

## Sprott ESG Gold ETF (NYSE Arca: SESG)

Please Note: This FAQ is not wholly inclusive of all relevant information. Investors should consult the Prospectus for more information, or please reach out to your Sprott representative at 888.622.1813, or [sesg@sprott.com](mailto:sesg@sprott.com) for additional questions.

### 1 How do you substantiate that Sprott ESG Gold ETF (SESG) is the first ETF to exclusively source and refine gold from recognized ESG mining leaders?

The following claim is based on an analysis of Morningstar's full universe of listed commodity funds as of June 30, 2022.

**Sprott ESG Gold ETF (SESG) is the world's first ETF to exclusively source and refine gold from recognized ESG mining leaders.\***

\*Based on Morningstar's universe of listed commodity funds. Data as of 6/30/2022.

### 2 Sustainability: How does SESG align with an investor's ESG goals and values?

SESG directly sources from select gold producers that we believe are leaders in ESG mining and sustainability. These gold producers:

- Demonstrate an ongoing commitment to advancing sustainability within their operations
- Have adopted leading industry standards including the World Gold Council's Responsible Gold Mining Principles (RGMPs) and the Mining Association of Canada's Towards Sustainable Mining (TSM), which includes mine level assessments and audits\*
- Follow a transparent and data driven approach to mine level sustainability performance and reporting

\*The World Gold Council's Responsible Gold Mining Principles (RGMPs) are a new framework that sets out clear expectations for consumers, investors and the downstream gold supply chain as to what constitutes responsible gold mining. Please visit <https://www.gold.org/industry-standards/responsible-gold-mining> for more details. The Mining Association of Canada's Towards Sustainable Mining (TSM) standard is a globally recognized sustainability program that supports mining companies in managing key environmental and social risks. Please visit <https://mining.ca/towards-sustainable-mining/protocols-frameworks/> for more details.

### 3 Provenance: How does SESG align with an investor's ESG goals and values?

- All gold for SESG will be initially sourced directly from North America, specifically six Canadian mines owned/operated by Agnico Eagle, and a Yamana Gold and Agnico Eagle partnership
- We consider Canada to be one of the world's premier mining jurisdictions with high levels of regulation, safety and oversight setting a standard for sustainable mining\*
- SESG will provide transparency should other gold producers and mines become suppliers of Sprott ESG Approved Gold

\*Based on the Fraser Institute Annual Survey of Mining Companies, 2021: "The top jurisdiction in the world for investment based on the Investment Attractiveness Index is Western Australia, which moved up from 4<sup>th</sup> place in 2020. Saskatchewan continues to be on the podium, going from a rank of 3<sup>rd</sup> in 2020 to 2<sup>nd</sup> in 2021. Nevada, which topped the ranking last year, ranked 3<sup>rd</sup> in 2021." Visit: <https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2021>

# Frequently Asked Questions for Sprott ESG Gold ETF

## 4 Conflict Free: How does SESG align with an investor's ESG goals and values?

- SESG will not source gold from any areas under conflict, including regions involved in armed aggression, widespread violence or human rights abuses.
- SESG will not accept gold from outside North America to avoid any potential conflict zones.

## 5 Lower Supply Chain Risks: How does SESG align with an investor's ESG goals and values?

- SESG sources directly from specific assets operated by leading ESG gold mining companies
- SESG avoids any potential supply chain risks associated with artisanal and small-scale miners, recycled gold or producers not operating to high levels of ESG and sustainability standards.

## 6 Trusted Refining & Storage: How does SESG align with an investor's ESG goals and values?

SESG gold holdings will be refined and stored at the Royal Canadian Mint (RCM), a Canadian Crown Corporation founded in 1908.

