

Corporate Governance

Board Organization and Corporate Structure

Business Ethics

Risk Management

Digitization of Mining
Innovation and R&D

The mining industry operates across complex jurisdictions and often in emerging and/or unpredictable political environments, which can be predisposed to regulatory uncertainty. This uncertainty has caused the industry and regulatory bodies to place increased pressure on mining companies to focus on governance issues such as anti-corruption, money laundering, and the Foreign Corrupt Practices Act (FCPA). Moreover, increased support for ESG values has caused the public, governments, and stakeholders to call for increased transparency and disclosure detailing the impacts operations have on the environment and communities in which they operate. In order to succeed, mining companies must commit to ethical and responsible mining in all aspects of their business, starting with their business ethics and governance.

Silvercorp understands that strong corporate governance is essential to a company's business performance and long-term development, for it not only protects the interests of all stakeholders but is essential for mitigating the risks and maximizing a company's value. In accordance with our Code of Business Conduct and Ethics, Code of Ethical Conduct for Financial Managers, Whistleblower Policy, Anti-Corruption Policy, and applicable laws, we continue to improve our governance system to align with international best practices, establish more effective governance, and create sustainable value.



Board Organization and Corporate Structure

Structure

Silvercorp's governance structure is comprised of the board of directors (the "Board"), the CEO, senior executives in Vancouver and Beijing offices, and general managers at each of our operating subsidiaries. Our Board has ultimate oversight over the Company and is supported by three board committees: the Corporate Governance Committee, the Audit Committee, and the Compensation Committee, with each committee following the mandate established in its charter. The Corporate Governance Committee is responsible for assisting the Board in establishing and maintaining a sound system of corporate governance through a process of continuing assessment and enhancement. Since fiscal year end 2021, the Board has approved the formation of the Sustainability Committee to strengthen Silvercorp's sustainability and ESG reporting, and overall performance. The Sustainability Committee will work in tandem with the Corporate Governance Committee and will assist the Board in overseeing the issues contained in this report.



The Company holds an annual general meeting of shareholders



Board Composition

As of March 31, 2021, Silvercorp's Board consisted of five directors, four of whom are independent under the applicable securities laws. The Company assesses nominees against certain criteria such as experience and knowledge of the Company and its operations, ethics and integrity, competency, and diversity. The Board, with its extensive experience, oversees the Company's strategic development, key risks, and long-term development. The Board also considers and approves major decisions, supervises business operations, and evaluates the Company's performance. In exercising their powers and discharging their duties, the directors are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Each director is appointed for a term of one year at the annual general meeting of shareholders and committee memberships are re-constituted after each annual general meeting.

Name	Gender	Age	Position	Professional background	Corporate Governance Committee	Audit Committee	Compensation Committee
Dr. Rui Feng	Male	58	Chair, Executive Director	Geology, PhD			
David Kong	Male	75	Independent Director	Accounting, CA, CPA, ICD.D	x	x	x
Yikang Liu	Male	79	Independent Director	Geology			x
Paul Simpson	Male	64	Independent Director	Law, LLB	x	x	x
Marina A. Katusa	Female	37	Independent Director	Business Administration	x	x	

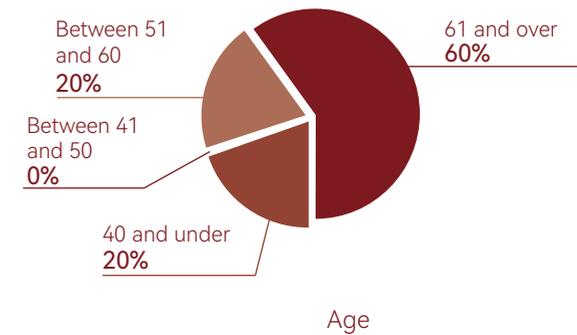
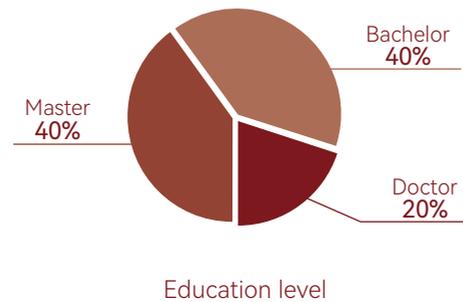
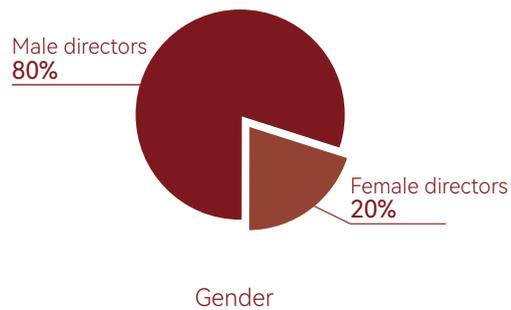
Our Board members have extensive experience in mine operations, explorations, corporate management, corporate and securities law, and financial governance of public companies. To view the Board member profiles in full, please click on the file or scan the QR Code.



Board Member Profiles

As of the end of Fiscal 2021, four out of five directors were independent, or 80% of the Board, and met the independent majority required from public companies under applicable securities laws and stock exchange rules. In case of any change that may disqualify a director with respect to the independence or conflicts, he/she shall immediately notify the Board of such change. The Board also strictly follows applicable rules and criteria of independence for appointment of members to committees to ensure the independence of each committee member. During each Board meeting, the independent directors meet without the members of management present.

Board Diversity



Executive Compensation

The Company's executive compensation program is overseen by the Compensation Committee of the Board. Each member of the Compensation Committee is independent and has experience in executive compensation, administering of share-based awards, and reviewing performance goals and assessments of executives. The Company's compensation policies and programs are designed to be competitive with publicly listed mining companies of similar size and to recognize and reward executive performance consistent with the success of the Company's business. ESG values and achieving targets have become an increasingly important factor in determining executive compensation.

The Board has also adopted a Clawback Policy, whereby the Company can recover compensation from employees resulting from misconduct involving gross negligence, corruption, fraud, or other unethical behaviours.

