALLETE addresses the physical impacts of climate change through the following activities:

+ Strong planning, preparedness and mutual assistance arrangements to prepare for extreme weather events
+ More durable and resilient energy delivery infrastructure
+ Reduced reliance on consumptive and non-consumptive water usage
+ Maintaining and improving the natural ecosystems in which we operate

All of these approaches are key components to ensure we continue to deliver safe, reliable and affordable energy to our customers and the regions we serve under a variety of climate scenarios.

Emergency Action Response

With thousands of collective miles of transmission and distribution lines, Minnesota Power and Superior Water, Light & Power are subject to negative impacts from changes in intensity, frequency, or duration of storm events due to climate change. SWL&P also owns natural gas transmission and distribution infrastructure, as well as water intake, treatment, and delivery infrastructure. The reliable, safe and efficient delivery of electricity, natural gas, and water to our customers is of the utmost importance to our companies. Therefore, the companies consider emergency action response a key tool in managing risks from climate change to ensure reliable and safe service throughout different disruptions.

Our regulated operations design and build our infrastructure system to withstand various weather conditions, including high winds, ice, snow, and extreme heat and cold. Intense weather conditions, however, are beyond our control and at times impact service to our customers. This risk factor is more prevalent with aboveground energy delivery systems, which can be more susceptible to extreme weather events. In those instances, we respond as expeditiously as possible, while also ensuring the continued safety of our personnel and the public.

The company strives to follow effective emergency management principles and protocols that enhance its ability to provide safe and reliable energy services. Minnesota Power and Superior Water, Light & Power use the National Incident Management System (NIMS) to guide their Emergency Response Plans (ERP). The NIMS is a comprehensive national approach to incident management, applicable at all jurisdictional levels and across functional disciplines. It improves the effectiveness of emergency response providers and incident management organizations across a full spectrum of potential incidents and hazard scenarios. NIMS relies on the Incident Command System (ICS) to coordinate and manage the response of an organization. Overall, this approach provides a high level of coordination and cooperation between the company's regulated operations and public and private entities in a variety of domestic incident management activities.

Energy Delivery System Resiliency

While changes in intensity, frequency, or duration of storms are often associated with climate change, ALLETE also recognizes that long-term effects can also present risks to our businesses. Our energy delivery system is built for resiliency, and we have installed higher-class pole systems that provide additional durability in soils that remain saturated longer than historically experienced, or that may have higher levels of soil microbial activity due to longer growing seasons.

We have also invested in grid modernization efforts, including additional underground infrastructure and more redundancy to prevent incidents from occurring. Our energy delivery system also is evolving to become more adaptable when incorporating integration of distributed energy sources, including smaller renewable sources of generation.

Enhanced Water Management and Planning

It is anticipated that climate change may result in changes in precipitation levels and events with water availability implications. From Minnesota Power's renewable hydroelectric power generation, to the cooling waters essential for thermal generation and electrical conversion facilities, ALLETE implements numerous risk-management approaches to limit the potential impacts associated with water use and availability risks caused by climate change and watershed land-use practices.

One of the most significant risk management activities ALLETE has undertaken is the reduction of consumptive and non-consumptive water use at Minnesota Power's thermal facilities. Since 2005, Minnesota Power has reduced total water use by 90%, for an average water reduction of over 150 billion gallons per year. This has been the result of decreased cooling water use following the idling of Taconite Harbor Energy Center, the natural gas conversion of the Laskin Energy Center, and the retirement of Boswell Energy Center Units 1 and 2.

The remaining large thermal generation at Minnesota Power requires much less water to operate. This is a result of, among other things, the use of cooling towers rather than once-through cooling water for Boswell Units 3 and 4. A proposed dry cooling technology is also planned for the Nemadji Trail Energy Center. Additionally, the HVDC facilities in Center, North Dakota, and Hermantown, Minnesota, are also planned to be converted to dry cooling within the next five to six years.

Minnesota Power also uses a proactive planning approach to help predict and manage watershed dynamics for our renewable hydroelectric facilities. Each winter, Minnesota Power convenes a technical panel of public agency meteorological and natural resource experts, residents of the hydroelectric reservoirs watershed, and Minnesota Power operations to discuss current and forecasted temperature and precipitation conditions. Based off the current and predicted conditions, Minnesota Power selects a plan for subsequent hydropower operations to manage various requirements and expectations around reservoir levels, river flows and operational needs. This approach has been successful in accounting for variable and uncertain weather patterns, with Minnesota Power hydropower operations typically reaching desired refill targets for our reservoirs.

Wildfire Risks – Vegetation Management and Rajala Woods Initiative

Changes to precipitation, temperature and other factors from climate change are expected to impact flora and fauna health, distribution and abundance, including in the areas in which we do business. Shifts in tree species health and/or abundance can create risks from wildfires, as well as exacerbating the impacts from storms.

Minnesota Power's and Superior Water, Light & Power's vegetation management program enables safe and reliable transmission and distribution of electricity by controlling growth of non-compatible species and encouraging growth of compatible species under, on or adjacent to its transmission and distribution facilities, rights-of-way or easements. Non-compatible species are defined as those trees that mature at a height that allows them to grow into the electric facilities and cause outages. This is accomplished through adherence to integrated vegetation management principles, which include mechanical and chemical methods of control. Our cyclical vegetation management approach ensures periodic maintenance on distribution and transmission lines, ultimately reducing the risks of outages to our energy delivery systems and more severe wildfire risks in our service territory.

Additionally, Minnesota Power has proactively adapted aggressive forest management goals for company-owned lands through our Rajala Woods initiative, harvesting shorter-lived tree species more vulnerable to weather-induced disruptions and altered forest management activities. Rather than allowing all of the harvested lands to return to the existing cycle of short-lived tree species, Minnesota Power is planting millions of native, long-lived conifer species, such as white, red and jack pines.

To date, Minnesota Power has planted more than 1.5 million long-lived tree species, halfway to its goal of 3 million trees. Minnesota Power's forest management activities, including pest control and managing competing vegetation, have resulted in high survival rates for the new, more resilient tree species planted.

Volunteers protect seedling trees with bud caps as part of Rajala Woods, an initiative of Minnesota Power to plant millions of native, long-lived conifer species.

Transitional Risk Management

The transition to a low or net-zero carbon future represents significant risks and opportunities for most companies, and this is particularly relevant for energy companies. While ALLETE has committed to reducing carbon emissions consistent with pathways designed to limit climate change under 2°C, uncertainty regarding additional environmental or economic regulations and/or legislation can still present risks to our business model(s).

ALLETE tracks, reports and communicates transitional risks through a combination of internal subject matter expert monitoring along with engagement with trade groups, peer organizations and governmental/nongovernmental entities to identify and assess transitional risk and opportunities for the company.

Environmental Strategy Group

The Environmental Strategy Group (ES Group) consists of executive and nonexecutive leaders from various disciplines within ALLETE. The ES Group meetings and topics are designed to function primarily in a risk-management role for our most pressing environmental matters. Regulatory risk assessments are typically prepared by the Environmental & Land Management department, in coordination with company operations staff. The ES Group then holistically evaluates the company's environmental risk for the relevant issues at each meeting, with the intent to guide actions that minimize risks and uphold the company's environmental stewardship values.

The ES Group is designed to have representation from a wide range of disciplines that can evaluate the risks and benefits of environmentally-related actions. The ES Group is designed to bring forward the benefits and risk assessments across multiple functions to allow for a fully informed risk management decision. Executive membership on the ES Group includes ALLETE's chief executive officer, chief administrative officer, chief legal officer, corporate treasurer, and Minnesota Power's chief operating officer and vice president of strategy and planning.

Depending on the type of environmental/climate risk or opportunity, certain issues are then elevated to management at the subsidiary board. Depending on the stage of the issue, strategy and risk management activities then commence, as described in later sections. This can include a range of activities, from participating in external working groups or advisory panels to ensure reasonable regulatory outcomes to planning for installation of treatment technology, renewable generation or transmission upgrades.

The ES Group meets approximately two to three times per year. Meeting topics are based on regulatory developments, a determination by the ES Group chair that a meeting on a certain topic is warranted and timely, a request by Minnesota Power or ALLETE management to address a particular issue, and/or a request by a leader/sponsor of a working group to present an issue for approval or guidance.

Climate Risk/Opportunities Working Group

While the ES Group is largely focused on environmental regulatory risk management, there are also numerous other economic, legislative and policy-driven initiatives at the company regarding climate change and carbon emissions. To ensure these risks are identified and managed, the Climate Risks/Opportunities (CRO) working group, consisting of leaders from environmental, regulatory affairs and legislative affairs, meets monthly to discuss and track local, state, national and international activities regarding climate change. While the CRO's focus is primarily on transitional risk, trends in physical impacts from climate change are also included in the monthly agenda.

Based on development on these various fronts, a climate risk/opportunity dashboard is updated and the most significant climate-related issues are communicated to the environmental risk management signposts group on a quarterly basis.

Enterprise Risk Management – Signposts

ALLETE has a strong process in place for evaluating climate-related risks through a COSO-based Enterprise Risk Management (ERM) program. Quarterly ERM Signpost meetings evaluate the strategic landscape in a five-year outlook, focusing on a variety of risk factors including the economy, financial and capital markets, fuel commodities, environmental regulation, technology changes, regulatory and legislative developments, and regional economic indicators.

Risks presented from climate change are evaluated as part of the ERM Signpost monitoring. The risks monitored are primarily transitional. The ERM Signpost risk-management summaries are sent to the ALLETE board of directors on a quarterly basis.

Metrics and Targets

ALLETE has numerous targets and initiatives in place to mitigate climate-related risks and implement solutions to reduce the impacts of climate change. Because our companies provide essential services to our customers, and because goals set for our regulated operations are often subject to approval from our economic regulators, setting definitive quantitative targets that are too specific often can be detrimental in providing the flexibility required to meet the needs of our customers.

However, ALLETE recognizes that setting goals and establishing metrics to track our progress is a powerful tool to ensure our commitment to manage climate-related risks and opportunities. Our proposed carbon vision for Minnesota Power is one example of a goal we have set that is designed, in part, to mitigate climate-related risks. ALLETE has a strong emphasis on environmental performance for all of our businesses, including linking environmental performance and sustainability reporting progress to executive compensation.

As of the date of this report, the company has not formally integrated climate-related performance metrics into its policies for remuneration or other incentives for executive leaders, management or employees. There is a direct link between executive compensation to overall environmental performance, which is tracked via environmental penalties levied by regulatory agencies. Environmental violations received by ALLETE or its companies may reduce the AIP award that can be received by the responsible company's plan participants.

In 2020, AIP performance key goals included establishing a framework for all ALLETE sustainability dimensions, and increasing transparency and clarity of our sustainability journey through sustainability reporting. The first such report was published in June of 2020, modeled on the Edison Electric Institute's (EEI) ESG template[8]. Future goals and metrics may include establishing more refined climate scenarios to measure the resiliency of our businesses, as recommended in the TCFD and CDSB, bolstering our process for evaluating climate-related risks and opportunities, and linking other sustainability goals to executive compensation.

[8]See the EEI quantitative section in the back of this report.

ALLETE's CO_2 Equivalent Emissions

Minnesota Power's 2020 calculated Scope 1 greenhouse gas emissions was approximately 3.5 million metric tons of CO_2e[9,10]. This represents a 65% reduction from 2005 levels. In its IRP submittal, Minnesota Power announced its plan to reduce carbon emissions by 80% from major generating sources by 2035, with a 100% carbon-free goal by 2050. Carbon emissions from vehicles and operational machinery such as back-up generators are minimal in comparison with the carbon emissions from thermal generating stations and are not included in the Scope 1 emission reporting at this time.

ALLETE Clean Energy builds, owns and operates renewable projects with no major carbon emissions. The company's Scope 1 emissions are primarily associated with maintenance vehicles and any back-up electricity sources, and are minimal in comparison to carbon emissions from our regulated operations. These emissions have not been calculated for reporting year 2020.

Superior Water, Light & Power has minimal Scope 1 emissions, with the majority of the associated emissions for its electric services coming from Scope 2 purchased power. In 2020, the company purchased approximately 750,000 megawatt-hours of electrical energy from Minnesota Power for its customers. Using the 2020 carbon intensity of 0.394 metric tons of CO_2e per net megawatt-hour, Superior Water, Light & Power's Scope 2 emission equals approximately 300,000 metric tons of CO_2 per year. SWL&P's Scope 2 emissions are already included in Minnesota Power's Scope 1 emissions.

Emission sources from vehicles and operational machinery at Superior Water, Light & Power are minimal in comparison with the Scope 2 carbon emissions and are not included in the Scope 1 emission reporting at this time.