- **Segregated Refining**  
SESG gold will be fabricated in segregated production runs; material from non-approved mines or recycled sources will not be commingled with Sprott ESG Approved Gold
- **Trusted Storage Partner**  
Sprott's partnership with the RCM dates back to 2010; RCM stores approximately \$13 billion of precious metals for Sprott Physical Bullion Trusts as of 6/30/2022.
- RCM is outside of the financial system and is a Canadian Crown Corporation of the Government of Canada

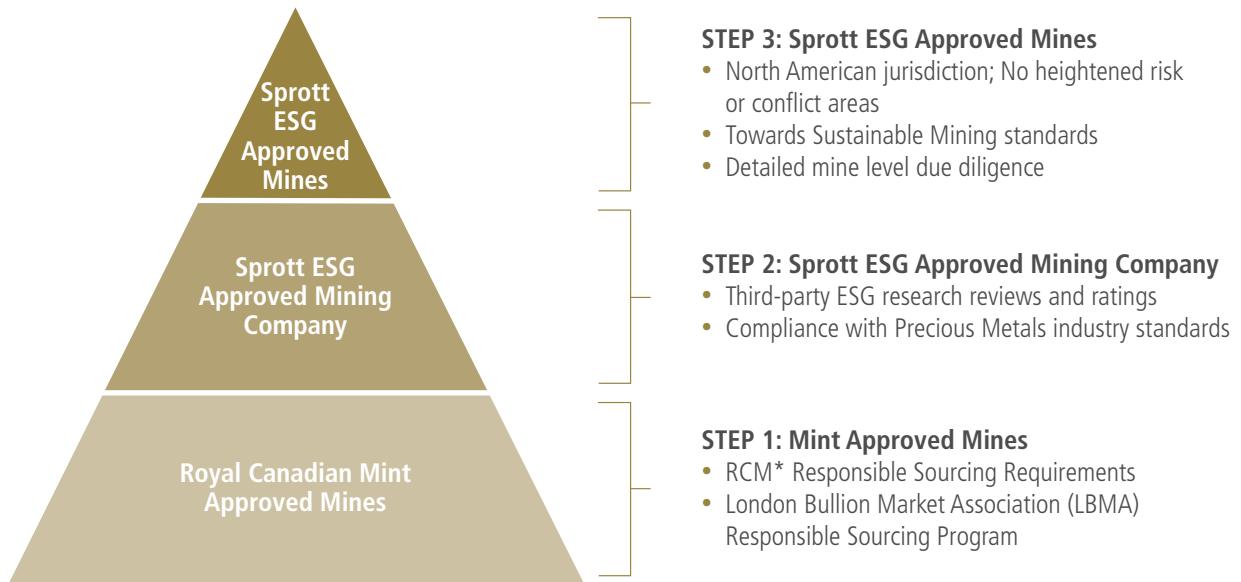
## 7 What ESG criteria will be considered in choosing gold for SESG?

- **Sprott ESG Approved Gold** is fully allocated unencumbered physical gold bullion that meets certain environmental, social and governance ("ESG") standards and criteria that are established by Sprott Asset Management
- There is currently no internationally accepted standard determining under what circumstances gold can be determined to be ESG. Sprott has created a comprehensive process to develop what it believes to be a new standard in creating ESG gold
- Sprott's assessment of mining companies and mines as suppliers to SESG encompasses many factors, including the following ESG criteria:

Environmental Criteria	Social Criteria	Governance Criteria
<ul style="list-style-type: none"><li>• Energy use and greenhouse gas emissions</li><li>• Tailings and waste management</li><li>• Conservation and water management</li><li>• Mine site remediation</li></ul>	<ul style="list-style-type: none"><li>• Worker safety and health</li><li>• Community relations</li><li>• Natural resource benefits to local communities</li><li>• Child and forced labor</li></ul>	<ul style="list-style-type: none"><li>• Corporate governance</li><li>• Workplace and gender diversity</li><li>• Fair executive compensation</li><li>• Corporate transparency and disclosure</li></ul>

# Frequently Asked Questions for Sprott ESG Gold ETF

**Leverages:** company disclosures; industry standards/initiatives; external ESG research providers; specialized mining sector analysis down to the mine level; and engagement with company management.<sup>†</sup>



## Comprehensive, Multi-Factor Review Process

<sup>†</sup> The Mining Association of Canada's Towards Sustainable Mining (TSM) standard is a globally recognized sustainability program that supports mining companies in managing key environmental and social risks. Sprott employ third-party research providers, such as Sustainalytics ESG Risk Ratings, along with sell-side equity research reports, proxy voting research providers (such as the Glass Lewis Proxy Review), and will also use compliance with precious metals industry standards as an objective factor in its review, among others.

