

Climate Change

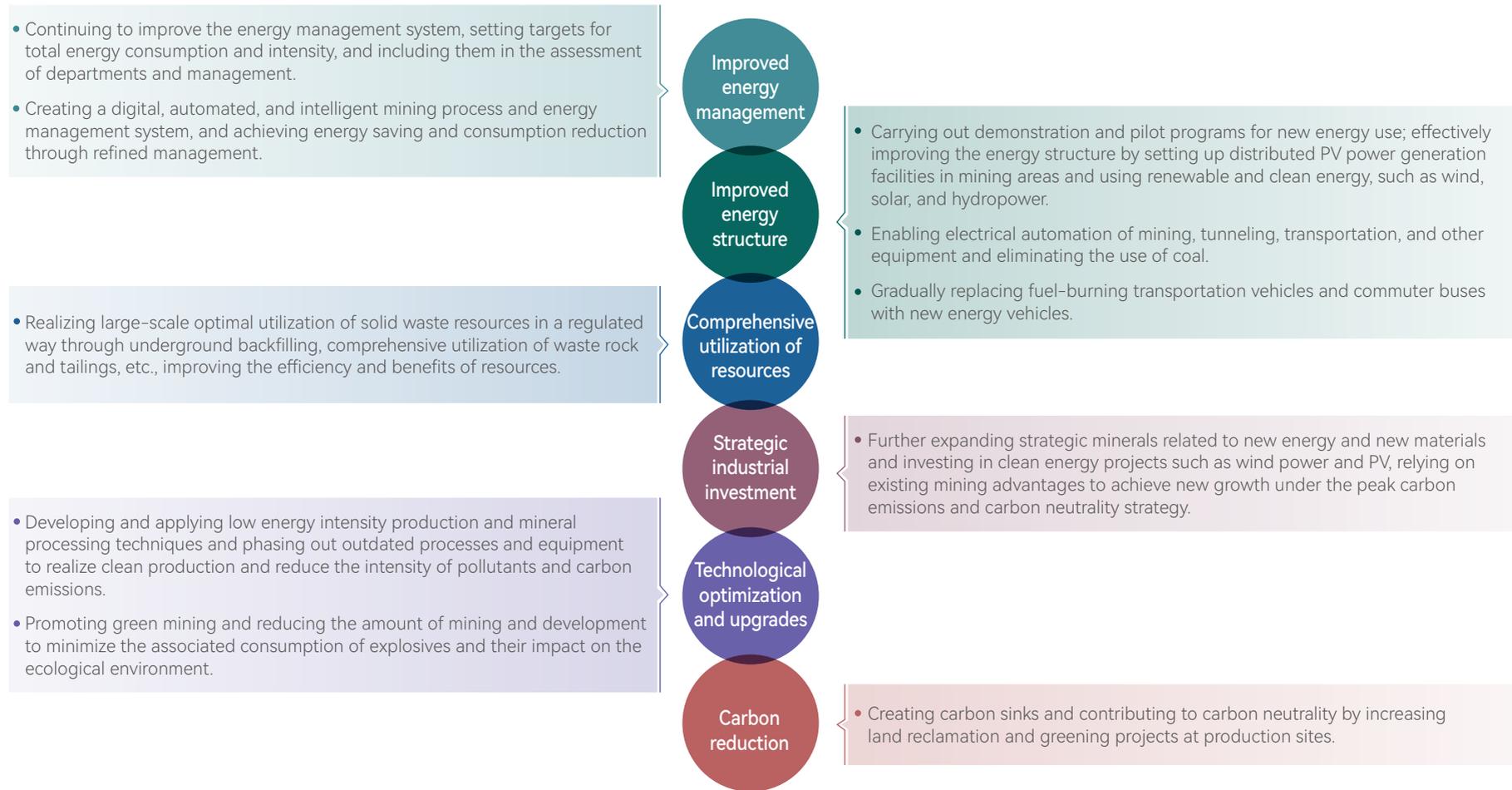
In 2020, the Chinese government pledged to peak carbon emissions by 2030 and to become fully carbon neutral by 2060. As a responsible miner with operations in China, we acknowledge the importance of transitioning to a low carbon economy and the government's pledge to implement efficient sustainable practices to address global warming. The mining industry is necessary in the transition to carbon neutrality for metals and minerals will play a substantial role in the construction of the infrastructure and technology needed to reduce emissions. At our operations, we aim to be highly efficient, produce low emissions, and implement innovative technology to find sustainable strategies to help reduce our carbon footprint.

In an effort to further our commitment to reducing our emissions, we have identified the main transitional and physical risks and opportunities climate change could pose on our business, based on recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to developing an ESG-related action plan/framework to address the outlined climate risks, and where possible, to establish mitigation strategies, in line with the TCFD's recommendations.