BNI Energy had approximately 66,000 metric tons of carbon emissions associated with its Scope 1 emissions in 2020.

2020 Values, metric tons CO_2e	Minnesota Power	Superior Water, Light & Power	BNI Energy	ALLETE Clean Energy
Scope 1	3,525,807	Not calculated	65,622[11]	Not calculated
Scope 2	Purchased power included in Scope 1 emissions	297,547[12]	Not calculated	Not calculated
Scope 3	Not calculated	Not calculated	Not calculated	Not calculated

[9]Thermal generation sources are based on emissions from Boswell, Laskin and Taconite Harbor, consistent with the methodology used in the EEI report. Additional CO_2e emissions occur from Rapids Energy Center and Hibbard Renewable Energy Center, as well as from various other sources like vehicle emissions and back-up generators.

[10]CO_2e is generally defined as CO_2 equivalent, where GHGs are converted and reported as an equivalent mass of carbon dioxide.

[11]Emissions from purchased gasoline and diesel.

[12]Already included in Minnesota Power's Scope 1 emissions.

ENVIRONMENTAL POLICY STATEMENT AND ENVIRONMENTAL MANAGEMENT SYSTEM

ALLETE Environmental Ethics Statement

Environmental stewardship is one of ALLETE's core values and the people of ALLETE are committed to being responsible corporate citizens. We support the concepts of environmental stewardship and believe they are good for business. Consistent with this value, we willl:

+ Protect the environment as we carry out our responsibilities.
+ Limit the environmental impacts of our activities.
+ Demonstrate and promote conservation of land, air, water and energy resources.
+ Meet environmental regulatory requirements and company commitments.
+ Stress efficiency, recycling and pollution prevention.
+ Advocate reasonable and practical environmental laws, regulations, policies and practices.
+ Strive to continually improve our environmental performance.

ALLETE continually balances the environmental impact of our activities with our obligations to shareholders, customers, communities and future generations.

Environmental Management System (EMS)

As a core element of its environmental performance improvement strategy, ALLETE's Environmental and Land Management department has implemented an Environmental Management System (EMS) to manage its environmental activities.

ALLETE's EMS improves the consistency of environmental management activities by reducing our overall environmental impacts.

The EMS is designed to provide a solid foundation for performance of environmental and land management work at the company. Established work practices and policies are memorialized in procedures, guidance documents and policies, which are subject to frequent review and adjustment due to both planned and unplanned changes. The combination of a solid foundation and structured, disciplined adaptability create a culture of continuous improvement for ALLETE's overall performance, even in times of frequent and substantial change.

ALLETE EMS consists of the following components:

Documentation

Procedures, forms, guidance documents and policies clearly outline how we perform critical activities, where we record data, and what our standards are for various requirements. Department leadership ensures document owners keep department records current and applicable. Simultaneously, a structured compliance document system was developed to store all documentation.

Management of Change (MOC)

A list of potential events that could disrupt normal business operations has been developed by department experts and used as a trigger to conduct an MOC. The MOC triggers includes changes in operations, regulations, staffing or outside intervention, and the list of triggers is updated as new events occur. After an MOC is triggered, staff uses a pre-built assessment questionnaire to ensure appropriate mitigating steps are taken to avoid unwanted impacts.

Incidents

In order to learn from past incidents and prevent future events, incidents are documented, ranked by severity and tracked to identify trends. Incidents that reach a certain threshold of risk or impact are subject to a formal incident review process to identify operational changes to reduce or prevent future occurrences.

Communication

All critical changes to the EMS, including new or modified procedures, policies, or forms; new management of change activities; new significant incidents or learning team reviews; and the results of incident investigations are all communicated via emails, phone conversations, or virtual or in-person meetings.

ENERGY EFFICIENCY

Energy efficiency is an integral part of the business strategy at Minnesota Power and Superior Water, Light & Power as well as ALLETE's sustainability in action strategy.

The two utilities offer a wide range of products and services and work with their customers to help them understand, manage and reduce their energy use.

Minnesota

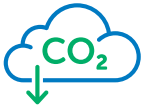
Minnesota Power is the only Minnesota utility to have exceeded the state of Minnesota's energy conservation goal each year since the state implemented the savings target in 2010.

The company's Conservation Improvement Program works with business and residential customers to find specific ways to reduce energy use.

Customers saved more than 70,774,076 kilowatt-hours in 2020

That's enough energy to:

power about **7,812 homes** for a year



reduce carbon emissions by **41,863 tons**

take **8,256 cars** off the road for a year

Total energy saved in 2020 was 2.6% of retail energy sales, well above the state goal of 1.5%. Conservation Improvement Program expenditures were $8,205,771 for 2020.

Wisconsin

Superior Water, Light & Power partners with Focus on Energy to provide customers with information, resources and financial incentives to help manage energy use. This program is managed by the state of Wisconsin and Superior Water, Light & Power contributes 1.2% of its annual retail utility revenue (electricity and natural gas) to help fund it. The company contributed $955,729 in 2020. Program goals and initiatives are established on a statewide basis working with all participating utilities and publicly reported on the Focus on Energy website.

Electric vehicles/mine truck electrification

Minnesota Power is expanding its support for electric vehicles and helping to accelerate the shift to electric power in the transportation sector through support of residential and business customers. The Minnesota Public Utilities Commission approved the company's proposed rebates for installing residential chargers and a rewards program for customers who own electric vehicles (EVs) and is reviewing the company's proposal to install 16 fast charging EV stations across its service territory to support EV travel across the region. Minnesota Power has also announced plans to switch a significant portion of its own vehicle fleet to electric in the next 10 years. Superior Water, Light & Power also plans to expand its support of transportation sector electrification in 2021.

Charging network

In 2020-2021 Minnesota Power is donating Level 2 electric vehicle charging stations to business customers at 21 sites in 19 communities. The company also has supported the construction of 10 public charging stations in its service territory and is requesting regulatory approval to develop and own 16 EV fast charging stations in its service territory. In 2021, Superior Water, Light & Power plans to donate a Level 2 electric vehicle charger to a business customer in Superior, Wisconsin.

Fleet transformation

Minnesota Power and Superior Water, Light & Power have set a goal of having 50 percent of its light-duty vehicles, such as pickups, be transitioned to electric by 2030 and 25 percent of its medium and heavy-duty vehicles, including line trucks, be transitioned to electric plug-in technology by 2030.

Mine truck electrification

Minnesota Power also is looking forward to working with customers on a potential mine truck electrification pilot. While policy-makers have focused on the electrification of transportation and buildings, electrification of industry is a key interest of Minnesota Power and its mining customers. The company is evaluating the potential for a pilot project that could include support for a site-specific analysis, replacement or retrofitting of a portion of an existing haul truck fleet, engineering and installation of the catenary system and substations, and service extension to a trolley line.

Minnesota Power has set a goal of transitioning 50% of its light-duty vehicles to electric and 25% of its medium- to heavy-duty vehicles to plug-in technology by 2030.

CYBER AND PHYSICAL SECURITY

ALLETE regards grid reliability, security and resilience as the highest priority to support our customers, communities, employees and their families.

In order to keep pace with the ever-changing and emerging threats to our operations, ALLETE uses a team approach and technology as a force multiplier. Through cyber and physical security programs, along with emergency preparedness, our efforts greatly increase our situational awareness and readiness and are key components of operating the power grid in a reliable and safe manner.

ALLETE formed a Cyber Security department in 2011 that focuses solely on cybersecurity and cyber regulatory compliance for ALLETE and its subsidiaries. This department continues to enhance its capabilities to mitigate vulnerabilities and defend against threats. The threats are constantly evolving and require continual vigilance to the changing threat landscape. The cybersecurity program uses a defense in depth strategy coupled with a risk-based approach using industry accepted standards and best practices as a guide to protect, defend and respond. Training personnel, hardening systems, and addressing single points of failure are undertaken to increase our preparedness and mitigate vulnerabilities.

The team has been recognized for its contributions to improving cybersecurity tools, open-source sharing of capabilities with other cybersecurity professionals, and using security orchestration automation and response tools to more effectively tie disparate systems together allowing effective response to detected events. ALLETE is a firm believer that sharing our cybersecurity preparedness with our peers helps improve the cybersecurity effectiveness of the energy industry and our cross-sector partners.

The ALLETE Security and Emergency Management (ASEM) department provides services across the ALLETE family of companies consistent with its strategic vision to "be the recognized ALLETE physical security and emergency management authority and establish industry-renowned programs to encompass the entire corporation." The department utilizes a comprehensive physical security and emergency management framework composed of several different process cycles that fall within the core national-level emergency management planning framework shared by both public and private entities to provide grid reliability, security and resilience. Through the emergency and security operations center, ASEM services include 24/7 hour monitoring of specific access control systems, door alarms, fire alarms, camera viewing, and the initiation of emergency response for multiple corporate business units across seven states.

ALLETE also has large and diverse information-sharing relationships and response partnerships including federal, state, regional, tribal, local and industrial entities in both the private and public sectors.

ALLETE's cyber and physical security programs are also subject to North American Electric Reliability Corporation (NERC) reliability standards. To provide broad oversight in the areas of Bulk Electric System reliability compliance, the NERC Compliance Steering Committee (NCSC) regularly reviews effectiveness of compliance program controls, recommends actions for continuous program improvements, and facilitates and ensures engagement of internal teams with industry partners and our regulators on matters such as incidences of non-compliance, compliance enforcement activities, and industry issues.

The Great Northern Transmission Line

ENERGY RELIABILITY

ALLETE is an energy company, and all of our business units have an unwavering commitment to a reliable supply of energy through all manner of disruptions.

While the widespread power outages in Texas and surrounding areas in February 2021 underscored the importance of a resilient and reliable energy supply, extreme cold and other weather events are part of our daily lives in most of the regions in which ALLETE operates. We are committed to a resilient grid, which requires different sources of energy when primary sources disappear. Our considerable investment in renewable energy is reinforced by our baseload power sources, while our energy delivery system continues to improve grid resiliency to address a variety of weather, generation mix and other challenges.

This balanced approach helps protect our customers from both emergency interruptions and the shock of price spikes. We will continue to make investments to prevent outages, such as replacing overhead wiring with underground wiring in many areas, maintaining electric service stability through investments in our transmission system, and investing in technology to restore customers more rapidly through both automated switching and faster crew response to system problems.

Grid Resiliency and Energy Delivery

Reliability and delivered electricity information reporting via SASB standards is summarized below.

Accounting Metric Inclusive of major event days	**Minnesota Power** 2020 Data	**SWL&P** 2020 Data
System Average Interruption Duration Index (SAIDI)	179.43 min.	39.6 min.
System Average Interruption Frequency Index (SAIFI)	1.42 min.	0.41 min.
Customer Average Interruption Duration Index (CAIDI)	126.13 min.	96.83 min.
Total electricity delivered in megawatt hours (MWh):		
Residential	1,014,628 MWh	87,136 MWh
Commercial	1,131,101 MWh	99,264 MWh
Industrial	5,652,942 MWh	553,118 MWh
Wholesale	5,378,960 MWh	0 MWh

WORKFORCE CULTURE AND ENGAGEMENT

ALLETE differentiates itself on people, culture, leadership and values, and the strength and resilience of these have been tested and proven in 2020. With all of the opportunities and challenges, these differentiators have never been more critical to our future success.

ALLETE Values

+ Integrity
+ Safety
+ Environmental Stewardship
+ Employee Growth
+ Community Engagement

Diversity, Equity and Inclusion Focus Areas

+ Workforce
+ Supply Chain
+ Community Citizen

Diversity, Equity and Inclusion

For more than a century, ALLETE has been successful because of our ability to attract and retain high-quality people who demonstrate our shared values. We appreciate and value diverse backgrounds, ideas and opinions; we will continue to encourage and embrace diversity, equity and inclusion.

ALLETE is committed to be part of the solution to create a more equitable society for all people.[13]

+ Gender Diversity

As of December 31, 2020, 42.9% of ALLETE executive officers are female. Minnesota Census of Women in Corporate Leadership named ALLETE a 2020 Women on Boards winning company for its commitment to board gender diversity.

+ Diversity, Equity and Inclusion framework

In 2020, ALLETE's president and CEO committed to advancing DE&I efforts with other EEI companies, and established a multidimensional framework of companywide focus areas. We also bolstered our diversity awareness and inclusion efforts through our Respect in the Workplace initiative.

+ Veteran Outreach and Support

The state of Minnesota designated Minnesota Power and ALLETE Clean Energy as Yellow Ribbon Companies for military efforts, 2016 and 2019 respectively. In 2020, we raised $25,000 for veterans organizations, enhanced deployment support for employees and family members, and strengthened community outreach.

