Governance

Board of Directors

Carl-Peter Forster

Chairman

Appointed to the Board 1 November 2022, and as Chairman on 1 December 2022

One year on the Board

- Extensive board experience as Chairman and Chief Executive within international listed companies
- Proven strategic and operational skills gained in complex multinational industrial goods and engineering businesses
- Global commercial and engineering experience, including expertise in operational excellence and lean manufacturing

Current external appointments

Carl-Peter is Chairman of Chemring Group plc and Senior Independent Director at Babcock International Group plc. He is also Chairman of StoreDot, Director of The Mobility House AG, Gordon Murray Group Ltd, Envisics Ltd, Lead Equities Fund Management GmbH and associated companies and serves as a Director on the advisory board of Kinexon GmbH.

Career experience

Carl-Peter has spent the majority of his career holding senior leadership positions in some of the world's largest automotive manufacturers, including BMW, General Motors and Tata Motors (including Jaguar Land Rover). Since he stepped down from Tata Motors in 2011, he has served as a director on a wide variety of public and private company boards, including IMI plc from 2012–2021, Rexam plc from 2014-2016 and Geely Automotive Holdings, Hong Kong, as well as Volvo Cars Group from 2013-2019. Until recently he also served on the board of LeddarTech, Inc.

Patrick André

Chief Executive

Appointed to the Board 1 September 2017

Six years on the Board

- Global career serving the steel industry
- Strong background in strategic development and implementation
- Customer focus and proven record of delivery, with strong commercial acumen
- Drive and energy in promoting his strategic vision

Current external appointments

None.

Career experience

Patrick joined the Group as President of the Vesuvius Flow Control Business Unit in 2016, until his appointment as Chief Executive in September 2017.

Before joining the Group, Patrick served as Executive Vice President Strategic Growth, CEO Europe and CEO for Asia, CIS and Africa for Lhoist company, the world leader in lime production. Prior to this, he was CEO of the Nickel division, then CEO of the Manganese division of ERAMET group, a global manufacturer of nickel and special alloys.

Mark Collis

Chief Financial Officer

Appointed to the Board 1 April 2023

Ten months on the Board

- Wealth of international operational experience and leadership skills
- Complements the strong performance-oriented culture and the skills of the management team
- Respected leader for the finance and IT functions

Current external appointments

None.

Career experience

Mark was previously Chief Financial Officer of the Operations business of John Wood Group PLC. He has over 20 years of senior financial experience in a number of international businesses including Amec Foster Wheeler plc and Expro International Group. Mark is a Chartered Accountant qualified with the ICAEW.

Key to Board Committee membership

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- ● Committee Chair

Engagement with the workforce

E Carla Bailo serves as the designated Non-executive Director responsible for workforce engagement.

* Cevian Capital is a shareholder of Vesuvius plc and, at 28 February 2024, held 21.3% of Vesuvius' issued share capital.

Changes to the Board during the year

The Directors named were in office during the year and up to the date of this Annual Report, with the exception of:

- Carla Bailo who joined the Board as a Non-executive Director on 1 February 2023
- Guy Young who served as Chief Financial Officer from 1 November 2015 until he left the Group on 17 February 2023
- Mark Collis who joined the Board as Chief Financial Officer on 1 April 2023
- Jane Hinkley who served as a Non-executive Director until 18 May 2023
- Robert MacLeod who joined the Board as a Non-executive Director on 1 September 2023

Richard Sykes (formerly Group Vice President, Business Development) served as Interim Chief Financial Officer from 17 February to 31 March 2023 but was not a Director of Vesuvius plc.

Proposed appointment of Eva Lindqvist

It is proposed that Eva Lindqvist be appointed to the Board as a Non-executive Director with effect from the close of the 2024 AGM, subject to her election being approved by shareholders at the AGM. Subject to her election, Eva will succeed Douglas Hurt as Senior Independent Director at the close of the 2024 AGM and she will also join the Company's Audit, Remuneration and Nomination Committees. Eva's biography and details of her proposed appointment can be found in the Notice of AGM.

Current external appointments

Eva currently supports several small companies and non-profit organisations, and serves as a Non-executive Director of CLS Holdings plc, Greencoat Renewables plc and Tele2 AB. She will step down as a Non-executive Director and Chair of the Remuneration Committee of Keller Group plc at their AGM in May 2024.

Career experience

Eva is an engineer with more than 35 years' experience in global industrial and service businesses. She spent 20 years with Ericsson, focusing on strategy, production development and international sales. In 2000 she joined the Scandinavian telecommunications company Telia. She was Senior Vice President of Telia Equity before becoming Chief Executive of TeliaSonera International Carrier in 2002. Eva has served on the board of a range of listed companies including Acast AB, Bodycote plc, Mr Green & Co AB, Sweco AB and Tarsier AB. She is a member of the Royal Swedish Academy of Engineering Sciences.

Douglas Hurt

Senior Independent Director (SID)

Appointed to the Board 2 April 2015 and will step down from the Board at the conclusion of the AGM on 15 May 2024

Eight years on the Board

- Qualified Chartered Accountant, with recent and relevant financial experience
- Highly knowledgeable in operational and corporate financial matters, with significant US and European experience
- Proven management and leadership skills

Current external appointments

Non-executive Director and Chair of the Audit Committees of Hikma Pharmaceuticals PLC and the British Standards Institution.

Career experience

Douglas was Finance Director of IMI plc, a UK listed company, until 2015. He spent 23 years at GlaxoSmithKline plc where he held senior finance and general management positions. Douglas served as SID and Chair of the Audit Committees of Tate & Lyle plc and Countryside Partnerships PLC until 2019 and July 2022 respectively, and he also served as Chairman of Countryside Partnerships PLC from July to November 2022 when it merged with Vistry Group.

Carla Bailo

Non-executive Independent Director

Appointed to the Board 1 February 2023

One year on the Board

- Strong engineering and product management experience
- Research and development background gained during more than 40 years working in the automotive industry
- International experience and extensive knowledge of US markets

Current external appointments

Non-executive Director of Advance Auto Parts, Inc. and SM Energy Company.

Career experience

Carla was President and CEO of the Center for Automotive Research (CAR) in the USA for five years, until she stepped down in September 2022. Prior to joining CAR, Carla was Assistant Vice President for Mobility Research and Business Development at The Ohio State University. She spent 25 years at the Nissan Motor Company, culminating as Senior VP, Research and Development, Americas and Total Customer Satisfaction. Carla served as Non-executive director of EVe Mobility Acquisition Corp. until 21 February 2024.

Kath Durrant

Non-executive Independent Director

Appointed to the Board 1 December 2020

Three years on the Board

- 30 years' experience of people management
- Strong operational and strategic track record, gained working at a number of large global manufacturing companies
- Experienced UK governance professional

Current external appointments

Senior Independent Director and Chair of the Remuneration Committee of SIG plc, and a Non-executive Director of Essentra plc.

Career experience

Kath held various operational and specialist HR roles at GlaxoSmithKline plc and AstraZeneca plc, and was Group HR Director of Rolls-Royce plc. She was most recently Group HR Director of Ferguson plc and Chief HR Officer of CRH plc. Kath served as a Non-executive Director and Chair of the Remuneration Committee of Renishaw plc from 2015 to 2018 and as a Non-executive Director and Chair of the Remuneration Committee of Calisen plc from 2020 to 2021.

Dinggui Gao

Non-executive Independent Director

Appointed to the Board 1 April 2021

Two years on the Board

- Strong operational experience driving performance in multinational companies
- Proven track record of leadership and international commercial experience
- Strong focus on technology and in-depth knowledge of Asian markets

Current external appointments

Non-executive Director Intramco Europe B.V and Operating Partner CITIC Capital Holdings Ltd.

Career experience

Dinggui has 40 years of operational experience having worked in multinational companies including Bosch, Honeywell, Eagle Ottawa and Sandvik AB. Between 2017 and 2021 he was Managing Director, China of Formel D Group, the German global service provider to the automotive and components industry.

Friederike Helfer

Non-executive Director

Appointed to the Board 4 December 2019

Four years on the Board

- An experienced strategist, with strong analytic capability
- Commercial acumen and a strong track record of working with a portfolio of companies to identify scope for operational and strategic improvement

Current external appointments

Partner of Cevian Capital.*

Career experience

Friederike is a Partner of Cevian Capital. She joined Cevian in 2008 and served as a Non-executive Director on the boards of thyssenkrupp AG from 2020 to 2023 and Valmet Oyj from 2013 to 2017. These are both companies in which Cevian was also invested. Prior to joining Cevian, Friederike worked at McKinsey & Company. She is a CFA Charterholder.

Robert MacLeod

Non-executive Independent Director

Appointed to the Board 1 September 2023 and as Chair of the Audit Committee from AGM 2024

Five months on the Board

- Qualified Chartered Accountant, with significant experience in large multinational companies
- Knowledgeable corporate and operational finance professional
- Wealth of general management and financial leadership experience

Current external appointments

Non-executive Director and Chair of the Remuneration Committee of RELX PLC and Non-executive Member at The Defence Science and Technology Laboratory.

Career experience

Robert served as CEO of Johnson Matthey PLC from 2014 to 2022 and Group Finance Director from 2009 to 2014. Prior to this he worked at WS Atkins PLC, latterly as Group Finance Director.

Group Executive Committee

Patrick André

Chief Executive

Eight years with the Group

For biographical details, please see the Board of Directors on page 80.

Mark Collis

Chief Financial Officer

Eleven months with the Group

For biographical details, please see the Board of Directors on page 80.

Karena Cancilleri

President, Foundry

Four years with the Group

Appointed President, Foundry in October 2019. Karena joined the Group from Beaulieu International Group, where she served for six years as VP Engineered Products and latterly President Engineered Products. She has a breadth of managerial experience spanning various international leadership roles in companies such as FiberVisions, Kraton Corporation and Shell.

Karena is based in London, UK.

Pascal Genest

President, Flow Control

Three years with the Group

Appointed President, Flow Control in January 2021. Pascal joined the Group from GFG Alliance where he held the position of CEO Liberty Ostrava in the Czech Republic. Prior to this he was CEO of SULB in Bahrain. Pascal has more than 15 years' experience working in the steel industry, mainly with ArcelorMittal. He has also worked in consulting, in private equity and in the aluminium industry.

Pascal is based in London, UK.

Henry Knowles

General Counsel and Company Secretary

Ten years with the Group

Appointed as General Counsel and Company Secretary in September 2013. Prior to joining Vesuvius, Henry spent eight years at Hikma Pharmaceuticals PLC, a generic pharmaceutical manufacturer with significant operations in the Middle East, North Africa and the US where he held the roles of General Counsel and Company Secretary. Henry is also responsible for the Group's Intellectual Property function.

Henry is based in London, UK.

Richard Sykes

President, Advanced Refractories

Twenty-five years with the Group

Joined the GEC on 1 January 2023 prior to his appointment as Interim Chief Financial Officer in February 2023. He subsequently assumed the role of President, Advanced Refractories, in August 2023. Richard joined Premier Refractories Limited in May 1991 as Finance Director. He has since held various senior managerial roles in Vesuvius' Steel Division and in the Corporate centre. Most recently serving as President, Business Development and Special Projects, Regional Vice President Flow Control EMEA and Vice President Finance Flow Control.

Richard is based in London, UK.

Agnieszka Tomczak

Chief HR Officer

Five years with the Group

Appointed as Chief HR Officer in October 2018. Agnieszka has over 25 years of senior leadership experience in multinational companies spanning various business sectors and industries. Prior to joining Vesuvius, she spent 12 years at ICI, which was subsequently acquired by AkzoNobel, in regional and global HR roles.

Agnieszka is based in London, UK.

Changes to the Group Executive Committee (GEC)

- Richard Sykes joined the GEC on 1 January 2023 prior to his appointment as interim Chief Financial Officer on 17 February 2023. He remained on the GEC when he was appointed as President, Business Development and Special Projects on 1 April 2023, and as President, Advanced Refractories on 1 August 2023
- Mark Collis joined the GEC on his appointment as Chief Financial Officer on 1 April 2023
- Guy Young, Chief Financial Officer was a member of the GEC until he resigned from the Group on 17 February 2023
- Vincent Dujardin, President, Advanced Refractories was a member of the GEC from 1 April 2023 until he resigned from the Group on 30 September 2023

Corporate Governance Statement

Dear Shareholder,

On behalf of the Board, I am pleased to present Vesuvius' Corporate Governance Statement. This Statement provides investors and other stakeholders with an insight into the governance activities of the Board and its Committees during the year. It describes how the Group has complied with the Principles of the UK Corporate Governance Code during 2023, except where we consider it clearer for us to describe the application of a Principle elsewhere in this Annual Report. The table on page 84 signposts where detailed information on each section of the Code (and associated Principles) can be found. The Board of Vesuvius plc is committed to maintaining high standards of governance and to continuous improvement to reflect ongoing best practice.

The Board's key focus in 2023 was on continuing to support management to further develop the Group's strategy, together with setting clear objectives to measure business success. We outlined this strategy and our updated set of key strategic targets to our investors at the Capital Markets event in November. In December, we announced the launch of a £50m share buyback programme, as the first step to delivering this strategy.

Alongside this strategic focus, the Directors also oversaw the continued refreshment of the Board during 2023. Together with the recruitment of Carla Bailo and Mark Collis, who we welcomed to the Board in February and April, respectively, searches were also undertaken for two further Non-executive Directors. As a result of this work, Robert MacLeod joined the Board on 1 September 2023 and the Board recently announced the proposed appointment of Eva Lindqvist at the forthcoming AGM. Robert and Eva will assume the roles of Chair of the Audit Committee and Senior Independent Director, respectively, when Douglas Hurt retires from the Board at the close of the AGM, having served as a Director for nine years.

Yours sincerely

Carl-Peter Forster
Chairman
28 February 2024

In this section

Carl-Peter Forster
Chairman

Corporate Governance Statement continued

Board Report

2018 UK Corporate Governance Code

The Company applied the Principles of the 2018 UK Corporate Governance Code (the 'Code'), and was fully compliant with its Provisions, throughout the year ended 31 December 2023. A copy of the Code can be found on the FRC website at: https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

Information availability

Board leadership and Company purpose	The Corporate Governance statement (CG Statement) on pages 83-135 gives information on the Group's compliance with the Principles relating to the Board's leadership and Company purpose. **More detailed information on:** – The Group's statement of purpose can be found on the IFC – The Group's strategy, resources and the indicators it uses to measure performance can be found on pages 17, 20 and 21, and 28 and 35, respectively – The Group's engagement with stakeholders and the Group's Section 172(1) Statement is contained in the Section 172(1) Statement and stakeholder engagement section on pages 68-71 – The Group's approach to workforce matters can be found in the Our people section on pages 58-63, with further details of the Group's approach to employee involvement and engagement contained in the Section 172(1) Statement on pages 68 and 69 – Details of the Group's framework of controls is contained in the Audit Committee report on pages 97 and 98 of the CG Statement and in the Risk, viability and going concern section on pages 74 and 75
Division of responsibilities	The CG Statement describes the structure and operation of the Board. The Nomination Committee report, on pages 106 and 107, describes the process the Company conducts to evaluate the Board, to ensure that it continues to operate effectively, that individual Directors' contributions are appropriate and that the oversight of the Chairman promotes a culture of openness and constructive yet challenging debate.
Composition, succession and evaluation	Details of the skills, experience and knowledge of the existing Board members can be found in the Board biographies contained on pages 80 and 81. Information on the Board's appointment process and approach to succession planning and Board evaluation is contained in the Nomination Committee report on pages 102-107 of the CG Statement.
Audit, risk and internal control	Information on the policies and procedures the Group has in place to monitor the effectiveness of the Group's Internal and External Audit functions and the integrity of the Group's financial statements is contained in the Audit Committee report on pages 93-101 of the CG Statement, along with an overview of the procedures in place to manage risk and oversee the internal control framework. Further information on the Group's approach to risk management is contained in the Risk, viability and going concern section of the Strategic Report on pages 72-78. The Board believes the 2023 Annual Report to be a fair, balanced and understandable assessment of the Company's position and prospects. A description of the Audit Committee's work in enabling the Board to reach this conclusion is contained in the Audit Committee report on page 97.
Remuneration	The Company's approach to investing in and rewarding its workforce is described in the Our people section on pages 58-63. The Directors' Remuneration Report section of the CG Statement describes the Group's approach to Directors' remuneration, including the procedure for developing policy and the Remuneration Committee's discretion for authorising remuneration outcomes. It also includes information about the Remuneration Consultants appointed by the Remuneration Committee. Details of the linkage of the Directors' Remuneration Policy with long-term strategy is contained on pages 109 and 110 and also highlighted on pages 28 and 35 in the sections on Key Performance Indicators.

The aforementioned sections are incorporated into the Corporate Governance Report by reference.

Board leadership and Company purpose

The Board is responsible for leading the Group in an efficient and entrepreneurial manner, establishing the Group's purpose, values and strategy, and satisfying itself that these and the Group's culture are aligned. It focuses primarily on strategic and policy issues and is responsible for ensuring the long-term sustainable success of the Group. It also oversees the allocation of resources and monitors the performance of the Group in pursuit of this strategy. It is responsible for effective risk assessment and management of the Group's risk profile. In performance of these duties, the Board has regard to the interests of the Group's key stakeholders and is cognisant of the potential impact of the decisions it makes on wider society.

Purpose

Vesuvius' purpose is to be a global leader in molten metal flow engineering and technology, servicing process industries operating in challenging high-temperature conditions. We think beyond the status quo to create the innovative solutions that will shape the future for our customers, wider stakeholders and business. We help our customers make their industrial processes safer, more efficient and sustainable. The Group aims to deliver sustainable, profitable growth, providing its shareholders with a superior return on their investment, whilst providing each of its employees with a safe workplace where they are recognised, developed and properly rewarded.

In November 2023, the Company held a Capital Markets Day to outline the Group's strategic objectives for the next three years, and to provide further insight into the positive long-term growth trends anticipated in the steel and foundry markets. Further information on the Group's strategic targets can be found on page 17. The Board has identified a number of Key Performance Indicators (KPIs) which provide information on key aspects of the Group's financial and non-financial performance. Reviewing this information assists the Board to assess progress with the execution of the Group's strategy and to determine any remedial action that needs to be taken. Detailed information on the Group's financial and non-financial KPIs can be found on pages 28 and 35, respectively.

The Group has established a framework of controls to enable risk to be assessed and managed. Further information on this can be found in the Audit, risk and internal control section on page 92 of this Board Report.

Sustainability

Vesuvius recognises that lasting business success is measured not only in financial performance but in the way in which the Group deals with its customers, suppliers, business associates, employees, investors and local communities. Our sustainability strategy supports the Group's key strategic objectives which are focused on creating a better tomorrow in a profitable and sustainable way. To drive change throughout the Group, the Board has set specific targets focused on ways in which the Group can improve its impact on our planet, our communities, our people and our customers. The Board monitors these targets and oversees the output of the Sustainability Council in spearheading new activities to enhance Group performance. Further information can be found in the Non-financial and sustainability information statement on pages 32–67.

Culture

The Board monitors the corporate culture of the Group. The Group's CORE Values – Courage, Ownership, Respect and Energy – define our behaviours across the business and are the practical representation of the culture we seek to foster, aligning with the Company's purpose and strategy, and supporting our governance and control processes. These Values are prominently displayed at all sites. Our CORE Values are reinforced in our performance management systems, which ensure that they are firmly embedded in our day-to-day conversations and behaviours. Further detail can be found on page 60.

The CORE Values are supported by the Group's Code of Conduct which sets out the standards of conduct expected, without exception, of everyone who works for Vesuvius in any of its worldwide operations. The Code of Conduct emphasises the Group's commitment to ethical behaviour and compliance with the law. It also covers every aspect of Vesuvius' approach to business, from the way that the Group engages with customers, employees, its markets and each of its other stakeholders, to the safety of its employees and places of work. Everyone within Vesuvius is individually accountable for upholding these requirements.

The Board seeks to ensure that the Group's workforce policies and practices are consistent with the Group's long-term sustainable success. Further information about the Group's remuneration practices for senior managers can be found in the Directors' Remuneration Report on pages 108–135, the Group's approach to diversity in the Nomination Committee Report on pages 104–106, and the Group's general approach to HR matters in the Our people section on pages 58–63. Information on the Group's Speak Up confidential employee concern helpline is set out overleaf.

Corporate Governance Statement continued

Board site visits

The Directors undertook an extensive programme of site visits in 2023. A full off-site Board meeting was held in Brazil, with Directors visiting Vesuvius' sites in São Paulo and Rio de Janeiro, along with a customer site in Rio. In addition, the Non-executive Directors visited sites in Yingkou and Bayuquan in China, Borken and Grossalmerode in Germany, Pune and Kolkata in India, Enschede and Hengelo in the Netherlands, and Cleveland in the USA. A number of Directors were also able to attend the GIFA and METEC International Foundry and Metallurgical Trade Fairs that were held in Germany in June, showcasing recent innovations in the steel and foundry industries. The visits provided the Board with the opportunity to meet local management, and hear firsthand about business performance, and local opportunities and challenges. During the visits the Directors were also able to interact with a cross-section of employees, from various functions and organisational levels, and at some sites 'town hall' meetings were held, providing the Non-executive Directors with the opportunity to engage with the workforce to hear the views of employees and answer their questions about the Company. The Directors engaged in firsthand discussions on culture and purpose, providing direct feedback to the Board on their perceptions of each site and potential areas for improvement, alongside highlighting examples of best practice that could be shared more widely.

Board assessment of culture

During the year, the Board's assessment of the Group's culture considered the Group's:

(1) Adherence to the CORE Values – The Board focused on ensuring that there was a consistent culture across the Group, underpinned by the CORE Values. During their site visits, the Directors focused on the extent to which the Values are published, understood and motivate employee behaviour, and reported on their individual findings as part of their feedback. In 2023, nominations were once again sought for the Group's peer-nominated Living the Values Awards. The Board was delighted that there were almost 1,500 nominations, showcasing examples of individuals and teams going the 'extra mile' to live the CORE Values. Members of the Group Executive Committee presented both regional and global awards as part of the process of recognising those individuals who exemplify our Values. The global awards presentation was held online to allow all employees to join and celebrate the examples of Vesuvius' Values in action.

(2) Commitment to safety – At each meeting during the year, the Board received an update on issues affecting the global health and well-being of the Group's employees. As a priority the Board receives regular updates on the Group's performance against safety targets, and reviews all Lost Time Incidents and the follow-up action taken. In addition, the Board receives biannual reports on the progress of the Group's safety programmes. During the year, the Directors used their individual site visits to assess each site's commitment to safety, and the Executive Directors and Group Executive Committee members' long-term incentives include a safety target alongside other sustainability measures. A core tenet of the Group's Sustainability initiative is a focus on ensuring the Group affords a safe working environment for all its employees. The Board has set a challenging Group safety target of less than one Lost Time Injury per million hours worked. This equates to an average of less than two lost time work-related Lost Time Injuries or illnesses per month. The Board is encouraged to see the excellent progress in reducing the rate of Lost Time Injuries to date, but recognises that there is further work still to be done, particularly in relation to the management of third-party contractors, two of whom suffered serious injuries on our sites in 2023.

