

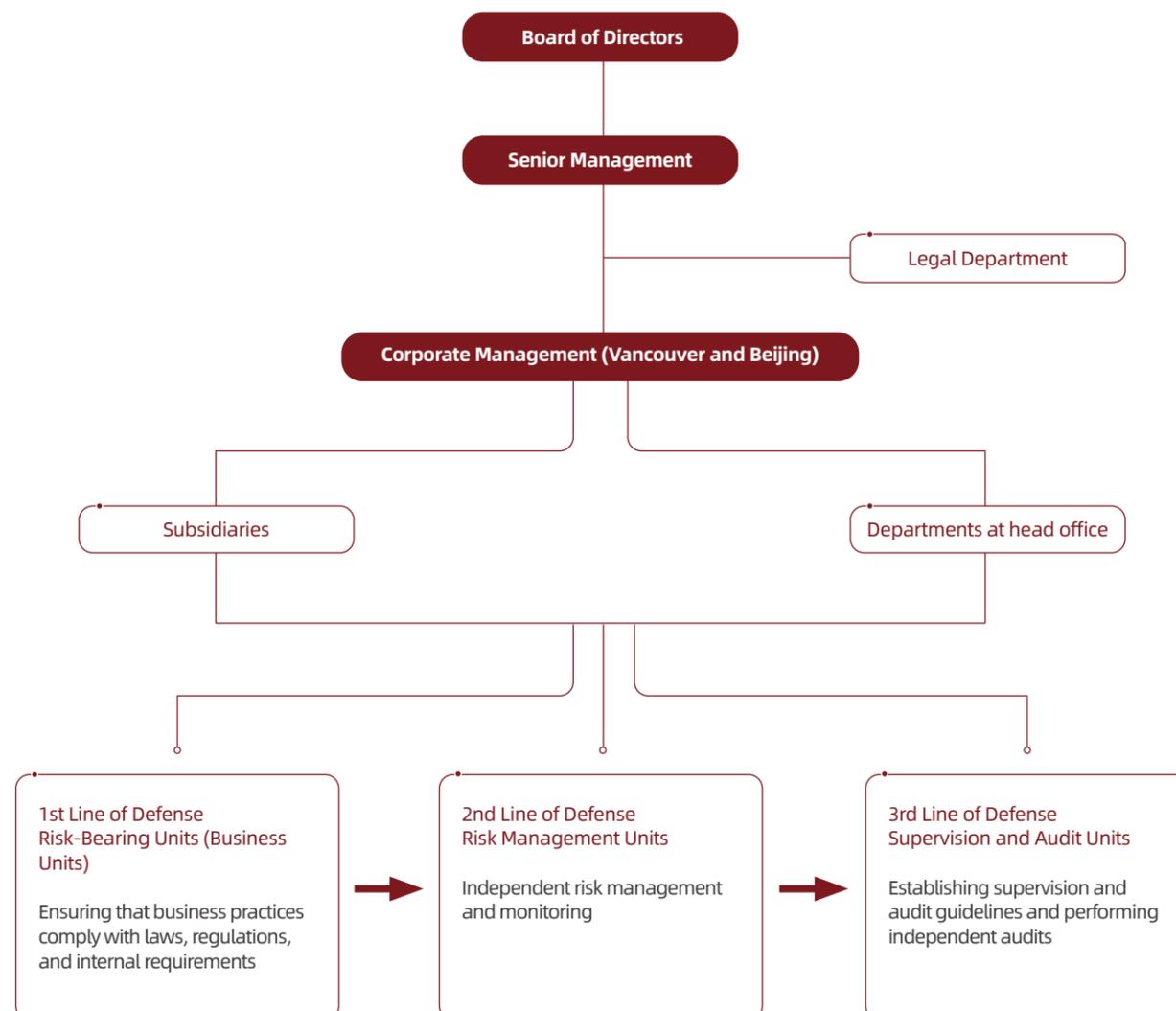
## Building Our Risk Prevention System

### Risk Management

#### Three Lines of Defense

Silvercorp has established comprehensive risk management and mitigation procedures and conducts annual risk assessments to identify the key risks associated with our business and operations. We perform day-to-day risk monitoring with quarterly monitoring of key risks, special inspections, and internal audits, and routinely

evaluate our performance to ensure the effectiveness of our risk management mechanisms to continuously optimize the decision-making process and improve our overall risk management. The Company ensures effective risk management by using the Three Lines of Defense model.



#### Emergency Response Management System

In order to respond effectively to emergencies, improve our ability to cope with extreme events and public crises, and minimize injuries and property losses, we have built and implemented a sound emergency management system. This includes emergency plans formulated to ensure production

and operation safety in the event of an environmental accident, flood, or other natural disaster, as well as regular emergency drills and reviews of emergency plans, carried out by the Safety Department, the Environmental Protection Department, the processing plant, and other key departments.



For more information on our safety emergency drills, please refer to Section *Occupational Health and Safety Capacity Building*(P72).



For more information on our TMF emergency plans, please refer to Section *Response Measures*(P63).



For more information on our response to the July 2021 emergency caused by heavy rainfall in Henan Province, please refer to Section *Climate Change Risk and Response*(P57).