Total ALLETE Employees

As of December 31, 2020 (full-time, part-time, temporary)

	2019	2020
Female % of total employees	23.2%	23.4%
Minority % of total employees	2.2%	2.2%
Veterans % of total employees	6.1%	5.7%

[13] See ALLETE's Human Rights Statement

2020 Turnover

The average employee turnover in 2020 was 5.4% for employees. Approximately 45.3% of employee turnover involved retirements, 48.4% resulted from resignations and the remaining 6.3% includes turnover for other reasons, such as unsatisfactory performance.

Development and Engagement

ALLETE is committed to creating a learning environment for employees to provide them opportunities to develop their strengths, broaden their experiences, and take on new roles and responsibilities within the company. Employees have the opportunity to attend internal educational offerings; gain experiences through on-the-job learning and apprenticeships; advance education through our tuition reimbursement program; gain professional certification and licensure; and engage in external professional networks, nonprofit organizations and our communities. Together, our employees strengthen our organization through a culture that sustains our commitment to core values with solid leadership that inspires excellence and unity.

Health and Wellness

The success of our business is fundamentally connected to the health and well-being of our employees. We provide comprehensive health and wellness benefits and resources that support healthy, productive and fully engaged members – both on and off the job. We are responding to the COVID-19 pandemic by taking steps to mitigate the potential risks posed by its transmission and have implemented company-wide business continuity plans and precautionary measures on behalf of employees and the public.

Collective Bargaining and Labor Relations

ALLETE is proud of its longstanding relationship with the International Brotherhood of Electrical Workers (IBEW). As part of our shared interests, we are committed to constructive dialogue and good-faith negotiations with legally recognized unions. As of the end of 2020, 45% of ALLETE employees were covered by collective bargaining agreements. We look for opportunities to work collaboratively with IBEW to advance joint goals, including our Zero Injury safety culture and employee skill development.

Future Workforce

ALLETE recognizes the rapid rate of change in the energy industry, which guides how we prepare our current and future workforce. We are focusing initiatives on programs to expand the diversity of new hires and updating our on-the-job trainings—including apprenticeships, and scholarships aimed at bridging opportunity gaps—as we recognize the importance of a strong talent pipeline.

Employee and Contractor Safety

At ALLETE we choose to work safely for our families, each other and the public. We commit to be injury-free through continuous learning and improvement. Our safety value is based on the belief and commitment that everyone can go home unhurt each day.

I AM ZERO INJURY.

Safety strategy

Our safety strategy is built on the three planks of culture, system and awareness:

+ **Culture**

  We strive for employee engagement and participation through the use of safety improvement teams, family safety days, safety committees, safety conversations, and a culture that focuses on learning and improving rather than blaming and punishing.

+ **Systems**

  We commit to safety compliance and strive to go beyond compliance to implement robust safety and health programs that protect employees, contractors, visitors and the public.

+ **Awareness**

  We continually seek out industry best practices by participating in industry groups and organizations as well as regular benchmarking. We also learn from our own experiences. We continually look to the latest safety research for emerging trends and improvements in the safety field.

Programs and Management

The ALLETE safety journey is one of "wanting to" be safe rather than "having to" be safe. Employee engagement and participation are critical elements in the promotion and maintenance of safety. ALLETE strives to provide a workplace where safety engagement and participation are part of the daily routine.

The ALLETE Safety Strategy Group consists of managers, employees, and IBEW representation who meet monthly to develop and assess safety strategy, provide direction, and review safety progress and initiatives.

Safety Improvement Teams (SIT) meet regularly at all sites. These teams identify hazards, promote safety, and interact with the Safety Strategy Group regularly. Each SIT develops yearly safety plans for their areas and works to achieve initiatives that both align with broader safety goals as well as meet the needs of their individual company or site.

Safety Focus Areas

+ **Serious Injury and Fatality (SIF) preventions**

  SIF prevention is an emerging field in safety. ALLETE has worked with the Edison Electric Institute, and leading academic researchers like Dr. Matthew Hallowell of the University of Colorado on the identification of SIF precursors. This research has been built into our safety conversations and looks for the presence of hazards known to be associated with serious injuries and fatalities.

+ **ALLETE Moves by Vimocity**

  ALLETE has embarked on a new program to address soft tissue and musculoskeletal injuries by partnering with Vimocity to help employees improve mobility and reduce pain. The program provides an online platform based on the three areas of daily muscle and joint care, body positioning and ergonomics.

+ **Human performance improvement and operational learning**

  ALLETE uses practices and principles developed by the Department of Energy and others recognizing that human beings are fallible and will make errors and that human error is predictable, manageable and preventable. Through the use of human performance tools, a culture of learning, the use of learning teams and a focus on systemic improvements, we seek to build resilient systems that are not negatively affected by inevitable human error.

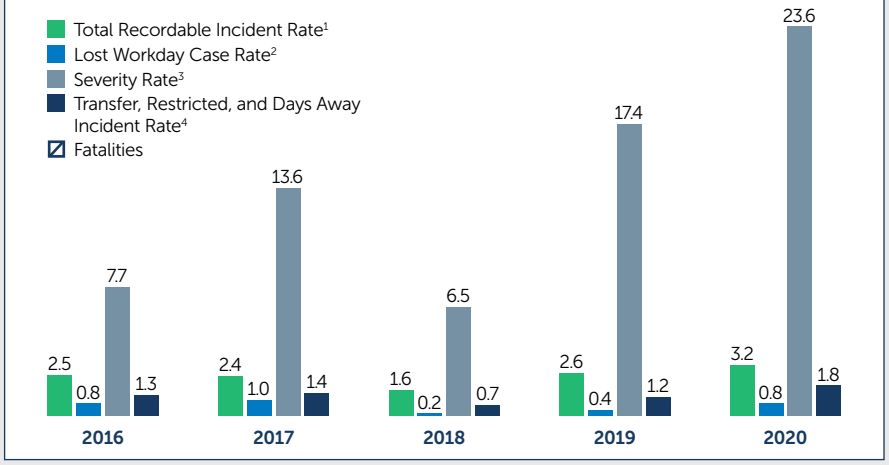
+ **Data analytics**

  ALLETE tracks both leading and lagging metrics and uses Microsoft Power BI to display and analyze injury trends, safety participation and other data to make better decisions on safety practices.

+ **Contractor Safety Management**

  A cross-functional team works together to ensure that contractors receive and understand our safety expectations. Contractors go through training when they arrive onsite to ensure that they are aware of policies and expectations as well as local hazards.

ALLETE Safety Performance (per 100 employees per year)



Safety and Health Programs and Management

Leadership
+ Safety Strategy Group
+ Local Safety Improvement Teams

Management
+ Workplace accident and injury prevention program
+ Safety strategy culture, systems, awareness
+ On-site safety hazard audits
+ Industrial hygiene program

Employees
+ Annual safety training
+ Family Safety Days
+ ALLETE Moves—soft tissue injury prevention
+ Regional safety meetings

Preventative
+ Safety conversations
+ Human performance improvement tools
+ Pre-job brief process
+ Leading metrics
+ Incident learning and Learning Teams
+ Stop work authority

Contractors
+ Safety orientation
+ Safety onboarding

Public
+ Public safety information available on ALLETE websites and through targeted messaging

[1]The number of work-related injuries or illnesses requiring more than first-aid treatment.
[2]The number of cases of work-related injury or illness resulting in lost workdays.
[3]The number of days away from work as a result of work-related injury or illness.
[4]The number of cases of work-related injuries or illnesses with days away from work, restricted duty, or transfers.

$853,588

Total contributed by ALLETE and its family of businesses and the Minnesota Power Foundation in the past year.

Community Giving and Engagement

ALLETE and its companies have a long history of supporting the communities where their employees live and work. Typically, these efforts take place through a combination of corporate donations, grants from the Minnesota Power Foundation, and employee giving and volunteerism.

United Way

Even with volunteer activities and fundraisers curtailed or moved strictly online in 2020 because of the COVID-19 pandemic, the employees and retirees of ALLETE, Minnesota Power, Superior Water, Light & Power, ALLETE Clean Energy, and BNI Energy opened their hearts and wallets to help others. They gave $238,280 to 15 United Ways in six states during the United Way fall payroll pledge campaign.

In addition to the individual pledges, the Minnesota Power Foundation contributed $200,000 and donations from individual business units totaled $25,000. The Icy Dip Challenge, in which representatives of each company jumped into a cold lake after earning pledges from employees, raised $9,585 to bring ALLETE's total United Way contribution to $472,865.

Other donations

Overall, ALLETE and its family of businesses and the Minnesota Power Foundation contributed $853,588 in the past year to support vibrant and sustainable communities, close opportunity gaps, and help people of all ages live with purpose and passion.

In addition to its $200,000 United Way donation, the Minnesota Power Foundation contributed $319,695 in grants to programs and nonprofits focused in the areas of education, community enrichment, health and human services, and arts and culture.

$519,695
Foundation Total

+

ALLETE Giving Totals

Minnesota Power	ALLETE Clean Energy
$103,034	**$128,904**
SWL&P	**BNI Energy**
$39,360	**$62,595**

$333,893
ALLETE Total

Minnesota Power Foundation Giving Totals

$200,000
United Way

$62,000
Education

$50,945
Community Enrichment

$90,700
Health & Human Services

$3,000
Team Grants

$113,050
COVID-19 Relief

$519,695
Total

Several Minnesota Power employees used 3D printers to make face shields for the front-line workers at a Duluth hospital.

The Pandemic

COVID-19 relief figured prominently in many of ALLETE's donations in 2020. For example:

+ The Minnesota Power Foundation donated $113,050 to support four special COVID-19 response funds and a number of nonprofits on the front lines of the pandemic in northeastern Minnesota.
+ The corporate-wide Feeding Our Communities campaign raised more than $28,000 to fight hunger and support five food banks with outreach in four states.
+ ALLETE Clean Energy donated $50,000 in partnership with GE Renewable Energy and Wanzek to the Mill Creek School District in Mill Creek, Oklahoma. The contribution was used for expenses related to remote learning due to the pandemic.

Volunteering

Employees at ALLETE managed to find ways to remain engaged in their communities while following pandemic safety protocols. For example, employees organized an at-home "sewing bee" and donated more than 1,000 cloth masks to hospitals and nonprofit organizations.

Each year, ALLETE recognizes outstanding volunteers among its employees with the Don Shippar Community Leadership Award. Recipients have included first responders, a woman dedicated to bringing medical supplies and clean water to people in her native Cameroon, and a volunteer who organized a community festival to support a cancer crisis fund.

Learn more about the community giving efforts of ALLETE and the Minnesota Power Foundation at positivelypowerful.org

Supply Chain

ALLETE values its relationships with suppliers. We strive to ensure that every business decision is guided by our mission, vision and values and our commitment to operate with high ethical standards. We expect our suppliers to share this commitment. This includes promoting sustainability through environmental stewardship, upholding human and workplace rights and ensuring safety culture and reporting.

+ Conduct and ethics

We are committed to ethical business conduct and compliance with applicable laws, regulations and policies, and we expect our suppliers to share this commitment and adhere to ALLETE's Code of Business Conduct. We require our suppliers to engage in fair dealing by not taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

+ Safety requirements

The safety and security of employees, contractors and visitors is of the utmost importance to ALLETE. Suppliers will be held responsible for the actions of their employees and any sub-contractor employees. All applicable rules, laws, regulations and ALLETE policies shall be observed. Suppliers are required to complete contractor safety orientation and conduct work in a safe manner, stop work immediately to correct unsafe work conditions or unsafe work practices, take corrective action and proceed in a safe manner.

+ Supplier diversity

ALLETE is working to expand and partner with diverse suppliers including minority-owned, women-owned, veteran-owned, LGBT-owned, small economically disadvantaged businesses, HUBZone businesses, and disability-owned businesses so that our suppliers reflect the diversity of the communities we serve. ALLETE provides equal access for all qualified businesses, including both direct Tier 1 diverse suppliers and also Tier 2 suppliers that report on diverse spend.

+ Digital supply chain

ALLETE utilizes paperless electronic document processing in almost all areas of the supply chain including new supplier forms, request for proposals questions, purchase orders and payments. Going digital has many benefits including improving operational efficiency, providing flexible virtual access, streamlining processes, eliminating costs and reducing environmental impacts.

+ Procurement best practices

Suppliers are required to participate in bid processes and procurement practices in accordance with best practices. Best practices include communicating only with named ALLETE representatives during contract negotiations or bid evaluation and refraining from attempts to influence ALLETE employees or senior managers in order to obtain work.