Committees

Our three committees are chaired by independent directors, who bring over 50 years of combined experience in diverse practice areas from accounting to law.

Type	Main Duties
Corporate Governance Committee	<ul style="list-style-type: none"> To examine the effectiveness of the Company's corporate governance practices annually and propose procedures and policies that the Committee believes are appropriate to ensure that the Board functions independently of management To develop and review, together with the Chairman, CEO and others, annual Board goals or improvements To make recommendations to the Board regarding conflicts of interest of individual directors To identify, review, and recommend to the Board, for Board selection, all nominees for appointment, election or reelection as directors
Audit Committee	<ul style="list-style-type: none"> To act as a liaison between the Board and the Company's independent auditors and assist the Board in fulfilling its responsibilities with respect to the financial statements and other financial information provided by the Company to its shareholders, the public and others To review the Company's risk management and internal financial accounting controls and manage the information system To confirm the qualification, independence, and performance of the Auditors To review the Company's risk management and internal financial accounting controls and manage the information system
Compensation Committee	<ul style="list-style-type: none"> To recommend to the Board for determination the compensation of the Chief Executive Officer To recommend to the Board for determination the compensation of senior management and executive officers of the Company To review the compensation and benefits of the directors in their capacity as directors of the Company to ensure that such compensation reflects the responsibilities and risks involved in being a director To review and make recommendations to the Board as to the general compensation and benefits policies and practices of the Company, including incentive stock options for all employees, consultants, directors and officers

Stakeholder Engagement

Efficient communication with our stakeholders is the key to maintaining long-term relationships. We communicate with our stakeholders through; investor conferences, roadshows, one-on-one investor meetings, conference calls by video or telephone, the investor hotline and email, the Company's website, social media, regulatory filings on EDGAR and SEDAR, annual general meetings of shareholders ("AGMs"), sustainability report, and news releases. The Company also hosts investor/analyst site tours, however due to the pandemic, all site tours have been canceled/postponed.

Our ESG disclosure, including relevant policies, practices, and overall performance, is available on both the Company website and in our Annual Sustainability Report, which can also be found on the corporate website. Updates regarding our ESG management are given via news releases and shared through the necessary channels as governed by our Corporate Disclosure Policy.

In compliance with the stock exchange rules and applicable securities laws, Silvercorp ensures all shareholders have appropriate representation and can exercise their voting rights. The Company convenes AGMs annually, which provides shareholders opportunities to vote on issues impacting the Company and selection of the Board.

Our Corporate Disclosure Policy helps govern our communication efforts and requires us to disclose any material information of the Company in a timely, factual and accurate manner in accordance with all applicable legal and regulatory requirements.

To view the Corporate Disclosure Policy in full, please click on the file or scan the QR code.



Corporate Disclosure Policy



Investor communication

Conflicts of Interest

In our Code of Business Conduct and Ethics, we clearly define what constitutes a conflict of interest and the circumstances under which it may occur and require all employees to take the initiative to report to their supervisors or the Company's Legal Counsel incidents and behaviours involving potential conflicts of interest. The Company regularly checks for conflicts of interest, makes additional documentation in cases of misreporting, omission, or concealment, and deals with involved parties in accordance with relevant laws.

Whistleblower Protection

We encourage all employees to report any illegal and inappropriate behavior, including accounting irregularities, internal control loopholes, audit trails and other financial management-related behaviour, and matters related to production safety, and environmental protection. Whistleblowers can report the above conduct directly to management or make an anonymous report in the following ways.

<p>Reporting channels</p>	<p>Reporting by letter or email</p> <p>The recipient of the letter may be the Company’s management (including the General Manager) or Board (including the Chairman). Emails can be addressed to:</p> <ul style="list-style-type: none"> • faende@163.com (Chinese), or • silvercorp@whistleblowersecurity.com (English) <p>Reporting by phone</p> <p>Whistleblowers may call the Company’s General Manager or Chairman directly (their phone numbers are listed in the Company’s directory), or the following lines:</p> <ul style="list-style-type: none"> • 1-844-669-9397 in North America • 10-800-140-0867 in China
<p>Handling of grievances</p>	<p>The Company investigates, collects evidence, and assesses the reported matters in a timely manner, promptly rectifies confirmed non-conformance with the Board’s direction, and where appropriate, communicates the response to the whistleblower.</p>
<p>Whistleblower protection</p>	<p>The Company expressly states that whistleblowers do not need to seek permission from or notify the Company and that no whistleblower will be considered in violation of the whistleblower’s agreement with the Company. The Company protects anyone who reports and exposes the above-mentioned conduct from threats, suspension, transfer, or dismissal, or other disciplinary measures.</p>

To view the Whistleblower Policy in full, please click on the file or scan the QR Code.



Whistleblower Policy

To view the full list of our Policies and Charters, please click on the file or scan the QR Code.



Corporate Governance

Business Ethics

Our Approach

As a responsible Canadian mining company listed on both the TSX and NYSE American, it is important that we comply with all exchange regulations and rules in addition to all legislation in the jurisdictions in which we work and operate. Strict compliance with all applicable rules is mandatory and something we take very seriously. We continue to strengthen our compliance management systems and integrate anti-corruption and anti-bribery measures into our business and adhere to the highest standards of corporate governance. Our Code of Business Conduct and Ethics (the "Code") coupled with our values, guide our efforts and help us conduct our business in the most ethical and responsible way.

All employees are required to sign the Silvercorp Code and uphold high standards of professional and ethical conduct. The Company strictly prohibits any employee from violating laws or regulations or obtaining any gain from unethical dealings and ensures that its business practices are aligned with the economic and social priorities where our projects are located.

Key Topics under the Code of Business Conduct and Ethics

- Compliance with laws and regulations
- Insider information and securities trading
- Conflicts of interest
- Confidentiality
- Protection and proper use of company assets
- Fair dealing
- Discrimination and harassment
- Safety and health
- Financial statements and record keeping
- Use of e-mail and Internet services
- Political activities and contributions
- Gifts and entertainment
- Use of agents, consultants, and other third parties
- Reporting of any illegal or unethical conduct, violation of this Code, or questionable accounting or auditing matters

To view the Code of Business Conduct and Ethics in full, please click on the file or scan the QR Code.