(3) Entrepreneurship – As part of the Board's rolling agenda, the Board received reports from each Business Unit President on their business strategy, new commercial initiatives and future technology trends. The Nomination Committee focused on the development and retention of key talent across the Group to execute the Group strategy, and the Board also received reports on the key commercial achievements across the Business Units as part of regular reporting from the Chief Executive.

(4) Transparency – The engagement and openness of the senior managers who presented to the Board and Committees during the year, along with the employees the Board met during site tours, 'town hall' meetings and formal and social engagements, was assessed in terms of the Group's culture. These firsthand reviews were supported by the Directors' review of the output of the Group's Speak Up processes. In addition, the Audit Committee sought qualitative feedback from External and Internal Audit on how transparent/engaged managers had been during audit interactions.

(5) Customer focus – In 2023, the Board received detailed briefings on the Group's key customers, their concentration, diversity and core challenges, alongside information on the state of the Group's markets. They also reviewed the initiatives undertaken in the Company to understand value drivers at our customers, to underpin our solutions-focused business model, and communicate the value contributed to customers by our products.

The Chief Executive provided updates on key customer issues, and undertook a range of customer visits, meeting face-to-face with customers to discuss business challenges and future prospects. During the Board site visit to Brazil in October, the Directors visited a key Steel Division customer. Throughout the year, the Board also received regular updates on quality performance, with detailed analysis of any specific quality issues.

(6) Diversity and respect for local cultures – In July 2023, the Directors revised the Board Diversity Policy to include a target for 40% of the Board to be female by the end of 2024. The Nomination Committee considered the Board's diversity as part of the Director recruitment exercises and monitored progress with the achievement of the Group's gender diversity target which seeks to have 25% female representation in the Senior Leadership Group, which comprises c.150 individuals, by 2025. The Board also reviewed the results of the employee engagement survey.

Whistleblowing policy

Speak Up

All Vesuvius employees can speak up without fear of retaliation, either to Vesuvius management or via independent channels. We have implemented a Speak Up policy, under the responsibility of our Board, which is included in our Code of Conduct. Details of it are provided on the internal Vesuvius website, and communicated by local language posters in all our locations. A third-party operated confidential Speak Up helpline is available 365 days per year, 24 hours per day, to anyone wishing to raise concerns anonymously or in situations where they feel unable to report directly. Details of the helpline can also be found on the Vesuvius website. This independent facility supports online reporting through a web portal and reporting by phone or by voicemail. Ensuring global accessibility, employees can speak with operators in any of our 29 functional languages.

All reports received are reviewed and, where appropriate, investigated and feedback is provided to the reporter via the helpline portal. Vesuvius' Speak Up helpline is highlighted during internal compliance training and new joiner inductions. No Vesuvius employee will ever be penalised or disadvantaged for reporting a legitimate concern in good faith. Reports received via Speak Up channels are managed by the General Counsel and Compliance Director. When received, reports are assessed for risk and category of concern. All reports are considered in line with a protocol for review, investigation, action, closure and feedback, independent of management lines where necessary, and involving senior Business Unit or HR management as appropriate. For complex issues, formal investigation plans are drawn up, and support from external experts is engaged where necessary. Feedback is recognised as an important element of the Speak Up process and we aim to acknowledge all cases within seven days of receipt. The Group monitors the volume, geographic distribution and range of reports made to the Speak Up facility to ascertain whether there are significant regional compliance concerns, or particular themes that recur, and whether this indicates that there are countries where access to this facility is less well understood or publicised.

During 2023, the Board received updates on the nature and volume of reports received by the confidential Speak Up helpline, key themes emerging from these reports and the results of any investigations undertaken. Further details on specific issues were provided where requested. In 2023, the Group received 120 reports (2022: 141) through the Speak Up facility and 16 walk-in reports (2022: 38). Each one of these was reviewed and, where appropriate, investigated. Similar to 2022, a majority of these reports related to HR issues which indicated no compliance concerns, nor serious breaches of the Code of Conduct. Of the small number of reports received that contained allegations of a breach of our Code of Conduct, thorough investigations were performed and, where appropriate, disciplinary action was taken.

The Board

Carl-Peter Forster	Non-executive Chairman	
Patrick André	Chief Executive	
Mark Collis	Chief Financial Officer	Joined 1 April 2023
Carla Bailo	Non-executive Director	Joined 1 February 2023
Kath Durrant	Non-executive Director and Chair of the Remuneration Committee	
Dinggui Gao	Non-executive Director	
Friederike Helfer	Non-executive Director	
Douglas Hurt	Senior Independent Director and Chair of the Audit Committee	
Robert MacLeod	Non-executive Director	Joined 1 September 2023
Leavers during the year:		
Guy Young	Chief Financial Officer	Stepped down on 17 February 2023
Jane Hinkley	Non-executive Director	Stepped down on 18 May 2023

On 15 February 2024, the Company announced the proposed appointment of Eva Lindqvist at the AGM to be held on 15 May 2024. Douglas Hurt will retire from the Board at the close of this meeting having served on the Board for nine years.

Section 172 duties

The Directors are cognisant of the duty they have under Section 172 of the Companies Act 2006, to promote the success of the Company over the long term for the benefit of shareholders as a whole, whilst also having regard to a range of other key stakeholders. In performance of its duties throughout the year, the Board had regard to these duties and remained cognisant of the potential impact on these stakeholders of the Group's activities. Details of the Board and the Company's engagement with stakeholders during the year can be found in the Section 172(1) Statement on pages 68–71.

Directors' independence

The Board considers that, for the purposes of the UK Corporate Governance Code, 62.5% of the Board – five of the current Non-executive Directors (excluding the Non-executive Chairman), namely Carla Bailo, Kath Durrant, Dinggui Gao, Douglas Hurt and Robert MacLeod, are independent of management and free from any business or other relationship which could affect the exercise of their independent judgement. Friederike Helfer is a Partner of Cevian Capital, which continues to hold 21.3% of Vesuvius' issued ordinary share capital (excluding Treasury Shares). As a result, Friederike Helfer is not considered to be independent. The Chairman satisfied the independence criteria on his appointment to the Board. The Board and its Committees have a wide range of skills, experience and knowledge, and further details of each Director's individual contribution in this regard can be found in their biographical details on pages 80 and 81.

Corporate Governance Statement continued

Division of responsibilities

The Board
Responsible for Group strategy, risk management, succession and policy issues. Sets the purpose, Values and culture for the Group. Monitors the Group's progress against the targets set

Chairman
Provides leadership and guidance for the Board, promoting a high standard of corporate governance. Sets the Board agenda and chairs and manages meetings. Independent on appointment, he is the link between the Executive and Non-executive Directors

Chief Executive
Develops strategy for review and approval by the Board. Directs, monitors and manages the operational performance of the Company. Responsible for the application of Group policies, implementation of Group strategy and the resources for their delivery. Accountable to the Board for Group performance

Chief Financial Officer
Supports the Chief Executive in developing strategic direction and works with the Board to develop and implement the Group's strategy. Directs, monitors and manages the finance and IT functions to ensure the Company's financial objectives are met, ensuring sound financial management and control of the Company's business

Senior Independent Director
Acts as a sounding board for the Chairman, an alternative contact for shareholders and an intermediary for other Non-executive Directors. Leads the annual evaluation of the Chairman and recruitment process for the Chairman's replacement, when required

Non-executive Directors
Exercise a strong, independent voice, constructively challenging and supporting the Executive Directors. Scrutinise performance against objectives and monitor financial reporting. Monitor and oversee risks and controls, determine Executive Director remuneration and manage Board succession through their Committee responsibilities. The Non-executive Directors meet at least twice a year without the Executive Directors being present

Company Secretary
Advises the Chairman on governance, together with providing updates on regulatory and compliance matters. Supports the Board agenda with clear information flow. Acts as a link between the Board and its Committees and between the Non-executive Directors and senior management

The Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive is set out in writing. These role descriptions were reviewed during the year as part of the Company's annual corporate governance review. They are available to view on the Company's website: www.vesuvius.com.

The Board

The Board has a formal schedule of matters reserved to it and delegates certain matters to its Committees. It is anticipated that the Board will convene on seven occasions during 2024, holding ad hoc meetings to consider non-scheduled business if required.

Board Committees

The principal governance Committees of the Board are the Audit, Nomination and Remuneration Committees. Each Committee has written terms of reference which were reviewed during the year. These terms of reference are available to view on the Company's website: www.vesuvius.com.

Committee composition is set out in the relevant Committee reports. No one, other than the Committee Chairman and members of the Committee, is entitled to participate in meetings of the Audit, Nomination and Remuneration Committees. However, as detailed in the Committee reports, where the agenda permits, other Directors and senior management regularly attend by invitation, supporting the operation of each of the Committees in an open and consensual manner.

The interactions in the governance process are shown in the schematic below.

Group Executive Committee

The Group also operates a Group Executive Committee (GEC), which is convened and chaired by the Chief Executive and assists him in discharging his responsibilities. During 2023, the GEC comprised the Chief Executive, Chief Financial Officer, the main Business Unit Presidents, the Chief HR Officer, President Business Development and Special Projects and the General Counsel/Company Secretary. The GEC met for six formal multi-day meetings and two R&D reviews during 2023.

Board

Governance Committees

Audit Committee
To monitor the integrity of financial reporting and to assist the Board in its review of the effectiveness of the Group's internal controls and risk management systems

Chair
Douglas Hurt
Membership
All independent Non-executive Directors

Remuneration Committee
To determine the remuneration policy for the Executive Directors and set the appropriate remuneration for the Chairman, Executive Directors and senior management

Chair
Kath Durrant
Membership
All independent Non-executive Directors

Nomination Committee
To advise the Board on appointments, retirements and resignations from the Board and its Committees and to review succession planning and talent development for the Board and senior management

Chair
Carl-Peter Forster, Chairman (except when considering his own succession, in which case the Committee would be chaired by the Senior Independent Director)
Membership
Chairman and the Non-executive Directors

Administrative Committees

In addition, the Board delegates certain responsibilities to a Finance Committee and Share Scheme Committee, which operate in accordance with the delegated authority agreed by the Board

Finance Committee
To approve specific funding and treasury-related matters in accordance with the Group's delegated authorities or as delegated by the Board

Chair
Carl-Peter Forster, Chairman
Membership
Chairman, Chief Executive, Chief Financial Officer and Group Treasurer

Share Scheme Committee
To facilitate the administration of the Company's share schemes

Chair
Any Board member
Membership
Any two Directors or any two Directors and the Company Secretary

Corporate Governance Statement continued

2023 Board programme

The Board discharges its responsibilities through an annual programme of meetings.

At each of the regularly scheduled meetings, a number of standard items were considered.

These included:

- Directors' duties, including those in respect of s172, and conflicts of interest
- Minutes of the previous meeting and matters arising
- Reports from the Chief Executive (CEO) and the Chief Financial Officer (CFO) on key aspects of the business, and from the General Counsel and Company Secretary on governance matters

In 2023, the Board focused on key areas of strategy, performance and governance, including the matters outlined below:

Strategy	– Reviewing M&A opportunities – Receiving and reviewing reports on strategy from the Flow Control, Advanced Refractories, Foundry and Sensors & Probes Business Units – Receiving and reviewing regular reports from the CEO on business highlights, changes in the Group's markets, procurement practices and the implementation of the Group's strategic objectives – Reviewing the progress of the Group's Sustainability agenda, including receiving updates on the Group's health, safety and environmental objectives, the Group's TCFD compliance and the Group's Roadmap to Net Zero – Participation in a two-day off-site review of strategy presented by the CEO, CFO, the three main Business Unit Presidents and the Company's key financial advisers – Receiving and considering a progress report on the Group's R&D strategy and objectives – Reviewing the Steel Division's approach to pricing strategy – Receiving and considering reports on the Group's key customers, and its purchasing, HR and digital strategies, legal and compliance activities and the management of the Group's key pension liabilities – Reviewing the Group's capital structure, including investors' views, and receiving reports from the Company's brokers on market issues – Reviewing the Group's key messages for the Capital Markets Day
Performance	– Reviewing the response to the Group's cyber security attack in February 2023 and the actions taken to develop the Group's cyber resilience to mitigate the impact of any future attacks – Receiving regular business reports from the CEO – Receiving regular reports on the Group's financial performance against key indicators – Receiving biannual reports on progress against the Group's sustainability targets – Receiving regular safety reports and summaries of the investigations conducted after serious safety incidents – Receiving regular reports on performance against product quality targets – Scrutinising the Group's financial performance and forecasts – Reviewing and agreeing the annual budget and financial plans – Approving the Group's trading updates, and preliminary and half-year results announcements
Governance	– Receiving regular reports from the Board Committees – Approving the launch of the Group's £50 million share buyback programme – Approving the appointment of Mark Collis as the new CFO and overseeing the process to identify new Non-executive Directors, and then approving their appointments – Approving the Annual Report and Notice of AGM – Approving the payment of the interim dividend, and approving the recommendation of the payment of the final dividend subject to shareholder approval – Reviewing the Group's internal controls, risk management practices and risk appetite, monitoring the Group's key risks and approving the Group's risk register – Reviewing and approving the Group's Modern Slavery Statement – Reviewing information received through the Group's Speak Up reporting processes, including investigation outcomes – Approving the Group's UK and Polish tax strategies – Renewing the Group's delegated authorities – Reviewing the level of fees for the Non-executive Directors – Completing an evaluation of the Board and Committees' performance and reviewing progress against the improvement actions identified in the 2022 Board evaluation – Reviewing the Board's engagement with employees, including the results of the Group engagement survey – Receiving regular updates on corporate governance and regulatory developments, and conducting the formal annual review of the Group's governance arrangements

Information and support

The Board ensures that it receives, in a timely manner, information of an appropriate quality to enable it adequately to discharge its responsibilities. Papers are provided to the Directors in advance of the relevant Board or Committee meeting to enable them to make further enquiries about any matters prior to the meeting should they so wish. This also allows Directors who are unable to attend to submit views to the relevant Chairperson in advance of the meeting.

In addition to the formal Board processes, the Chief Executive provides updates on important Company business issues between meetings, and the Board is provided with regular reports on key financial and management information. The Directors also receive regular updates on shareholder matters, along with copies of analysts' notes issued on the Company. For the distribution of all information, Directors have access to a secure online portal, which includes a reference section containing relevant background information.

All Directors have access to the advice and services of the Company Secretary.

There is also an agreed procedure in place for Non-executive Directors, in the furtherance of their duties, to take independent legal advice at the Company's expense.

Directors' conflicts of interest

The Board has established a formal system to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (situational conflicts). Directors declare situational conflicts so that they can be considered for authorisation by the non-conflicted Directors.

In considering a situational conflict, these Directors act in the way they consider would be most likely to promote the success of the Company and may impose limits or conditions when giving authorisation, or subsequently, if they think this is appropriate.

The Company Secretary records the consideration of any conflict and any authorisations granted. The Board believes that the approach it has in place for reporting situational conflicts continues to operate effectively. The Board has authorised (subject to certain exceptions) any potential or actual conflicts of interest that might arise as a result of Ms Helfer's role as a Partner of Cevian Capital AG. Prior to her resignation as a director of thyssenkrupp AG, the Board had also authorised any potential or actual conflicts of interest that might have arisen from that role.

Board and Committee attendance

The attendance of Directors at the Board meetings held in 2023, and at meetings of the principal Committees of which they are members, is shown in the table below. The maximum number of meetings in the period during which the individual was a Board or Committee member is shown in brackets.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	% attendance[3]
Chairman					
Carl-Peter Forster	11 (11)	–	–	6 (6)	100%
Executive Directors					
Patrick André	11 (11)	–	–	–	100%
Mark Collis[1]	9 (9)	–	–	–	100%
Guy Young[2]	0 (1)	–	–	–	0%
Non-executive Directors					
Carla Bailo[1]	9 (10)	4 (5)	4 (6)	3 (5)	77%
Kath Durrant	10 (11)	5 (5)	7 (7)	6 (6)	97%
Dinggui Gao	9 (11)	5 (5)	7 (7)	6 (6)	93%
Friederike Helfer	11 (11)	–	–	6 (6)	100%
Jane Hinkley[2]	3 (3)	2 (2)	4 (4)	3 (3)	100%
Douglas Hurt	11 (11)	5 (5)	7 (7)	6 (6)	100%
Robert MacLeod[1]	6 (6)	2 (2)	2 (2)	2 (2)	100%

1. Carla Bailo, Mark Collis and Robert MacLeod were appointed to the Board on 1 February 2023, 1 April 2023 and 1 September 2023, respectively.
2. Guy Young stepped down from the Board on 17 February 2023 and Jane Hinkley retired from the Board at the close of the AGM on 18 May 2023.
3. The table reflects the number of Board and Committee meetings that the Directors could have attended during the year.

The outgoing CFO, Guy Young did not attend the Board meeting held in January to approve the appointment of his successor. Kath Durrant and Dinggui Gao missed Board meetings arranged at short notice due to pre-existing commitments. Carla Bailo, missed one set of Board and Committee meetings, due to pre-existing commitments known at the time of her appointment, and missed a further Remuneration and Nomination Committee meeting due to a flight delay. All Directors received the papers for meetings that they missed in advance and, where their absence was anticipated, relayed their comments to the Chairman for communication at the meeting.

The Chairman and Non-executive Directors have letters of appointment which set out the terms and conditions of their directorship. An indication of the anticipated time commitment is provided in recruitment role specifications, and each Non-executive Director's letter of appointment provides details of the meetings that they are expected to attend, along with the need to accommodate travelling time. Non-executive Directors are required to set aside sufficient time to prepare for meetings, and regularly to refresh and update their skills and knowledge. Copies of all contracts of service or, where applicable, letters of appointment of the Directors, are available for inspection during

Corporate Governance Statement continued

business hours at the registered office of the Company and are available for inspection at the location of the Annual General Meeting (AGM) for 15 minutes prior to and during each AGM.

All Non-executive Directors have agreed to commit sufficient time for the proper performance of their responsibilities, acknowledging that this will vary from year to year depending on the Group's activities, and will involve visiting operational and customer sites around the Group. The Chairman in particular dedicates a significant amount of time to Vesuvius in discharging his duties.

Directors are expected to attend all scheduled Board and Committee meetings and any additional meetings as required. Each Director's other significant commitments are disclosed to the Board during the process prior to their appointment and they are required to notify the Board of any subsequent changes.

The Company has reviewed the availability of the Chairman and the Non-executive Directors to perform their duties and considers that each of them can, and in practice does, devote the necessary amount of time to the Company's business.

Composition, evaluation and succession

Appointment and replacement of Directors

The Company's Articles of Association specify that Board membership should not be fewer than five nor more than 15 Directors, save that the Company may, by ordinary resolution, from time to time, vary this minimum and/or maximum number of Directors. Directors may be appointed by ordinary resolution or by the Board. The Board may appoint one or more Directors to any executive office, on such terms and for such period as it thinks fit, and it can also terminate or vary such an appointment at any time. The Articles specify that, at every AGM, any Director who has been appointed by the Vesuvius Board since the last AGM and any Director who held office at the time of the two preceding AGMs, and who did not retire at either of them, shall retire from office. However, in accordance with the requirements of the Code, all Directors will offer themselves for election or re-election at the 2024 AGM. The Board believes that each of the current Directors is effective and demonstrates commitment to his or her respective role. Accordingly, the Board recommends that shareholders approve the resolutions to be proposed at the 2024 AGM relating to the election and re-election of the Directors. The biographical details of the Directors offering themselves for election or re-election, including details of their other directorships and relevant skills and experience, will be set out in the 2024 Notice of AGM. The biographical details of the Directors are also set out on pages 80 and 81.

Recommendations for appointments to the Board and rotation of the Directors are made by the Nomination Committee. The Nomination Committee is also responsible for overseeing the maintenance of an effective succession plan for the Board and senior management. Further information on the activities of the Nomination Committee is set out in the Nomination Committee report on pages 102–107.

A comprehensive induction programme is available to new Directors. The induction programme is tailored to meet the requirements of the individual appointee and explains the dynamics and operations of the Group, and its markets and technology. The induction includes, as a minimum, a series of meetings with key Group executives, along with site visits to the Group's key strategic sites. Further details of the induction provided for Robert MacLeod are set out in the Nomination Committee report on page 104.

The Chairman, through the Company Secretary, continues to ensure that there is an ongoing process to review training and development needs. Directors are provided with details of seminars and training courses relevant to their role and are encouraged and supported by the Company to attend them. In 2023, regulatory updates were provided as a standing item at each Board meeting in a Secretary's Report. External input on legal and regulatory developments impacting the business was also given, with specialist advisers invited to the Board and Committee meetings to provide briefings on topics such as the changing landscape of UK Corporate Governance, and the likely impact of the forthcoming introduction of ISSB ESG standards in the UK and the EU CSRD requirements.

Performance evaluation

The Board carries out an evaluation of its performance and that of its Committees and individual Directors, including the Chairman, every year. Details of the evaluation conducted in 2023 can be found in the Nomination Committee report.

Audit, risk and internal control

The Audit Committee is responsible for ensuring that policies and procedures are in place to ensure the independence and effectiveness of the Internal and External Audit functions. It also reviews the effectiveness of the Group's Internal and External Audit functions, in addition to monitoring the integrity of the Group's financial and narrative statements. Further information about the work of the Audit Committee can be found in the Audit Committee report on pages 93–101.

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management systems are in place. The Audit Committee assists the Board in reviewing the effectiveness of the system of internal control, including financial, operational and compliance controls, and risk management systems. The Group's approach to risk management and internal control is discussed in greater detail on pages 72–76 and the Group's principal risks and how they are being managed or mitigated are detailed on pages 77 and 78. The Viability Statement which considers the Group's future prospects is included on page 76. Risk management and internal control are also discussed in greater detail in the Audit Committee report.

All of the independent Non-executive Directors serve on both the Audit and Remuneration Committees. They therefore bring their experience and knowledge of the activities of each Committee to bear when considering critical areas of judgement. This means that, for example, the Directors are able to consider carefully the impact of incentive arrangements on the Group's risk profile and ensure that the Group's Remuneration Policy and programme are structured to align with the long-term objectives and risk appetite of the Company.

Remuneration

The Directors' Remuneration Report on pages 108–135 is incorporated into this Corporate Governance Report by reference. It describes the work of the Remuneration Committee in developing the Group's policy on executive remuneration, determining Director and senior management remuneration, reviewing workforce remuneration and related policies – including ensuring that these align with the Group's strategic objectives and culture, and overseeing the operation of the executive share incentive plans. It also includes information on the Group's remuneration advisers.

Audit Committee

Douglas Hurt – Committee Chairman

Carla Bailo
(from 1 February 2023)

Kath Durrant

Dinggui Gao

Jane Hinkley
(until 18 May 2023)

Robert MacLeod
(from 1 September 2023)

The Company Secretary is Secretary to the Committee

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for 2023. The foundation of the Committee's work each year is a recurring and structured programme of activities which are defined in an annual rolling Audit Committee timetable. The Audit Committee then considers additional items as matters arise or priorities change.

Following the cyber incident early in 2023, the Committee spent time reviewing the impact of the incident on the financial performance of the Group, and satisfying itself that the data required for the reporting of the Group's financial results had not been compromised. Later in the year, once the incident and its repercussions had been fully investigated, it received a report from the Group's cyber consultants with recommendations for further enhancements to the Group's cyber security.