Duluth, Minnesota

Economic Development

ALLETE is an advocate for the communities we serve, frequently acting as a catalyst in regional economic development initiatives and providing long-standing support for local, regional and state-level economic development partners.

We accomplish this through employee engagement, financial support, and facilitating program assistance to the appropriate entities. Our employees contribute their expertise by serving on boards, advisory groups, and community and economic development organizations.

This economic development capacity also helped the communities we serve weather the economic storm caused by the global pandemic. For example, Minnesota Power provided financial contributions to COVID-19 relief programs for small businesses and promoted rapid response measures from community and regional programs offering grants, forgivable loans and technical assistance to business customers in the service area.

ALLETE also focuses on a thoughtful and just transition for host communities. This includes transition plans for our own businesses, as well as those of our large customers. As one example, Minnesota Power is supporting the attraction of new business investments in the regions in which we operate.

CORPORATE GOVERNANCE

Our commitment to sustainability is led and supported through strong board leadership, intentional focus by the executive management team, and sound governance practices.

The board oversees ALLETE's strategy, including sustainability-related risks and opportunities, actively ensures that the company is managed in a way that builds long-term value for shareholders, and assures ALLETE's vitality for its customers and employees, as well as other stakeholders.

ALLETE's Board of Directors

Bethany M. Owen
President, CEO, Chair

Susan K. Nestegard
Lead Director

George G. Goldfarb
Director

James J. Hoolihan
Director

Madeleine W. Ludlow
Director

Douglas C. Neve
Director

Barbara A. Nick
Director

Robert P. Powers
Director

Charlene A. Thomas
Director

ALLETE's board of directors has three standing committees:

Corporate Governance and Nominating Committee

+ Oversees ALLETE's sustainability reporting.
+ Reviews ESG issues quarterly.
+ Consists solely of independent directors.

Executive Compensation Committee

+ Ensures compensation practices align with company goals to attract and retain talent.
+ Links sustainability to executive compensation.
+ Consists solely of independent directors.

Audit Committee

+ Ensures sustainability-related SEC financial disclosures receive appropriate levels of review and assurance.
+ Consists solely of independent directors.

Our board consists of directors who have demonstrated ethical conduct and have a diversity of skills, backgrounds, age, tenure and gender. All directors, except our CEO, are independent. The corporate governance and nominating committee regularly reviews the skills, expertise and attributes that are important for effective governance of the company and identifies priorities for recommending candidates to the board. On March 26, 2021, Moody's Investors Service recognized ALLETE as having the most gender diverse board among 45 publicly traded utilities. The board of directors includes seven directors who are women, which constitutes a majority of the board. ALLETE is committed to actively seeking candidates who will enhance the board's racial and ethnic diversity.

Our board of directors as of the date of this publication:

+ 10 out of 11 directors are independent.
+ Lead director is independent with clearly defined responsibilities.
+ Executive sessions of independent directors held at each regularly scheduled meeting.
+ Annual board and committee self-assessments.
+ Share ownership guidelines encourage directors to act as owners and focus on long-term, sustained performance when making business decisions.

Bethany Owen at ALLETE's Annual Meeting of Shareholders in 2019.

At a Glance

Recognized by Moody's Investors Service as having the most gender diverse board among 45 publicly traded utilities.

7 of 11
current directors are women

5 of 11
directors joined in last 5 years

64 years
Average age of directors

Under 55: 1
55-60 years: 1
61-65 years: 4
66+ years: 5

2020 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

Minnesota Power

Electric Utility and Power Generators SASB Standard

Greenhouse Gas Emissions & Energy Resource Planning			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-110a.1	(1) Gross global Scope 1 emissions	3,525,807 metric tons CO_2e	Includes only direct GHG emissions of CO_2e from owned and purchased generation of electric power used to serve customers. Excludes emissions from Sales. Omits GHG emissions from minor sources such as mobile sources and offices which are estimated to be negligible (<0.5% of total)
	(2) Percentage covered under emissions-limiting regulations, and	0%	State RPS goals exist, but no federal or state regulations limiting CO_2e are currently in place
	(3) Percentage covered under emissions-reporting regulations	~100%	Virtually all reported emission sources are subject to state and federal reporting requirements such as EPA's GHG Rules (Title 40, Chapter I, Subchapter C, Part 98 of the Code of Federal Regulation)
IF-EU-110a.2	Power-delivery related GHG emissions	3,525,807 metric tons CO_2e	Please see IF-EU-110a.1
IF-EU-110a.3	Short/long term plans to manage emissions	See MP's Corporate Sustainability Report (CSR) for further detail on MP's GHG reduction plans, including the recent announcement *of* MP's *"100 Percent Carbon-Free Energy by 2050*" vision	
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS), and	145,000 customers	Reflects MP 2020 customer count
	(2) percentage fulfillment of RPS target by market	100%	MP is currently in full compliance with the Minnesota RPS (Minn. Stat. §216B.1691)

Air Quality			
SASB Code	**Accounting Metric**	**2020 Data**	
	Air emissions of the following*:	**Metric tons**	**Percentage within or near urbanized areas**
IF-EU-120a.1	NOx	2149	13%
	SOx (SO_2)	495	10%
	PM10	225	5%
	Lead	0.33	4%
	Mercury	0.004	23%

*Data includes reported emissions sources such as electrical power boilers, emergency generators, paint booths, & material handling. Emissions from mobile sources, office buildings, etc. are not reported.

Water Management			
SASB Code	**Accounting Metric**	**2020 Data**	
		Thousand cubic meters (m^3)	**Percentage of each in regions with High or Extremely High Baseline Water Stress**
IF-EU-140a.1	(1) Total water withdrawn	57,541	31% (High)
	(2) Total water consumed	18,619	80% (High)
SASB Code	**Accounting Metric**		**2020 Data**
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations		1 Incident*
IF-EU-140a.3	*Description of water management risks and discussion of strategies and practices to mitigate those risks*: Minnesota Power environmental values include promoting water conservation and recycling, as well as compliance with the numerous existing state and federal requirements regulating water withdrawal, consumption, and discharge. These regulations include both quantitative and qualitative restrictions on the amount, source, and constituents of the water used for operations. Water use information and water quality data is actively collected and reported in adherence with operating permits. Water management risks include emerging or increased limitations on both the quality and quantity of local water resources. Minnesota Power is proactive in monitoring and mitigating these risks through our participation in industry, scientific, and regional workgroups responsible for tracking and regulating water resources. Strategic internal teams focus on reducing or eliminating water use while leveraging water recycling opportunities. External partnerships with industry and regulatory agencies help to explore, evaluate, and ultimately establish water quality protections while remaining mindful of scientific, technical, and economic limitations. Furthermore, our water withdrawal permits are typically long-term approvals from state resource agencies, ranging from 30-50 years in duration, with sufficient water withdrawal volumes to ensure uninterrupted operations. As a result of this water management approach, MP has reduced water usage by 90% from 2005 levels, with additional water use reduction projects planned in the future. MP's water withdrawal rates and water discharge rates will continue to decrease significantly as we convert to dry handling and storage of coal combustion residuals, install thermal evaporation unit at Boswell, and reduce or eliminate cooling water use at our Arrowhead and Center high-voltage direct current conversion facilities. As we reduce overall water usage, our water quality for discharges are designed to continue to meet or exceeds state and national water quality standards.		

* A Notice of Violation was received with respect to Boswell Energy Center's National Pollutant Discharge Elimination System (NPDES) Industrial Wastewater Permit exceedances and late report submittal. Corrective actions, approved by the Minnesota Pollution Control Agency (MPCA), were implemented by the facility to prevent recurrence of these incidents. No monetary fines were imposed.

Minnesota Power

Electric Utility and Power Generators SASB Standard

Coal Ash Management

SASB Code	Accounting Metric							2020 Data
IF-EU-150a.1	(1) Amount of coal combustion residuals (CCR) generated							147,367 metric tons
	(2) Percentage recycled							25%
IF-EU-150a.2	(1) Total number of CCR impoundments,							10 *
IF-EU-150a.2	(2) broken down by hazard potential classification and structural integrity assessment		Less than Low Hazard Potential	Low Hazard Potential	Significant Hazard Potential	High Hazard Potential	Incised	
		Satisfactory	5	2	3	0	0	
		Fair	0	0	0	0	0	
		Poor	0	0	0	0	0	
		Unsatisfactory	0	0	0	0	0	
		Not Applicable	0	0	0	0	0	

*per SASB, the total number (10) includes all owned/operated active, inactive, and closed impoundments

Energy Affordability

SASB Code	Accounting Metric	2020 Data
IF-EU-240a.1	Average retail electric rate for (1) residential customers,	10.70 cents / KWh
	(2) commercial customers, and	9.91 cents / KWh
	(3) industrial customers	6.46 cents / KWh
IF-EU-240a.2	Typical monthly electric bill for residential customers for: (1) 500 kWh and,	$53.42 / month
	(2) 1,000 kWh	$111.75 / month
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, and	281
	percentage reconnected within 30 days	75%
	Discussion of how policies, programs, and regulations impact the number and duration of residential customer disconnections: Minnesota Power believes it is important to work with customers to avoid disconnection of service and, in the event that disconnection does occur, to work with customers on timely reconnection. Minnesota Power follows the disconnection rules and processes as outlined in Minnesota Rules and Statutes. Procedures are described in the Electric Service Regulations of Minnesota Power. Due to the current COVID-19 pandemic, Minnesota Power had certain customer protections in place that were in effect from mid-March 2020 through the end of the year and into 2021. This included a stay on residential and small business (general service) disconnections, waiving late payment charges, and no reconnection fees.	

IF-EU-240a.4	*Discussion of impact of external factors on customer affordability of electricity including economic conditions of the service territory:* As energy affordability is a shared priority between Minnesota Power, its customers, and other stakeholders, the Company has a number of programs and services in place to manage the affordability of electric service for its customers. The Company works closely with area fuel assistance and weatherization agencies, landlords, and housing authorities, low-income advocacy groups, fellow energy providers, and local community agencies and leaders to collaborate on service offerings and outreach. In fact, there are numerous programs in place today to help customers save energy, have flexible payment options, and/or receive energy assistance. These programs and services often provide for cross-program referrals and include: • ***Customer Affordability of Residential Electricity ("CARE") Discount Program:*** Minnesota Power has offered its CARE Program to its residential customers since November 1, 2011. Under CARE, those who qualify under the federally-funded Low Income Home Energy Assistance Program ("LIHEAP"), as determined by application through Energy Assistance Program Service Providers, are eligible. Minnesota Power also recently received approval of its proposed program modifications for CARE, including a nearly doubling of the annual CARE budget from nearly $1M to $1.75M for future program years. • ***Energy Efficiency Programs:*** Provide energy efficiency resources to customers, including on-site energy analysis and direct installation of energy efficient technologies. Low cost/no cost efficiency programs are available to income-eligible customers through the Energy Partners conservation program offering delivered in collaboration through fuel and weatherization assistance agencies. • ***Payment Plans and Arrangements:*** Work with customers to identify mutually-agreeable payment terms for keeping accounts current or catching up on past due balances. Special provisions are available for military service personnel as well as those with medically necessarily equipment. • ***Budget Billing:*** Customers can spread a year's electricity bills evenly across twelve months to simplify monthly payments and budgeting and smooth out higher-than-average bills that may be experienced in colder-weather months. • ***Energy Assistance:*** Connecting customers with fuel or heating assistance resources, including the opportunity for customers to support the Salvation Army HeatShare program through one-time or monthly contributions when paying their electric bill. Minnesota Power also contributes to the Salvation Army HeatShare program through the Minnesota Power Foundation. • ***Community Involvement:*** Employees actively engage in communities, volunteering time and talent, and contributing to agencies such as United Way. In addition to a multitude of program services, some of the most meaningful and impactful ways to ensure affordability are to support a thriving, diverse regional economy with competitive rates for businesses, continued economic development efforts, community investment through employee volunteerism and giving, and

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	ongoing collaboration with community leaders and stakeholders to identify shared solutions that meet the needs of communities and customers. Minnesota Power's electric rates remain below the U.S. Average, and according to the Bureau of Economic Analysis, the Gross Domestic Product of the Duluth Metropolitan Statistical Area (MSA) has grown at an average pace of about 4.4 percent in the years following the 2015 regional recession (2016-2019). It's highly likely the region followed the U.S. into recession in 2020, but regional GDP metrics for 2020 are not available. Bureau of Labor Statistics data show the regional unemployment rate began the year (2020) around 4.8%, and increased sharply in April to 12.3% as the U.S. and regional (likely) economy contracted due to COVID-19. Unemployment remained elevated through May and began declining slowly through October, when unemployment reached a historically normal rate of about 4.7%. As of November (the last month with available data for Duluth MSA), the unemployment rate was 4.7%.