Code of Business Conduct and Ethics

Compliance

Our Company and all of our subsidiaries strictly comply with the laws and regulations of the countries and or regions where we operate. We have a compliance management system consisting of the Board, committees, managers, and legal department who collectively coordinate, implement, and oversee all compliance related activities. In Fiscal 2021, there was no major litigation or legal proceedings against the Company.



Legal training at Beijing Office

Supervision and Disciplinary Action

Depending on the severity, any employee in violation of regulations or business ethics will be subject to disciplinary action including up to dismissal. If an employee violates any laws, regulations, or the Code, the Company will promptly notify the relevant government authorities and publicly disclose such information to the extent permitted by law.

Compliance Training

The Company carries out training on legal practice, with in-depth explanation on the latest laws and regulations and key areas of compliance risks, to enhance employees' awareness of compliance and improve compliance operations management.

- Providing a series of training on Contract Review and Dispute Handling.
- Providing training on the Impact of PRC Civil Code on Mining Enterprises.
- Providing training on PRC Civil Code Contract Preparation and Prevention of Contract Legal Risks.

Anti-Corruption and Bribery

To view the Anti-Corruption Policy in full, please click on the file or scan the QR Code.



Anti-Corruption Policy

We are committed to conducting our business in a sustainable and ethical manner as outlined in our Anti-Corruption Policy. Our General Counsel is responsible for implementing, monitoring, and enforcing this Policy and regularly reports on its implementation to the Board. The Board reviews and evaluates the Anti-Corruption Policy annually to ensure that the Company's relevant policies comply with the applicable anti-corruption laws in the countries in which we work and operate.

What Constitutes a Violation?

Key Topics under the Anti-Corruption Policy

- Bribes
- Kickbacks
- Extortion
- Excessive Gifts, Hospitality, and Other Entertainment
- Political Contributions
- Charitable Contributions
- Willful Blindness

Reporting Obligations

Solicitation of Improper Payments

Any demand, request, suggestion, expectation, or invitation by a public official or any other person for any improper payment of money or anything of value shall be promptly reported by personnel to the General Counsel.

Knowledge or Suspicion of Bribery

All personnel are required to report any information that comes to their attention in relation to any actual or suspected improper payments made, offered, or promised by anyone on behalf of the Corporation to General Counsel.

Personnel who raise genuine concerns will not be subject to any retribution or disciplinary action.

Consequences of Non-compliance

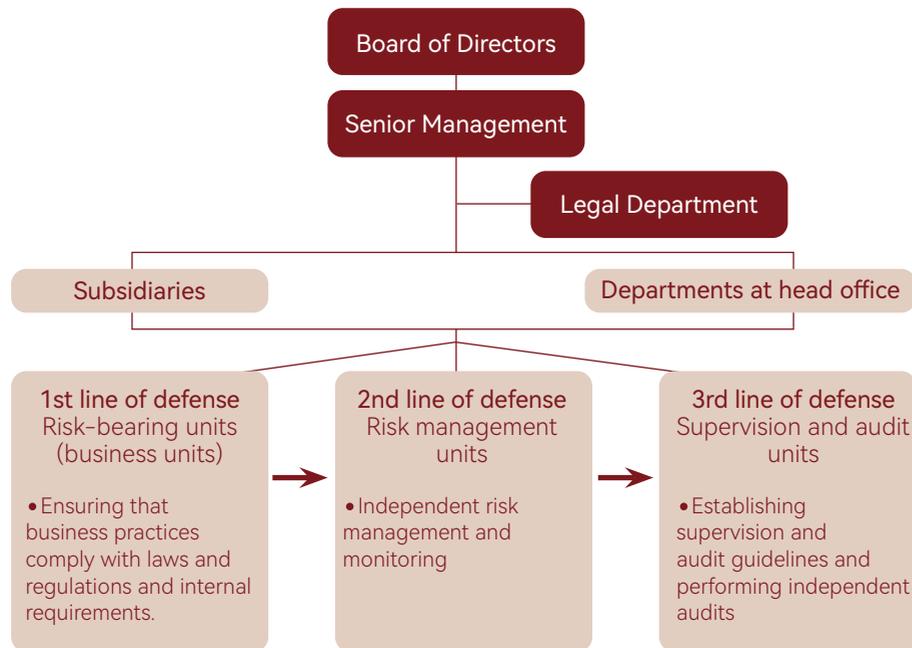
Failure to comply with this Anti-Corruption Policy may result in internal disciplinary action or termination of any employment. In addition, a violation of this Anti-Corruption Policy may constitute a criminal offence and be referred to the relevant government authorities for further action.

Risk Management

Our Approach

We have established comprehensive risk management and mitigation procedures and conduct annual and quarterly risk assessments to identify the risks associated with our business and operations. We perform day-to-day risk monitoring with special inspections and internal audits, and routinely evaluate our performance to ensure the effectiveness of the risk management mechanisms, optimize the decision-making process, and to improve our overall risk management.

Silvercorp ensures effective risk management by using the Three Lines of Defense model.



1st line of defense	Providing risk training to improve the professionalism of frontline workers and enhance their ability to identify risks and manage them; pushing for more thorough investigations, enhanced compliance operations; strengthening all employees’ awareness of risk management and responsibility.
2nd line of defense	Discovering and reviewing first-hand information through daily supervision and inspections and issuing timely alerts; setting up a risk analysis and reporting system to strengthen risk management.
3rd line of defense	Conducting audits for key risk areas and reassessing the Company’s risk status; fully disclosing major risks and seeking accountability through all means.

Risk Identification

In our Annual Information Form, we disclose the major risk factors we face that could have a material adverse impact on our business, operations, and financial status in the future. These risk factors are outlined in section “4.4 Risk Factors” (pages 22 to 34) in the Company’s Annual Information Form dated June 21, 2021.

To view the Silvercorp Annual Information Form in full, please click on the file or scan the QR Code.