Types	Description
Physical risk	<p>Short-term risk</p> <p>The increased frequency of extreme weather events, such as torrential rains, floods, and typhoons, can lead to the interruption of operations or even the closure of mines, the washing out of roads, and dam failures due to rising water levels in TMFs. It could cause the Company's production capacity to decline, cause injury to employees/contractors, or bring environmental problems.</p>
	<p>Long-term risk</p> <p>Changes in precipitation and extreme fluctuations in weather patterns can lead to higher infrastructure costs (e.g., extended construction periods, damage to equipment) and higher insurance costs for equipment and personnel.</p>
Transitional risk	<p>Policy and law</p> <p>China will introduce a quota system for carbon emissions, which could increase compliance costs if companies are included in the national carbon trading market as key emitters.</p>
	<p>Reputation</p> <p>Stakeholders are paying more attention to the Company's response to climate change, natural resource consumption, etc., and if the efforts do not meet expectations, it may have a negative impact on the Company's reputation.</p>
	<p>Market</p> <p>If downstream customers investigate the carbon emission intensity of unit products, it will increase the uncertainty of the Company's business sales and cause corresponding market risks.</p>

Formulating Energy Conservation and Emission Reduction Strategies

We have adjusted and improved our carbon emission management system to incorporate recent developments in worldwide climate change policies. Our management system outlines our reduction goals and the key tasks that will help us operate as a low-carbon, energy efficient, and low-emission business.



GHG Emissions and Air Pollution

Silvercorp follows all relevant policies, regulations, and standards for preventing and mitigating air pollution. We continue to improve our performance in this regard and fully evaluate our air pollutant emissions to ensure they meet applicable standards. Our approach is based on a circular economic model that promotes high utilization, low emissions, and efficient resource recycling. We constantly optimize our energy consumption structure and encourage the use of new energy and technology to limit our use of fossil fuels and in hopes of eventually establishing a system in which they are non-essential.

GHG Emissions ^{Note1}	Fiscal 2021	Fiscal 2020	Fiscal 2019
Direct (Scope 1) GHG emissions	1,803	1,535	2,032
Including: Diesel (tonnes CO ₂ -eq)	1,559	1,335	1,824
Gasoline (tonnes CO ₂ -eq)	244	200	208
Coal (tonnes CO ₂ -eq) ^{Note2}	0	0	0
Liquified petroleum gas (LGP) (tonnes CO ₂ -eq) ^{Note3}	0	0	0
Indirect (Scope 2) GHG emissions	63,120	57,962	56,240
Including: Electricity (tonnes CO ₂ -eq)	63,120	57,962	56,240
Total (Scope 1 and Scope 2) GHG emissions (tonnes CO ₂ -eq)	64,922	59,498	58,272

Note 1: According to China Energy Statistical Yearbook 2020 edition and Guide to Accounting Methods and Reporting of GREENHOUSE Gas Emissions of Mining Enterprises, we have adjusted the conversion factors of greenhouse gas emissions. See page 106 for more details about calculation.

Note 2: Silvercorp replaced coal-fired boilers with electric boilers at all its mines in 2018, so coal is no longer used.

Note 3: Silvercorp replaced all liquified gas stoves with electric stoves in all its mines in 2018, so LGP is no longer used.

Dust Pollution Reduction

The Company formulates a targeted plan for dust prevention and treatment, and keeps dust-producing parts and equipment enclosed to control dust at the source. We strengthen dust prevention measures during production and transportation and promote the modernization of dust control systems and capabilities.

Sources of Dust	Dust Control Methods
Waste rock	Reducing dust with dust nets and water-spraying.
Transportation roads	Regularly cleaning the transportation roads, covering up the transportation vehicles, and automatically cleaning vehicles entering and exiting our plants.
Ore stockpiles	Paving the ore storage facilities and spraying water to reduce dust
Industrial sites	Using wet dust removal equipment and bag filters in the processing plant; installing dust collection facilities and water spraying at the dust production points.

Ying Mining District

- Formulating the Company Dust Prevention and Control Implementation Plan to fully standardize the dust control measures for each operating process.
- Invested over US \$696,268 paving roads and ore storage facilities in the mining area; invested US \$54,580 on new sprinklers and spraying water on mine transportation roads and the processing plant twice a day to reduce dust, benefitting more than 160 nearby households.

GC Mine

- Using sprinklers to reduce dust; invested about US \$8,851 installing water spray devices along mine roads and spraying water twice a day to reduce dust.
- Signed a commissioned inspection agreement with a third party, which undertakes inspections of the dust collector exhaust outlets at the processing plants quarterly in accordance with the Grade II Standard of the second period of the Guangdong Province Air Pollutant Emission Limits (DB44/27-2001).



Fog cannon dust suppression system

Flue Gas Treatment

Beginning in 2018, the Company has replaced all coal-fired boilers with electric boilers, thus eliminating the emission of sulphur oxides. Certain nitrogen oxides and ammonia nitrogen compounds however, are still being emitted as a result of blasting and ore transportation.

Air Pollutant Emissions	Fiscal 2021	Fiscal 2020	Fiscal 2019
Sulphur oxides (SOx) (tonnes) ^{Note1}	0	0	0
Nitrous oxides (NOx) (tonnes) ^{Note2}	464.06	458.31	407.94
Ammonia nitrogen (NH) (tonnes)	0.53	0.5	0.23

Note 1: Our mines have replaced all coal-fired boilers with electric boilers, no sulfide emissions are produced.

Note 2: Includes nitrous oxides from mine blasting and diesel, gasoline combustion.



Truck flushing to reduce dust carry