Workforce Health & Safety		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-320a.1	(1) Total recordable incident rate (TRIR),	3.0
	(2) fatality rate, and	0.0
	(3) near miss frequency rate (NMFR)	Not Reported

End-Use Efficiency & Demand			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-420a.1	Percentage of electric utility revenues that (1) are decoupled and	0	MP has not yet been required to have a decoupling program, and currently has no decoupling mechanism in place
	(2) contain a lost revenue adjustment mechanism (LRAM)	0%	MP currently has no LRAM rates in place
IF-EU-420a.2	Percentage of electric load served by smart grid technology* (meters)	84%	Represents the percent of total electric customers with smart meters at year-end. MP is currently targeting 100% smart meter deployment by the end of 2023.
	Discussion of opportunities and challenges associated with the development and operations of a smart grid: Minnesota Power has a continuing commitment to delivering safe, reliable, and affordable energy across a smarter grid able to adjust to the transitioning baseload fleet, respond to renewable energy production, and provide greater resiliency through increased situational awareness and capability. To this end, Minnesota Power works with customers to deploy smart grid technology such as Advanced Metering Infrastructure (AMI) and Automated Meter Reading (AMR). At the end of 2019, 61 percent of customers had smart meters deployed, and the current company target is full deployment by the end of 2023, excepting customers who self-select to opt-out of the program. Minnesota Power also operates a variety of "smart grid" technologies at the distribution level, including line sensors and other automated intelligence gathering devices. Please see Minnesota Power's February 1, 2021 Integrated Resource Plan Appendix G: Distribution Planning Activities for further information about MP's efforts to improve grid technology, including a discussion of challenges and opportunities. For instance, one of the known challenges of grid transformation is to identify and access flexible customer loads to help optimize the integration of variable renewable energy production.		
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	70,774 MWh	Represents total savings achieved at the busbar through Conservation Improvement Programs (CIP).
	Discussion of customer efficiency regulations relevant to operational markets: Energy conservation regulations and related reporting/compliance activities are outlined in Minnesota Power's 2019 Conservation Improvement Program (CIP) Consolidated Filing dated May 1, 2020. Relevant regulations include, but are not limited to: Minn. Stat. §§ 216B.2401, 216B.241, 216B.2411 and 216C.412; and Minn. Rule 7690.0550. 2019 was the tenth consecutive year in which Minnesota Power met or exceeded Minnesota's 1.5% energy savings goal established in Minn. Stat. § 216B.241. Minnesota Power achieved energy savings of 2.5% of retail energy sales. The Company also achieved energy savings totaling 67,669,222 kWh, which is 118%of the approved energy-savings goal for the year. The Company also achieved demand savings of 8,338 kW, which is 92% of the approved demand-savings goal. savings goal.		

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Nuclear Safety & Emergency Management			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-540a.1	Total number of nuclear power units	0	Minnesota Power does not own or operate *any* nuclear power units
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A	

Grid Resiliency		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Confidential*
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI),	179.43 minutes
	(2) System Average Interruption Frequency Index (SAIFI), and	1.42
	(3) Customer Average Interruption Duration Index (CAIDI) inclusive of major event days*	126.13 minutes

*Further detail about MP's cyber and physical security efforts may be found within the CSR

**System interruptions are also discussed in much greater detail within MP's annual Safety Reliability and Service Quality (SRSQ) Report, data here from April 1, 2021 filing

Activity Metrics Section

Activity Metrics			
SASB Code	**Accounting Metric**		**2020 Data**
IF-EU-000.A	Number of customers served: (1) residential,		121,371
	(2) commercial, and		23,346
	(3) industrial		378
IF-EU-000.B	Total electricity delivered to: (1) residential,		1,014,628 MWh
	(2) commercial,		1,131,101 MWh
	(3) industrial and		5,652,942 MWh
	(2) wholesale customers*		5,378,960 MWh
IF-EU-000.C	Length of transmission and distribution lines		14,742.38 km
IF-EU-000.D	Total electricity generated,	[MP owned/operated only]	6,043,405 MWh
	Percentage by major energy source,	Proportions scaled to reflect electricity generation from MP *owned/operated assets* only – no purchases	60.9% coal 29.2% wind 9.0% hydro 0.2% natural gas 0.5% biomass 0.2% solar
	Percentage in regulated markets**	[MP owned/operated only]	100%
IF-EU-000.E	Total wholesale electricity purchased*		7,630,653 MWh

*The wholesale customers and wholesale purchases categories include short-term market purchases in the MISO market and from other power suppliers

**All MP-generated electricity occurs in the traditionally rate regulated electricity markets of the State of Minnesota and the State of North Dakota

ALLETE Clean Energy

Wind Technology and Project Developers SASB Standard

Workforce Health & Safety				
SASB Code	**Accounting Metric**	**2020 Data**		
RR-WT-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	**Personnel Type**	**TRIR**	**Fatality Rate**
		Direct employees	3.73	0
		Contract employees	Not Reported	

Ecological Impacts of Project Development		
SASB Code	**Accounting Metric**	**2019 Data**
RR-WT-410a.1	Average A-weighted sound power level of wind turbines, by wind turbine class	Not Reported
RR-WT-410a.2	Backlog cancellations associated with community or ecological impacts	0
RR-WT-410a.3	*Description of efforts to address ecological and community impacts of wind energy production through turbine design:* ALLETE Clean Energy operates and develops new projects under a wide variety of national, state, county and local requirements. At all times we strive to meet or exceed the requirements where a site is or to be located. Furthermore, we are committed to stakeholder outreach to understand the views and expectations of a variety of parties, including landowners, regulators, and indigenous communities, as well as applicable agencies.	

Materials Sourcing	
SASB Code	**Accounting Metric**
RR-WT-440a.1	*Description of the management of risks associated with the use of critical materials:* ALLETE Clean Energy does not have a critical material sourcing policy and relies on our equipment suppliers to manage this portion of the supply chain.

Materials Efficiency		
SASB Code	**Accounting Metric**	**2020 Data**
RR-WT-440b.1	Top five materials consumed, by weight	Not Reported
RR-WT-440b.2	Average top head mass per turbine capacity, by wind turbine class	Not Reported
RR-WT-440b.3	*Description of approach to optimize materials efficiency of wind turbine design:* ALLETE Clean Energy does not currently have an approach to optimize material efficiency of wind turbine design, instead it relies on the supply chain to effectively manage this risk.	

Activity Metrics Section

Activity Metrics		
SASB Code	**Accounting Metric**	**2020 Data**
RR-WT-000.A	Number of delivered wind turbines, by wind turbine class	141
RR-WT-000.B	Aggregate capacity of delivered wind turbines, by wind turbine class	383.36 MW
RR-WT-000.C	Amount of turbine backlog	183
RR-WT-000.D	Aggregate capacity of turbine backlog	515.2 MW

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Greenhouse Gas Emissions & Energy Resource Planning			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-110a.1	(1) Gross global Scope 1 emissions	Not Reported	ALLETE Clean Energy's (ACE) GHG emissions would be limited to vehicles and heating fuels.
	(2) Percentage covered under emissions-limiting regulations, and	0%	State RPS goals exist, but no federal or state regulations limiting CO2e are currently in place
	(3) Percentage covered under emissions-reporting regulations	0%	ACE is not currently required to report GHG emissions under existing U.S. regulations
IF-EU-110a.2	Power-delivery related GHG emissions	0 metric tons CO2e	All energy is delivered at the busbar – no power delivery-related GHG emissions
IF-EU-110a.3	Short/long term plans to manage emissions	Not Reported	
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS), and	6	BPA, Xcel, Alliant, MidAmerican, Delmarva, ODEC. Also sell voluntary compliance RECs to 8 customers. We also sell energy only to one customer excluding RECs in addition to the 6 listed.
	(2) percentage fulfillment of RPS target by market	N/A	

Air Quality			
SASB Code	**Accounting Metric**	**2020 Data**	
	Air emissions of the following*:	**Metric tons**	**Percentage within or near urbanized areas**
IF-EU-120a.1	NOx	Not Reported	
	SOx		
	PM10		
	Lead		
	Mercury		

*Emissions limited to office buildings, vehicles, etc, and anticipated to be minimal

Water Management			
SASB Code	**Accounting Metric**	**2020 Data**	
		Thousand cubic meters (m^3)	**Percentage of each in regions with High or Extremely High Baseline Water Stress**
IF-EU-140a.1	(1) Total water withdrawn	Not Reported	
	(2) Total water consumed		
SASB Code	**Accounting Metric**		**2020 Data**
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations		Not reported
IF-EU-140a.3	*Description of water management risks and discussion of strategies and practices to mitigate those risks:* ALLETE Clean Energy water use is minimal and related to domestic use in operations and maintenance (O & M) facilities – no cooling or process water is required. Current buildings codes are followed at O & M facilities for water reduction strategies.		

Coal Ash Management		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-150a.1	(1) Amount of coal combustion residuals (CCR) generated	N / A*
	(2) Percentage recycled	
IF-EU-150a.2	(1) Total number of CCR impoundments,	
IF-EU-150a.2	(2) broken down by hazard potential classification and structural integrity assessment	

*ALLETE Clean Energy does not generate or store CCR

ALLETE Clean Energy

Electric Utility and Power Generators SASB Standard

Energy Affordability		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-240a.1	Average retail electric rate for (1) residential customers,	N / A*
	(2) commercial customers, and	
	(3) industrial customers	
IF-EU-240a.2	Typical monthly electric bill for residential customers for: (1) 500 kWh and,	
	(2) 1,000 kWh	
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, and	
	percentage reconnected within 30 days*	
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity including economic conditions of the service territory	

*Not applicable. ACE, as an independent power producer, sells energy at wholesale, not retail.

Workforce Health & Safety		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-320a.1	(1) Total recordable incident rate (TRIR),	3.73
	(2) fatality rate, and	0.0
	(3) near miss frequency rate (NMFR)	Not Reported

End-Use Efficiency & Demand		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-420a.1	Percentage of electric utility revenues that (1) are decoupled and	N / A*
	(2) contain a lost revenue adjustment mechanism (LRAM)	
IF-EU-420a.2	Percentage of electric load served by smart grid technology* (meters)	
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market*	

*Not applicable. ACE, as an independent power producer, sells energy at wholesale, not retail.

Nuclear Safety & Emergency Management			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-540a.1	Total number of nuclear power units	0	ALLETE Clean Energy does not own or operate *any* nuclear power units
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A	

Grid Resiliency		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Not Reported
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI),	N / A**
	(2) System Average Interruption Frequency Index (SAIFI), and	
	(3) Customer Average Interruption Duration Index (CAIDI) inclusive of major event days*	

*ALLETE cyber and physical security efforts are described in greater detail in the Corporate Sustainability Report (CSR).

** Not applicable. ACE, as an independent power producer, sells energy at wholesale, not retail.

ALLETE Clean Energy

Electric Utility and Power Generators SASB Standard

Activity Metrics Section

Activity Metrics		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-000.A	Number of customers served*: (1) residential,	0
	(2) commercial, and	0
	(3) industrial	0
IF-EU-000.B	Total electricity delivered* to: (1) residential,	0 MWh
	(2) commercial,	0 MWh
	(3) industrial and	0 MWh
	(2) wholesale customers	0 MWh
IF-EU-000.C	Length of transmission and distribution lines**	0 km
IF-EU-000.D	Total electricity generated,	Not Reported
	Percentage by major energy source,	100% wind
	Percentage in regulated markets***	74%
IF-EU-000.E	Total wholesale electricity purchased	0 MWh

*ALLETE Clean Energy's customer base is 100% wholesale delivery (no wholesale purchases)

**ALLETE Clean Energy does not own or operate transmission and distribution lines

**In 2020, 74 percent of sales occurred in the traditionally rate regulated states of Minnesota, Iowa, Oklahoma and North Dakota. 26 percent of sales occurred in states that allow some level of retail choice including Oregon and Pennsylvania, however sales in these states are to rate regulated utilities.