Annual Information Form

Emerging Risk Management

The public health crisis triggered by the outbreak of COVID-19 has brought both environmental and social risks into focus, and the need to develop processes to identify and manage them. The pandemic has brought to light the need for updated and efficient emergency response plans for all aspects of our business. The Company has designed risk evaluation forms based on reports published by domestic and international institutions to proactively identify and analyze the various emerging risks, with corresponding mitigation strategies.

Type of Risks	Potential Impacts	Responses
Public health risk	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.	<ul style="list-style-type: none"> • Setting up the Leading Group for Epidemic Prevention and Control; quickly launching an emergency response plan for epidemic control; following the developments 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.
Environmental protection risk	Governments have intensified 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 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.	<ul style="list-style-type: none"> • Increasing investment in environmental protection; ensuring compliance with requirements of local regulators for environmental protection; improving environmental compliance management. • Strengthening statistical monitoring of energy consumption and emissions; improving energy efficiency and reducing greenhouse gas (GHG) emissions through energy efficiency analyses and energy-saving renovations. • Continuously carrying out reclamation of mines and promoting ecological restoration in mining districts by planting tree and maintaining biodiversity. • Responding to all flood risks during the flood season, strengthening emergency drills, and making every effort to keep the tailings ponds secure. • Promoting the construction of the ESG management system and deepening its integration into daily production and management.

Type of Risks	Potential Impacts	Responses
<p>Permits and licenses for mining and exploration in China</p>	<p>All of our operations in China are owned through subsidiaries that are joint ventures. All mining and exploration projects require government approval and permits as they have a direct effect on the environment, society, land and water use, and community. They are also subject to an annual inspection by the government, where failure to pass the inspection may result in penalties that could lead to stoppages.</p>	<ul style="list-style-type: none"> • Steadily carrying out the acquisition and exploration of mining projects to increase the Company's rights to mineral reserves and resources. • Application of exploration technology to fully utilize existing mining resources. • Working with the government on the annual review of mining and exploration permits to ensure that mining and exploration operations are in compliance with relevant laws, regulations, and rules.
<p>Human resources risk</p>	<p>Our mines utilize selective underground mining methods, which can be labour 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.</p>	<ul style="list-style-type: none"> • Regularly studying the Company's human resources strategy and assessing the supply and demand of human resources, and maintaining a solid talent reserve for key positions. • Actively engaging with schools through collaboration and deepening joint training programs between schools and enterprises, and open 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.
<p>Cybersecurity risk</p>	<p>Silvercorp has undergone a comprehensive digital transformation, and with that a significant rise in 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, and computer virus intrusion), the Company could suffer financial losses, business interruptions, or losses of geological data, thus undermining its prospecting and production capacity.</p>	<ul style="list-style-type: none"> • 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. • Desensitizing critical data to reduce potential loss that may be caused by accidental data leakage.

Digitization of Mining

Digitization of mining is an important pillar of the long-term and sustainable development and utilization of mineral resources and an important way to address the various economic, safety, and environmental risks in mineral mining. Silvercorp's Enterprise Blog Refined Management System (the "Eblog App") is an innovative attempt at exploring the application of digital technology that fully considers how mining companies operate in China. The system encompasses all the key business processes such as exploration, development, supply, production, and trading. We continue to explore the integration of digitization into the Company's strategy, business, and culture, and speed up transforming from informatized to digitized operations to realize more refined, efficient, and scientific production, management, and decision-making.

Core Business Process "Eblog App"

Over the years, Silvercorp has worked to streamline processes, cut costs and improve efficiency, and move towards lean management. We do so by constantly optimizing the core mining processes and upgrading the operating and management models. Since 2015, we have worked with an outside information technology company in developing the Eblog App, digitizing the management of production, safety, environmental protection, and other core processes. This will help us achieve the desired business results and sustainable development through the right processes and by the right means.

Refined Management Based on Whole-process Recording

Based on the actual conditions of each production facility, Silvercorp has sorted out the hazards and nodes of management and created inspection work forms in the Eblog App. The forms are filled in by the employees, with photos uploaded as required. The system is closely integrated with the internal data platform, seamlessly connecting all the people, events, and things within the Company and enabling whole-process tracking and digitized management of core businesses.

Features of Eblog App

A truthful and reliable digital recording tool	The system supports flexible and custom-made electronic process record forms that allow employees to record core business processes in their entirety following certain rules and standards. This offers an advantage over traditional paper-based forms that make it difficult to verify information.
Instant information transfer across levels	Managers at all levels, no matter where they are within the organizational hierarchy, can view the status of the core businesses and access historical records anytime, so that they can make timely and condition-based plans. This ensures instant communication between different levels and efficient internal and external collaboration.
Automated management of production safety	Real-time warning is issued based on online data, thus enabling real-time tracking and automated management of the various hazards. This makes the entire production process controlled, visible, analyzeable, and traceable.
Quantitative performance appraisal of core businesses	The system tracks the history of changes so that it is clear what changes have been made and by whom. This provides reliable reference for employee performance appraisal and boosts employees' initiative at work, and is thus conducive to the Company's talent development.
Database for core businesses	The system enables mobile and online management of the equipment, facilities, and operations (workshop procedures) database, the corporate risk source database, and the corporate knowledge database.
Digitized double-pronged risk prevention mechanism	The system enables closed-loop safety management through risk classification, hazard inspection, early warning, etc., reducing the chances of safety accidents and business risks.

The Eblog App has also enabled online review, approval, and control of the different management processes of mining and excavation projects such as planning, design change, blasthole check, dilution assessment, and stope cataloging. This makes possible the real-time supervision of key production processes and cuts down on problems such as illegal construction or acceptance of unapproved or unreasonable projects.

In December 2019, the Refined Safety Management System for Mine Stopes program, developed by Silvercorp based on the Eblog App, was included in the Advanced and Applicable Technology Catalog for the Conservation and Comprehensive Utilization of Mineral Resources (2019 Edition) by the Ministry of Natural Resources as an advanced and applicable technology in the nonferrous metals category.



Interface of the Eblog App

Case

Eblog App Tackling Challenges in Tailings Management Facilities (TMF) Management



Circulation record of dry stacking at tailings ponds in the Eblog App

For mining companies, tailings management facilities (TMF) are a major source of safety hazards, and the differences in the actual management of each TMF mean that the safety hazards are many and complex. With the technological means enabled by the Eblog App, Silvercorp has managed to considerably reduce the safety risks of TMFs, achieving "zero accidents" in Fiscal 2021.