\* Royal Canadian Mint ("Mint") Approved Mines are those which have a contractual refining relationship with the Mint and which the Mint determines meet and maintain the Mint Responsible Sourcing Requirements. A Sprott ESG Approved Mining Company may have additional mines that do not have a refining relationship with the Mint and have not been assessed by the Mint or Sprott.

## 8 How will the Royal Canadian Mint segregate its supply chain and refining activities for SESG?

Reflecting SESG's commitment to tracking gold's provenance through all stages of custody, the refining of ESG Approved Gold will be completed in segregated production runs; material from a non-approved mine or recycled sources will not be commingled with Sprott ESG Approved Gold.

## 9 Will Sprott's ESG assessments encompass the Royal Canadian Mint?

- Yes, Sprott will monitor diligence processes for SESG holdings at the Royal Canadian Mint and will have access to applicable records to confirm that holdings conform to ESG standards for SESG, meeting its ESG Approved Gold criteria
- Due diligence of the Royal Canadian Mint will include periodic inspections, certifications and audits

## 10 How will SESG provide enhanced transparency to its investors?

- Gold will only be sourced from select North American producers that meet stringent ESG screens
- The ESG Approved Gold bars will not be commingled with gold from other miners, mines or be derived from recycled gold

# Frequently Asked Questions for Sprott ESG Gold ETF

## 11 Who will provide the gold for SESG?

Sprott has initially identified six mines located in Canada that meet its stringent ESG criteria. Currently, two mining companies operate these mines: Agnico Eagle and Yamana Gold – both are globally recognized ESG leaders in the gold mining industry.

## 12 Who is responsible for ensuring all ESG criteria for SESG are met? Will these criteria be audited by third parties?

Sprott Asset Management will be responsible for ESG screening and monitoring of mines. Sprott will conduct independent ESG assessments of mining companies and their mines and use third-party ratings of mining companies, including those of Sustainalytics ESG Risk Ratings (a Morningstar company and the largest independent provider of ESG research and ratings), along with sell-side equity research reports. With respect to corporate governance, Sprott Asset Management will evaluate recommendations from proxy voting research providers, such as the Glass Lewis Proxy Review.

## 13 Are there additional costs associated with sourcing and owning ESG gold? Are those costs passed on to SESG investors?

- SESG will incur additional costs to segregate ESG Approved Gold from the gold supply chain and other gold refined at the Royal Canadian Mint
- SESG will also incur additional expenses related to conducting initial and ongoing ESG due diligence of the gold producers and chosen mine locations
- These additional costs are included in the Sponsor Fee of 0.38%

## 14 How does Sprott ESG Gold ETF (SESG) differ from Sprott Physical Gold Trust (PHYS)?

The following table provides a comparison of key features:

Fund Features	PHYS	SESG
Listing Exchange	NYSE Arca	NYSE Arca
Structure	Closed-End Fund	Open-End ETF
Domicile	Canadian Domiciled Trust	U.S. Domiciled Trust
Tax Status for U.S. Investors	Passive Foreign Investment Company	U.S. Grantor Trust
Tax Treatment for U.S. Investors	Income if held less than 1 year; capital gains treatment possible with QEF filing	Income if held less than 1 year; collectibles tax after that
Physical Redemption Option	Yes, subject to minimum	Authorized participants only
Cash Redemption Option	Yes	No
Price to NAV	Typically trades at premiums/discounts to NAV	Should trade closer to NAV
Fees	Management Expense Ratio of 0.41% as of 3/31/2022	Sponsor's Fee of 0.38%
Physical Gold Held	London Good Delivery (LGD) 400 oz bars	London Good Delivery (LGD) 400 oz bars from Sprott ESG approved mines only
Provenance of Bars	Unknown	All gold is sourced exclusively from Sprott ESG Approved Miners & Mines in Canada