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Greenhouse Gas Emissions & Energy Resource Planning			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-110a.1	(1) Gross global Scope 1 emissions	Not Reported – SWL&P Scope 1 emissions are minimal. SWL&P purchases electrical energy for resale from Minnesota Power– see MP disclosures for GHG information.	
	(2) Percentage covered under emissions-limiting regulations, and		
	(3) Percentage covered under emissions-reporting regulations		
IF-EU-110a.2	Power-delivery related GHG emissions		
IF-EU-110a.3	Short/long term plans to manage emissions	Not Reported – SWL&P Scope 1 emissions are minimal. SWL&P purchases electrical energy for resale from Minnesota Power– see MP disclosures for GHG information.	
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS), and	14,543	Reflects SWL&P electric customer count
	(2) percentage fulfillment of RPS target by market	100%	SLW&P is currently in full compliance with the Wisconsin RPS (Stat. §196.378) and last reported at 108% of the RPS for Calendar year 2020

Air Quality			
SASB Code	**Accounting Metric**	**2020 Data**	
	Air emissions of the following*:	**Metric tons**	**Percentage within or near urbanized areas**
IF-EU-120a.1	NOx	Not Reported – SWL&P does not have direct emissions associated with the production or distribution of electrical energy.	
	SOx (SO_2)		
	PM10		
	Lead		
	Mercury		

Water Management			
SASB Code	**Accounting Metric**	**2020 Data**	
		Thousand cubic meters (m^3)	**Percentage of each in regions with High or Extremely High Baseline Water Stress**
IF-EU-140a.1	(1) Total water withdrawn	Not Reported – SWL&P does not withdraw or consume water for electrical generation or distribution.	
	(2) Total water consumed		
SASB Code	**Accounting Metric**		**2020 Data**
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations		Not Reported – SWL&P does not withdraw or consume water for electrical generation or distribution
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks: Not Reported – SWL&P does not withdraw or consume water for electrical generation or distribution		

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Coal Ash Management		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-150a.1	(1) Amount of coal combustion residuals (CCR) generated	Not applicable – SWL&P does not generate CCR
	(2) Percentage recycled	
IF-EU-150a.2	(1) Total number of CCR impoundments,	
IF-EU-150a.2	(2) broken down by hazard potential classification and structural integrity assessment	

Energy Affordability		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-240a.1	Average retail electric rate for (1) residential customers,	12.50 cents / KWh
	(2) commercial customers, and	10.05 cents / KWh
	(3) industrial customers	6.41 cents / KWh
IF-EU-240a.2	Typical monthly electric bill for residential customers for: (1) 500 kWh and,	$57.50 / month
	(2) 1,000 kWh	$124.00 / month
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, and	No disconnections due to COVID-19
	percentage reconnected within 30 days*	Not Reported
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity including economic conditions of the service territory	Not Reported

Workforce Health & Safety		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-320a.1	(1) Total recordable incident rate (TRIR),	9.07
	(2) fatality rate, and	0.0
	(3) near miss frequency rate (NMFR)	N/A*

*NMFR is not a parameter that SWL&P reports externally

End-Use Efficiency & Demand			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-420a.1	Percentage of electric utility revenues that (1) are decoupled and	0	SWL&P has not yet been required to have a decoupling program, and currently has no decoupling mechanism in place
	(2) contain a lost revenue adjustment mechanism (LRAM)	0%	SWL&P currently has no LRAM rates in place
IF-EU-420a.2	Percentage of electric load served by smart grid technology* (meters)	100%	Represents the percent of total electric customers with smart meters at year-end.
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market*	2.2 MWh	Focus on Energy is Wisconsin utilities' statewide energy efficiency and renewable resource program funded by the state's investor owned energy utilities and participating municipal and electric cooperative utilities.

Nuclear Safety & Emergency Management			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-EU-540a.1	Total number of nuclear power units	0	SWL&P does not own or operate *any* nuclear power units
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	N/A	

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Grid Resiliency		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Confidential*
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI),	39.6 minutes
	(2) System Average Interruption Frequency Index (SAIFI), and	0.41 minutes
	(3) Customer Average Interruption Duration Index (CAIDI) inclusive of major event days*	96.83 minutes

*Further detail about SWL&P's cyber and physical security efforts may be found within the CSR

Activity Metrics Section

Activity Metrics		
SASB Code	**Accounting Metric**	**2020 Data**
IF-EU-000.A	Number of customers served: (1) residential,	12,610
	(2) commercial, and	1,911
	(3) industrial	22
IF-EU-000.B	Total electricity delivered to: (1) residential,	87,136 MWh
	(2) commercial,	99,264 MWh
	(3) industrial and	553,118 MWh
	(2) wholesale customers	0 MWh
IF-EU-000.C	Length of transmission and distribution lines	853 km
IF-EU-000.E	Total wholesale electricity purchased	755,845 MWh

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Energy Affordability		
SASB Code	**Accounting Metric**	**2020 Data**
IF-GU-240a.1	Average retail gas rate for (1) residential customers,	$7.93 / MMBtu
	(2) commercial and	$5.68 / MMBtu
	(3) industrial customers	
	(4) transportation services only	$8.15 / MMBtu
IF-GU-240a.2	Typical monthly gas bill for residential customers for: (1) 50 MMBtu and,	$15.19
	(2) 100 MMBtu of gas delivered per year	$28.61
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment, and	No disconnections due to COVID-19
	percentage reconnected within 30 days*	Not Reported
IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas including economic conditions of the service territory: Not Reported	

End-Use Efficiency			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-GU-420a.1	Percentage of gas utility revenues that (1) are decoupled and	0	SWL&P has not yet been required to have a decoupling program, and currently has no decoupling mechanism in place
	(2) contain a lost revenue adjustment mechanism (LRAM)	0%	SWL&P currently has no LRAM rates in place
IF-GU-420a.2	Customer gas savings from efficiency measures by market*	24 MMBtu	Focus on Energy is Wisconsin utilities' statewide energy efficiency and renewable resource program funded by the state's investor owned energy utilities and participating municipal and electric cooperative utilities.

Integrity of Gas Delivery Infrastructure		
SASB Code	**Accounting Metric**	**2020 Data**
IF-GU-550a.1	Number of (1) reportable pipeline incidents	0
	(2) Corrective Action Orders (CAO), and	0
	(3) Notices of Probable Violation (NOPV)	2
IF-GU-550a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron and	0%
	(2) unprotected steel	0%
IF-GU-550a.3	Percentage of (1) gas transmission pipelines inspected),	100%
	(2) gas distribution pipelines inspected	66%
IF-GU-550a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions: SWL&P's natural gas transmission pipelines deliver gas directly to some large industrial customers and to our company's gate stations, where pressure is lowered for final distribution to utility customers. The distribution systems consist of mains, which are usually located along or under city streets, and smaller service lines that branch off the mains and distribute natural gas service to homes and businesses. None of these pipeline systems are constructed of potentially high-risk materials, such as cast and wrought iron or unprotected bare steel. SWL&P is dedicated to keeping its employees, customers, and communities safe through training, education, and awareness. All SWL&P journeymen crews and service responders are trained on emergency response and are available 24 hours a day, seven days a week. In addition, our company's Transmission and Distribution Integrity Management Programs provide a process for inspecting and assessing the condition of SWL&P-owned natural gas pipelines and establishing a maintenance program based on regulatory requirements and best industry practices.	

*Further detail about SWL&P's cyber and physical security efforts may be found within the CSR

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Gas SASB Standard

Activity Metrics Section

Activity Metrics		
SASB Code	**Accounting Metric**	**2020 Data**
IF-GU-000.A	Number of customers served: (1) residential,	11,522
	(2) commercial, and	1,332
	(3) industrial	16
IF-GU-000.B	Amount of natural gas delivered to: (1) residential customers,	982,899 MMBtu
	(2) commercial customers,	771,492 MMBtu
	(3) industrial customers, and	232,550 MMBtu
	(2) transferred to a third party	58,658 MMBtu
IF-GU-000.C	Length of gas (1) transmission pipelines and	12.2 km
	(2) distribution pipelines	481 km

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Energy Management		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-130a.1	(1) Total energy consumed,	5860 GJ
	(2) percentage grid electricity,	100%
	(3) percentage renewable	55%

Distribution Network Efficiency		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-140a.1	Water main replacement rate	0.49%
IF-WU-140a.2	Volume of non-revenue water losses	389 m^3

Effluent Quality Management		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	0
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern: Nothing Reported	

Water Affordability & Access		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-240a.1	Average retail water rate for (1) residential customers	$8.81/CCF
	(2) commercial customers, and	$7.16/CCF
	(3) industrial customers	$5.57/CCF
IF-WU-240a.2	Typical monthly water bill for residential customers for 10 Ccf of water delivered per month	$67.40
IF-WU-240a.3	Number of residential customer water disconnections for non-payment, and	No disconnections due to COVID-19
	percentage reconnected within 30 days*	Not Reported
IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including economic conditions of the service territory: Not Reported	

Drinking Water Quality			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-WU-250a.1	Number of (1) acute health-based,	0	
	(2) non-acute health-based, and	0	
	(3) non-health-based drinking water violations	0	
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern: Nothing Reported		

Superior Water, Light & Power

Water SASB Standard

End-Use Efficiency			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
IF-WU-420a.1	Percentage of water utility revenues from rate structures that are designed to promote conservation and revenue resilience	0%	
IF-WU-420a.2	Customer water savings from efficiency measures by market*	NA	SWL&P does not have any programs in place

Water Supply Resilience		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress,	0
	percentage purchased from a third party	0
IF-WU-440a.2	Volume of recycled water delivered to customers	0
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources: Nothing Reported	

Network Resiliency & Impacts of Climate Change		
SASB Code	**Accounting Metric**	**2020 Data**
IF-WU-450a.3	(1) Number of unplanned service disruptions, and	Not Reported
	(2) customers affected, each by duration category	Not Reported
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure: Nothing Reported	

Activity Metrics Section

Activity Metrics			
SASB Code	**Accounting Metric**		**2020 Data**
IF-WU-000.A	Number of customers served, by service provided: (1) residential,		9429
	(2) commercial, and		802
	(3) industrial		58
IF-WU-000.B	Total water sourced, by source type:	Source Type	Amount (m^3)
		Groundwater	0
		Surface water	2843
		Ocean water	0
		Recycled water	0
		Water purchased from third parties	0
		Other Sources	0
IF-WU-000.C	Total water delivered to: (1) residential customers,		1526
	(2) commercial customers,		653
	(3) industrial customers, and		184
	(2) all other customers		61
IF-WU-000.D	Average volume of wastewater treated per day, by: (1) sanitary sewer,		0
	(2) stormwater, and		0
	(3) combined sewer		0
IF-WU-000.E	Length of (1) water mains and		234.3 km
	(2) sewer pipe		0 km

BNI Energy

Coal Operations Standard

Greenhouse Gas Emissions			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
EM-CO-110a.1	(1) Gross global Scope 1 emissions	65,662.08 metric tons CO2e	Diesel and gasoline mobile sources; Electricity consumption. Calculated using EPA GHG Equivalencies conversions.
	(2) Percentage covered under emissions-limiting regulations, and	0%	No federal or state regulations limiting CO2e are currently in place
EM-CO-110a.2	*Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis or performance against those targets:* BNI Energy is committed to protecting the quality of North Dakota's land, air and water. BNI Energy has been repeatedly recognized for its industry leading land reclamation and environmental stewardship practices. We have been leaders in developing carbon solutions for more than a decade including our involvement in the Plains CO_2 reduction partnership, Lignite Research Council and funding the research and development of carbon capture and utilization technologies. Our long- and short-term efforts to reduce carbon are focused in three areas. <u>Long-term carbon management</u> • Carbon management o ALLETE and BNI Energy conceptualized and initiated Project Tundra in 2013 which proposes to capture up to four million tons of CO2 per year from the Milton R. Young Generating Station that BNI supplies and geologically sequester the CO2 beneath the land that BNI owns. BNI transitioned leadership and development of Project Tundra to Minnkota Power Cooperative, the owner of the Milton R. Young Generation Station, in 2018. Minnkota is currently developing Project Tundra while BNI Energy continues to support the project in the field and in the community. o Mitigation through net positive acres of tree plantings (shelterbelts, woodlands, and conservational tree plantings) o Mitigation through net positive acres of reclaimed wetlands o Promoting private ownerships of lands to be reclaimed into native grasslands <u>Short-term carbon management</u> • Promotion of bio-diversity and productivity o Investment in research promoting biodiversity o Additions of pollinator plots o Promotion of wildlife food plots o Annual monitoring programs for grass, crops, wildlife • Land Management o Diversification of crops, native grassland plantings, and tree plantings o No-till or minimal till management o Managed grazing plans that promote diversity and soil health o Managed haying plans to promote stand heights and nesting cover		

EM-CO-110a.2 (Continued)	<u>Protection and Monitoring plans</u> • Monitoring of water o Quarterly monitoring and reporting of ground water levels o Annual monitoring and reporting of our ground water chemistry o Programs to monitor ground water wells on adjacent land owners o Monthly pond inspections o Extensive surface water monitoring and testing prior to discharging of water • Air quality o Contemporaneous reclamation to minimize disturbed acres o Utilize cover crops, minimum till and no-till farming practices on reclaimed lands o Include tree plantings, native grasslands and wetlands on reclaimed lands o Minimize road grading plans o Watering of roadways/work areas • Recycle and reuse to minimize waste

Water Management		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-140a.1	(1) Total fresh water withdrawn	342.18 m3, in thousands
	(2) Percentage recycled	0%*
	(3) Percentage in regions with High or Extremely High Baseline Water Stress	0%
EM-CO-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	0 incidents

*BNI Energy manages water as part of our operations but we do not use water in any mining process. Water is contained in sediment ponds and released after water quality is tested and verified.