🔍 Closed-loop hazard management

Using the Eblog App, Silvercorp has been able to sort out and carefully analyze the potential sources of hazards at the tailings ponds. A number is designated in the system to each process, such as arch plate making, inspection and entry, exit and transportation, and arch plate installation. Every step of construction is carried out under supervision and control according to the steps laid out in the hazard source form, effectively eradicating non-conformance. Steps are also taken to optimize the supervision and management measures and the traceability system, leading to greater transparency in the management of the arch plates of the tailings pond drainage shafts and enabling the transmission of information across different levels

🔄 Ensuring sound management

Silvercorp has improved the tailings pond management workflow centered on "task-process-hazard" and created the "processing plant tailings pond management work list" numbers based on the control points of hazards, which encompasses all the safety check points at the TMFs. As a routine, employees fill in and publish the electronic forms with photos up loaded. The forms are reviewed by the supervisors and safety personnel in time as required, making sure that everything in the tailings ponds is monitored. Hazards found in the forms are sent as warnings to department heads and relevant persons in charge to prompt timely corrective measures.

Better Decision-making Driven by Data

Thanks to the Eblog App, the Company has been able to collect and communicate accurate information. We take it a step further by building systematic data models. We use data analysis to drive business improvement and inform business insights, facilitating more rigorous and efficient decision-making and higher management efficiency.

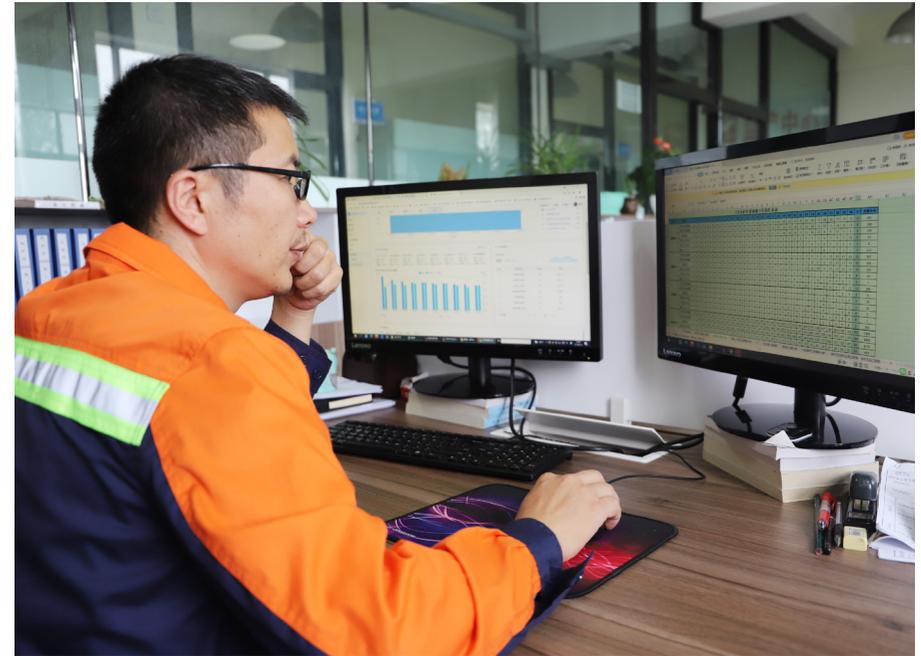
Since adopting the Eblog App to drive digital transformation in August 2015, Silvercorp has seen a remarkable improvement in the grades of its ore production. The silver ore grade at the Ying Mining District, for example, has jumped to, and remains at, over 300g/t from around 200g/t.



The traditional business management systems and processes are mainly based on information collection. The focus of digital construction therefore used to be on whether the data in the process can be found or traced. The result is that the company fails to see the business as a whole. This can only be called business informatization but not digitization.

—Rui Feng

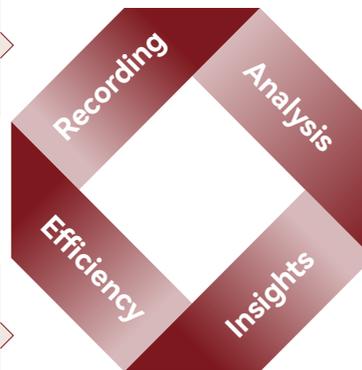
Chairman of Silvercorp Metals Inc



Silvercorp performs statistical analysis of work data in the Eblog App

The Eblog App records all the links of the core business processes in their entirety, moving all business information online and generating systematic data models.

The Company applies data to all its production, management, and decision-making processes and uses data to drive the transformation of its business models and inform the right processes and methods that help it realize greater profits and sustainable development.



The Company uses data analysis to drive business improvement and conducts attribution analysis using recorded data, thus identifying problems in the business processes in a timely and accurate manner and quickly working out targeted, effective solutions.

The Company obtains business insights and realizes refined management based on data. It finds specific ways to increase the input-output ratio through data analysis and eliminates the bottlenecks that hinder the Company's development.

Keeping Our Talent Focused on Their Work Through Scientific Management

Talent is key to creating corporate value and to digital transformation. Along its journey of digital transformation driven by the Eblog App, the Company also strives to foster a work environment that helps employees thrive, by enabling cross-level communication and quantified performance appraisal. This plays an important role in retaining and attracting talent. It also helps us evaluate employee competence, improve organizational effectiveness, and optimize the talent pool.