In July, the Committee was notified by its External Auditors that the FRC's Audit Quality Review ('AQR') team, as part of its ordinary review process, was performing a review of the audit of Vesuvius' financial statements for the year ended 31 December 2022. In November, the AQR team notified us that the work within the scope of their review had not identified any matters which required significant action and only limited improvements were required. The Audit Committee discussed the results of the review with PwC.

Alongside considering these matters and its ordinary items of business during the year, the Committee also undertook a deep dive into the Group's accounting for R&D expenditure and, responding to an issue that had been identified, reviewed the Group's inventory accounting for certain raw material consignment stocks in the United States.

In May, I will be leaving the Company, having reached nine years' service on the Board. Robert MacLeod, who joined the Board on 1 September 2023, will become the new Audit Committee Chair. As I hand over the Chairmanship, I would like to take this opportunity to thank my colleagues, past and present, for their contribution to the work of the Committee during my tenure.

Yours sincerely

Douglas Hurt
Chairman, Audit Committee
28 February 2024

The Audit Committee comprises all the independent Non-executive Directors of the Company, who bring a wide range of financial and commercial expertise to the Committee's decision-making processes. Douglas Hurt is the current Senior Independent Director and Chairman of the Audit Committee. He was the Finance Director of IMI plc for nine years prior to his appointment and has worked in various financial roles throughout his career. Douglas currently serves as the Chairman of the Audit Committees of Hikma Pharmaceuticals PLC and the British Standards Institution. He is a Chartered Accountant. This background provides him with the 'recent and relevant financial experience' required under the Code. Robert MacLeod will succeed Douglas as Chair of the Audit Committee at the close of the 2024 AGM. Robert is also a Chartered Accountant, with 'recent and relevant' financial experience, having served as Finance Director of W.S.Atkins Plc and Johnson Matthey Plc for ten years.

The Code and Financial Conduct Authority Disclosure Guidance and Transparency Rules also contain requirements for the Audit Committee as a whole to have competence relevant to the sector in which the Company operates. Vesuvius' Non-executive Directors have significant breadth of experience and depth of knowledge on matters relevant to Vesuvius' operations, both from their previous roles and from their induction and other activities since joining the Vesuvius Board. The Directors' biographies on pages 80 and 81 outline their range of multinational business-to-business experience and expertise in fields such as engineering, manufacturing, services, human resources and research and development, as well as their financial and commercial acumen. The Board considers that the Audit Committee as a whole has competence relevant to Vesuvius' business sector.

The Committee met five times during 2023. The Committee has also met twice since the end of the financial year and prior to the signing of this Annual Report. The Board Chairman, the non-independent Non-executive Director, the Chief Executive, the Chief Financial Officer, the Head of Finance, the Group Financial Controller, the Group Head of Internal Audit and the External Auditors were all invited to each meeting. Other management staff were also invited to attend as appropriate.

Audit Committee meetings are conducted to promote an open debate, they enable the Committee to provide constructive challenge of significant accounting judgements, and guidance and oversight to management, to ensure that the business maintains an appropriately robust control environment. Between Audit Committee meetings, the Chairman of the Audit Committee encourages open dialogue between the External Auditors, the management team and the Group Head of Internal Audit to ensure that emerging issues are addressed in a timely manner.

Audit Committee continued

The Committee operates under formal terms of reference, which were reviewed during the year and no changes made. They are available to view in the Investors/Corporate Governance/Board Committees section of the Company's website: www.vesuvius.com. Within these terms, the Committee and its individual members are empowered to obtain outside legal or other independent professional advice at the cost of the Company. These powers were not utilised during the year. The Committee may also secure the attendance at its meetings of any employee or other parties with relevant experience and expertise should it be considered necessary.

The Committee members believe that they received sufficient, relevant and reliable information throughout the year from management and the Internal and External Auditors to enable the Committee to fully discharge its responsibilities. The work of the Audit Committee is further elaborated in the remainder of this report.

How the Audit Committee delivered on its responsibilities in 2023

Published Financial Information

To monitor and assess the integrity of the financial statements of the Company, and review any significant financial reporting issues and judgements which those statements contain.

- It reviewed the integrity of the half-year and annual Financial Statements and recommended their approval to the Board
- It reviewed the draft Preliminary and Interim Results announcements
- It deliberated on, and challenged reports from, the Chief Financial Officer and the Head of Finance, setting out areas of judgement and/or estimation, the rationale for the accounting treatment and disclosures, and the pertinent assumptions and the sensitivities of the estimates to changes in the assumptions
- It reviewed provisions held for disposal, closure and environmental costs, including the reasonableness of underlying assumptions and estimates of costs, and the quantum of any related insurance assets
- It considered the Group's outstanding litigation items and the adequacy of provisions held in regard to these
- It reviewed the External Auditors' memoranda for the half-year and year-end, on the treatment of significant issues, which provided a summary for each issue, including an assessment of the appropriateness of management's judgements or estimates
- It challenged the assumed growth rates and discount rates used for asset impairment assessments
- It considered the Company's going concern statements, reviewing the nature, quantum and assessment of the significant risks to the business model, future performance, solvency and liquidity of the Group which were modelled as part of the scenarios
- It considered the stress testing that had been undertaken to support the Viability Statement made by the Company, examining the criteria selected for enhanced stress testing
- It advised the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provided the information necessary for the shareholders to assess the Group's position and performance, business model and strategy
- It reviewed the management representation letters to be provided to the External Auditors by the Company in respect of the half-year and annual financial statements and recommended them to the Board for approval
- It confirmed that it was content that the External Auditors had received access to all the information necessary to conduct their audit
- It considered the Group's compliance with the requirements in respect of TCFD reporting, including the assurance received regarding the sustainability KPI data. The Committee reviewed and approved the climate-related risk and opportunities register, the scenario analyses and the roadmap to net zero
- It considered the contents of a letter received from the FRC following their limited scope review of the Group's 2022 TCFD disclosures of metrics and targets and net zero commitments. The Committee noted that the FRC had not identified any questions or queries with regard to this disclosure, but had made a small number of recommendations about areas for further refinement. The Committee committed to address these in the 2023 TCFD report
- It received a regulatory update from the VP Sustainability and a PwC specialist, on forthcoming changes to European ESG reporting, and considered the likely impact on the Group's future reporting and the work being undertaken to prepare for this
- It reviewed the Group's Tax Strategy, and commended the Group's UK and Polish tax strategies to the Board for approval
- It received information on the preparations for the filing of the Group's annual financial report in the required European Single Electronic Format (ESEF)

How the Audit Committee delivered on its responsibilities in 2023 continued

Risk Management and Internal Control

To review and monitor the Company's internal financial controls and internal control and risk management systems, and monitor and review the role and effectiveness of the Company's internal audit function and audit programme.

- It received reports from the Internal Audit function at each meeting, summarising activity and outlining progress with the audit programme
- It monitored both the responses from and follow-up by management, to Internal Audit recommendations arising during the year, in particular making sure that where longer-term actions were needed to resolve an issue, effective short-term mitigations were put in place. The Committee discussed at length any significant issues raised, the root causes for those issues and the actions being taken to resolve them
- It reviewed the resourcing and delivery of the 2023 Internal Audit plan and approved the 2024 Internal Audit plan
- It considered the effectiveness of the Internal Audit process, reviewing the results of an external quality review of the Internal Audit function that was conducted by EY, and the action being taken to further enhance the work of the function
- It received feedback from the CFO on the results of an internal survey of the work of Internal Audit conducted at the end of the year
- It met with the Group Head of Internal Audit without management being present on a regular basis, and discussed a range of topics, including confirming that the function operated free from management or other restrictions
- It monitored and reviewed the role and effectiveness of the Company's Internal Audit function and audit programme, and considered the resourcing of the function
- The Committee Chairman is involved in the process to recruit a new Group Head of Internal Audit following the resignation of the incumbent
- It considered the impact of the Q1 2023 cyber incident on the Group's operations, particularly with regard to the integrity of its financial reporting, and received a report from the Group's cyber consultants on developments in the Group's cyber security following the incident
- Following identification of an issue at one of the Group's sites in respect of the accounting treatment for consignment inventory, the Committee conducted a review of the accounting treatment for this raw material at other Group sites
- It undertook a deep dive into the Group's accounting for R&D expenditure
- It reviewed the Group's risk management processes and internal controls, including the work undertaken with external consultants to undertake a comprehensive review of the Group's risk register and the results of the Group's self-certification process
- It recommended statements to be included in the Annual Report concerning the effectiveness of the Group's internal financial controls and risk management systems
- It considered the Group's procedures for detecting fraud, and carried out a review of all alleged instances of fraud notified to the Committee
- Members of the Committee met and discussed business and control matters with senior management both during Board presentations and during site visits

External Audit

To oversee the relationship with the external auditors including making recommendations to the Board in relation to their appointment, negotiating and agreeing the statutory audit fee and the scope of the statutory audit, approving any permitted non-audit services, reviewing the findings of their work, assessing the effectiveness of the external audit process and monitoring the external auditors' processes for maintaining independence.

- It reviewed the findings of the work of PwC (the External Auditors) and Mazars (who audit the Group's non-material subsidiaries), including their key accounting and audit judgements, how any risks to audit quality were addressed and their views on interactions with senior management
- It monitored the External Auditors' independence, objectivity and effectiveness
- It considered the External Auditors' 2023 Audit Strategy and approved the 2023 engagement letter. It also made recommendations to the Board on the reappointment of the External Auditors and agreed the annual fees
- It considered the contents of a letter received from the FRC's Audit Quality Review team following a review of PwC's 2022 audit. The Committee was satisfied that no matters arose which required significant action, and with PwC's response to the inspection
- It reviewed and approved the non-audit services provided by the External Auditors
- It reviewed updates from PwC on material accounting and governance developments impacting the Group
- It reviewed the effectiveness of the External Audit process
- It met with the External Auditors without management being present on a regular basis and received valuable feedback on a range of topics

Governance

Report to the Board on how the Committee has discharged its responsibilities. Arrange for periodic reviews of its own performance and review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

- It reviewed its terms of reference and monitored developments in corporate governance that were likely to impact the future work of the Committee, including the development of the UK Government's plans to augment the regime on internal control and assurance
- It conducted an evaluation of its performance and effectiveness
- It reported to the Board on the outcomes of Audit Committee meetings. All members of the Board received the agenda, papers and minutes of each Committee meeting

Audit Committee continued

Significant issues and material judgements

The Committee considered the following significant issues in the context of the 2023 Financial Statements. It identified these areas to be significant, taking into account the level of materiality and the degree of judgement exercised by management.

The Committee resolved that the judgements and estimates made on each of the significant issues detailed below were appropriate and acceptable.

Impairment of goodwill

The 2023 year-end carrying value of goodwill of £631m was tested against the current and planned performance of the Steel Flow Control, Steel Advanced Refractories and Foundry CGUs. The Committee considered the Board-approved medium-term business plans and terminal growth assumptions, and the discount rates used in the assessments. Relevant sensitivities using reasonably possible changes to key assumptions were evaluated. The detailed assumptions are provided in Note 16 to the Group Financial Statements.

Given that the models indicated, even with the application of reasonable sensitivities to the assumptions, that there remains significant headroom between the Value in Use and the carrying value, the Committee concurred that no goodwill impairment charges were required.

Other provisions

The Committee continues to monitor the implications of a number of potential exposures and claims arising from ongoing litigation, product quality issues, employee disputes, restructuring, vacant sites, environmental matters, legacy matter lawsuits, indirect tax disputes and indemnities or warranties outstanding for disposed businesses. Due to the long gestation period before settlement for a number of these issues can be reached, provisioning for these items requires careful judgement in order to establish a reasonable estimate of future liabilities. The Committee also assessed the strength of any insurance coverage for certain of these liabilities and challenged the accounting treatment for any amounts deemed to be recoverable from insurers. After due consideration and challenge, and having considered legal advice obtained by the Company, the Committee is satisfied that there are appropriate levels of provisions set aside to settle third-party claims and disputes (Note 29 to the Group Financial Statements) and that adequate disclosure has been made. Where no reliable estimate of the potential liability can be made for the outcome of an existing issue, no provision has been made and appropriate disclosure is included under contingent liabilities (Note 31 to the Group Financial Statements).

Operating segments for continuing operations

The Committee considered the aggregation of the Steel Flow Control, Steel Advanced Refractories, and Steel Sensors & Probes operating segments into the Steel reportable segment, noting the economic characteristics of these operating segments which include a similar nature of products, customers, production processes and margins. The Committee concluded that this segmentation remained appropriate.

Impairment of investment in subsidiaries

The Committee has reviewed management's impairment analysis of the Parent Company's investment in subsidiaries. Following this review it concurred that no impairment was required.

Fair, balanced and understandable reporting

The Committee considered all the information available to it in reviewing the overall content of the Annual Report and Financial Statements and the process by which it was compiled and reviewed, to enable it to provide advice to the Board that the Annual Report and Financial Statements are fair, balanced and understandable. In doing so, the Committee ensured that time was again dedicated to the drafting and review process so that internal linkages were identified and consistency was tested. Drafts of the Annual Report and Financial Statements were also reviewed by a senior executive not directly involved in the year-end process who reported to the Committee on his impressions of their clarity, comprehensiveness and the balance of disclosure in the document. On completion of the process, the Committee was satisfied that it could recommend to the Board that the Annual Report and Financial Statements are fair, balanced and understandable.

Risk management and internal controls

Risk management is inherent in management's thinking and is embedded in the business planning processes of the Group. The Board has overall responsibility for establishing and maintaining a system of risk management and internal control, and for reviewing its effectiveness; the Audit Committee assists the Board in reviewing the effectiveness of the Group's system of internal control, including financial, operational and compliance controls, and risk management systems.

In 2023, Deloitte facilitated a comprehensive review of the Group's risk register. All Committee members participated in this review of the Group's existing risks and ongoing mitigating actions, further details of which are given on page 72. The review led to a further refinement of the Group's risk register and a reassessment and reallocation of responsibilities for managing mitigation of the Group's principal risks. The Committee believes that this process for identifying and understanding its principal risks and uncertainties, including its emerging risks, was robust and appropriate.

The Committee considered the Company's going concern statement and challenged the nature, quantum and effects of the combination of the unlikely but significant risks to the business model, future performance, solvency and liquidity of the Group. These were all modelled as part of the scenarios and stress testing undertaken to support the Viability Statement. As part of this review, the Committee considered the Group's forecast funding requirements over the next three years and analysed the impact of key risks faced by the Group with reference to the Group's debt covenants; these included stress testing for a business interruption due to an unplanned loss of a key plant and the impact of a significant supply chain disruption. The Committee noted that the Group's debt headroom was sufficient to accommodate the modelled stress scenarios. As a result of its review, the Committee was satisfied that the going concern statement and Viability Statement had been prepared on an appropriate basis. The 2023 going concern statement and the 2023 Viability Statement are contained within the Risk, viability and going concern section on page 76.

The key features of the Group's internal control system, which provides assurance on the accuracy and reliability of the Group's financial reporting, are detailed in the Risk, viability and going concern section on pages 72–78. During 2023, the Committee considered the process by which management evaluates internal controls across the Group. The Group Head of Internal Audit provided the Committee with a summary overview of the assurance provided by the Group's control framework. PwC reports if there are any significant control deficiencies identified during the course of their audit, with no such deficiencies reported in 2023.

The Group is made up of several large operating units, but also many small units in geographically diverse locations. Consequently, segregation of duties, overlapping access controls on systems and remote management oversight can give rise to control vulnerabilities and fraud opportunities. The Group has not adopted a common Enterprise Resource Planning system as a Group-wide standard, though where it becomes necessary to update the ERP for a particular business, the same supplier is used for these implementations, on a standardised basis. Over time, the Group is moving towards more harmonisation of its ERP landscape and a shared services model for financial transactions, enabled by this process, systems and controls standardisation between businesses. This is expected to enhance the overall internal control environment in the smaller operating units.

In February 2023, the Group was the subject of a cyber incident involving unauthorised access to our IT systems. The Group responded swiftly to the incident, instigating the Cyber Incident Plan and shutting down our IT systems to contain the incident. The Group's sites implemented their business continuity plans to maintain their operations. The Audit Committee considered the potential impact of the incident on the reporting of the Group's financial results and was satisfied that the data required was not compromised.

Audit Committee continued

Although cyber security remains a matter for the full Board, see page 73, the Committee considers the effectiveness of the Group's cyber controls at mitigating the risk of further incidents that might impact the Group's financial controls in the future. In July, the Committee received a report from the Group's cyber consultants on the Group's cyber security systems and preparedness. This provided useful benchmark data on the Group's systems and processes, an analysis of the development of the Group's cyber security, including its resourcing, emerging risks and the Group's future plans for focus and investment.

The Committee believes that an appropriate control environment exists, but recognises that there remain areas for further upgrade in respect of the Group's cyber risks. The Committee recognises that with an organisation of the size and complexity of Vesuvius it is virtually impossible to eradicate the risk of cyber attack but is pleased to note that whilst the Group's systems were penetrated, the risk management plans and practices in place, particularly the business continuity plans, did serve to mitigate the incident.

The Group undertakes a range of activities to mitigate the risk of fraud. This framework is regularly reviewed to determine areas for improvement. Eliminating the risk of fraud remains one of the key areas of focus for Internal Audit, forming a fundamental part of the Financial Controls and Compliance audits. These assess the quality of the balance sheet reconciliations, review key judgement matters, consider ERP access rights, review tenders and quotations, review the entity's controls over the purchase requisition process, review the entity's controls over master data changes, and review controls over payments, journals and associated applications, along with travel and expense reimbursements.

Any control issues identified by management locally or as a result of the work performed by Internal Audit are escalated as appropriate. Internal Audit rates all control issues they identify in terms of their significance and agrees remediation plans with the management of the auditee and an action owner, in each case establishing a target date for remediation. For significant issues, management at all levels within the Business Unit are engaged to agree the actions and remediation dates. The status of the remediation is monitored and overdue issues are escalated appropriately with management, and reported at Audit Committee meetings. Where a specific audit identifies multiple issues, or where issues arise on the progress of remediation activities, the Audit Committee continues to challenge management to identify root causes and ensure that the right organisational structure and people are in place to address issues effectively.

In line with the requirements of the Code, responsibility for the oversight and monitoring of the Group's Speak Up helpline, which collates allegations of improper behaviour and employee concerns, has passed from the Audit Committee to the full Board. Members of the Committee are kept apprised of any complaints received by the Company regarding fraud, accounting, internal accounting controls and auditing matters. Further details of the operation of the Group's Speak Up policy and helpline can be found on page 87.

Each year, the senior financial, operational and functional management of the businesses self-certify compliance with Group policies and procedures for the areas of the business under their responsibility and confirm the existence of adequate internal control systems throughout the year. The Committee reviews any exceptions noted in this bottom-up exercise.

No significant control issues were raised by our External Auditors, PwC and Mazars, in 2023, and no material issues were identified. After considering these various inputs, the Committee was able to provide assurance to the Board on the effectiveness of internal financial control within the Group, and on the adequacy of the Group's broader internal control systems.

Internal Audit

The Group's Internal Audit function operates on a global basis through professionally qualified and experienced individuals located in Poland, India, Malaysia and the Czech Republic. The team reports to the Group Head of Internal Audit, who in turn reports directly to the Chairman of the Audit Committee. During the year the incumbent Group Head of Internal Audit resigned. The Company currently has an acting Group Head of Internal Audit and is focused on progressing the appointment of a formal successor shortly.

Throughout 2023, Internal Audit continued to perform a programme of audits focusing on internal financial controls and key compliance issues. The Committee received, considered and approved the 2023 Internal Audit plan which was constructed using a risk-based approach to cover the Group's control environment. The plan is based on the premise that all operating units are audited at least once every three to four years, and each of the large operating entities located in Germany, the US, China, Mexico and Brazil are audited on an annual basis.

Six categories of audit were conducted: Financial Controls Audits, Deep Dive Trial Balance Audits, Compliance Audits, Focused Audits (covering for example, purchasing, post acquisition and P-cards), IT Audits and Follow-up Audits, with the majority of the 35 audit assignments undertaken in 2023 (2022: 32) focused on financial controls. The Committee received a report from the Group Head of Internal Audit at each of its meetings detailing progress against the agreed plan and key trends and findings. An update on the progress made towards resolving open issues was also given. Common themes emerging from Internal Audit reports coupled with Internal Audit and management's assessment of risk have informed the development of the 2024 Internal Audit plan.

When necessary, Internal Audit contracts auditors from other audit firms to supplement internal resources on an ad hoc basis. This process provides valuable learning opportunities and we expect to continue to use external resources in specialist areas and geographies in the future.

Control issues are recorded in a live web-based database into which management is required to report progress towards addressing any open issues. Internal Audit monitors the progress made and frequent meetings continue to be held with each Business Unit President to ensure that engagement on the resolution of issues is clearly understood at all levels of the business and responsibility for remediation has been appropriately assigned. The results are communicated to the Audit Committee which also involves senior management as necessary to provide an update against any high-priority actions. Internal Audit undertakes follow-up reviews as required. In situations where audit findings require longer-term solutions, the Committee oversees the process for ensuring that adequate mitigating controls are in place.

In 2023, the Audit Committee also commissioned EY to undertake a formal review of the quality of the Group's Internal Audit function. EY assessed the Internal Audit function against 46 Institute of Internal Auditors standards and reported to the Committee its observations on the function and recommendations for improvement. In response to EY's report, the Group Head of Internal Audit prepared an action plan, identifying key priorities for the function to address and a timetable for changes to be made to further enhance the effectiveness of the function.

At the end of the year the CFO also conducted an internal review of the effectiveness of the Internal Audit function. The feedback was positive overall with the function considered to operate effectively.

Having considered the work of the Internal Audit function during 2023, including progress against the 2023 Internal Audit plan, the quality of reports provided to the Committee, and the results of the review of the function's effectiveness, the Committee concluded that the Internal Audit function operated effectively during 2023, exhibiting an appropriate level of independence and challenge.

External Audit

Auditors' appointment

In 2017, the Company appointed PricewaterhouseCoopers LLP (PwC) as External Auditors to the Company and the Group, and Mazars LLP (Mazars) to audit the non-material entities within the Group. Darryl Phillips serves as the PwC audit partner responsible for the Group audit, a role he assumed following the completion of the 2020 half-year review.

Under the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order, the Audit Committee is required to report in which year the Company proposes to complete a competitive tender process in respect of the statutory External Auditor, and the reasons why the proposed year for the competitive tender process is in the best interests of the shareholders. In compliance with the Order, the Audit Committee confirms that a competitive tender process for the appointment of a statutory auditor will, subject to satisfactory annual reviews of the effectiveness of the External Auditors and its costs in the intervening period, be conducted during 2025 or 2026 with a view to recommending the appointment of a new statutory auditor or the reappointment of the incumbent auditor, for the financial year ending December 2027. The Audit Committee believes that conducting a competitive tender process during 2025 or 2026 for the appointment of a new statutory auditor for the financial year ending December 2027 will allow enough time to ensure any successor firm would be independent on appointment, and in the best interests of the shareholders.