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Fund Features	PHYS	SESG
LBMA Responsible Sourcing Standards (RSS)	Bars refined from 2012+ were subject to LBMA RSS; prior bars were not	All bars are subject to current <a href="#">LBMA Responsible Gold Guidance sourcing standards Version 9</a> , plus Sprott ESG Approved Gold criteria
Bars Include Recycled Gold	Yes	No
Storage	Royal Canadian Mint	Royal Canadian Mint
Form of Gold	Allocated only	Sprott ESG Approved Gold is allocated; some unallocated gold is held until exchanged for Sprott ESG Approved Gold
Sprott ESG Approved Miners*	N/A	Agnico Eagle and Yamana Gold
Sprott ESG Approved Mines*	N/A	<ol style="list-style-type: none"> <li>1. Canadian Malartic, Quebec, Canada</li> <li>2. Detour Lake, Ontario, Canada</li> <li>3. Goldex Complex, Quebec, Canada</li> <li>4. LeRonde, Quebec, Canada</li> <li>5. Meadowbank, Nunavut, Canada</li> <li>6. Meliadine, Nunavut, Canada</li> </ol>

\* As of June 2022, subject to change.

^ SESG is a U.S. registered exchange traded fund established pursuant to the U.S. Securities Act of 1933 and is listed on the NYSE Arca.



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## Important Disclosures

**This material must be preceded or accompanied by a prospectus. For an additional copy of the Sprott ESG Gold ETF Prospectus, please visit <https://sprott.com/sesg/prospectus>. An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a Sprott ESG Gold ETF Statutory Prospectus, which contains this and other information, visit <https://sprott.com/sesg/prospectus>, or contact your financial professional or call 888.622.1813. Read the Prospectus carefully before investing.**

There is currently no internationally accepted standard determining under what circumstances gold can be determined to be ESG. The Fund is not suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The term "Sprott ESG Approved Gold" refers to gold that is physically indistinguishable from other gold but that has been sourced and produced in a manner consistent with the ESG standards and criteria used by the Sponsor (the "ESG Criteria"), which are designed to provide investors with an enhanced level of ESG scrutiny along with disclosure of the provenance of the metal sourced and include an evaluation of mining companies and mines. Mining companies and mines that meet the ESG Criteria ("Sprott ESG Approved Mining Companies" and "Sprott ESG Approved Mines", respectively) must also comply with the Mint Responsible Sourcing Requirements.

The Fund's investments will be concentrated in the gold industry. As a result, the Fund will be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the gold industry. The price of gold may be affected by changes in inflation rates, interest rates, monetary policy, economic conditions, and political stability. The price of gold may fluctuate substantially over short periods of time; therefore, the Fund's share price may be more volatile than other types of investments. In addition, they may also be significantly affected by political and economic conditions in gold producing and consuming countries, and gold production levels and costs of production.

The indicated rates of return are the historical annual compounded total returns including changes in share value and reinvestment of all distributions and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any shareholder that would have reduced returns. You will usually pay brokerage fees to your dealer if you purchase or sell shares of the Trusts on the NYSE Arca, Inc. ("Arca"). If the shares are purchased or sold on Arca, investors may pay more than the current net asset value when buying shares of the Trust and may receive less than the current net asset value when selling them. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

**Shares are not individually redeemable. Investors buy and sell shares of the Sprott ESG Gold ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 50,000 shares. Past performance is not an indication of future results.**

Sprott Asset Management USA, Inc. is the Investment Adviser of Sprott ESG Gold ETF; Sprott Global Resource Investments Ltd. is the Distributor and is a registered broker-dealer and FINRA Member.

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