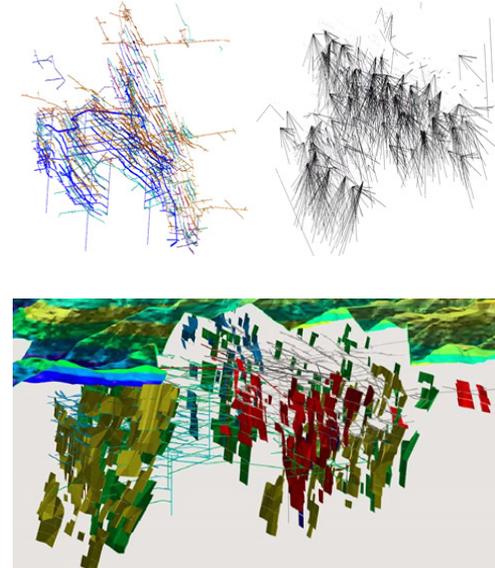
<p>Efficient communication</p>	<p>Managers at all levels, no matter where they are within the organizational hierarchy, can view the status of the core businesses and access historical records anytime, and employees can communicate and collaborate based on the specific business processes, allowing decisions to quickly reach all levels of the organization.</p>
<p>Equality and respect</p>	<p>The Eblog App authorizes frontline employees to view the work content of the managers. The authentic and transparent work processes make every employee feel respected for their work.</p>
<p>Fostering growth</p>	<p>A basic information form of job rank evaluation (self-evaluation) is set up in the Eblog App to give employees freedom of action, decision-making, and innovation at work and help them realize personal value, given that they have clear expectations, guiding principles, and reasonable work arrangements.</p>

Efficient Exploration Using Digital Tools

The geological conditions of a mine are closely related to the complexity of its geological environment. The uneven distribution of mineral resources, which is a natural result of the laws of mineralization, has a significant role to play in site selection and the development of mineral resources. Since bringing in the 3D geological software Micromine™ in 2013, Silvercorp has been taking advantage of digital exploration technologies for greater effectiveness and efficiency and pushing for optimized development and utilization of mineral resources.

Micromine™ has numerous functions such as field data collection, data management, and data visualization. It informs a distinct understanding of the three-dimensional spatial distribution of ore bodies underground based on a three-dimensional geological modeling. By automatically generating a sampling distribution map of a prospecting project, it enables real-time geological statistics and real-time monitoring of its reserve increase. By using Micromine™ and other tools, Silvercorp has taken the leap from geological exploration and data management to resource assessment, mine design and planning, and production control. This has led to greater exploration efficiency and cut down on the costs of production from the source of project design.

In Fiscal 2021, Silvercorp continued to invest heavily in geological exploration and used Micromine™ to aid in geological prospecting, achieving its goal of increasing both resources and reserves and ensuring the necessary resources for the Company's future development.



Silvercorp uses Micromine™ for 3D geological analysis

Case

Eblog App Facilitating Refined Management of Production and Prospecting

To add to the management and monitoring of the drilling process using the Eblog App, the Company has also formulated the Underground Mine Production Safety Management Process (Drilling), the Core Cataloging Process, and the Instructions on Borehole Data Entry Templates. Exploration has become streamlined, standardized, and digitized, resulting in higher effectiveness and efficiency and promoting the steady growth of newly discovered resource and reserves.



Geologists use the Eblog App for drill core logging

Geological Prospecting	Fiscal 2021		
	Ying	GC	Total
Total diamond drilling (10,000meters)	20.90	4.60	25.50
Total exploration tunneling (10,000meters)	5.60	1.40	7.00

Producing Digital Mining Solutions

Leveraging its experience in developing and applying the Eblog App, Silvercorp has been continuously exploring digital mining solutions with Beijing Fengrui. It advances the R&D, application, and promotion of the Eblog App in mining and other on-site operations companies to help them go digital and manage safety and environmental risks more effectively. As of March 31, 2021, the Eblog App had been adopted by 31 large and medium-sized enterprises across China; 25 of them use the system for production management, leading to reduced risk and higher efficiency.



Rock core catalog

Innovation and R&D

For mining companies, technological innovation plays a central part in addressing the challenges in resource development and utilization. It improves our competitiveness and will help us grow and reach sustainability targets. Silvercorp remains focused on technological innovation and works to apply advanced technologies for the safe and efficient exploration and mining of all kinds. We continue to increase our investment in science and technology and improving our technological R&D system. We also help boost industry and university research collaboration by working with academic institutions and strive to produce positive outcomes that will benefit not only the Company but also society at large.

Improving Scientific Research and Innovation Systems

Silvercorp pursues development driven by technology and innovation. It offers the right organizational structure and management so that people can thrive as the most important drivers of innovation. The Company also has well-established incentive and appraisal systems in place to foster and stimulate innovation both in and outside the Company.

Research Management Systems

Silvercorp has instituted a number of systems and regulations such as the R&D Project Management Regulations, the R&D Investment Management Regulations, the Innovation and Entrepreneurship Platform Management Regulations, the Regulations for Organization and Implementation and Incentive and Reward System for Commercialization of High-tech Achievements, the Talent Attraction and Training Management Measures, and the R&D Personnel Performance Appraisal and Reward System. They standardize the management, evaluation, and incentive systems for scientific and technological research at the source to ensure sufficient supplies of personnel and resources.



Henan Found is recognized as a High and New Technology Enterprise ("HNTE") at the national level

In 2016, Silvercorp set up the Corporate R&D Center at the Ying Mining District, focusing on new technologies of non-coal mine exploration, mining, and processing. The Center is equipped with experienced research professionals in geology, mining, processing, electromechanics, safety, environmental protection, and information. The Center regularly assesses the market and the Company's technological development needs, and undertakes the commercialization of R&D projects and high-tech achievements. It is also responsible for providing technical training for Silvercorp employees.

In Fiscal 2021, Silvercorp invested US \$7.4 million in R&D and owns 53 patents, including 51 utility model patents and 2 invention patents. Relevant technologies have been applied to the Company's mining and processing of high-grade lead and zinc ores to produce a technically superior quality product.