2023 Audit plan

During the year the Committee evaluated the PwC Group audit scope for 2023. The year-end audit plan was based on agreed objectives, with the audit focused on areas identified as representing significant risk and requiring judgement. In order to manage costs, and ensure that the Group maintains audit relationships outside the 'Big 4', Mazars undertakes some of the Group audit work under the direction of PwC. It is principally responsible for the statutory audits of the non-material Group subsidiaries, but also undertook specific audit procedures for certain component entities that were within PwC's Group audit scope in 2023. Mazars reported independently to PwC on this work and the work was directed, supervised and reviewed by PwC. Mazars also reported independently to the Committee on the work it undertook auditing non-material subsidiaries.

PwC maintained an ongoing dialogue with the Audit Committee throughout the year providing regular updates, including commentaries on significant issues and its assessment of consistency and appropriateness in the judgements and estimates made by management. Private sessions were held with PwC without management being present. PwC confirmed that its work had not been constrained in any way and that it was able to exercise appropriate professional scepticism and challenge throughout the audit process. The Chairman of the Audit Committee met on a number of occasions with PwC to monitor the progress of the audit and discuss questions as they arose. The Committee also received a report from Mazars during the year which noted that there were no findings or recommendations in respect of its statutory audits of the non-material Group subsidiaries for the year ended 31 December 2022 that Mazars deemed sufficiently material or significant to bring to the attention of the Audit Committee.

The Independent Auditors' Report provided by PwC on pages 144–151 includes PwC's assessment of the key audit matters. These key audit matters are discussed in the significant issues and material judgements comments above. The report also summarises the scope, coverage and materiality levels applied by PwC in its audit. As part of the audit planning process and based on a detailed risk assessment, the Committee agreed a materiality figure of £8.5m for Group financial reporting purposes which is 17.5% lower than last year (£10.3m) and is based on 5% of a three-year average of statutory profit before tax. Importantly, much lower levels of materiality are used in the audit fieldwork on the individual businesses across the Group and these lower figures drive the scope and depth of audit work. Any misstatement at or above £0.42m was reported to the Committee.

There were no significant changes this year to the coverage of the audit which stood at 72% of the Group's revenue and 74% of statutory profit before tax. This coverage was considered to be sufficient by the Committee. The audit coverage is reflective of the long tail of smaller businesses within the Group that individually are not 'material' to the Group result.

Audit Committee continued

The PwC audit fee approved by the Audit Committee was £2.3m. This was constructed bottom-up on a local currency basis and was assessed in light of the audit work required by the agreed materiality level and scope. The fee agreed with Mazars for the audit of the non-material entities and three material entities was £1.0m, resulting in a combined audit fee for 2023 of £3.3m, compared with £3.2m in 2022.

Independence and objectivity

The Committee is responsible for safeguarding the independence and objectivity of the External Auditors in order to ensure the integrity of the external audit process. It is responsible for the implementation and monitoring of the Group's policies on external audit, including the policy on the employment of former employees of the External Auditors, and the policy on the provision of non-audit services by the External Auditors. To assist with its assessment of independence, the Committee also sought regular confirmation from the incumbent External Auditors during 2023 that they considered themselves to be independent of the Company in their own professional judgement, and within the context of applicable professional standards. It assessed the work of the External Auditors, reviewing compliance against the non-audit services policy and reviewed the details of the non-audit services provided by the External Auditors and associated fees. As a result of its review, the Committee concluded that the External Auditors remained appropriately independent.

Non-audit services

Vesuvius operates a policy for the approval of non-audit services. A copy of the current policy is available to view in the Audit Committee section of the 'Investors/Corporate Governance' pages of the Company's website: www.vesuvius.com.

The use of the External Auditors for the provision of non-audit services is strictly prohibited except for specific permitted audit-related services. These comprise: Category 1 services which the External Auditors are obliged to perform due to law or regulation, such as regulatory and solvency reports; and Category 2 services which could be provided by others (albeit there are typically significant efficiencies to be had when done in combination with the audit, such as interim reporting). An annual budget for the additional Category 2 service fees proposed to be paid to the External Auditors in the following year is presented for pre-approval to the Audit Committee each year. Audit Committee approval is required for expenditure in excess of this approved budget.

All audit-related and permissible non-audit services proposed to be carried out for any Group company worldwide by the External Auditors must be pre-approved before an engagement is agreed. Pre-approval must be obtained from the Head of Finance or the Chief Financial Officer, who will confirm that the Audit Committee has approved the engagement. Any assignment proposed to be carried out by the External Auditors must also have been cleared by the External Auditors' own internal pre-approval process, to assess the firm's ethical ability to do the work.

In 2023, the fees for non-audit services payable to PwC amounted to £0.2m (2022: £0.2m). The 2023 fees represent payment for assurance services related to the review of the Group's half-year financial statements, quarterly reviews and tax form audits in India (as required by regulation) and Mexico. These are services where it was considered most efficient to use PwC because of their existing knowledge of the business or because the information required was a by-product of the audit process. In each of the past four years the non-audit-related fees have represented <9% of the statutory audit fees.

Effectiveness of the External Audit process

The Committee and the Board are committed to maintaining the high quality of the external audit process. Each year the Committee carries out a formal assessment of the performance of the External Auditors in carrying out their work and of the audit process in general. Input into the evaluation in 2023 was obtained from management and other key Company personnel, members of the Audit Committee and the External Audit team. The review focused on the External Auditors' mindset and culture, skills, character and knowledge, and the quality of its controls, as set out in the guidance for audit committees prepared by the FRC.

The evaluation of the External Auditors included the following steps:

- A survey of key finance and non-finance stakeholders in Head Office and in-scope countries
- A commentary-based survey of Audit Committee members focused on their experience of working with PwC
- A review of other external evidence on PwC audit quality (e.g. report on PwC by the FRC)
- Discussions with PwC and key finance and non-finance personnel

It was noted that the cyber incident in early February 2023 had presented additional challenges for the External Auditors in 2023, resulting in the need for additional audit procedures and delaying group reporting and audit work. Despite this, the External Auditors had worked diligently to ensure that the audit was completed for the scheduled signing date. The quality of the audit team, their audit approach, technical expertise and independence, were all positively rated along with their communication of issues and findings. Debrief meetings were held at a local level to discuss the 2022 audit, and to constructively share feedback that would facilitate further improvements to the audit planning for the 2023 audit.

FRC Audit Quality Review

The Financial Reporting Council's Audit Quality Review (AQR) team routinely monitors the quality of the audit work of certain UK audit firms through inspections of sample audits and related quality processes. The AQR team selected to review the audit of Vesuvius plc's financial statements for the year ended 31 December 2022 as part of its 2023/24 annual inspection.

The AQR has provided us with a copy of their confidential report which has been reviewed and discussed by the Audit Committee with PwC. We are satisfied that no matters arose which required significant action, and with PwC's response to the inspection.

Reappointment of PwC for 2023

The Committee is responsible for making recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditors. In undertaking this duty, the Committee takes into consideration a number of factors concerning the External Auditors and the Group's current activity, including:

- The results of its most recent review of the effectiveness of the Auditors
- The results of its review of the independence and objectivity of the Auditors, particularly in light of the provision of non-audit services
- Its ability to coordinate a global audit, working to tight deadlines
- The cost-competitiveness of the Auditors in relation to the audit costs of comparable UK companies
- The tenure of the incumbent Auditors
- The periodic rotation of the senior audit management assigned to the audit of the Company
- External reviews of the performance and quality of the Auditors, including:
  - The annual report issued by the Audit Quality Review team of the Financial Reporting Council on the work of the Auditors
  - The Auditors' own annual Transparency Report

Having considered the aforementioned factors, the Committee recommended to the Board that PwC be reappointed for 2024. It confirms that its recommendation is free from the influence of any third party and that there are no contractual restrictions on the choice of auditors. A resolution proposing the reappointment of PwC will be included in the Notice of AGM for 2024.

Statement of compliance with the Competition and Markets Authority (CMA) Order

The Committee considers that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (Article 7.1), published by the CMA on 26 September 2014, including with respect to the Audit Committee's responsibilities for agreeing the audit scope and fees and authorising non-audit services.

Audit Committee evaluation

The Audit Committee's performance was evaluated as part of the externally facilitated Board and Committee performance evaluations, which are further described in-depth on pages 106 and 107. The review concluded that the Committee continued to function well, with the management of meetings, quality of the Committee's relationships and communications with the key counterparties, and review and oversight of key areas of responsibility, considered to be effective. It was noted that the forthcoming changes in European ESG regulations, and the potential changes to corporate governance reporting would remain matters of focus for the Committee during 2024, and that ensuring a successful transition of the Audit Committee Chair would also be a priority for the Committee over the coming year.

On behalf of the Audit Committee

Douglas Hurt
Chairman, Audit Committee
28 February 2024

Nomination Committee

Carl-Peter Forster – Committee Chairman

Carla Bailo (from 1 February 2023)

Kath Durrant

Dinggui Gao

Friederike Helfer

Jane Hinkley (until 18 May 2023)

Douglas Hurt

Robert MacLeod (from 1 September 2023)

The Company Secretary is Secretary to the Committee

Dear Shareholder,

2023 was a year of ongoing change for the Board, and most of the Committee's work during the year related to Director succession. At the beginning of January, after a diligent search process, the Committee met to recommend the appointment of Mark Collis as the Group's new CFO, following Guy Young's resignation in September 2022. Mark joined the Group on 1 April 2023. Then, at the end of January, the Committee recommended the appointment of Carla Bailo, as a new Non-executive Director. This recommendation was the culmination of the Committee's activities at the end of 2022, which focused on identifying an individual with extensive international industrial experience to support the work of the Board.

Having filled these two vacancies, the Committee then focused on future succession requirements. Noting that Douglas Hurt would complete nine years' service with the Company in 2024, the Committee commenced searches in 2023 to identify individuals to assume the roles of Chair of the Audit Committee and Senior Independent Director. On 1 September 2023, Robert MacLeod, a Chartered Accountant with experience serving as CEO and CFO of UK-listed companies, joined the Board as a new Non-executive Director. Robert will become the Chair of the Audit Committee when Douglas retires from the Board at the close of the 2024 AGM, subject to shareholder approval at that meeting. On 15 February, we were also pleased to announce the appointment of Eva Lindqvist as a Non-executive Director with effect from the close of the 2024 AGM. Eva will take over as Senior Independent Director from Douglas Hurt at that point.

Alongside this Board recruitment, the Committee also spent time focusing on senior management development and succession planning, particularly with respect to the changes to the membership of the Group Executive Committee. The Committee discussed the Group's progress with the development of the senior management pipeline, reviewing the turnover, sourcing and diversity of staff in the Senior Leadership Group of c.150 managers. It received regular reports on developments in senior leadership roles, and the capabilities of individuals in key roles across the Group. It also considered the Group's progress on developing the senior management talent pool to ensure that the right resources are readily available to fill future vacancies. This work continues in 2024.

Yours sincerely

Carl-Peter Forster
Chairman, Nomination Committee
28 February 2024

Role and responsibilities

The Nomination Committee's foremost priorities are to ensure that the Company has the best possible leadership and that plans are in place for orderly succession to both the Board and Group Executive Committee positions. The Committee ensures that the procedure for the selection of potential candidates for Board appointments – either as an Executive Director or independent Non-executive Director – is formal, rigorous and transparent, and undertaken in a manner consistent with best practice. It also ensures that the Board is composed of individuals with the appropriate drive, abilities, diversity and experience to lead the Company in the delivery of its strategy and that appointments are made on merit, against objective criteria and with due regard for the benefits of gender, social, ethnic and cognitive diversity, and personal strengths.

The Committee is composed solely of Non-executive Directors and is chaired by the Chair of the Board. The Chief Executive and Chief HR Officer attend all scheduled meetings of the Committee. Members' biographies are set out on pages 80 and 81. The Committee met six times during the year. It operates under formal terms of reference, a copy of which is available on the Group's website at: https://www.vesuvius.com/en/investors/corporate-governance/committees.html.

The Committee and its members are empowered to obtain outside legal or other independent professional advice at the cost of the Company in relation to its deliberations. These rights were not exercised during the year. The Committee may also secure the attendance at its meetings of any employee or other parties it considers necessary.

Board composition

The Committee keeps the current and future membership needs of the Board and its Committees under continual review. The independence and diversity of the Board are also examined as part of the Group's annual corporate governance review. Having taken into account the structure, size and composition of the Board, along with the existing tenure and prospective rotation and retirement of Board members, the Committee sought to recruit additional resource for the Board and its Committees in 2023.

The Committee considered the Company's ongoing compliance with the Board Diversity Policy, also noting the update to the UK Listing Rules effective for financial years starting on or after 1 April 2022, pursuant to which one of the Chair, Chief Executive, Chief Financial Officer and Senior Independent Director should be female. The Board recognises that over time the proportion of female Directors may fluctuate naturally as Board members retire and new Directors are appointed. The Board always seeks to review a diverse list of candidates for all Board positions.

How the Nomination Committee delivered on its responsibilities in 2023

Board composition

- Reflected on the balance of skills, knowledge and experience of the current Directors and compared this to the list of key skills the Board assesses are needed to support the delivery of the Company's strategy
- Reviewed the membership needs of the Board and its Committees, considering the existing tenure and the prospective rotation and retirement of Board members
- Recommended to the Board that Mark Collis be appointed as the new CFO
- Recommended to the Board that Carla Bailo be appointed as a new Non-executive Director
- Appointed Spencer Stuart to undertake searches for two new Non-executive Directors, to take over the roles of Chair of the Audit Committee and Senior Independent Director from Douglas Hurt who will shortly have completed nine years' service on the Board
- Considered and interviewed potential candidates, including assessing whether individuals had appropriate time available to commit to the roles, before making final recommendations on the appointment of the two preferred candidates, Robert MacLeod and Eva Lindqvist, to the Board

Succession planning and senior management development

- Throughout the year, reviewed changes in personnel in the Senior Leadership Group. Also, considered the level of turnover in this Group and the activities being undertaken to retain existing talent, along with the action being taken to develop and recruit new executives to fill gaps in this talent pool
- Reviewed the Board and senior management succession plans, focusing particularly on any gaps in these and the action being undertaken to ensure these are filled on a timely basis
- Reviewed the Group's talent management programme, including the methods used to identify and develop talent across the Group

Diversity

- Reviewed the Group's diversity with a focus on gender diversity and the range of nationalities represented in the Senior Leadership Group
- Reviewed the Group's progress in achieving its diversity targets, noting the actions being taken to improve the Group's diversity, particularly the number of women employed throughout the Group
- Reviewed the Board Diversity Policy and recommended to the Board that this be revised to include an aim to ensure that by the end of 2024, at least 40% of the Directors are women, and at least one of the senior positions (the Chair, Chief Executive, Senior Independent Director and Chief Financial Officer) is held by a woman, while continuing to appoint candidates based on merit

Committee evaluation

- Participated in the Board's evaluation of its performance, reviewing the Committee's performance and effectiveness during 2023, including evaluating whether each Non-executive Director continued to be able to allocate sufficient time to fulfil their duties

Governance

- Approved the Nomination Committee report for publication in the Annual Report
- Reviewed the Committee's terms of reference, and recommended to the Board that no changes be made to them

Nomination Committee continued

Audit Committee Chair appointment process

Requirement – Recognising that Douglas Hurt was due to reach the ninth anniversary of his appointment to the Board in April 2024, the Committee commenced a search for a suitable successor to take on the role of Audit Committee Chair.

Brief – The global specialist search consultant, Spencer Stuart, was retained to assist with the search. Spencer Stuart has adopted the Voluntary Code of Conduct addressing gender diversity and best practice in search assignments. It does not have any other connection with the Group, other than in respect of management recruitment work undertaken as part of normal trading activities.

Search considerations – A candidate specification was prepared taking into consideration the balance of skills, knowledge and experience of the existing Directors, the diversity of the Board, the independence of continuing Board members, and the ongoing requirements and anticipated strategic developments of the Group. Along with the focus on proven financial expertise in a listed UK company, it was agreed that the search would focus on individuals with recent and relevant financial experience.

Review – Spencer Stuart identified potential candidates and produced a diverse longlist for consideration. A shortlist was drawn up, based upon the objective criteria identified at the beginning of the process and these candidates were invited for interview with members of the Committee.

Selection – The preferred candidate then met with the remaining members of the Board. Detailed external references were taken up and the candidate demonstrated that they had sufficient time available to devote to the role. It was confirmed that there were no potential conflicts of interest.

Appointment – The Committee made a formal recommendation to the Board for the appointment and the Board approved the appointment.

Induction – A comprehensive induction programme was put in place. Robert was given access to past Board and Committee papers, and a programme of meetings and site visits was drawn up to ensure that he was quickly able to assimilate fundamental information about the business and the Group's operations. Robert was invited to attend the Board's June Strategy meetings prior to his formal appointment to the Board.

Robert MacLeod induction programme

Areas covered:	Provided by:
Vesuvius' purpose, strategy, customer and supplier landscape and strategic priorities	CFO, BU Presidents, Group Head of Strategy, Chief Digital Officer
Business operations, people and culture	Chief HR Officer, HeaTt Training, site visit to Borken, Germany
Financial position and performance, risk management and treasury matters	CFO, Group Financial Controller, Group Head Internal Audit, Group Treasurer
Health and safety and sustainability strategy	VP Sustainability, provision of policies/procedures, access to past Board sustainability presentations
Corporate governance, Board operations, legal and regulatory matters	General Counsel/Company Secretary, existing NEDs

Senior management development and succession

The Committee's succession planning activities also encompass the senior management levels immediately below the Board, aiming to support and encourage the growth of a pool of talent able to step up to the Group's top roles. As a matter of routine, the Committee is informed of changes in personnel in the Senior Leadership Group and the Committee maintained oversight of the changes to membership of the Group Executive Committee throughout the year.

The Committee considers succession plans for all the senior functional and Business Unit positions. It assesses the availability of candidates who could cover the roles on a short-term contingency basis should the need arise, along with the pool of medium-term and long-term talent available for future development into specific roles. It monitors the level of turnover and diversity in the broader Senior Leadership Group, along with the balance of internal promotions and external appointments into these roles. During 2023, it continued to examine how the Group's talent management processes were developing, how the senior management cadre was performing and how the mentoring programme established for the development of individuals flagged as 'high potential' was proceeding – all aimed at developing the pipeline of experienced and talented managers to succeed to roles at the highest level of the business. In this process, the Committee focused both on the bench strength in key skills and expertise, as well as the talent pipeline in critical geographies. The Committee also considered the level of turnover in the Senior Leadership Group and the activities being undertaken to retain existing talent, along with the action being taken to develop and recruit new executives to fill gaps in this talent pool.

Diversity

The Group's policy on Diversity and Equality outlines Vesuvius' commitment to encouraging a supportive and inclusive culture among its global workforce, promoting diversity and eliminating any potential discrimination in our work environment. (See the Policy summary on page 61.) Vesuvius' Board Diversity Policy explains how this commitment manifests in relation to the Board.

Vesuvius recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organisation into the future. We believe that the dedication and professionalism of our people is the most significant contributor to our success. Having a balance of cultures, ethnicities and genders helps to promote innovation, creativity and engagement. The diversity of our senior management cadre and employees is one of the core strengths of the Group. (See pages 61 and 62 for further information about the Group's approach to diversity.)

The Nomination Committee considers the Group's progress in implementing the Group's diversity policy each year and the achievement of the Group's diversity targets. Across the Group in 2023, 15% (2022: 15%) of our workforce were women, no change versus 2022. The Group has set a target of ensuring that 25% of the Senior Leadership Group of the Company (which comprises c.150 individuals) are female by 2025. This KPI has been incorporated into the long-term incentives of our senior management. The number of women in the Senior Leadership Group remained stable at 20% in 2023 (2022: 20%). Each of the Group's four Business Units has put in place strategies to enhance gender diversity.

Board diversity

A large part of the work of the Nomination Committee focuses on ensuring that the Board and its Committees have the appropriate range of diversity, skills, experience, independence and knowledge of the Company and the markets in which it operates, to enable them to discharge their duties and responsibilities effectively. The Board Diversity Policy confirms the Group's commitment to maintaining a diverse Board, while continuing to appoint candidates based on merit. We continue to look at diversity in its broadest sense – reflected in the range of backgrounds and experience of Board members who are drawn from different nationalities and have managed a variety of complex global businesses. The Nomination Committee recognises that diversity is a key ingredient in creating a balanced culture for open discussions at Board level and in minimising 'groupthink'.

All independent Non-executive Directors serve on the Audit and Remuneration Committees, and the Chairman and all the Non-executive Directors serve on the Nomination Committee, so the diversity of the Board's principal Committees reflects the diversity of our Non-executive Directors. The Nomination Committee therefore considers the diversity of the Non-executive Directors as a stand-alone cadre, as well as the diversity of the Board as a whole, when considering recruitment to the Board.

In 2017, the Board set a target for at least 33% female Board membership. This was achieved in 2019. In July 2023, the Board set a revised target of 40% female Board membership, with at least one of the senior Board positions (Chair, CEO, SID or CFO) to be held by a woman by the end of 2024. As at 31 December 2023, women continued to make up 33% of the Directors, one of the Directors (11%) identified as having an Asian heritage, and another Director (11%) identified as having a mixed-race heritage. This represented a small decrease in the Board's gender and ethnic diversity versus 31 December 2022, as a result of the increase in the Board from eight to nine members. Currently, five Directors hold citizenship outside the UK.

As at 31 December 2023, the Board had not met the UK Listing Rule targets for 40% of Directors on the Board to be women and for a woman to hold at least one of the senior Board positions. When Eva Lindqvist joins the Board at the close of the 2024 AGM, the percentage of women on the Board will increase to 44%, and as she will also take over as Senior Independent Director at the close of the AGM, at that point a woman will also occupy one of the senior Board positions.

Women made up 40% of the membership of the Audit and Remuneration Committees as at 31 December 2023 (60% in 2022), and 43% of the membership of the Nomination Committee (57% in 2022). There have been no changes in the constitution of the Board or its Committees between 31 December 2023 and the date of this report.

Vesuvius Board Diversity Policy

Vesuvius plc recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organisation into the future. Vesuvius is committed to ensuring equality of opportunities, with the aim of promoting diversity and inclusion. In this context, the promotion of diversity and inclusion relates, but is not limited to, both protected and non-protected characteristics, including gender, age, educational and professional background, ethnicity, sexual orientation, disability and socio-economic background.