Waste Management			
SASB Code	**Accounting Metric**	**2020 Data**	**Description**
EM-CO-150a.1	Number of tailings impoundments, broken down by MSHA hazard potential	0	BNI has no tailings basins – its operations do not generate ash slurry

BNI Energy

Coal Operations Standard

Workforce Health & Safety		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-320a.1	(1) Total recordable incident rate (TRIR),	1.20
	(2) fatality rate, and	0.0
	(3) near miss frequency rate (NMFR)	Not Reported
EM-CO-320a.2	*Discussion of management of accident and safety risks and long-term health and safety risks:* Safety is a core value at BNI that is deeply engrained in our culture and is foundational to all that we do. The safety of our employees and their families, customers, contractors, and the community is our highest priority. Our zero injury safety vision is aligned with a safety strategy that is driven by culture, systems, and awareness and fueled by employee engagement, continuous learning, monitoring, and the use of data and analytics. To ensure, reinforce, and promote our zero injury safety culture, we leverage the following safety systems and employee engagement: • Safety Improvement Teams (SITs) within our business unit and across our subsidiary companies • Participation in corporate Safety Strategy Group • Collection and analysis of leading safety indicators • Tracking and analysis of lagging safety indicators • Incident reporting, investigation, and communication processes • Safety learning teams to review all incidents • Safety alert communications • Stringent onboarding process for new employees • 8+ hours of annual Mine Safety and Health Administration refresher training • Monthly large group safety meetings • Weekly small group safety meetings • Daily work area inspections and safety conversations • Job specific and/or task specific training • Certification and/or qualification training hours • Vision, audio, chest x-ray, and annual physical health monitoring programs • Stretching and soft tissue health programs for at work and home	

Biodiversity Impacts		
SASB Code	**Accounting Metric**	**2020 Data**

EM-CO-150a.1	*Description of environmental management policies and practices for active sites:*
	
	Reclamation and land management are key techniques in managing biodiversity impacts. BNI continues to be on the leading edge of agricultural practices. No-till agriculture, cover crops, livestock integration, and rotational grazing are all practices used to increase overall soil health and consequently increase plant production and grassland diversity. These land management practices are critical to returning the land to greater value (empirical and intrinsic) than pre-mining.
	
	Since 2017, BNI has hosted North Dakota State University research plots testing various techniques to increase water infiltration, reduce compaction, and species richness. Soil diversity is achieved through seed mixes, lift thicknesses, and re-spread depths. These data and research conclusions are anticipated to improve short and long term land management techniques and subsequent regulations. This has potential to improve our landscape scale biodiversity and land value in the post-mine setting.
	
	• Threatened, Endangered, and/or Species of Concern
	  ○ Critical habitat evaluations
	  ○ Annual monitoring programs
	  ○ Specialized monitoring
	  ○ Focus on biodiversity of reclamation	

EM-CO-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur,	0%
	(2) actively mitigated, and	0%
	(3) under treatment or remediation	0%
EM-CO-160a.3	Percentage of (1) proved and	0%
	(2) probable reserves in or near sites with protected conservation status or endangered species habitat	0%

BNI Energy

Coal Operations Standard

Rights of Indigenous Peoples		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-210a.1	Percentage of (1) proved and	0%
	(2) probable reserves in or near indigenous land	0%

EM-CO-210a.2	*Discussion of engagement processes and due diligence practices with respect to the management of indigenous rights:*
	
	BNI Energy has a long history of engaging with indigenous people and tribal leaders to preserve and protect indigenous cultural resources and artifacts. Archeological surveys are conducted as part of the permitting process to identify, inventory and mitigate cultural resources. Tribal involvement and consultation occurs throughout this process. While these cultural resource inventories are not limited to indigenous artifacts, the area where BNI mines historically was inhabited by indigenous peoples. BNI engages archeologic consultants to conduct on-the-ground surveys to locate sites, evaluate each site's significance, consult with indigenous leaders and advise whether to avoid the sites or mitigate through a mitigation process. This process has created value for BNI and indigenous peoples through expanded cultural and historic knowledge.
	
	• Cultural resource protections
	  ○ Compliance with state and federal protections
	  ○ Tribal consultations of relative sites and use of on-site monitors
	  ○ Avoidance and protections of cultural sites if achievable
	  ○ Mitigation of sites when necessary
	  ○ Mitigation of these sites has helped add cultural and historic value and knowledge.	

Community Relations		
SASB Code	**Accounting Metric**	**2020 Data**

EM-CO-210b.1	*Discussion of processes to manage risks and opportunities associated with community rights and interests:*
	
	• Interactive permitting: Local, state, federal government
	• Landowner relations
	  ○ Coordination and planning
	• Local community involvement
	  ○ Supporting employees participation in events, causes, emergency services, military, boards, commissions
	  ○ Donation to local schools, business, events, causes, clubs, emergency services
	  ○ Coordination with county commission to mitigate any negative impacts of the mining operations by relocating or improving infrastructure
	  ○ Contribution to the cost of maintaining infrastructure impacted by our operations	

EM-CO-210b.2	Number of non-technical delays	0
	Duration of non-technical delays	0 days

Labor Relations		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	74%
EM-CO-310a.2	Number of strikes and lockouts	0
	Duration of days of strikes and lockouts	0 days

Reserves Valuation & Capital Expenditures		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-420a.1	Sensitivity of coal reserve levels to future price projection scenarios that account for a price on carbon emissions	Not Reported
EM-CO-420a.2	Estimated carbon dioxide emissions embedded in proven coal reserves	
EM-CO-420a.3	Discussion of how price and demand for coal and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	

Activity Metrics Section

Activity Metrics		
SASB Code	**Accounting Metric**	**2020 Data**
EM-CO-000.A	Production of thermal coal	3.9 million metric tons
EM-CO-000.B	Production of metallurgical coal	N/A*

*BNI does not produce metallurgical coal

Electric Company ESG/Sustainability Quantitative Information

Ref. No.	Refer to the 'EEI Definitions' tab for more information on each metric	Baseline 2005	Last Year 2019	Current Year 2020	Next Year 2021	Future Year 2022	Comments, Links, Additional Information, and Notes
	Portfolio						
1	**Owned Nameplate Generation Capacity at end of year (MW)**						*Provide a link to charts or additional information if available*
1.1	Coal	1,545	830	811	830	801	The capacity values are based on Minnesota Power Regulated owned Installed Capacity ("ICAP") for dispatchable
1.2	Natural Gas		101	99	101	99	resource and name-plate capacity for Minnesota Power Regulated owned non-dispatchable renewables
1.3	Nuclear						
1.4	Petroleum						
1.5	Total Renewable Energy Resources	**186**	**709**	**700**	**709**	**718**	
1.5.1	Biomass/Biogas	72	55	47	55	44	
1.5.2	Geothermal						
1.5.3	Hydroelectric	115	121	121	121	121	
1.5.4	Solar		11	11	11	31	
1.5.5	Wind		522	522	522	522	
1.6	Other						
	TOTAL	1,732	1,640	1,610	1,640	1,617	*Note: All emissions values have been adjusted to only reflect the carbon emissions associated with electricity used to serve Minnesota Power energy customers. See footnote at the bottom.
2.i	**Owned Net Generation for the data year (MWh)**						
2.1.i	Coal	8,595,030	4,160,011	3,673,480	4,240,353	3,744,260	
2.2.i	Natural Gas	0	20,109	17,152	15,038	22,290	
2.3.i	Nuclear						
2.4.i	Petroleum						
2.5.i	Total Renewable Energy Resources	**526,227**	**2,282,209**	**2,352,649**	**2,294,194**	**2,392,812**	
2.5.1.i	Biomass/Biogas	38,064	21,190	30,056	0	65,251	
2.5.2.i	Geothermal						
2.5.3.i	Hydroelectric	488,164	629,096	546,847	509,739	512,344	
2.5.4.i	Solar	0	14,070	16,230	17,906	61,369	
2.5.5.i	Wind	0	1,617,853	1,759,517	1,766,548	1,753,848	
2.6.i	Other	0	0	0	0	0	
2.7.i	Sales	-2,675,398	-3,021,087	-3,502,370	-1,468,105	-1,288,762	
	TOTAL	6,445,860	3,441,242	2,540,911	5,081,479	4,870,600	
2.ii	**Purchased Net Generation for the data year (MWh)**						*Provide total in this row only if resource types are unknown due to market purchases*
2.1.ii	Coal	2,301,209	674,539	708,502	723,918	390,047	
2.2.ii	Natural Gas	53,243	30,624	28,190	0	0	
2.3.ii	Nuclear						
2.4.ii	Petroleum						
2.5.ii	Total Renewable Energy Resources	**614,057**	**645,939**	**2,607,449**	**3,238,548**	**3,096,709**	
2.5.1.ii	Biomass/Biogas	49,677	0	0	0	0	
2.5.2.ii	Geothermal						
2.5.3.ii	Hydroelectric	561,346	345,694	1,989,002	1,791,792	1,684,711	
2.5.4.ii	Solar	0	1,663	1	15,489	0	
2.5.5.ii	Wind	3,033	298,582	618,446	1,431,268	1,411,998	
2.6.ii	Other	1,190,608	5,440,804	3,059,397	1,534,235	1,168,671	
2.7.ii	Sales	0	0	0	0	0	
	TOTAL	4,159,116	6,791,906	6,403,538	5,496,701	4,655,427	
3	**Capital Expenditures and Energy Efficiency (EE)**						
3.1	Total Annual Capital Expenditures (nominal dollars)	$52,790,000	$216,249,300	$130,197,500	$148,884,300	$115,916,100	*Provide a link to functional CapEx projections if available*
3.2	Incremental Annual Electricity Savings from EE Measures (MWh)	40,601	67,669	64,052	65,933	66,582	Forecast from 2021-2023 CIP Triennial filed in July 2020
3.3	Incremental Annual Investment in Electric EE Programs (nominal dollars)	$3,605,706	$8,280,773	$8,205,780	$10,506,025	$10,714,344	Forecast from 2021-2023 CIP Triennial filed in July 2020
4	**Retail Electric Customer Count (at end of year)**						Historical actual data from EIA Form 861 & accounting
4.1	Commercial	20,763	24,035	24,337	24,359	24,662	https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId=%7b20
4.2	Industrial	460	379	378	360	369	Future data from June 29, 2021 Annual Forecast Report:
4.3	Residential	116,072	122,926	123,617	123,183	123,854	https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId=%101B5E7A-0000-CB1C-9B90-3D131DA9FC6B%&documentTitle=20216-175588-01