#### Risk Identification

Risks that have potential consequences for our business, operations, and/or financial status in the future are outlined in Section 4.4 Risk Factors (pages 22 to 34) in the Fiscal 2022 Company's Annual Information Form. ESG risks identified here are incorporated into the risk management system.



## Emerging Risk Management

The public health crisis triggered by the outbreak of COVID-19 brought both environmental and social risks into focus, illuminating the need for updated and efficient emergency response plans for all aspects of our business. In response,

Silvercorp has designed risk evaluation forms based on the industry's best practices to proactively identify and analyze the various emerging risks and devise corresponding mitigation strategies.



### Public Health Risk

#### Potential Impacts

- Silvercorp's business, operations, and financial status have the potential to be materially and adversely affected by the COVID-19 pandemic and/or other health crises, for such crises may lead to travel restrictions, temporary business closures, quarantine, fluctuations in global stock markets, and a general reduction in consumer activity. This can lead to delays and disruptions in business operations, supply chains, and project development, resulting in reduced personnel mobility and labor shortages before triggering business stoppages.

#### Responses

- Setting up the Leading Group for Epidemic Prevention and Control; quickly launching an emergency response plan for epidemic control; tracking the development of COVID-19; instituting a notification mechanism and related protective measures to mitigate the effects.
- Formulating a business continuity plan; adjusting production schedules as needed; resuming work and production in an orderly manner.
- Communicating closely with partners to ensure stable supplies along the upstream and downstream production chains.



### Climate Regulation & Reputation Risk

#### Potential Impacts

- Governments have updated their environmental legislation in recent years, setting stricter standards and enforcing compliance with requirements for air pollutants, solid waste, natural resources, biodiversity, and land reclamation and restoration, as well as imposing stricter environmental assessments on proposed projects. These measures have increased the potential liability of companies and their officers, directors, and employees. Increased expenses in environmental protection and major changes or delays in anticipated activities will be expected.

#### Responses

- Increasing investment in environmental protection; ensuring compliance with requirements of local regulators for environmental protection; improving environmental compliance management.
- Enhanced monitoring of energy consumption and emissions; improving energy efficiency and reducing greenhouse gas (GHG) emissions through energy efficiency analyses and energy-saving renovations.
- Ongoing reclamation activities; promoting ecological restoration in mining districts by planting trees and maintaining biodiversity.
- Developing and implementing the ESG management system and working toward full integration into daily production and management processes.



### Permits and Licenses for Mining and Exploration in China

#### Potential Impacts

- All Chinese operations are owned through subsidiaries that are joint ventures. All mining and exploration projects require government approval and permits due to their direct effect on the environment, society, land and water use, and the local community; operations are therefore subject to an annual inspection by the government, where deficiencies can result in fines and stoppages.

#### Responses

- Minimizing difficulties in obtaining mining licenses by backfilling tunnels with tailings to reduce waste and stabilize surrounding environmental structures. Ongoing acquisition and exploration of mining projects to ensure the Company's access to new mineral reserves and resources.
- Working with the government on the annual review of mining and exploration permits to ensure compliance with relevant laws, regulations, and rules.



### Human Resources Risk

#### Potential Impacts

- Our mines utilize selective underground mining methods, which can be labor intensive. With the transformation of China's economic and social structure in recent years, miners as a group have been aging and decreasing dramatically in number, putting a strain on the Company's talent pipeline.

#### Responses

- Regularly reviewing the Company's human resources strategy, assessing the supply and demand of human resources, and maintaining a solid talent reserve for key positions.
- Actively collaborating with schools and engaging in joint training programs between schools and enterprises, establishing a "fast track" for outstanding students to secure employment opportunities with the Company.
- Promoting the application of the Eblog App and using high-tech equipment to move towards more automated and intelligent mining.



### Cybersecurity Risk

#### Potential Impacts

- Silvercorp has undergone a comprehensive digital transformation, which comes with a significant number of network security risks. We have not experienced any major cybersecurity incidents, but if they were to occur (such as unauthorized access to privileged information, destruction or disabling of data, or computer virus intrusion), the Company could suffer financial losses, business interruptions, or loss of geological data that would undermine its prospecting and production capacity.

#### Responses

- Planning the establishment of the Information Security Management Committee and completing the information security management system.
- Putting in place more professional tech personnel and security software and carrying out regular simulation exercises to improve information security.
- Protecting sensitive data through data masking techniques such as encryption.



### Climate Change Risk

#### Potential Impacts

- Climate change risks directly affect the production and operation of mining enterprises in the form of acute risks such as heavy rainfalls, and mudslides that can cause damage to roads and buildings, human casualties, leakage from TMFs, and other severe impacts, leading to damage to the Company's image, increased safety risks, asset impairment, and other consequences.

#### Responses

- Responding to flood risks during the flood season, strengthening emergency drills, and making every effort to ensure the safety of TMFs, personnel, and facilities.
- Gradually transforming to clean energy equipment to reduce carbon emissions.
- Providing silver for the Chinese market, which can be used in the production of solar panels to promote China's energy transition and energy saving and consumption reduction efforts.