Objectives

- The Nomination Committee will focus on ensuring that it, the Board and the Board's Committees, have the appropriate range of diversity, skills, experience, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively
- As all independent non-executive Directors serve on the Audit and Remuneration Committees, and the Chairman and all of the Non-executive Directors serve on the Nomination Committee, the diversity of the Board's principal Committees reflects the diversity of the Non-executive Directors. For the purposes of considering the diversity of the Board's Committees, the Nomination Committee will therefore consider the diversity of the Non-executive Directors as a stand-alone cadre, as well as the diversity of the Board as a whole, when considering recruitment to the Board
- The Nomination Committee will ensure that all appointments to the Board and its Committees are aligned with Vesuvius Policy, and are based on merit with each candidate assessed against objective criteria focused on the skills, experience and knowledge required of the position, and with due regard to the benefits of diversity and inclusion on the Board
- The Nomination Committee will engage with executive search firms in a manner which ensures that opportunities are taken for a diverse range of candidates to be considered for appointment. This will include ensuring that the Committee only uses search firms that are signed up to the Voluntary Code of Conduct for Executive Search Firms
- The Nomination Committee supports senior management efforts to increase diversity in the senior management pipeline to facilitate succession planning towards executive Board positions. With respect to the representation of women on the Board, the Board is supportive of the initiatives to increase the proportion of women on the boards of FTSE 350 companies. Vesuvius aims, by the end of 2024, to achieve a Board with at least 40% of the Directors being women, and at least one of the senior positions (the Chair, Chief Executive, Senior Independent Director and Chief Financial Officer) being held by a woman, while continuing to appoint candidates based on merit
- With regard to ethnic diversity, the Board is committed to ensure that at least one Director is from a minority ethnic background
- The Board recognises that over time the proportion of women Directors and Directors from a minority ethnic background may fluctuate naturally as Board members retire and new Directors are appointed

View the Board Diversity Policy on the Vesuvius website at: https://www.vesuvius.com/content/dam/vesuvius/corporate/Sustainability/policies/board-diversity-policy-july-2023.pdf

Nomination Committee continued

As at 31 December 2023, the gender balance of the Group's employees was as follows:

	Female	Male	Gender not available[1]	Total	Female	Male
Group Executive Committee members	2	5		7	29%	71%
Leadership roles reporting to members of the GEC	12	36		48	25%	75%
Senior Managers[2]	**14**	**41**		**55**	**25%**	**75%**
All other employees	1,739	9,582		11,321	15%	85%
Vesuvius employees	**1,753**	**9,623**		**11,376**	**15%**	**85%**
Directly supervised contractors	43	165	1,927	2,135		
Vesuvius employees and directly supervised contractors	**1,796**	**9,788**	**1,927**	**13,511**		
Senior Leadership Group[3]	**29**	**116**		**145**	**20%**	**80%**

1. The Group had 1,927 directly supervised contractors who were contracted through third parties and for whom the Group does not hold detailed employment records.
2. Senior Managers comprise Group Executive Committee members plus key leadership roles reporting directly to members of the Group Executive Committee.
3. The Senior Leadership Group comprises the 145 most senior managers in the organisation.

As at 31 December 2023, the gender balance of the Directors and members of the Group Executive Committee was as follows:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Group Executive Committee	Percentage of Group Executive Committee
Men	6	67%	4	5	71%
Women	3	33%	–	2	29%
Not specified/prefer not to say	–	–	–	–	–

The data for this table was collected by asking individuals to self-report against the categories displayed.

As at 31 December 2023, the ethnic background of the Directors and members of the Group Executive Committee was as follows:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Group Executive Committee	Percentage of Group Executive Committee
White British or other White (including minority-white groups)	7	78%	75%	6	86%
Mixed/Multiple Ethnic Groups	1	11%	25%	1	14%
Asian/Asian British	1	11%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The data for this table was collected by asking individuals to self report against the categories displayed.

As at 31 December 2023, the gender balance of the Directors serving on the Audit, Remuneration and Nomination Committees was as follows:

	Number of Audit and Remuneration Committee members	Percentage of the Audit and Remuneration Committee	Number of Nomination Committee members	Percentage of the Nomination Committee
Men	3	60%	4	57%
Women	2	40%	3	43%
Not specified/prefer not to say	–	–	–	–

The data for this table was collected by asking individuals to self report against the categories displayed.

Board evaluation

The Board carries out an evaluation of its performance in the last quarter of each year. This year's evaluation was overseen by the Chairman, and was again externally facilitated by the corporate advisory firm, Lintstock, following a review of providers. The Group uses Lintstock's Insider List database tool but has no other connection with the organisation and Lintstock does not have a connection with any of the Directors.

Each evaluation was conducted via a series of targeted questionnaires, sent to all the Directors, the Company Secretary and Chief HR Officer. As with previous years, the evaluation covered both the performance of the Board and that of its Committees, along with individual reviews of each Director and an analysis of the performance of the Chairman. Narrative reports were prepared for the Board, the Audit, Nomination and Remuneration Committees, and in respect of the Chairman.

In 2023, the Board assessment focused on nine core areas:		
	Board composition and dynamics	Board Strategy Meeting
	Oversight of stakeholders	Strategy oversight
	Board support and focus of meetings	Talent
	Board Committees	Risk oversight
		Priorities for change

Lintstock compared the Board's ratings against those of other organisations, to identify areas of particular strength and to provide additional context.

Overall, the Board was felt to be well-composed with a good range of skills and experience, covering a mixture of different industrial sectors, functional expertise and geographies. The Board's dynamics were also rated highly overall, although it was noted that a number of the topics discussed during the year had heightened tension in the Boardroom. The Board's understanding of the views and requirements of stakeholders was rated highly with regard to investors, employees and customers, with the Board's visit to a customer site in 2023 identified as particularly valuable.

The Chairman conducted one-on-one meetings with each of the other Directors, to discuss the evaluation process and outcomes and ensure that the Group was drawing effectively on each of their skills and experience. He concluded that each Director continued to contribute effectively to the work of the Board.

From these discussions a number of points for further attention of the Board were highlighted, including the need to continue the work of the new Board Chairman ensuring that the Board's agenda and discussions were focused on the strategic and operational priorities for the year that would drive value for the business. In this regard, the opportunity to hear more regularly from senior Business Unit management on specific strategic initiatives in their respective business units was highlighted, as well as work being needed to balance priorities in the discussions at the annual strategy meeting. It was noted that there was also continued scope to improve the Board's understanding of the interests of key customers and suppliers.

In terms of the Group's strategy, Vesuvius' significant focus on R&D was highly rated, with each Business Unit's R&D activities well understood. It was noted that this needs to remain a focus for the Board's attention going forward, together with reporting on its effectiveness, given the fundamental part that technology plays in the Vesuvius strategy. The Board considered that sustainability initiatives were well-embedded throughout the Group. The effectiveness of the Board's workforce engagement and the continued focus on talent retention, development and succession planning was also highlighted.

An assessment of the Chairman was conducted by the Senior Independent Director with overall feedback provided to the Chairman. Each of the Committees was also considered to have operated effectively during the year.

As in previous years, a set of action points was compiled from the output of the evaluation to ensure that its findings are integrated into the Board's activities. These will be implemented by the Board in 2024, with progress reviewed by the Board throughout the year.

The 2022 evaluation identified the following Board priorities for future Board attention; these were addressed during 2023 as follows:

Area	Issue	Action taken in 2023
Strategy	Further integrate information on supplier base and profile into the Board agenda	– Group Head of Purchasing provided a detailed update on key Suppliers, and procurement dynamics to the December Board meeting – BU Strategy presentations included improved information on key supplier issues
People and organisation	Continue to develop a robust process for succession plans for Executive Directors and GEC members and talent development for senior leaders	– Nomination Committee received regular updates from the Chief Executive on senior management developments – A formal session on the talent and succession pipeline for key roles was held at the December Nomination Committee meeting – The CHRO reported on the talent development strategy and initiatives at the July Nomination Committee meeting
	Extend the geographical diversity/ representation on the Board	– Carla Bailo was appointed to the Board in February 2023, bringing, in particular, experience of working in North America and Japan
	Improve the effectiveness of the site visit programme, and improve workforce engagement	– A more formalised plan for site visits was introduced in 2023, with each NED committing to conduct two site visits in addition to the annual offsite Board visits. A standardised agenda for these visits was developed, together with more rigorous focus on consistent NED feedback
Organisation	Review Board agenda to ensure correct focus on business, operational and strategic topics	– Initial steps were taken to update the content of the Board agenda, which freed more time for debate on operational and strategic topics. Further work on this will continue in 2024

Committee evaluation

The Committee's activities were a separate part of the externally facilitated evaluation of Board effectiveness during the year. The results of the questionnaires were collated, and a written report tabled and discussed by the Committee, as well as being discussed in one-on-one meetings with the Chairman. The composition, management of Nomination Committee meetings and quality of information provided, continued to be rated highly, and the management of director succession was deemed to operate effectively with the appointment of the CFO and new Non-executive Directors during the year. Succession plans for the Chief Executive and other members of the GEC were highlighted as an area for continued focus. The pipeline of talent for these roles continued to develop, but it was noted that there had been some turnover during the year, and some gaps remained.

On behalf of the Nomination Committee

Carl-Peter Forster
Chairman, Nomination Committee
28 February 2024

Directors' Remuneration Report

Remuneration overview

Kath Durrant – Committee Chair

Carla Bailo
(from 1 February 2023)

Dinggui Gao

Jane Hinkley
(until 18 May 2023)

Douglas Hurt

Robert MacLeod
(from 1 September 2023)

The Company Secretary is Secretary to the Committee

Dear Shareholder,

I am pleased to present our Directors' Remuneration Report (Remuneration Report) for 2023.

The report outlines how we implemented the Directors' Remuneration Policy in 2023, following the approval of a new remuneration policy in May 2023, and how we intend to apply the Policy in 2024.

We are grateful to shareholders for their support for the revised Policy in 2023 where 96.7% of voting shareholders voted in favour, and for their approval of a new set of share plan rules. We also appreciated the strong support of shareholders for last year's Remuneration Report, and welcomed the willingness of many shareholders to engage, ahead of last year's AGM, in discussions on the proposals for changes to CEO remuneration and the rationale behind them.

Key activities in 2023

- Reviewing and approving achievement against the performance targets for the 2022 Annual Incentive arrangements
- Setting performance targets and approving the structure of the 2023 Annual Incentive arrangements
- Reviewing and assessing the Company's attainment of performance conditions applicable to the Vesuvius Share Plan (VSP) awards made in 2020
- Setting the performance measures and targets, and authorising the grant of new awards in 2023 under the VSP, the Deferred Share Bonus Plan and the Medium Term Incentive Plan
- Considering the Company's ongoing share sourcing requirements to meet obligations under the Company's share plans, and funding of the Employee Benefit Trust (EBT)
- Reviewing employee remuneration arrangements around the Group, with particular reference to the ongoing cost of living issues facing many of our workforce
- Considering retention issues and implementing significant uplifts in base pay for the next levels of management
- Approving the 2022 Directors' Remuneration Report
- Reviewing the Committee's terms of reference
- Approving remuneration arrangements for the new CFO
- Approving the 2024 remuneration for the Chairman, Chief Executive, CFO and senior management

Overview of executive remuneration

In last year's report we outlined concerns regarding the stability and retention of the senior leadership team, and the consequent proposals for a significant increase in quantum for the CEO. Some adjustments were also made to the remuneration structure for members of the Group Executive Committee. I am pleased to report far greater stability during 2023. The Committee will continue to keep executive remuneration under review – both in terms of the structure of incentives and quantum relative to the global marketplace in which it recruits executives.

This year we have approved more normalised levels of increase to base pay for our Executive Directors (5% for the CEO and 5% for the CFO) – just below the global workforce budget of 6.1%. Note we continue to use the global workforce as our primary comparator rather than the UK workforce which represents less than 1% of our total population of employees.

Our new CFO, Mark Collis, joined Vesuvius during the year and has settled well. The arrangements indicated in last year's remuneration report, to compensate for various awards foregone from his prior employer, have been executed. All payments and equity awards made have been made on a like-for-like basis in terms of quantum/value and timing. All share awards are made in line with the rules of the Vesuvius Share Plan and Remuneration Policy. Resulting shares, once vested, will be retained and count towards Mark's shareholding requirement. The detail of these compensatory buy-out awards is reported in detail on pages 126 and 129.

2023 Remuneration Policy

As noted above, 96.7% of voting shareholders approved the Policy in May 2023. The policy reflected the extensive reviews of remuneration undertaken in the previous two years, and in particular shareholder consultation on a revised set of KPIs in line with the Company's strategy, changes to incentive opportunity levels for Executive Directors, and a continuation of a performance share arrangement for long-term incentivisation.

Alignment of our KPIs with Company strategy, purpose and values

The delivery of financial KPIs and the development of an effective organisation sustainable over the long term relies on a clear set of values. Vesuvius believes that high levels of performance and growth require a diversity of thinking and continuous innovation, underpinned by the behaviours of courage, ownership, respect and energy. The alignment of our incentives with our strategic objectives is summarised in the table below. The reward structure operated as intended in 2023 and no changes are proposed in the KPIs used to assess performance in 2024.

KPI	2023 and 2024 weighting	Strategic rationale
Annual Incentive Plan: one-year performance		
EPS	40%	Consistent with our strategic aim of sustainable, profitable growth Maintains the primary focus on a profit measure in short-term incentivisation
Working capital/sales	20%	Consistent with our strategic aim of maintaining strong cash generation and an efficient capital structure
Post-tax ROIC	20%	Consistent with our strategic aim of generating sustainable profitability and creating shareholder value
Personal measures	20%	Enables a focus on specific personal deliverables, managed through the performance management system
Vesuvius Share Plan: three-year performance		
Relative TSR	40%	Consistent with our strategic aim of delivering shareholders a superior return on their investment
Post-tax ROIC	40%	Consistent with our strategic aim of generating sustainable profitability and creating shareholder value
ESG	20%	Provides a specific focus on the three priority long-term ESG measures for the Group: CO_2 intensity (10%), Safety (5%) and Diversity (5%)

Performance and incentive outcomes in 2023

Health and safety

As the Chairman and Chief Executive outlined in their statements, Safety continues to be a key priority at Vesuvius, and is part of the culture in our operations and in the Boardroom. Each CEO Board report starts with a report on safety performance in the period and provides extensive detail of any incidents. The Vesuvius team have been successful in 2023 in achieving their best-ever safety performance, reflecting a continued focus on improvement, training and risk management. A Lost Time Injury Frequency Rate of 0.6 injuries per million hours worked was recorded for 2023 – an improvement on the rate of 1.08 reported for 2022.

This performance is strong not least because a large proportion of our workforce work on customer sites, and the majority work in industrial and factory environments. Safety will continue to be a KPI in the long-term incentive plan where we hope to consolidate 2023 rates and improve further.

Operational

2023 again witnessed a difficult macro-economic environment in many of our markets – and in our customers' end-markets. Destocking and falling steel production created tough trading conditions. In Europe, steel production declined 7.3% in 2023 compared with 2022 and in South America it declined 5.8%. Chinese production remained stable, supported by increases in exports. India was the only major region in the world to exhibit strong growth – up 11.8%. In Foundry, a similar backdrop of low demand and destocking particularly affected markets in Europe, China and South America.

Remuneration overview continued

In this context the team has done a good job in executing plans to grow market share in Flow Control and Foundry in most regions in spite of lower volumes; tightly managing pricing – where all Business Units fully recovered cost increases, and partnered with customers to share the value from our technologically advanced products; and controlling costs, both at a Group level, and in Business Units. The team has demonstrated real resilience in managing very difficult market conditions and focusing on all areas they can control in order to maximise performance in this part of the cycle.

Revenue for the year decreased 3% on an underlying basis vs 2022. Trading profit at £200.4m was 6.7% lower than 2022 (on an underlying basis) and return on sales decreased by 40 bps, on an underlying basis, to 10.4%. These results reflect the challenging year for Vesuvius and many industrial businesses.

Our trade working capital to sales ratio was 23.4%, a modest improvement on 2022. We continue to work to reduce the ratio, focusing on driving down overdues, and managing production to control inventory levels. Product quality metrics have continued to improve.

Free cash flow from continuing operations remained strong at £128.2m with a 93% cash conversion rate. Net debt remains firmly under control. The strong balance sheet enabled the Board to approve a £50m share buyback which commenced during 2023, and interim and final 2023 dividends of 23 pence per share.

Strategic

We again increased our investment in research and development to £37m in 2023 (2022: £36m), fully expensed in our profit and loss statement. Our main focus areas remain innovation in materials science, with the objective to continuously improve the performance of our consumables, and the development of mechatronics solutions enabling our customers to substitute operators to manipulate our consumables and, by doing so, improve their safety, reliability, cost and quality performance.

R&D productivity improvements enabled 21 new products to be launched in 2023 and improved the proportion of sales from products launched in the prior five years to 17.6% (16.4% in 2022, 15.3% in 2021).

Capex investment in 2023 was largely directed towards strategically important capacity expansion in Flow Control – in India for both VISO and flux; in North America for VISO; and in EMEA for VISO and slide-gate production. Investments in India for Advanced Refractories and in India and China for Foundry also commenced to provide new levels of capacity in important regions.

The Sustainability initiative launched in 2020 has continued to deliver strong results across the associated KPIs, with Scope 1 and 2 CO_2e emission intensity continuing to reduce, the 2023 emissions intensity was 20.2% lower than the 2019 base year (reflecting pro forma performance as if the dolime process had been operating normally); sustained focus on diversity with women representing 20% of the Senior Leadership Group; and succession candidates identified for the majority of critical roles.

The Chief Executive led the Board through extensive strategy discussions, exploring options for both organic and inorganic growth. A successful Capital Markets Event during the year enabled investors to explore the Company's medium-term strategy for growth. It examined the strong fundamentals of the business today, its investment in R&D to provide long-term technological advantage, and investment in regional capacity to ensure the penetration of growing markets around the world.

Strategic Value alignment

Safety
Better environments and outcomes for Vesuvius staff and customers

Quality
Optimised products driving better steel, and better castings

Efficiency
Cheaper casting and steel through reduction of input costs

Sustainability
Less energy usage and fewer CO_2 emissions in our processes and our customers' processes

Rewarding careers
We encourage and reward high performance to create an environment where all can realise their individual potential

Return for investors
Optimised pricing and market share gains driving improved profitability

See **Business Model** on **p20 and 21**

In 2023, the Annual Incentive Plan (AIP) was based 40% on Group headline earnings per share (EPS), 20% on Group post-tax ROIC (return on invested capital), 20% on the Group's working capital to sales ratio (based on the 12-month moving average) and 20% on specified personal objectives. Performance against these measures is illustrated below and full details of the targets are given on pages 126 and 127. For consistency with the original targets, financial performance excludes unbudgeted M&A costs. On this basis:

- Our headline earnings per share (restated at December 2022 exchange rates and adjusted for unbudgeted M&A costs) was 51.2 pence, which was above the maximum Annual Incentive Plan target of 47.9 pence
- Similarly, the Group's post-tax ROIC of 9.0% after adjustment for unbudgeted M&A costs, sat above the Annual Incentive Plan target of 8.5%, but below the maximum of 10.0%

The Group's working capital to sales ratio of 23.4% sat between the threshold Annual Incentive Plan target of 23.8% and the target of 23.1%.

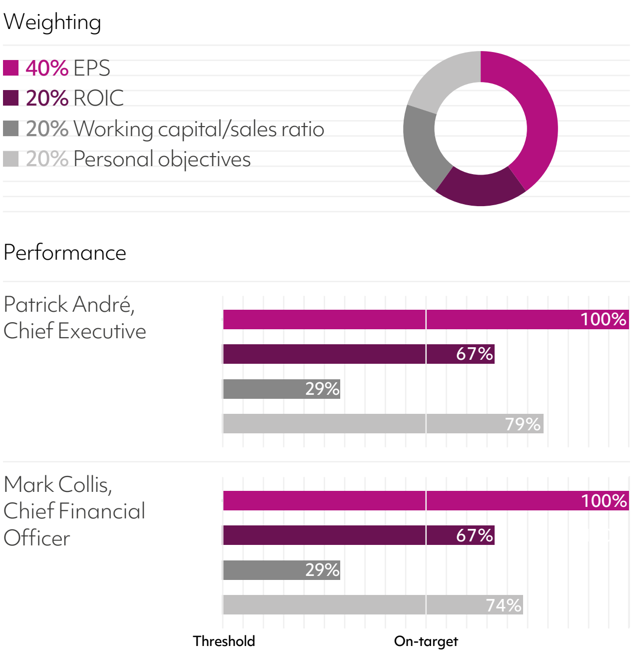
The Committee agreed personal objectives for the Chief Executive at the start of 2023, and for the CFO upon his appointment in April 2023, and assessed their performance to merit 79.0% and 73.5% of maximum targets respectively.

As a result, the overall outcome for the Chief Executive was 74.8% of maximum opportunity, and for the CFO, was 73.7% of maximum, noting that the CFO's opportunity is prorated to reflect his appointment part way through 2023.

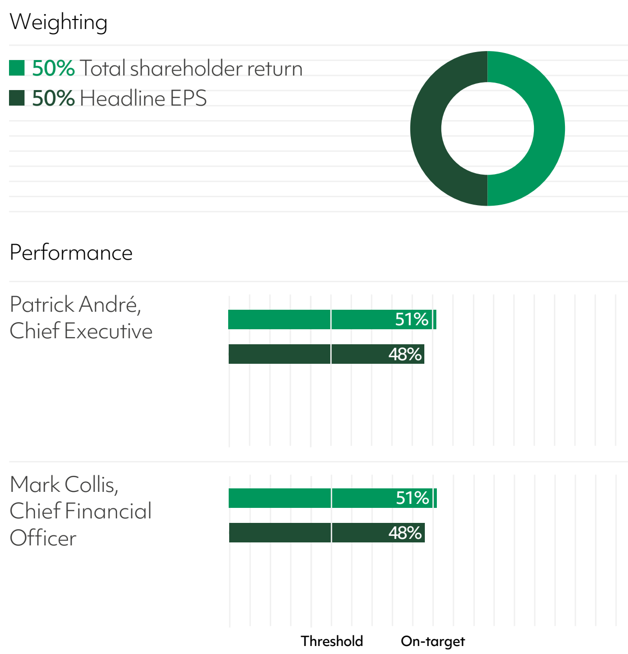
The Committee gave careful consideration to these outcomes and was satisfied that they were consistent with the resilient financial and operational performance and strategic progress outlined above. The Committee noted that similar and complementary KPIs exist in the incentive programmes for managers and employees and was mindful of the outturns for the wider workforce in confirming its decisions for Executive Directors and the Executive Committee. Consequently, the Committee concluded that no discretionary adjustment was required to the formulaic outturns set out above.

The performance period for the awards made under the Vesuvius Share Plan (VSP) in 2021 was completed at the end of 2023. Performance was measured equally by reference to total shareholder return (TSR) relative to the FTSE 250 (excluding investment trusts) and Group headline earnings per share, and yielded a vesting outturn of 49.76% of maximum for the Chief Executive (noting that the CFO was not in receipt of a 2021 award). Again, the Committee gave careful consideration to the related outcomes, and concluded that no discretionary adjustment was required.

Annual Incentive Plan outturn



Vesuvius Share Plan 2021 outturn



Chairman and Non-executive Directors' fees

During the year, the Committee reviewed the Chairman's annual fee, and determined that an increase from £250,000 p.a. to £262,500 p.a. was appropriate. Separately, the Board considered Non-executive Director fees and made a number of consequent adjustments to the fee structure that are detailed on page 130.

Employee engagement

During the year the Non-executive Directors visited plants in Brazil, China, Germany, India, the Netherlands and the United States. Each of these site visits enabled direct discussions with local management teams and the workforce on a range of topics. At larger sites, 'town hall' meetings were also held and enabled a two-way dialogue on a range of issues of interest to the workforce. In these meetings it was usual for Non-executive Directors to present on how the Board and its Committees operate, and on corporate governance, including executive remuneration.