Ref. No.	Refer to the 'EEI Definitions' tab for more information on each metric	Baseline 2005	Last Year 2019	Current Year 2020	Next Year 2021	Future Year 2022	Comments, Links, Additional Information, and Notes
Emissions							
5	**GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e)**						*Note: All emissions values have been adjusted to only reflect the carbon emissions assciated with electricity used to serve Minnesota Power energy customers. See footnote at the bottom.
	Note: The alternatives available below are intended to provide flexibility in reporting GHG emissions, and should be used to the extent appropriate for each company.						
5.1	**Owned Generation (1) (2) (3)**						
5.1.1	Carbon Dioxide (CO2)						
5.1.1.1	Total Owned Generation CO2 Emissions (MT)	8,944,412	1,210,847	297,479	2,782,868	2,720,482	
5.1.1.2	Total Owned Generation CO2 Emissions Intensity (MT/Net MWh)	1.388	0.352	0.117	0.548	0.559	
5.1.2	Carbon Dioxide Equivalent (CO2e)						
5.1.2.1	Total Owned Generation CO2e Emissions (MT)	8,962,301	1,213,269	298,074	2,788,434	2,725,923	we estimate the additional GHG equivalents by adding a factor of 1.002 onto the CO2 values
5.1.2.2	Total Owned Generation CO2e Emissions Intensity (MT/Net MWh)	1.390	0.353	0.117	0.549	0.560	
5.2	**Purchased Power (4)**						
5.2.1	Carbon Dioxide (CO2)						
5.2.1.1	Total Purchased Generation CO2 Emissions (MT)	1,234,533	5,249,805	3,221,290	2,027,896	1,370,397	
5.2.1.2	Total Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.297	0.773	0.503	0.369	0.294	
5.2.2	Carbon Dioxide Equivalent (CO2e)						
5.2.2.1	Total Purchased Generation CO2e Emissions (MT)	1,237,002	5,260,304	3,227,733	2,031,952	1,373,138	
5.2.2.2	Total Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.297	0.774	0.504	0.370	0.295	
5.3	**Owned Generation + Purchased Power**						
5.3.1	Carbon Dioxide (CO2)						
5.3.1.1	Total Owned + Purchased Generation CO2 Emissions (MT)	10,178,945	6,460,652	3,518,769	4,810,764	4,090,879	
5.3.1.2	Total Owned + Purchased Generation CO2 Emissions Intensity (MT/Net MWh)	0.960	0.631	0.393	0.455	0.429	
5.3.2	Carbon Dioxide Equivalent (CO2e)						
5.3.2.1	Total Owned + Purchased Generation CO2e Emissions (MT)	10,199,302	6,473,573	3,525,807	4,820,386	4,099,061	
5.3.2.2	Total Owned + Purchased Generation CO2e Emissions Intensity (MT/Net MWh)	0.962	0.633	0.394	0.456	0.430	
5.4	**Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6) (5)**						
5.4.1	Total CO2e emissions of SF6 (MT)	N/A	N/A	4,365	Not Forecast	Not Forecast	N/A: The 2005 baseline year preceded the EPA Part 98 GHG MRR requiring reporting and tracking, and 2019 valu
5.4.2	Leak rate of CO2e emissions of SF6 (MT/Net MWh)	N/A	N/A	0.002	Not Forecast	Not Forecast	Subject facilities aggregate emissions are below the 40 CFR Part 98 Subpart DD mandatory reporting threshold.
6	**Nitrogen Oxide (NOx), Sulfur Dioxide (SO2), Mercury (Hg)**						
6.1	Generation basis for calculation (6)	Fossil					Boswell, Laskin, and Taconite Harbor only
6.2	**Nitrogen Oxide (NOx)**						
6.2.1	Total NOx Emissions (MT)	18,437	2,147	1,860	2,147	2,147	Boswell, Laskin, and Taconite Harbor only
6.2.2	Total NOx Emissions Intensity (MT/Net MWh)	2.15E-03	5.14E-04	5.04E-04	5.04E-04	5.70E-04	
6.3	**Sulfur Dioxide (SO2)**						
6.3.1	Total SO2 Emissions (MT)	24,528	524	445	524	524	Boswell, Laskin, and Taconite Harbor only
6.3.2	Total SO2 Emissions Intensity (MT/Net MWh)	2.87E-03	1.25E-04	1.21E-04	1.23E-04	1.39E-04	
6.4	**Mercury (Hg)**						
6.4.1	Total Hg Emissions (kg)	168.3	4.9	3.0	4.9	4.9	Boswell, Laskin, and Taconite Harbor only
6.4.2	Total Hg Emissions Intensity (kg/Net MWh)	1.97E-05	1.17E-06	8.16E-07	1.15E-06	1.29E-06	
Resources							
7	**Human Resources**						
7.1	Total Number of Employees	1,170	982	978	Not Forecast	Not Forecast	ALLETE / MP only (no SWLP)
7.2	Percentage of Women in Total Workforce	25.0%	26.7%	26.9%	Not Forecast	Not Forecast	
7.3	Percentage of Minorities in Total Workforce	2.4%	2.2%	2.4%	Not Forecast	Not Forecast	
7.4	Total Number on Board of Directors/Trustees	9	10	11	10	Not Forecast	ALLETE / MP only (no SWLP))
7.5	Percentage of Women on Board of Directors/Trustees	22%	50%	55%	50%	Not Forecast	Source for 2019: ALE CSR
7.6	Percentage of Minorities on Board of Directors/Trustees	NR	NR	NR	NR	NR	Not Reported - This is not a parameter we calculate / track / report
7.7	Employee Safety Metrics						
7.7.1	Recordable Incident Rate	5.0	1.9	3.0	Not Forecast	Not Forecast	ALLETE / MP only (no SWLP)
7.7.2	Lost-time Case Rate	1.3	0.3	0.7	Not Forecast	Not Forecast	ALLETE / MP only (no SWLP)
7.7.3	Days Away, Restricted, and Transfer (DART) Rate	2.1	0.7	1.7	Not Forecast	Not Forecast	ALLETE / MP only (no SWLP)
7.7.4	Work-related Fatalities	0.0	0.0	0.0	Not Forecast	Not Forecast	ALLETE / MP only (no SWLP)
8	**Fresh Water Resources used in Thermal Power Generation Activities**						
8.1	Water Withdrawals - Consumptive (Millions of Gallons)	5,426	2,448	2,545	2,553	2,594	BEC, LEC, THEC Only - water use is trending down but appears to increase when intensity calcuation (mwh) is appl
8.2	Water Withdrawals - Non-Consumptive (Millions of Gallons)	165,142	14,273	5,531	5,531	5,531	BEC, LEC, THEC Only - water use is trending down but appears to increase when intensity calcuation (mwh) is appl
8.3	Water Withdrawals - Consumptive Rate (Millions of Gallons/Net MWh)	6.34E-04	5.86E-04	6.90E-04	6.00E-04	6.89E-04	BEC, LEC, THEC Only - water use is trending down but appears to increase when intensity calcuation (mwh) is appl
8.4	Water Withdrawals - Non-Consumptive Rate (Millions of Gallons/Net MWh)	1.93E-02	3.41E-03	1.50E-03	1.30E-03	1.47E-03	BEC, LEC, THEC Only - water use is trending down but appears to increase when intensity calcuation (mwh) is appl
9	**Waste Products**						
9.1	Amount of Hazardous Waste Manifested for Disposal	2.189	11.641	2.38	Not Forecast	Not Forecast	MP only. Does NOT include PCB wastes, as these are not RCRA Hazardous Wastes
9.2	Percent of Coal Combustion Products Beneficially Used	0%	18%	23%	21%	31%	

Cautionary Statement on Forward-Looking Statements

Statements in this report that are not statements of historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there can be no assurance that the expected results will be achieved. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "likely," "will continue," "could," "may," "potential," "target," "outlook," "vision" or words of similar meaning) are not statements of historical facts and may be forward-looking.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause our actual results to differ materially from those indicated in forward-looking statements made by or on behalf of ALLETE in this report, in presentations, on our website, in response to questions or otherwise. These statements are qualified in their entirety by reference to, and are accompanied by, the following important factors, in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements that could cause our actual results to differ materially from those indicated in the forward-looking statements:

+ Our ability to successfully implement our strategic objectives;
+ Global and domestic economic conditions affecting us or our customers;
+ Changes in and compliance with laws and regulations;
+ Changes in tax rates or policies or in rates of inflation;
+ The outcome of legal and administrative proceedings (whether civil or criminal) and settlements;
+ Weather conditions, natural disasters and pandemic diseases, including the ongoing COVID-19 pandemic;
+ Our ability to access capital markets, bank financing and other financing sources;
+ Changes in interest rates and the performance of the financial markets;
+ Project delays or changes in project costs;
+ Changes in operating expenses and capital expenditures and our ability to raise revenues from our customers;
+ The impacts of commodity prices on ALLETE and our customers;
+ Our ability to attract and retain qualified, skilled and experienced personnel;
+ Effects of emerging technology;
+ War, acts of terrorism and cybersecurity attacks;
+ Our ability to manage expansion and integrate acquisitions;
+ Population growth rates and demographic patterns;
+ Wholesale power market conditions;
+ Federal and state regulatory and legislative actions that impact regulated utility economics, including our allowed rates of return, capital structure, ability to secure financing, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities and utility infrastructure, recovery of purchased power, capital investments and other expenses, including present or prospective environmental matters;
+ Effects of competition, including competition for retail and wholesale customers;
+ Effects of restructuring initiatives in the electric industry;
+ The impacts on our businesses of climate change and future regulation to restrict the emissions of greenhouse gases;
+ Effects of increased deployment of distributed low-carbon electricity generation resources;
+ The impacts of laws and regulations related to renewable and distributed generation;
+ Pricing, availability and transportation of fuel and other commodities and the ability to recover the costs of such commodities;
+ Our current and potential industrial and municipal customers' ability to execute announced expansion plans;
+ Real estate market conditions where our legacy Florida real estate investment is located may not improve; and
+ The success of efforts to realize value from, invest in, and develop new opportunities.

Additional disclosures regarding factors that could cause our results or performance to differ from those anticipated by this report are discussed in Part I, Item 1A. Risk Factors of ALLETE's Annual Report on the most recent Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of these factors, nor can it assess the impact of each of these factors on the businesses of ALLETE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are urged to carefully review and consider the various disclosures made by ALLETE in reports filed by ALLETE with the Securities and Exchange Commission that attempt to identify the risks and uncertainties that may affect ALLETE's business.

Human Rights Statement

Integrity: We Must Each Do Our Part

We are responsible for upholding the company's integrity. We must always act responsibly, honestly, and ethically under all circumstances. We uphold the human rights of others.

ALLETE values and advances diversity, equity and inclusion in the workplace. The company is committed to equal opportunity, and is intolerant of discrimination and harassment.

Our policies and procedures, Code of Business Conduct, general business practices, and compliance with applicable laws demonstrate our respect for the human rights of all those with whom we interact on behalf of the Company. We also endeavor to respect the human rights of all those who support our business by providing goods or services to the Company. Our core values reflect this commitment, but more importantly, we demonstrate it through our actions.

These standards of conduct apply to all employees, officers and directors of ALLETE and its subsidiaries and business divisions. It also applies to representatives, agents and contractors doing business on our behalf. We encourage our suppliers, vendors, and others with whom we do business to respect this standard.

ALLETE provides a variety of reporting processes in which an individual may report concerns, including our anonymous ALLETE Integrity Hotline. Reported matters will be investigated and appropriate corrective action shall be taken. ALLETE has strict policies prohibiting retaliation against anyone who cooperates in an investigation or reports a concern in good faith.

ALLETE's Integrity & Compliance Leadership Committee provides oversight of compliance program policies and the Code of Business Conduct. The Committee monitors the effectiveness of the Integrity Hotline process and responses, establishes procedures to ensure alleged compliance and Integrity violations are appropriately investigated and addressed, and reports findings annually to ALLETE's Board of Directors.

ALLETE ethics and integrity hotline: 866-776-6951

Our Commitment

As a company, ALLETE commits to:

+ Supporting individuals' right to safe and healthy working conditions. We foster a safe and healthy work environment so that we may all remain unhurt at the end of the day.
+ Cultivate a work environment that requires honesty and the highest ethical standards.
+ Ensure that individuals are treated with fairness, dignity and respect.
+ Encourage diversity of thought to foster a culture of mutual respect, trust, and collaboration.
+ Make workplace decisions and actions, including those related to fair wages and benefits, without regard to a person's protected class.
+ Support and encourage employee growth and development.
+ Fairly compensating workers for their work and ensuring that wages comply with local laws regarding minimum wage, wage payment, overtime and work hours. We provide a competitive wage to our employees, relative to industry standards and labor market drivers, and in accordance with the terms of negotiated collective bargaining agreements.
+ Respect freedom of association and the right to collectively bargain.
+ Encourage and support community engagement.
+ Communicate our human rights expectations and take corrective measure if we believe that supplier products and services are directly related to human rights violations.
+ Support non-profits that serve our communities through donations, foundation grants, scholarship programs, volunteer time off programs, and employee contributions of time, talents, financial resources, etc.
+ Partner with non-profit organizations to close opportunity and achievement gaps to help individuals and communities grow and thrive.
+ Assist the economic development in our region by capitalizing on resources, connections and experience for expansion and relocation projects in our service areas.

References

[i]Source: Company public filings, SNL, press releases, Bloomberg market data as of Feb. 26, 2021. Note: Includes both regulated and unregulated wind and solar net generation capacity.

[ii]Rose, S., and Scott, M., 2020. Review of 1.5°C and Other Newer Global Emissions Scenarios: Insights for Company and Financial Climate Low-Carbon Transition Risk Assessment and Greenhouse Gas Goal Setting. EPRI, Palo Alto, CA. 3002018053.

[iii]Rose, S. and Scott, M., 2018. Grounding Decisions: A Scientific Foundation for Companies Considering Global Climate Scenarios and Greenhouse Gases. EPRI, Palo Alto, CA. 3002014510. Global net CO_2 without negative emissions results assembled by Steven Rose separately from IAMC (2014).

[iv]White House Fact Sheet, 2021: https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/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/