Fostering a Culture of Innovation

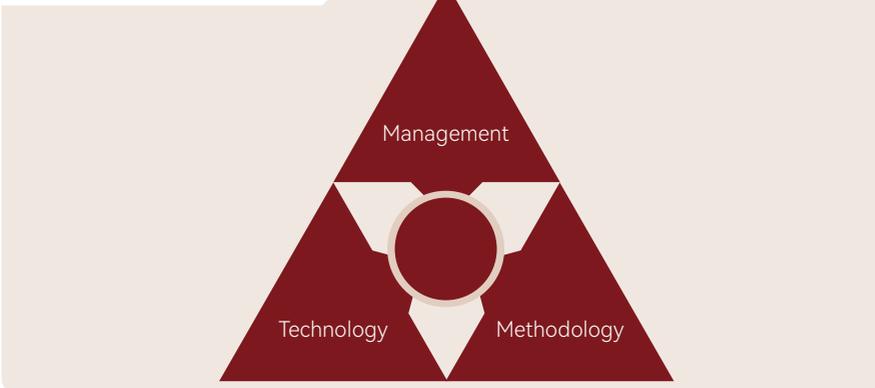
Philosophy of Innovation



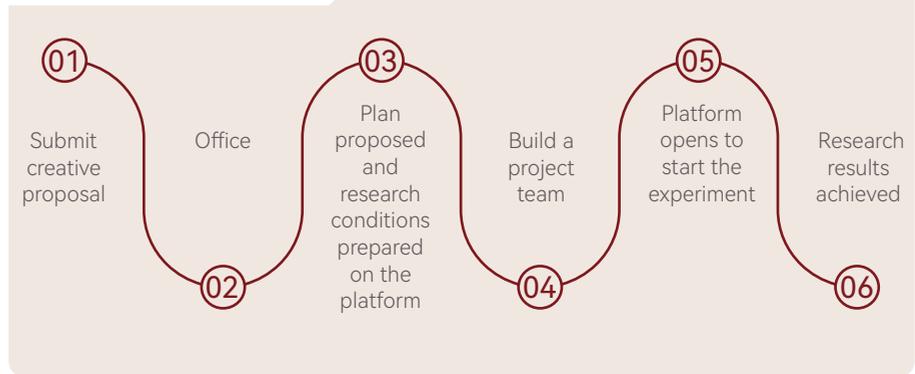
Approach to Innovation

Encourage employees to think creatively and actively, create opportunities to find creative solutions, and be the catalyst for creating value for the Company and stakeholders.

Directions of Innovation



Process of Innovation



Incentivizing Scientific Research and Innovation

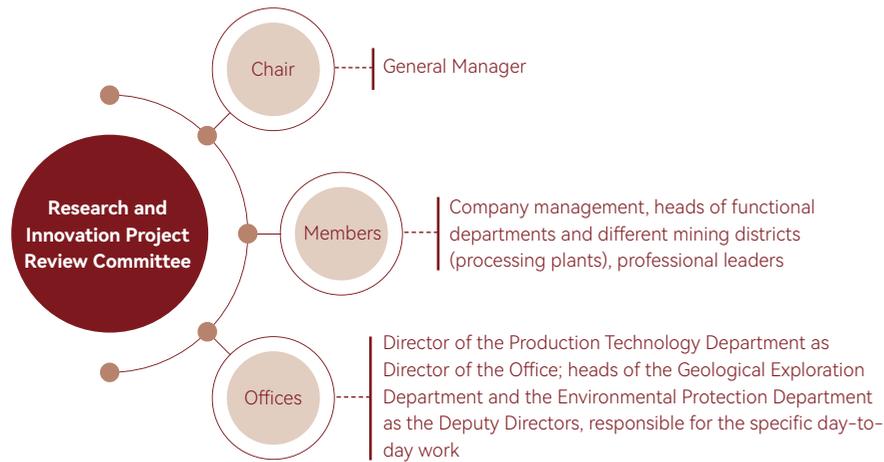
Silvercorp has implemented an incentive-based innovation management program. It is designed to stimulate professionals' initiative, enthusiasm, and potential for scientific research and promote the commercialization of high-tech achievements, helping us achieve advances in technology and management to stay competitive in the market.

<p>Incentives for R&D personnel</p>	<p>We have a point-based promotion system that encourages employees to take extra actions to earn points. The system sets the standards and requirements for promotion based on the Key Performance Indicators (KPIs) of each post. The R&D personnel regularly fill in the monthly and annual List of Value-creating Projects, which comprehensively evaluates the progress and achievements of their scientific research and innovation. They also get extra points for "proposing innovative improvement or incentive suggestions", etc.</p>
<p>Commercialization of high-tech achievements</p>	<p>We encourage the commercialization of high-tech achievements by those who have made them, and reasonably distribute the benefits obtained. Those who make the achievements or undertake their commercialization are rewarded accordingly. For example, if a person transfers his or her position-related high-tech achievements or licenses such achievements to others for use, such person may receive a portion of the net income from the transfer or licensing between 70% and 95%.</p>

Case

Ying Mining District's Research and Innovation Project Review Committee

The Ying Mining District set up the Research and Innovation Project Review Committee in July 2020, responsible for the initiation and design of the company's research and innovation projects and for reviewing the achievements. Projects will be rewarded and recognized in accordance with relevant policies after successful initiation or after they have been approved.



Researchers perform tests

Expanding Research and Innovation Platforms

With a focus on shared technologies and key challenges in the industry, Silvercorp actively reaches out to universities and research institutes to build industry-university-research collaboration platforms and explore new models and ways of working together. The complementary strengths of each party can thus be further leveraged to exploit technological resources and promote the commercialization of high-tech achievements.

Promoting Industry-university-research Collaboration

At Silvercorp, we believe that collaboration is the key to solving some of the key challenges in the mining industry. Our subsidiary, Henan Found (Ying Mining District), and the China University of Geosciences (Beijing) formed an industry-university research partnership in 2017, under which they have strengthened practice-based teaching, conducted joint R&D, and built bases together. Those collaborative efforts have promoted the commercialization of high-tech achievements, boosted industrial development, and created favorable conditions for equipping the students with needed knowledge and skills. Henan Found also donated US \$737,572 to the university, earmarked for setting up the Silvercorp Mining Scholarship.

In 2018, our subsidiary Guangdong Found (GC Mine) partnered with the Changsha Mine Research Institute on the Research on Gaocheng Lead-zinc Mine Total-tailings Filling and Mining Method project. A cemented total-tailings filling system was completed and successfully tested in July 2020. In December 2020, the GC Mine signed an agreement with Yunnan Land and Resources Vocational College and became an internship center for the school's geology, safety, and electromechanics majors.