In 2023, the Remuneration Committee received a report from the Chief HR Officer regarding workforce terms and conditions across the globe. The subsequent discussion enabled the Committee to better understand the standards applied across a highly decentralised group to ensure appropriate and competitive remuneration arrangements exist in each operating company.

The key issues raised continue to reflect the pressures of the present inflationary environment in higher inflation countries, though it is helpful that in much of the world pay settlements have fallen during the year compared to the peaks experienced in 2022, and early 2023; the impact of low unemployment levels in many of our main markets, retirement levels and decreasing workforce availability, are all driving very competitive recruitment market conditions at all levels of the organisation. The Committee noted the range of solutions developed as part of the People Strategy – including improved employer branding and alternative recruitment market targeting.

Shareholder engagement

At the 2023 AGM, the Annual Report on Remuneration was supported by 82.2% of voting shareholders and I am very grateful for this demonstration of broad-based support for the executive remuneration arrangements proposed last year.

Ahead of the AGM, the Company's top 22 shareholders were consulted on the proposed changes to the Remuneration Policy and discussions regarding changes in the CEO's remuneration took place at length either in face-to-face meetings or through detailed correspondence where this was the shareholder's preference. We are grateful for the responses received and discussions had, and appreciate the support expressed by many of our shareholders.

The business has delivered a resilient performance in 2023, in tough market conditions, by operationally focusing on the areas within its control; it has been steadfast in its determination to build for the future through investments in R&D and strategic capacity expansion. We hope to gain your support for the Remuneration Report at the forthcoming AGM.

Kath Durrant
Chair of the Remuneration Committee
28 February 2024

Directors' Remuneration Report

Operation of the Remuneration Committee

Remuneration Committee structure

The current members of the Remuneration Committee are all the independent Non-executive Directors of the Company.

The Committee Chair is Kath Durrant. She, Dinggui Gao and Douglas Hurt have served on the Committee throughout 2023. Carla Bailo joined the Committee on her appointment to the Board on 1 February 2023 and Robert MacLeod on his appointment to the Board on 1 September 2023. Jane Hinkley retired from the Board at the 2023 AGM having served as a Director for more than ten years, the majority of which she also served as Chair of the Committee.

The Committee complies with the requirements of the UK Corporate Governance Code for the composition of remuneration committees. Each of the members brings a broad experience of international businesses and an understanding of their challenges to the work of the Committee. The Company Secretary is Secretary to the Committee. Members' biographies are on pages 80 and 81.

Meetings

The Committee met seven times during the year. The Group's Chairman, Chief Executive, Chief Financial Officer and Chief HR Officer were invited to each meeting, together with Friederike Helfer, Vesuvius' non-independent Non-executive Director, though none of them participated in discussions regarding their own remuneration. In addition, a representative from Deloitte, the Remuneration Committee adviser, attended the meetings. The attendees supported the work of the Committee, giving critical insight into the operational demands of the business and their application to the overall remuneration strategy within the Group. In receiving views on remuneration matters from the Executive Directors and senior management, the Committee recognised the potential for conflicts of interest to arise and considered the advice accordingly. The Chair of the Committee reported the outcomes of all meetings to the Board.

The Committee operates under formal terms of reference which were reviewed during the year. The terms of reference are available on the Group website: www.vesuvius.com. The Committee members are permitted to obtain outside legal advice at the Company's expense in relation to their deliberations. The Committee may also secure the attendance at its meetings of any employee or other parties it considers necessary.

Role and responsibilities

The Committee is responsible for:

- Determining the overall remuneration policy for the Executive Directors, including the terms of their service agreements, pension rights and compensation payments
- Setting the appropriate remuneration for the Chairman, the Executive Directors and senior management (being the Group Executive Committee)
- Reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration
- Overseeing the operation of share incentive plans

Advice provided to the Remuneration Committee

Deloitte is appointed directly by the Remuneration Committee to provide advice on executive remuneration matters, including remuneration structure and policy, updates on market practice and trends, and guidance on the implementation and operation of share incentive plans. The Committee appointed Deloitte, a signatory to the Remuneration Consultants Group Code of Conduct in relation to Executive Remuneration Consulting in the UK, following a formal tender process in 2014. Deloitte also provides the Remuneration Committee with ongoing calculations of total shareholder return (TSR) to enable the Committee to monitor the performance of long-term share incentive plans. Deloitte does not have any other connection with any individual Director.

In addition, in 2023, Deloitte provided the Group with IFRS 2 calculations for the purposes of valuing the share plan grants and, within the wider Group, was engaged in various jurisdictions to provide tax advisory work, and some consultancy services. During 2023, Deloitte's fees for advice to the Remuneration Committee, charged on a time spent basis, amounted to £72,370. The Committee conducted a review of the performance of Deloitte as remuneration adviser during the year and concluded that Deloitte continued to provide effective, objective and independent advice to the Committee. No conflict of interest arises as a result of other services provided by Deloitte to the Group.

Directors' Remuneration Report

Remuneration Policy design principles

Remuneration Policy design

The Committee is satisfied that the Remuneration Policy, approved in 2023, is designed to promote the long-term success of the Company in accordance with the requirements of the Code with regard to:

Clarity

Executive remuneration arrangements are transparent with full disclosure in the Annual Report. The Annual Incentive structure for the Executive Directors is based on the same structure utilised for senior executives throughout the Group. Long-term sustainable growth is core to the long-term incentive, and alongside five-year holding periods clearly aligns the interests of executives with those of the Group's shareholders.

Simplicity

The Policy, with its focus on three core elements: fixed pay, Annual Incentive and Long-Term Incentive, is clear, simple and easy to understand.

Risk

The Committee has carefully analysed the range of possible outcomes of awards and believes the Policy to be fair and proportionate, with the clear linkage to Group profitability mitigating the potential for excessive rewards and the reliance on audited profit numbers and externally verified TSR targets serving to mitigate behavioural risk. The Committee has discretion under the Vesuvius Share Plan to determine the vesting of awards in accordance with the Code requirement and malus and clawback provisions also apply.

Predictability

The remuneration illustrations indicate the minimum and maximum potential remuneration. The Committee reviews the underlying financial performance of the Company over the performance period, and the non-financial performance of the Group and participants, to ensure that pay-out levels are justified. The Committee has the discretion to amend the final vesting level if required.

Proportionality

The Committee believes that the performance-related elements of remuneration have financial targets which are transparent, stretching and clearly align the Executive Directors' remuneration with the delivery of the Group's strategy. The Vesuvius Share Plan rewards long-term performance directly linked with the Group's strategy and results, ensuring that only strong performance is rewarded (see page 123).

Alignment to culture

The Executive Directors' incentive arrangements are consistent with the Group's core strategic objective of delivering long-term sustainable and profitable growth and support our performance-orientated culture, Values and purpose (see page 110).

The Remuneration Policy was prepared in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the Financial Conduct Authority's Listing Rules and the Disclosure Guidance and Transparency Rules.

2023 Remuneration Policy

The policy set out below contains minor amendments, as appropriate, to reflect activities undertaken in 2023. For reference, the policy, as approved by shareholders at the AGM on 18 May 2023, can be found on pages 124 to 132 of the 2022 Annual Report, available on the vesuvius.com website.

Comparison of Remuneration Policy for Executive Directors with that for other employees

The Remuneration Policy for Executive Directors is designed in line with the remuneration philosophy set out in this report – which also underpins remuneration for the wider Group. However, given that remuneration structures for other employees need to reflect both seniority and local market practice, they differ from the policy for Executive Directors. In particular, Executive Directors receive a higher proportion of their remuneration in performance-related pay and share-based payments.

All members of the Group Executive Committee participate in the Vesuvius Share Plan and receive awards of Performance Shares, which vest on the basis of the same performance targets set for the Executive Directors. The level of awards granted to members of the Group Executive Committee who don't serve on the Board are lower than those granted to the Executive Directors.

Middle and senior managers also participate in the Annual Incentive Plan and, in certain cases, longer-term share or cash-based plans, with awards predominantly based on a blend of Group and regional or Business Unit performance measures appropriate for the scope of participants' responsibilities. Individual percentages of variable versus fixed remuneration and participation in share-based structures increase as seniority increases.

Consideration of conditions elsewhere in the Group in developing policy

The Non-executive Directors participated in a number of 'town hall' meetings and site visits during the year which provided the opportunity to engage with the workforce on a wide range of issues, including executive remuneration where appropriate. The Remuneration Committee also commissioned an annual review of workforce remuneration in 2023, which reported on general remuneration, incentives and benefits practices around the Group and, in addition, included insights on the latest trends in our key markets. The latter was supported by a detailed compensation competitiveness review commissioned by management during the year, which highlighted the talent attraction and retention challenges facing the Group in many locations. This review reinforced the Committee's commitment to ensure that the Group operates a market-competitive approach to remuneration which fosters the motivation and retention of key talent, right up to Executive level. The Committee takes into account all such detail regarding the pay and employment conditions of other Group employees when determining Executive Directors' remuneration, particularly when determining base salary increases, when the Committee will consider the salary increases for other Group employees in the same jurisdiction.

Consideration of shareholder views

Vesuvius is committed to open and transparent dialogue with its shareholders on remuneration as well as other governance matters. The Chair of the Committee welcomes shareholder engagement and is available for any discussions investors wish to have on remuneration matters.

Remuneration Policy Table for Executive Directors[1]

Alignment/purpose	Operation	Opportunity	Performance
S Base salary			
Helps to recruit and retain key employees. Reflects the individual's experience, role and contribution within the Company	Base salary is normally reviewed annually, with changes effective from 1 January. Base salary is positioned to be market competitive when considered against other global industrial companies, and relevant international and FTSE 250 companies (excluding investment trusts). Paid in cash, subject to local tax and social security regulations.	Salary increases will normally not exceed the average increase awarded to other employees in the Group, although increases may be made above this level at the Committee's discretion in appropriate circumstances. In considering any increase in base salary, the Committee will also take into account: (i) The role and value of the individual (ii) Changes in job scope or responsibility (iii) Progression in the role (e.g. for a new appointee) (iv) A significant increase in the scale of role and/or size, value or complexity of the Group (v) The need to maintain market competitiveness No absolute maximum has been set for Executive Director base salaries. Current Executive Directors' salaries are set out in the Annual Report on Directors' Remuneration section of this Remuneration Report.	Any increase will take into account the individual's performance, contribution and increasing experience.
B Other benefits			
Provides normal, market-aligned benefits	A range of benefits including, but not limited to: car allowance, private medical care (including spouse and dependent children), life insurance, disability and health insurance, expense reimbursement (including costs if a spouse accompanies an Executive Director on Vesuvius business), together with relocation allowances and expatriate benefits, in some instances grossed up for tax, in accordance with the Group's policies, and participation in any employee share scheme operated by the Group.	There is no formal maximum as benefit costs can fluctuate depending on changes in provider, cost and individual circumstances.[1]	None.
P Pension			
Helps to recruit and retain key employees Ensures income in retirement	An allowance is given as a percentage of base salary. This may be used to participate in Vesuvius' pension arrangements, invested in own pension arrangements or taken as a cash supplement (or any combination of the above options).	Maximum of 17% of base salary for incumbent Executive Directors from the end of 2022, in line with the average of that received by the majority of the global workforce.[2] The level of allowance for Executive Directors appointed following the adoption of this Policy will be aligned with the post-retirement benefits applicable to the majority of the workforce or, where appropriate, to the majority of the workforce of the relevant geography.	None.

1. The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy set out here, where the terms of the payment were agreed: (i) before the Policy set out here came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' include the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
2. As analysed in the business's Workforce Retirement Practices review conducted in 2020, as detailed on page 122 of the 2020 Annual Report.

2023 Remuneration Policy continued

Alignment/purpose	Operation	Opportunity	Performance
AI Annual Incentive			
Incentivises Executive Directors to achieve key short-term financial and strategic targets of the Group Additional alignment with shareholders' interests through the operation of bonus deferral	Normally 33% of any Annual Incentive earned by Executive Directors will be deferred into awards over shares under the Vesuvius Deferred Share Bonus Plan which normally vest after at least three years, other than in specified circumstances, i.e. in cases of dismissal for cause, as outlined on page 120 in this Policy. These may be cash or share settled. The Committee has the discretion to award participants the equivalent value of dividends accrued during the vesting period on any shares that vest. Subject to malus and clawback.	Below threshold: 0%. At threshold: Between 0 and 25% of maximum. On-target: 50% of the applicable maximum opportunity in any year. Maximum: Up to 175% of base salary. The Remuneration Committee will normally set the level of maximum bonus opportunity for each Executive Director at the start of each year. Payments start to accrue on meeting the threshold level of performance, with payments between threshold and on-target and between on-target and maximum made on a pro rata basis.	The Annual Incentive is normally measured on targets set at the beginning of each year. In unusual or exceptional circumstances, for example where there is exceptional economic volatility which limits visibility to set robust 12-month targets, the Committee may elect to set and measure targets other than on an annual basis. The majority of the Annual Incentive will be determined by measure(s) of Group financial performance. The remainder of the Annual Incentive will be based on financial, strategic or operational measures appropriate to the individual Director. Actual performance targets will be disclosed after the performance period has ended. They are not disclosed in advance due to their commercial sensitivity. The Committee may use its discretion to amend the formulaic outturn upwards or downwards if it does not consider the formulaic outcome appropriate.
VSP Vesuvius Share Plan (VSP)			
Aligns Executive Directors' interests with those of shareholders through the delivery of shares. Rewards Executive Directors for achieving the strategic objectives of growth in shareholder value and earnings Assists retention of Executive Directors over a three-year performance period and the further two-year holding period	VSP awards to Executive Directors are granted as Performance Share awards. These may be cash or share settled. Awards vest three years after their award date, other than in specified circumstances outlined elsewhere in this Policy, subject to the achievement of specified conditions. All vested shares, net of any tax liabilities, are then subject to a further two-year holding period after the vesting date, which will continue to apply notwithstanding the termination of employment of the participants during this holding period, except at the Committee's discretion in exceptional circumstances, including a change of control or where the participant dies or has left employment due to ill health, injury or disability. The Committee has the discretion to award participants the equivalent value of dividends accrued during the vesting period and further two-year holding period on any shares that vest. Subject to malus and clawback.	Executive Directors are eligible to receive an annual award with a face value of up to 200% of base salary in Performance Share awards. Vesting at threshold performance is between 0 and 25% of the award, rising to vesting of the full award at maximum.	Vesting will be subject to performance conditions as determined by the Remuneration Committee ahead of each award. Those conditions will be disclosed in the Annual Report on Directors' Remuneration section of the Remuneration Report. The performance conditions for 2024 are relative TSR, post-tax ROIC and ESG measures, weighted at 40%, 40% and 20% respectively. The Remuneration Committee will retain discretion for future awards to include additional or alternative performance conditions which are aligned with the corporate strategy. At its discretion, the Committee may elect to add additional underpinning performance conditions. The Company reserves the right only to disclose certain of the performance targets after the performance period has ended, due to their commercial sensitivity. Prior to any vesting, the Remuneration Committee reviews the underlying financial performance of the Group over the performance period, and the non-financial performance of the Group and participants, to ensure that the vesting is justified. Following this review, the Committee has the discretion to amend the final vesting level if it does not consider that it is justified.

Illustration of the application of the Remuneration Policy for 2024

The charts below show the total remuneration for Executive Directors for 2024 for minimum, on-target and maximum performance. The fixed elements of remuneration comprise base salary, pension and other benefits, using 2024 salary data. The assumptions on which they are calculated are as follows:

Minimum

Fixed remuneration only.

On-target

Fixed remuneration plus on-target Annual Incentive (made at 87.5% of base salary for Patrick André and 75% for Mark Collis); and for the Performance Share awards under the Vesuvius Share Plan, median performance for the TSR element and the mid-point between threshold and maximum performance for the post-tax ROIC and ESG performance conditions (with overall vesting at 40% of maximum, based on the vesting schedule detailed on page 124). No share price appreciation is assumed.

Maximum

Fixed remuneration plus maximum Annual Incentive (being full achievement of financial and personal targets, made at 175% of base salary for Patrick André and 150% for Mark Collis) and 100% vesting for Performance Share awards (made at 200% of base salary for Patrick André and 150% of base salary for Mark Collis) under the Vesuvius Share Plan. No share price appreciation is assumed.

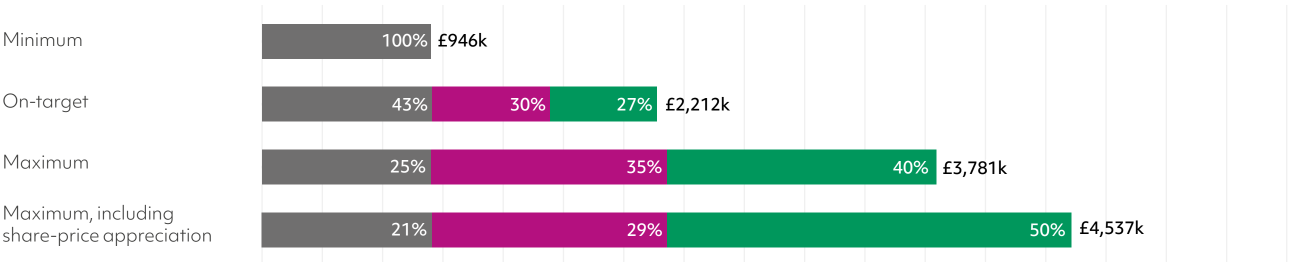
Maximum including assumed 50% share price appreciation

This shows the value of the maximum scenario if 50% share price appreciation is assumed over the three-year performance period of the Performance Share awards.

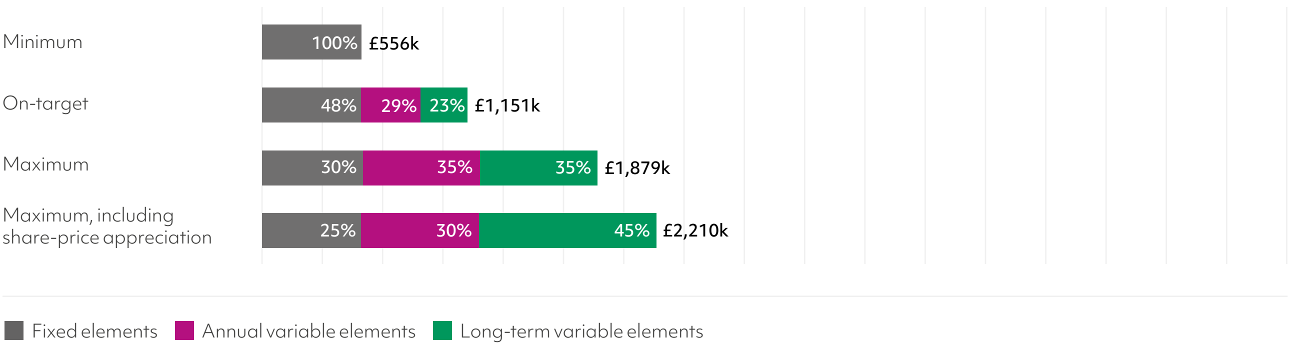
Note: In addition, the Committee retains the discretion to award dividends (either shares or their cash equivalent) on any shares that vest.

Remuneration illustrations £000

Patrick André, Chief Executive



Mark Collis, Chief Financial Officer*



* Annualised equivalent shown for illustrative purposes.

2023 Remuneration Policy continued

General operation of the Policy for Executive Directors

Shareholding guidelines

The Remuneration Committee encourages Executive Directors to build and hold a shareholding in the Company equivalent in value to at least 200% of base salary.

Compliance with the shareholding policy is tested at the end of each year for application in the following year, with the valuation of any holding being taken at the higher of: (1) the share price on the date of vesting of any shares derived from a share award, in respect of those shares only; and (2) the average of the closing prices of a Vesuvius ordinary share for the trading days in that December.

Unless exceptionally the Committee determines otherwise, under the post-employment shareholding guideline the Executive Directors will remain subject to their shareholding requirement in the first year after their cessation as an Executive Director and to 50% of the shares retained in the first year during the second year after such cessation, recognising that there is no requirement to purchase additional shares if the shares held when they cease to be an Executive Director are less than the applicable shareholding guideline. However, in relation to shares acquired by an Executive Director in their personal capacity, the Committee may, where appropriate, exempt such shares from the post-employment guideline.

Malus/clawback arrangements

The Executive Directors' variable remuneration is subject to malus and clawback provisions. These provide the Committee with the flexibility, if required, to withhold or recover payments made to Executive Directors under the Annual Incentive Plan (including deferred awards) and/or to withhold or recover share awards granted to Executive Directors under the Vesuvius Share Plan, including any dividends granted on such awards. The circumstances in which the Committee could potentially elect to apply malus and clawback provisions include: a material misstatement in the Group's financial results; an error in the calculation of the extent of payment or vesting of an incentive; gross misconduct by an individual; or significant financial loss or serious reputational damage to Vesuvius plc resulting from an individual's conduct, a material failure of risk management or a serious breach of health and safety. These malus and clawback provisions apply for a period of up to three years after the end of a performance period (or end of the deferral period in respect of awards made under the Vesuvius Deferred Share Bonus Plan).

Performance measures

In selecting performance measures for the Annual Incentive, the Committee seeks to reflect key strategic aims and the need for a rigorous focus on financial performance. Each year, the Committee agrees challenging targets to ensure that underperformance is not rewarded. The Company will not be disclosing the specific financial or personal objectives set until after the relevant performance period has ended because of commercial sensitivities. The personal objectives are all job-specific in nature and track performance against key strategic, organisational and operational goals.

In selecting performance measures for the Vesuvius Share Plan, the Committee seeks to focus Executive Directors on the execution of long-term strategy and also align their rewards with value created for shareholders. In the Policy period, the Committee will continually review the performance measures used to ensure that awards are made on the basis of challenging targets that clearly support the achievement of the Group's strategic aims.

The Committee may vary or waive any performance condition(s) if circumstances occur which cause it to determine that the original condition(s) have ceased to be appropriate, provided that any such variation or waiver is fair, reasonable and not materially less difficult to satisfy than the original condition (in its opinion). In the event that the Committee were to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.

Service contracts for Executive Directors

The Committee will periodically review the contractual terms for new Executive Directors to ensure that these reflect best practice. Service contracts currently operate on a rolling basis and are limited to a 12-month notice period.

Patrick André is employed as Chief Executive of Vesuvius plc pursuant to the terms of a service agreement made with the Company dated 17 July 2017. Mark Collis is employed as Chief Financial Officer pursuant to the terms of a service agreement with Vesuvius plc dated 4 January 2023. Patrick André's appointment is terminable by Vesuvius on not less than 12 months' written notice, and by him on not less than six months' written notice. Mark Collis's appointment is terminable by him and Vesuvius on not less than six months' written notice.

External appointments of Executive Directors

The Executive Directors do not currently serve as non-executive directors of any other quoted company. Subject always to consent being granted by the Company for them to take up such an appointment, were they to so serve, the Company would allow them to retain any fees they received for the performance of their duties.

Other

The Committee may: (a) in the event of a variation of the Company's share capital, demerger, special dividend or any other corporate event which it reasonably determines justifies such an adjustment, adjust; and (b) amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans.

Share awards may be settled by the issue of new shares or by the transfer of existing shares. In line with prevailing best practice at the time this Policy was approved, any issuance of new shares is limited to 5% of share capital over a rolling ten-year period in relation to discretionary employee share schemes and 10% of share capital over a rolling ten-year period in relation to all employee share schemes.

The Committee may make minor amendments to the Policy set out in this Policy Report (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Policy for joining and leaving: Recruitment policy

Typical event	Policy
Executive Director appointed or promoted	On appointment or promotion of a new Executive Director, the Committee will typically use the Remuneration Policy in force at the time of the Committee's decision to determine ongoing remuneration. Base salary levels will generally be set in accordance with the Remuneration Policy current at the time of the Committee's decision, taking into account the experience and calibre of the appointee. Other than in exceptional circumstances, other elements of annual remuneration will, typically, be set in line with the Remuneration Policy, including a limit on awards under the Annual Incentive and Vesuvius Share Plan of 375% of salary in aggregate.
First year of appointment	If appropriate the Committee may apply different performance measures and/or targets to a Director's first incentive awards in his/her year of appointment.
Service contract agreed	Service contracts will be entered into on terms similar to those for the existing Executive Directors, summarised in the service contracts of Executive Directors section above.
Appointment of Chairman or Non-executive Director	With respect to the appointment of a new Chairman or Non-executive Director, appointment terms will be consistent with those applicable at the time the appointment is agreed. Variable pay will not be considered. With respect to Non-executive Directors, fees will be consistent with the Policy at the time the appointment is agreed. If, in exceptional circumstances, a Non-executive Director was asked to assume an interim executive role, the Company retains the discretion to pay them appropriate executive compensation, in line with the Policy.
Individual appointed on a base salary below market, contingent on performance	If it is appropriate to appoint an individual on a base salary initially below what is adjudged to be market positioning, contingent on individual performance, the Committee retains the discretion to realign base salary over the one to three years following appointment, which may result in a higher rate of annualised increase than might otherwise be awarded under the Policy. If the Committee intends to rely on this discretion, it will be noted in the first Remuneration Report following an individual's appointment.
Internal appointment	In the event that an internal appointment is made, or where a Director is appointed as a result of transfer into the Group on an acquisition of another Company, the Committee may continue with existing remuneration provisions for this individual, where appropriate.
Relocation required	If necessary and appropriate to secure the appointment of a candidate who has to move locations as a result of the appointment, whether internal or external, the Committee may make additional payments linked to relocation, above those outlined in the policy table, and would authorise the payment of a relocation allowance and repatriation, as well as other associated international mobility terms. Such benefits would be set at a level which the Committee considers appropriate for the role and the individual's circumstances.
Buying out compensation forfeited on leaving previous employer	In addition to the annual remuneration elements noted above, the Committee may consider buying out terms, incentives and any other compensation arrangements forfeited on leaving a previous employer that an individual forfeits in accepting an appointment with Vesuvius. The Committee will have the authority to rely on Listing Rule 9.4.2 R(2) or to apply the existing limits within the Vesuvius Share Plan to make Restricted Share awards on recruitment. In making any such awards, the Committee will review the terms of any forfeited awards, including, but not limited to, vesting periods, the expected value of such awards on vesting and the likelihood of the performance targets applicable to such awards being met, while retaining the discretion to make any buy-out award the Committee determines is necessary and appropriate. The Committee may also require the appointee to purchase shares in Vesuvius to a pre-agreed level prior to vesting of any such awards. The value of any buy-out award will be capped, to ensure its maximum value is no higher than the value of the awards that the individual forfeited on joining Vesuvius. Any such awards will be subject to malus and clawback.
Reimbursement of other costs	In addition to the elements noted above, the Committee may consider reimbursement of other demonstrable, specific costs incurred by an individual in relation to their appointment (e.g. legal costs).

2023 Remuneration Policy continued

Policy for joining and leaving: Exit payment policy

Vesuvius has the option to make a payment in lieu of part or all of the required notice period for Executive Directors. Any such payment in lieu will consist of the base salary, pension contributions and value of benefits to which the Director would have been entitled for the duration of the remaining notice period, net of statutory deductions in each case. Half of any payments in lieu of notice would be made in a lump sum, the remainder in equal monthly instalments commencing in the month in which the midpoint of their foregone notice period falls (and are reduced or extinguished by salary from any role undertaken by the departing Executive in this time). Executive Directors are subject to certain non-compete covenants for a period of nine to 12 months, and non-solicitation covenants for a period of 12 months, following the termination of their employment. Their service agreements are governed by English law.

Executive Directors' contracts do not contain any change of control provisions; they do contain a duty to mitigate should the Director find an alternative paid occupation in any period during which the Company must otherwise pay compensation on early termination.

The table below summarises how the awards under the annual bonus and Vesuvius Share Plan are typically treated in different leaver scenarios and on a change of control.

Whilst the Committee retains overall discretion on determining 'good leaver' status, it typically defines a 'good leaver' in circumstances such as retirement with agreement of the Company, ill health, disability, death, redundancy, or part of the business in which the individual is employed or engaged ceasing to be part of the Group. Final treatment is subject to the Committee's discretion.

Event	Timing	Calculation of vesting/payment
Annual Incentive Plan – during period prior to payment		
Good leaver	Paid at the same time as to continuing employees.	Annual bonus is paid only to the extent that any performance conditions have been satisfied and is pro rated for the proportion of the financial year worked before cessation of employment. In determining the level of bonus to be paid, the Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole based on appropriate performance measures as determined by the Committee. The bonus may, at the Committee's discretion, be paid entirely in cash.
Bad leaver	Not applicable.	Individuals lose the right to their annual bonus.
Change of control	Paid on the effective date of change of control.	Annual bonus is paid only to the extent that any performance conditions have been satisfied and is prorated for the proportion of the financial year worked.
Annual Incentive Plan – in respect of any amount deferred into awards over shares under the Vesuvius Deferred Share Bonus Plan		
Good leaver	On the date of the event.	Deferred awards vest in full.
Bad leaver	On the date of the event.	Other than dismissal for cause, deferred awards will vest in full.
Change of control[1]	Within seven days of the event.	Deferred awards vest in full.
Vesuvius Share Plan		
Good leaver[2]	On normal release date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and a pro rata reduction applies to the value of the awards to take into account the proportion of performance period not served, unless the Committee decides that the reduction in the number of vested shares is inappropriate.
Bad leaver	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
Change of control[1]	On the date of the event.	Unvested awards vest to the extent that any performance conditions have been satisfied and a pro rata reduction applies for the proportion of the vesting period not served, unless the Committee decides that the reduction in the number of vested shares is inappropriate.

1. In certain circumstances, the Committee may determine that unvested awards under the Vesuvius Deferred Bonus Plan and Vesuvius Share Plan will not vest on a change of control but will instead be replaced by an equivalent grant of a new award, as determined by the Committee, in the new company.
2. Under the rules of the Vesuvius Share Plan, any vested shares, net of any tax liabilities, are subject to a further two-year holding period after the vesting date. The holding period may be terminated early at the Committee's discretion in exceptional circumstances, including a change of control or where the award holder dies or leaves employment due to ill health, injury or disability.

Benefits normally cease to be provided on the date employment ends. However, the Committee has the discretion to allow some minor benefits (such as health insurance, tax advice and repatriation expenses) to continue to be provided for a period following cessation where this is considered fair and reasonable, or appropriate on the basis of local market practice. In addition, the Committee retains discretion to fund other expenses for the Executive Director; for example, payments to meet legal fees incurred in connection with termination of employment, or to meet the costs of providing outplacement support, and de minimis termination costs up to £5,000 to cover the transfer of mobile phone or other administrative expenses.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors, including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These would be used only where the Committee believed it was in the best interests of the Company to do so.

Remuneration Policy for Non-executive Directors

The Company seeks to appoint Non-executive Directors who have relevant professional knowledge and have gained experience in a relevant industry and geographical sector, to support diversity of expertise on the Board and match the wide geographical spread of the Company's activities.

Non-executive Directors attend Board, Committee and other meetings, held mainly in the UK, together with an annual strategy review to debate the Company's strategic direction.

All Non-executive Directors are expected to familiarise themselves with the scale and scope of the Company's business and to maintain their specific technical skills and knowledge.

The Board sets the level of fees paid to the Non-executive Directors after considering the role and responsibilities of each Director and the practice of other companies of a similar size and international complexity. The Non-executive Directors do not participate in Board discussions on their own remuneration.

Alignment/purpose	Operation	Opportunity	Performance
Fees			
To attract and retain Non-executive Directors of the necessary skill and experience by offering market-competitive fees	Fees are usually reviewed every year by the Board. Non-executive Directors are paid a base fee for the performance of their role plus additional fees for roles that involve significant additional time commitment and/or responsibility. Such roles could include, but are not limited to, Committee chairmanship (and, where appropriate, membership) or acting as the Senior Independent Director. Fees are paid in cash. When travelling internationally on Company business, all Non-executive Directors may also be provided with additional travel allowance payments, reflecting the associated time commitment, paid in cash. The Chairman is paid a single cash fee and receives administrative support from the Company.	Non-executive Directors and the Chairman will be paid market-appropriate fees, with any increase reflecting changes in the market or adjustments to a specific Non-executive Director's role. Any travel allowances payable will be reflective of travel time incurred as necessary to fulfil Company business. No eligibility for bonuses, retirement benefits or to participate in the Group's employee share plans. Base fees paid to Non-executive Directors excluding the Chairman will, in aggregate, remain within the aggregate limit stated in our Articles, currently being £500,000.	None.
Benefits and expenses			
To facilitate execution of responsibilities and duties required by the role	All Non-executive Directors are reimbursed for reasonable expenses incurred in carrying out their duties (including any personal tax owing on such expenses). Should the Board deem it appropriate, additional benefits can be provided to Non-executive Directors as required (e.g. liability insurance).	Non-executive Directors' expenses are paid in accordance with Vesuvius' expense procedures. Provision of additional benefits will be at the discretion of the Board and will reflect the reasonable needs of a Non-executive Director in undertaking Company business.	None.

2023 Remuneration Policy continued

Terms of service of the Chairman and other Non-executive Directors

The terms of service of the Chairman and the Non-executive Directors are contained in letters of appointment. Each Non-executive Director is appointed subject to their election at the Company's first Annual General Meeting following their appointment and re-election at subsequent Annual General Meetings. The Chairman is entitled to six months' notice from the Company. None of the other Non-executive Directors is entitled to receive compensation for loss of office at any time.

All Non-executive Directors are subject to retirement, and election or re-election, in accordance with the Company's Articles of Association. The current policy is for Non-executive Directors to serve on the Board for a maximum of nine years, with review at the end of three and six years, subject always to mutual agreement and annual performance evaluation. The Board retains discretion to extend the tenure of Non-executive Directors beyond this time, subject to the requirements of Board balance and independence being satisfied.

The table below shows the date of appointment for each of the Non-executive Directors:

Non-executive Director	Date of appointment
Carl-Peter Forster	1 November 2022
Carla Bailo	1 February 2023
Kath Durrant	1 December 2020
Dinggui Gao	1 April 2021
Friederike Helfer	4 December 2019
Douglas Hurt	2 April 2015
Robert MacLeod	1 September 2023

Directors' Remuneration Report

Annual Report on Directors' Remuneration

Executive Directors' remuneration in year ahead

The table below sets out the phasing of receipt of the various elements of Executive Director remuneration for 2024.

	2024	2025	2026	2027	2028	2029	Description and link to strategy
S Base salary							Salaries are set at an appropriate level to enable the Company to recruit and retain key employees, and reflect the individual's experience, role and contribution within the Company.
B Benefits							Provides normal market practice benefits.
P Pension							The pension benefit helps to recruit and retain key employees and ensures income in retirement.
AI Annual Incentive							The Annual Incentive incentivises the Executive Directors to achieve key short-term financial and strategic targets of the Group.
AI Deferred Annual Incentive							The deferral of a portion of the Annual Incentive increases alignment with shareholders.
VSP Vesuvius Share Plan				Holding period			Awards under the Vesuvius Share Plan align Executive Directors' interests with those of shareholders through the delivery of shares and assist in the retention of the Executive Directors. The VSP rewards the Executive Directors for achieving the strategic objectives of growth in shareholder value and earnings.

The table below sets out how the Remuneration Policy will be applied to the Executive Directors' remuneration for 2024. Further details about each of the elements of remuneration are set out in the Remuneration Policy.

S Base salary

Patrick André	£756,000 **2023:** £720,000 As explained in the Committee Chair's letter, the CEO was awarded a 5% increase, effective 1 January 2024.	**Mark Collis**	£441,000 **2023:** £420,000 As explained in the Committee Chair's letter, the CFO was awarded a 5% increase, effective 1 January 2024.

B Benefits

Benefits for Executive Directors may include:

- Car allowance
- Private medical care
- Relocation expenses
- Tax advice and tax reimbursement
- Commuting costs
- School fees
- Directors' spouses' travel
- Administrative expenses

P Pension

17% of base salary, in line with the average received by the majority of the global workforce.

AI Annual Incentive

Annual Incentive potential for Patrick André, maximum value	175% of base salary	**Annual Incentive potential for Mark Collis, maximum value**	150% of base salary

For 2024, the maximum Annual Incentive potential for Patrick André will remain at the level previously available, i.e. 175% of base salary with target Annual Incentive potential being 87.5% of base salary for the achievement of target performance in all elements. For Mark Collis, potential will also remain at the level previously available, i.e. 75% at target, and 150% at maximum. Pay-outs will commence and increase incrementally from 0% once the threshold performance for any of the elements has been met. 33% of any Annual Incentive earned will be deferred into awards over shares, which will vest after a holding period of three years.

These incentives are based 40% on Group headline earnings per share, 20% on the Group's working capital to sales ratio (based on the 12-month moving average), 20% on post-tax return on invested capital (ROIC) and 20% on specified personal objectives.

The Company will not be disclosing the targets set until after the relevant performance period has ended because of commercial sensitivities. Targets will be set and assessed so as to exclude approved restructuring costs and any unbudgeted M&A costs. The personal objectives for 2024 are focused on long-term strategic objectives or are job-specific in nature and track performance against the Group's key strategic, organisational and operational goals with a specific focus on ESG outcomes.

VSP Vesuvius Share Plan (VSP)

Patrick André, maximum value	200% of base salary
Mark Collis, maximum value	150% of base salary

Share awards with a maximum value of 200% of salary will be granted to Patrick André and, for Mark Collis a maximum value of 150% of salary will be granted.
The strike price for the awards will be determined by reference to the average share price over the 30 calendar days prior to grant.
Vesting of 40% of shares awarded will be based upon the Company's TSR performance relative to that of the constituent companies of the FTSE 250 (excluding investment trusts), 40% on post-tax return on invested capital (ROIC) and 20% on ESG. Targets are set out overleaf. Performance will be measured over three years with awards vesting after three years. There will then be a further two-year holding period applicable to the awards.

Annual Report on Directors' Remuneration continued

Targets for the VSP Awards for the year 2024

TSR ranking relative to FTSE 250 excluding investment trusts	Weighting 40%

	Vesting percentage (of total LTIP)
Below median	0%
Median	10%
Between median and upper quintile	Pro rata between 10% and 40%
Upper quintile and above	40%

Post-tax ROIC[1]	Weighting 40%

	Vesting percentage (of total LTIP)[2]	Average ROIC over three- year performance period
Threshold and below	0%	8.5%
Maximum	40%	11.5%

1. ROIC is defined as Net Operating Profit After Tax (NOPAT), divided by invested capital (IC). NOPAT is defined as Group trading profit, plus post-tax share of JV results, less amortisation of intangible assets calculated as an average over the target period. (The inclusion of amortisation charges serves to reduce the calculation of ROIC returns though we believe this to be the most appropriate definition.) Invested capital is defined as total assets excluding cash and non-interest-bearing liabilities, calculated as the average of IC at the start and the end of the target period at constant currency. See Note 35.18 of the Group Financial Statements.
2. Vesting between these points will be on a straight-line basis.

Environment, Social, Governance	Weighting 20%

Safety: Average Lost Time Injury Frequency Rate (LTIFR)[1] 2024–2026

	Vesting percentage (of total LTIP)[2]	Range
Threshold and below	0%	0.95
Maximum	5%	0.65

Energy: CO_2e: Reduction in Scope 1 and 2 CO_2e emission intensity (vs 2019 baseline) in 2026[3]

	Vesting percentage (of total LTIP)[2]	Range
Threshold and below	0%	-20%
Maximum	10%	-26%

Diversity: Gender diversity in Senior Leadership Group[4] on 31 Dec 2026

	Vesting percentage (of total LTIP)[2]	Range
Threshold and below	0%	20%
Maximum	5%	26%

1. LTIFR is the Lost Time Injury Frequency Rate, based on the number of lost time injuries that occur during the performance period per million hours worked.
2. Straight-line vesting between threshold and maximum.
3. Reduction of CO_2e emissions per metric tonne of product packed for shipment.
4. Senior Leadership Group is defined as the Group Executive Committee plus the most senior Vesuvius managers worldwide, in terms of their contribution to the Group's overall results and to the execution of the Group's strategy. This group comprises between 140 and 170 members (number may slightly fluctuate from one year to the next based on organisational changes).

Explaining the ROIC target range

The Committee has considered the Group strategy over the period, market conditions, and historic and current estimates of WACC provided by our financial advisers in determining the target range.

Whilst we expect ROIC to be at the lower end of the range in Year 1, we believe a range of 8.5–11.5% to be appropriate for the VSP award 2024–2026. The targets have been set, and performance will be assessed, excluding approved restructuring costs. The threshold pay-out level remains at 0% this year, but may change for future awards.

Adjustments to the ROIC target range may be required should the Board approve certain mergers, acquisitions or disposals. For any such event that requires Board approval then management will assess the potential impact on ROIC as part of their broader submission, and the Committee will determine whether any adjustment to targets should be made. In general, the Committee will have regard to the materiality of the event and the timing in the life of the award cycle. The intention will be to maintain fair, stretching but achievable targets, whilst not providing a disincentive to management to bring forward proposals for mergers, acquisitions or disposals that are in the Company's interest.

Explaining the ESG metrics

The Environment, Social and Governance targets for the 2024 awards represent key strategic priorities for the management team as well as the Board.

Safety continues to be of paramount cultural importance to Vesuvius and progressive improvement has been made in recent years. The targets are considered stretching in the context of an operationally challenging environment with many employees working remotely at customer sites. Lost Time Injury Frequency Rate is a recognised metric, and is measured per million hours worked.

Energy – the reduction in Scope 1 and 2 emissions is a key feature of the Company's sustainability strategy (see pages 32–53) and as such a measure of CO_2e emission intensity is used (CO_2e emissions per tonne of product packed for shipment). Baseline and current emissions have been verified by Carbon Footprint Ltd. Vesuvius has committed to achieve a net zero status by 2050 at the latest and a roadmap, with clear intermediary targets in 2025 and 2035, has been established, as detailed in our Non-Financial and Sustainability Information Statement(see pages 47–49 for further information). The targets have been set relative to the 2023 outturn of 20.2% (versus the 2019 baseline) which, as outlined on page 35, reflected pro forma performance as if the dolime process had been operating normally. This ensures that the results are not inflated and seek to measure performance consistently year on year.

Diversity – a focus on gender diversity has seen improvements in the Senior Leadership Group of c.140–170 individuals in recent years. Targets are set so as to drive continued progress towards the targets outlined in our Sustainability initiative. The Committee notes that the market for female talent in the sector remains extremely tight, and whilst the target range has remained the same for the 2024-26 LTIP, it believes such targets to be stretching.

Executive Directors' remuneration in year under review

Single total figure table – audited

The table below sets out the total remuneration received by Executive Directors in the financial year under review:

	Patrick André		Mark Collis[1]		Guy Young[2]	
	2023 (£000)	2022 (£000)	**2023 (£000)**	2022 (£000)	**2023 (£000)**	2022 (£000)
Total salary	**720**	643	**315**	–	**56**	420
Taxable benefits[3]	**61**	83	**30**	–	**14**	18
Pension[4]	**122**	155	**54**	–	**10**	96
Total fixed pay[5]	**904**	880	**399**	–	**80**	535
Annual Incentive[6]	**942**	731	**348**	–	**0**	0
Long-Term Incentives[7,8]	**566**	613	**–**	–	**0**	0
Buy-out awards[9]	**–**	–	**178**	–	**–**	–
Total variable pay[10]	**1,508**	1,344	**526**	–	**0**	0
Total[11]	**2,412**	2,225	**925**	–	**80**	535

1. Mark Collis joined Vesuvius as Chief Financial Officer and as an Executive Director effective 1 April 2023. As such the figures shown for 2023 represent the actual, pro-rated amounts received during the period served in 2023.
2. Guy Young stepped down as Chief Financial Officer and as an Executive Director effective 17 February 2023. As such the figures shown for 2023 represent the actual, pro-rated amounts of Total fixed pay received during the period served in 2023, noting that no incentives were payable, in line with Company leaver policies, on account of his resignation.
3. Standard benefits for the Executive Directors include car allowance and private medical care. In 2022 and 2023, Patrick André also received external professional services support, funded by the Company, in relation to EU Settled Status applications for him and his wife, in line with the approval for such support granted by the Remuneration Committee in May 2019. The total cost of this support including gross-up of associated taxes was £44,811 in 2022, and £3,098 in 2023.
4. In 2022, Patrick André and Guy Young received a pension allowance of 25% of base salary capped at the January 2020 level. The figures for 2023 for Patrick André, Mark Collis and Guy Young represent the value of all cash allowances and contributions received in respect of pension benefits, at the reduced rate of 17% base salary, implemented in line with the Remuneration Policy from 1 January 2023.
5. The sum of total salary, taxable benefits, pension and other compensation.
6. This figure includes the Annual Incentive payments to be made to the Executive Directors in relation to the year under review. Note that Guy Young received no such payment for the years 2022 or 2023, having forfeited his entitlement to such payments on account of his resignation from the Company in September 2022. 33% of any Annual Incentive payments will be deferred into awards over shares, to be held for a period of three years, subject to no further performance measures. See page 116 for more details. Leaver and change of control provisions in relation to these shares are set out in the Policy on page 120.
7. The 2023 figure represents the Performance Share awards granted to Patrick André in 2021 under the VSP, which will vest in 2024. Note that Guy Young's 2021 award lapsed upon his departure on 17 February 2023.
8. The value of the 2023 Long-Term Incentives, relating to the Performance Share awards granted to Patrick André under the VSP in 2021, is reflective of a share price depreciation of 19.94% between the share price used at grant (536.9p), versus the Q4 2023 average share price (429.8p), used here as a proxy for the vesting price. The values also include dividend vesting at 64.55p per vested share.
9. As noted on page 118 of the 2022 Annual Report, Mark Collis received a one-off payment to compensate for the 2022 annual incentive payment forfeited when leaving his former employer, as well as a combination of Restricted Share awards and Performance Shares to compensate for forfeited equity incentives, which the Committee resolved to make in line with the Remuneration Policy. The figure quoted here comprises the one-off payment value, equivalent to the 2022 payment he had foregone, equal to £73,261 as well as Restricted Share awards made during the year with face value totalling £105,034 (as referenced on page 126 and detailed further on page 129). Note that the Performance Share awards, also detailed further on page 129, are not reflected in this table given the associated vesting performance will be aligned to the equivalent vesting performance of the awards Mark Collis has forfeited when leaving his former employer. Such vesting performance will not be known until April 2024, and as such, further detail related to these awards will be included in next year's Report.
10. The sum of the value of the Annual Incentive and the Long-Term Incentives where the performance period ended during the financial year.
11. The sum of base salary, benefits, pension, other compensation, Annual Incentive and Long-Term Incentives where the performance period ended during the financial year.