Partnered teaching	Leveraging high-quality teaching resources of the school and the Company, setting up a practice-based teaching system, and providing opportunities to apply theories to real-world practice.
Industry-research integration	Jointly carrying out key science and technology development projects to boost scientific research and innovation of both the school and the Company and promote the commercialization of high-tech achievements.
Employment	Facilitating students' seamless transition from college to the workplace and opening a "fast track" for outstanding students to secure employment opportunities with the Company.

Case

Exploring the Law of Polymetallic Mineralization Through School-Enterprise Collaboration

The Xiong'er Mountain area of western Henan, the region hosting the Ying Mining District, is known for its concentrated nonferrous metal deposits. To make breakthroughs in both the theory and methodology of deep prospecting, the Company put together some of its best technical people and joined hands with Academician Jingwen Mao's team from China University of Geosciences in undertaking the Research on Laws of Silver-gold Polymetallic Mineralization and Prospecting and Exploration in YLG-TLP Mine of Xiong'er Mountain in Western Henan. This research subject is based on the cutting-edge prospecting theories and methods in the field of geology. The project aims to draw on classic domestic and international research on prospecting and come up with a set of advanced and proven theories on mineralization and prediction methods of ore prospecting. They will shed light on the Company's future prospecting efforts and facilitate the implementation of prospecting prediction technologies using the large-scale metallogenetic prediction theory of ore concentration areas.



Academician Jingwen Mao, a mineral deposit and exploration geologist, conducts geological observation and research at the Ying Mining District in October 2020

Introducing Advanced Technologies

Silvercorp is a long-standing partner of research institutes including the Beijing General Research Institute of Mining and Metallurgy (BGRIMM Technology Group), the Hunan Research Institute for Nonferrous Metals, the Changsha Research Institute of Mining and Metallurgy, and the Changchun Gold Research Institute. The Company keeps a close eye on the technological developments in the mining sector and related fields and integrates state-of-the-art technologies and products to encourage innovation in its mining and processing techniques and efficiency in its utilization of resources.



Processing plants in the Ying Mining District

Case

Addressing Fluctuations in Ore Grades Using an Advanced Collector

The continued and ongoing extraction of mine resources leads to a decrease in ore grades, a common problem facing old mines that also poses new challenges to processing technologies. In June 2020, GC Mine brought in the BK903G collector from the BGRIMM Technology Group. This collector has a stronger selective collecting ability for lead and silver and more readily separates them from each other. In Fiscal 2021, GC Mine increased recovery of lead, zinc, and silver by 0.26%, 2.18%, and 2.62%, respectively due to the use of BK903G and optimized processes.

Fostering Key Technological Advances

One of our guiding principles is innovation. We strive to be innovative in our approach to project management, operations, safety, electromechanics, geology, and most importantly in our approach to sustainable development. Our commitment to innovation has allowed us to become more efficient in all aspects of our business and for us to become a leader in our field on account of our technological enhancements at our operations.

Key research project

- In March 2021, the GC Mine completed the initiation application for the Research on Laws of Mineralization and Directions of Prospecting in GC Mine project (expected research funding: US \$73,757; expected time of completion: 2023) to further investigate the genesis and mineralization of local deposits and direct future prospecting and production work.

Scientific and academic research

- In February 2021, Rui Feng, Chairman of Silvercorp, published a paper titled Geological Characteristics and Prospecting Evaluation of Newly Proven Super-Large Silver Deposits in Silver Sand, Bolivia in the core Chinese journal Mineral Deposits (2021-01).
- In May 2020, Guoxiong Xu from the Department of Geology of the GC Mine published a paper titled Application of Structural Ore-controlling Theory in Geological Prospecting in the national journal World Nonferrous Metals.
- In Fiscal 2021, Successful Application of Eblog in Safe Mining Operations of Henan Found Mining Co., Ltd. and Geological Environment Protection and Land Reclamation at Yuelianggou Lead-zinc-silver Mine of Henan Found Mining Co., Ltd. in Luoning County, won first prize for scientific and technological progress presented by the Henan Province Non-ferrous Metals Geological Mineral Resources Bureau.

Academic conferences

- In Fiscal 2021, Silvercorp participated in a number of academic conferences including the Annual Academic Conference of the Nonferrous Metals Society of China, the Annual Meeting of Chinese Prospectors, and the "Belt and Road" Symposium on International Mining Cooperation Mechanism. The Company shared its achievements under topics like digital transformation, green and high-quality development of mines, and mineral exploration management in the era of big data.



Researchers take a sample test

Case Independent R&D of an Automatic Underground Dewatering System

For many years, the underground dewatering system of the TLP Mine had been controlled by relays, which relied on manual pump control and required workers to be on duty 24 hours a day. In June 2020, the Electromechanics Department of the TLP Mine designed an automatic control for the water supply system and piloted it for six months, finding it to be quite successful.

Since January 2021, this new control system has been installed in the main dewatering pump stations of many underground tunnels in the TLP Mine. Besides automatic control of the water switch and valve, this upgrade also has enabled real-time monitoring of the underground water level and the working status of the pump and valve, and access to fault records at any time. Thus, manual control is no longer needed, and operating the system has also become much safer. It is estimated that once all the main pumps in the TLP&LME Mine are renovated, it will help save US \$100,310, US \$54,580, and US \$11,801 in material costs, annual labor costs, and annual electricity costs, respectively.



Electromechanics Department of the TLP Mine upgrades the main pumping station with the automatic control system

Intellectual Property Protection

Silvercorp fully complies with the international rules related to intellectual property and the laws and regulations of the countries in which it operates. The Company protects its own IP rights in business operations and strictly prohibits its employees from engaging in activities that infringe on other's IP rights. Both the Ying Mining District and GC Mine have instituted measures for IP management. They have each set up a leading group for IP rights, with the companies' heads as the group leaders and the R&D directors as the deputy group leaders. They work with the R&D centers in carrying out the day-to-day management of IP rights, including but not limited to managing IP files, handling IP-related disputes, and protecting the companies' patents, trademarks, technical know-how, and commercial secrets according to law.