Additional note:

12. Total 2023 Directors' Remuneration (Executive Directors and Non-executive Directors) is £4.176m. 2022 Directors' Remuneration for the Directors who served during 2022 was £3.396m.

Annual Report on Directors' Remuneration continued

Remuneration for the former Chief Financial Officer – audited

Guy Young stepped down as an Executive Director and Chief Financial Officer on 17 February 2023. In line with Company leaver policies, having resigned in September 2022, during the 2022 performance year, he forfeited his entitlement to any annual incentive related to the Financial Year 2022 and to the period served during the Financial Year 2023. In addition, Guy Young's outstanding 2020, 2021 and 2022 Performance Share awards lapsed upon his termination, and no further grant was made in 2023, again in line with Company leaver policies.

In line with the Remuneration Policy, Guy Young's outstanding Deferred Share Bonus Plan awards, as detailed in the 2022 Annual Report, vested in full upon his termination.

No further termination payments will be made to Guy Young.

Buy-out awards for the incoming Chief Financial Officer – audited

As noted on page 118 of the 2022 Annual Report, upon Mark Collis' appointment as Chief Financial Officer, the Committee resolved, in compliance with the Remuneration Policy on recruitment, that it would compensate him for the annual incentive and long-term incentives awarded by his previous employer which he forfeited as a result of joining Vesuvius. The Committee resolved that Mark Collis would receive a one-off payment equivalent in value to the 2022 annual incentive payment he had foregone, as well as seven one-off share awards over Vesuvius plc shares (comprising a mix of Restricted Share awards and Performance Share awards) under the Vesuvius Share Plan, each of them corresponding in value to individual awards granted by his previous employer, with vesting dates aligned as closely as possible with the vesting dates of the forfeited awards.

Note that all the awards made as part of this buy-out process were over Vesuvius plc shares, and as such will count towards Mark Collis' shareholding requirement.

The Committee is satisfied that these payments/awards, summarised below, represent a like-for-like equivalent to the awards forfeited:

- A one-off cash payment, made in October 2023, amounting to £73,261 to compensate for forfeited annual incentive. This figure is reported in the Single total figure table on page 125
- Five Restricted Share awards, granted 20 June 2023 and detailed further on page 129, amounting to a total of 27,120 Vesuvius plc shares, without performance conditions, representing a like-for-like equivalent to a mix of forfeited performance share awards where vesting value was already known, or forfeited awards of restricted stock units. The face value of these awards is included/reflected in the Single total figure table on page 125 of this report
- Two Performance Share awards, granted in 20 June 2023 and detailed further on page 129, amounting to a total of 29,775 shares, with vesting performance to be directly aligned to the vesting performance of Mark Collis' former employer in relation to two forfeited performance share awards. The actual number of shares which vest, under these awards, will depend upon the extent to which the Remuneration Committee determines that the performance conditions have been satisfied by Mark Collis' former employer

Annual Incentive for 2023 performance – audited

The Executive Directors are eligible to receive an Annual Incentive calculated as a percentage of base salary, based on achievement against specified financial targets and personal objectives. Each year, the Remuneration Committee establishes the performance criteria for the forthcoming year. The financial targets are set by reference to the Company's financial budget. The target range is set to ensure that Annual Incentives are only paid out at maximum for significantly exceeding performance expectations. The Remuneration Committee considers that the setting and attainment of these targets is important in the context of achievement of the Company's longer-term strategic goals.

Payouts will commence and increase incrementally from 0% once the threshold performance for any of the elements has been met. The Annual Incentive has a target level at which 50% of the maximum opportunity is payable, and a maximum performance level at which 100% of the maximum opportunity is earned, on a pro rata basis.

For 2023, the maximum Annual Incentive potential for the Executive Directors was 175% of base salary for Patrick André and 150% for Mark Collis, with their target Annual Incentive potential being 87.5% and 75% of base salary respectively. Note that Guy Young was not entitled to any Annual Incentive relating to period served in 2023, in line with Company leaver policies.

For the Financial Year 2023, the Executive Directors' Annual Incentives were based 40% on Group headline EPS, 20% on the Group's return on invested capital (post-tax ROIC), 20% on the Group's working capital to sales ratio (based on the 12-month moving average) and 20% on specified personal objectives.

The Annual Incentive 2023 award for Mark Collis is pro-rated to reflect his date of joining Vesuvius, 1 April 2023.

Financial targets for the Annual Incentive in 2023

The 2023 Vesuvius Group headline EPS performance targets set out below were set at the December 2022 full-year average foreign exchange rates, being the rates used for the 2023 budget process:

Threshold:	On-target:	Maximum:
37.9p	42.9p	47.9p

The 2023 Group's return on invested capital (post-tax ROIC) targets were set as follows:

Threshold:	On-target:	Maximum:
7.5%	8.5%	10.0%

The 2023 Group's working capital to sales ratio targets were set as follows:

Threshold:	On-target:	Maximum:
23.8%	23.1%	22.4%

In assessing the Group's performance against these targets, the Committee uses a constant currency approach. Thus, the 2023 full-year EPS performance was retranslated at December 2022 full-year average foreign exchange rates to establish performance. This is consistent with practice in previous years.

In 2023, Vesuvius' EPS performance at the December 2022 full-year average foreign exchange rates, adjusted for unbudgeted M&A costs, was 51.2 pence, return on invested capital (post-tax ROIC) outcome was 9.0% and the working capital to sales ratio was 23.4%. Consequently, EPS performance was above the maximum target, return on invested capital (post-tax ROIC) performance was above target-level performance but below maximum, and the

Group working capital to sales ratio was above threshold but below target-level performance.

As a result, in respect of the financial performance metrics of the 2023 Annual Incentive, 70.0% and 60.0% of salary is due to the CEO and CFO respectively on the EPS targets, 23.3% and 20.0% respectively on the ROIC targets, and 10.0% and 8.6% respectively on the working capital targets (related to a maximum bonus opportunity of 70%, 35% and 35% of salary respectively for the CEO, and 60%, 30% and 30% of salary respectively for the CFO).

Personal objectives

In 2023, a proportion (20%) of the Annual Incentive for Executive Directors (representing 35% of salary for the CEO, and 30% of salary for the CFO) was based on the achievement of personal objectives.

Patrick André

Summary of objective	Key objective details	Summary outcome
Drive performance and deliver results	– Deliver enhanced cash conversion and optimise gross margin, quality performance and R&D efficiency – Deliver strategic expansion and optimisation of capex on budget and on time	– High performance in all areas with, for example, achievement close to or above maximum target for cash conversion, gross margin and quality performance optimisation – All related projects delivered on time and below budget in 2023, including the slidegate tunnel kiln at Skawina and the complex technical transfer between NAFTA sites
Stabilise GEC, prepare succession and reinforce talent management	– Stabilise GEC and develop internal GEC succession pipelines – Achieve progress in engagement of the Company's Senior Leadership Group	– Successful, effective and efficient integration of Mark Collis and Richard Sykes into the Group Executive Committee, and significant development and progression of internal talent pipeline for a range of GEC positions – Further improvement in leadership group's engagement scores year-on-year vs 2022
Develop Group strategy	– Continue to foster conditions and road map to facilitate achievement of enhanced return on sales targets	– Credible plans presented to the Board during 2023 to address margin growth. Strategy for each Division presented to, and well received by, investors at the Company's Capital Markets Day event in November 2023
Improve Vesuvius' sustainability performance	– Drive further reduction in CO_2 emission intensity and reinforce governance risk management	– Significant improvements in energy efficiency across the business and comprehensive roll-out and uptake of employee risk management training programmes in 2023

In summary, after considering performance as outlined above, the Committee approved an Annual Incentive pay-out of 27.7% of contractual base salary, out of the maximum potential 35%, in respect of the personal objectives of Patrick André.

Mark Collis

Summary of objective	Key objective details	Summary outcome
Optimise cash management and profitability	– Deliver enhanced cash conversion and trading profit margin, reduce receivables and achieve targeted cash tax savings	– Cash conversion, trading profit margin and cash tax savings all achieved above maximum target set
Develop investor relations strategy	– Review strategy and organise a successful Capital Markets Day event in 2023	– Successful CMD organised and delivered in November 2023, yielding very positive feedback from investors and analysts
Drive IT performance	– Enhance cyber resilience, ensure successful collaboration of IT with a newly created Digital function – Deliver implementation of key IT enhancement projects	– In-depth analysis of 2023 cyber security incident conducted, and associated lessons derived and implemented into operations. IT and Digital functions operating to a high degree of collaboration – Key enhancement projects delivered successfully and on time
Drive opex reductions	– Finalise implementation of new finance operating model in EMEA and NAFTA and progress the implementation of structural simplification in European entities	– Foundations laid, with operating model implemented as targeted, and structural simplification also now completed. Further improvements of operational efficiency and quality targeted for 2024 to maximise the value of these opex initiatives
Improve Vesuvius' sustainability performance	– Drive further reduction in CO_2 emission intensity and reinforce governance risk management	– Significant improvements in energy efficiency across the business and comprehensive roll-out and uptake of employee risk management training programmes in 2023

In summary, after considering performance as outlined above, the Committee approved an Annual Incentive pay-out of 22.1% of pro-rated 2023 contractual base salary, out of the maximum potential 30%, in respect of the personal objectives of Mark Collis.

The total Annual Incentive awards payable to Patrick André and Mark Collis, in respect of their service as Executive Directors during 2023, are therefore 130.9% and 110.6% of salary respectively (noting that, for Mark Collis, this reflects a percentage of actual salary received during 2023, reduced in comparison to his annualised salary on account of having joined Vesuvius in April 2023), of which 33% will be deferred into awards over shares, to be held for a period of three years, with vesting in accordance with the Remuneration Policy. Other than in cases of dismissal for cause, deferred awards will vest in full.

The Committee considered the appropriateness of this overall AIP payment in the context of the experience of our various stakeholders during 2023 and was satisfied that no discretionary adjustments were required.

Annual Report on Directors' Remuneration continued

2021 VSP Awards (vesting in 2024) – audited

The performance period applicable to these awards ended on 31 December 2023. Further details on the number of shares awarded are shown on page 135.

	Weighting	0% vesting	25% vesting	50% vesting	100% vesting	Performance achieved	Pay-out level (% of maximum)
TSR relative to FTSE 250 excluding investment trusts[1]	50%	Below median	Median	–	Upper quintile	Between median and upper quintile (Ranked 64th)	25.6%
Headline EPS for the Financial Year 2023[1]	50%	Less than 35.0p	35.0p	47.5p	60.0p	46.7p	24.2%

1. Straight-line vesting applies between the vesting points.

Share awards granted during the financial year – audited

VSP award

An award was granted under the VSP to selected senior executives in April 2023. UK executives receive awards in the form of nil-cost options with a flexible exercise date and non-UK executives receive conditional awards. This award is subject to the performance conditions described below and will vest in April 2026 (with a subsequent two-year holding period for any vested shares to April 2028).

	Type of award	Date of grant	Maximum number of shares[1]	Face value (£)	Face value (% of salary)	Threshold vesting	End of performance period
Patrick André	Nil-cost option	6 April 2023	355,599	£1,439,998	200%	25% of award	31 December 2025
Mark Collis[2]	Nil-cost option	6 April 2023	142,799	£578,265	138%	25% of award	31 December 2025

1. In 2023, Patrick André and Mark Collis were entitled to receive allocations of Performance Shares worth 200% and 138% of their base salaries respectively, noting that the latter represents a pro-rated award reflecting Mark Collis's hire date part way through the award performance period. Awards were calculated based on the average closing mid-market price of Vesuvius' shares on the 30 dealing days prior to grant, of £4.0495. The maximum number of shares quoted excludes any additional shares that may be awarded in relation to dividends accruing during the vesting and holding periods.
2. Award details displayed for Mark Collis relate only to Performance Share awards made under VSP which link to the Vesuvius performance conditions described in the table below. This excludes those Restricted Share awards made to Mark Collis under the VSP in 2023 (both those made with and those without performance conditions) which are detailed separately under Buy-out share awards on page 129.

Vesting of the VSP awards is subject to satisfaction of the following performance conditions. Any LTIP vesting is at the discretion of the Remuneration Committee.

	Weighting	Threshold	100% vesting
TSR relative to FTSE 250 excluding investment trusts[1]	40%	Median	Upper quintile
Group post-tax ROIC[1]	40%	8.5%	11%
ESG: Safety: Average Lost Time Injury Frequency Rate (LTIFR) 2023–2025[1,2]	5%	1.05	0.85
ESG: Energy: CO_2e: Reduction in Scope 1 and 2 energy CO_2e emissions/tonne (vs 2019 baseline) in 2025[1,3]	10%	-17%	-23%
ESG: Diversity: Gender diversity in Senior Leadership Group on 31 December 2025[1,4]	5%	20%	26%

1. Straight-line vesting applies between the vesting points. Threshold vesting for the TSR element is 25% of maximum, and 0% of maximum for all other elements.
2. LTIFR is the Lost Time Injury Frequency Rate, based on the number of Lost Time Injuries that occur during the performance period. The calculation rate is LTIFR per million hours worked.
3. Reduction of energy CO_2e emissions per metric tonne of product packed for shipment.
4. Senior Leadership Group is defined as the Group Executive Committee plus the most senior Vesuvius managers worldwide, in terms of their contribution to the Group's overall results and to the execution of the Group's strategy. This group comprises between 150 and 170 members (number may slightly fluctuate from one year to the next based on organisational changes).

Each of the VSP performance measures operates independently. The use of these measures is intended to align Executive Director remuneration with shareholders' interests. Prior to vesting, the Remuneration Committee reviews the underlying financial performance of the Company and non-financial performance of the Company and individuals over the performance period to ensure that the vesting is justified, and to consider whether to exercise its discretion including consideration of any potential windfall gains.

Deferred Share Bonus Plan award

33% of the Annual Incentive earned by Patrick André in respect of performance in 2022 was deferred into a share award granted in April 2023 under the Company's Deferred Share Bonus Plan. There are no additional performance conditions applicable to these awards. Leaver and change of control provisions in relation to these shares are set out in the Policy on page 120.

	Type of award	Date of grant	Number of shares[1]	Face value (£)	Vesting date
Patrick André	Conditional award	6 April 2023	60,179	£243,695	6 April 2026

1. The number of shares has been calculated using the share price of £4.0495 (average closing share price for the 30 dealing days prior to grant) and excludes any additional shares that may be awarded in relation to dividends accruing during the vesting period.

Buy-out share awards

The buy-out awards granted to Mark Collis during 2023 comprise Restricted Share awards and Performance Share awards, as detailed below.

The basis for calculation of these awards referenced the mid-market closing average share prices, of Vesuvius plc and Mark Collis's former employer, over the 30 days (excluding non-trading and closed period days) prior to the Board meeting convened on 4 January 2023 to confirm his appointment.

	Type of award	Date of grant	Maximum number of shares[1]	Face value (£)	Vesting conditions	30 day mid-market average share price prior to Board resolution (pence)	Earliest vesting date
Mark Collis	Nil-cost option	20 June 2023	27,120	105,034	None	387.29	Various[2]
	Nil-cost option	20 June 2023	23,820[3]	92,252	Subject to John Wood Group plc vesting performance as determined by the Remuneration Committee	387.29	8 April 2024
	Nil-cost option	20 June 2023	5,955[3]	23,063		387.29	9 March 2026

1. The number of shares has been calculated using the share price of £3.8729 (average closing share price for the 30 dealing days prior to Board confirmation of appointment) and excludes any additional shares that may be awarded in relation to dividends accruing during the vesting period.
2. The Restricted Share awards total quoted here represents five separate awards with the following vesting dates: 1,349 shares vested on 20 June 2023; 835 shares will vest 11 March 2024; 1,662 shares on 8 April 2024; 23,129 shares on 10 March 2025; and 145 shares on 27 April 2025.
3. Relevant John Wood Group plc award is the 2021 LTIP whose performance period ends on 31 December 2023.

Statement of Executive Directors' shareholding – audited

The interests of Executive Directors and their closely associated persons in ordinary shares as at 31 December 2023, including any interests in share options and shares provisionally awarded under the VSP, are set out below:

		Outstanding share incentive awards		
		Nil-cost options		Conditional awards
	Beneficial holding in shares[4]	With performance conditions[1]	Without performance conditions[2]	Without performance conditions[3]
Patrick André	361,193	905,709	0	144,816
Mark Collis	22,344	172,574	25,771	0
Guy Young[5]	153,259	0	0	57,673

1. These are Performance Shares granted under the VSP. In the case of Mark Collis, these comprise the sum of VSP awards granted in 2023 with Vesuvius performance conditions, and those granted as buy-out awards and subject to John Wood Group plc vesting performance, as detailed in the Buy-out share awards section on page 126. The awards were all granted subject to performance conditions.
2. These are buy-out share awards, awarded to Mark Collis, which are not subject to any additional performance conditions, as detailed on page 129.
3. These are awards granted under the Deferred Share Bonus Plan in the cases of Patrick André and Guy Young.
4. Mark Collis's beneficial shareholding includes 1,370 shares, awarded as part of his buy-out shared awards, and comprising 1,349 shares plus 21 dividend-equivalent shares, which vested on 20 June 2023. These were exercised on 25 August 2023 at a market value of 432.8 pence per share.
5. The shareholding detail quoted for Guy Young is effective/correct as at the date of his departure from the Company, 17 February 2023.

Additional notes:

6. All outstanding share incentive awards are nil-cost options except awards made under the Deferred Share Bonus Plan which are conditional awards.
7. No awards vested without being exercised during the year, and indeed no nil-cost options at all have vested without being exercised. For further details please see the Appendix: Supplementary share-related information section on pages 134 and 135.
8. None of the other Directors, nor their spouses, nor their minor children, held non-beneficial interests in the ordinary shares of the Company during the year.
9. There were no changes in the interests of Patrick André and Mark Collis in the ordinary shares of the Company in the period from 1 January 2023 to the date of this Report.
10. For Guy Young, there were no changes in these interests in the period from 1 January 2023 to his date of leaving, 17 February 2023.
11. All awards under the VSP are subject to performance conditions and continued employment until the relevant vesting date. Full details of VSP award allocations are set out on page 135.
12. Full details of Directors' shareholdings and incentive awards are given in the Company's Register of Directors' Interests, which is open to inspection at the Company's registered office during normal business.

Shareholding guidelines – audited

The Remuneration Committee encourages Executive Directors to build and hold a shareholding in the Company. Under the 2023 Remuneration Policy, the required holding is 200% of salary for all Executive Directors. Executive Directors are required to retain at least 50% (measured as the value after tax) of any shares received through the operation of share schemes; in addition, permission to sell shares held – whether acquired through the operation of share schemes or otherwise – will not be given, other than in exceptional circumstances, if, following the disposal, the shareholding requirement is not achieved or is not maintained.

Compliance with the shareholding policy is tested at the end of each year for application in the following year. Under the 2023 Remuneration Policy, the valuation of any holding is taken at the higher of: (1) the share price on the date of vesting of any shares derived from a share award, in respect of those shares only; and (2) the average of the closing prices of a Vesuvius ordinary share for the trading days in that December.

As at 31 December 2023, the Executive Directors' shareholdings against the shareholding guidelines contained in the Directors' Remuneration Policy in force on that date (using the Company's share price averaged over the trading days of the period 1 December to 31 December 2023, of 462.66 pence per share) were as follows:

Director	Actual share ownership as a percentage of salary at 31 Dec 2023	Policy share ownership as a percentage of salary	Policy met?
Patrick André	246%	200%	Yes
Mark Collis	25%	200%	In the build-up period

Annual Report on Directors' Remuneration continued

Payments to past Directors and loss of office payments – audited

There were no payments made to any Director for loss of office during the year ended 31 December 2023. External, professional services support was provided in 2023 to former Chief Executive, François Wanecq, in the form of international tax advice relating to his retirement, in line with the commitment to cover such reasonable costs, as specified in the Section 430(2B) statement referenced in the Company's 2017 Annual Report. Total costs amounted to £6,745 (exclusive of VAT). No other payments were made to any other past Directors of the Company during the year ended 31 December 2023.

Non-executive Directors

Single total figure table – audited

The table below sets out the total remuneration received by Non-executive Directors in the financial year under review:

	2023			2022		
(£000)	Total fees[1]	Taxable benefits[2]	Total	Total fees	Taxable benefits[2]	Total
Carl-Peter Forster	262	4	266	40	2	42
Carla Bailo[3]	84	4	89	–	–	–
Kath Durrant	86	6	92	75	7	82
Dinggui Gao	83	7	90	60	0	60
Friederike Helfer	67	1	68	60	2	62
Jane Hinkley[4]	28	3	31	70	3	73
Douglas Hurt	96	1	97	85	3	88
Robert MacLeod[5]	25	1	26	–	–	–
Total Non-executive Director remuneration	731	27	759	390	17	407

1. Effective from 2023, total fees for Non-executive Directors now include any stipend fees paid as a result of intercontinental travel on Vesuvius business.
2. The UK regulations require the inclusion of benefits for Directors where these would be taxable in the UK on the assumption that the Director is tax resident in the UK. The figures in the table therefore include expense reimbursement and associated tax relating to travel, accommodation and subsistence for the Director (and, where appropriate, their spouse) in connection with attendance at Board meetings and other corporate business during the year, which are considered by HMRC to be taxable in the UK.
3. Carla Bailo joined the Board on 1 February 2023.
4. Jane Hinkley retired from the Board on 18 May 2023.
5. Robert MacLeod joined the Board on 1 September 2023.

Additional notes:

6. John McDonough, who retired from the Board in December 2022 and is thus not shown in the table above, was reported to have a taxable benefits single figure of £9k in the 2022 Annual Report. This figure included certain estimated costs at the time of publication of that Annual Report, including in relation to a leaving gift offered to John. During 2023, the actual costs were finalised and John's actual taxable benefits single figure for 2022 was calculated as £10k.

Fee structure in 2024

The fee for the Chairman was also reviewed by the Committee during the year and the fees for the Non-executive Directors by the Board. Following an assessment of time commitment, roles and responsibilities it was decided that the fees would increase with effect from 1 January 2024. The Chairman's fee was increased to £262,500; the Non-executive Directors' fees were increased to £66,150. Supplementary fees were also increased, with the supplementary Senior Independent Director fee increasing to £11,000; supplementary fee for the Chairs of the Audit and Remuneration Committees to £16,000; and supplementary fee for the Non-executive Director responsible for workforce engagement to £11,000. The stipend of £4,000, payable to Non-executive Directors in respect of each overseas, intercontinental trip they undertake on Vesuvius business, remains in place, with the stipend continuing to be payable for a maximum of five such trips in any calendar year.

Statement of Non-executive Directors' shareholding – audited

The interests of Non-executive Directors and their closely associated persons in ordinary shares as at 31 December 2023 are set out below:

	Beneficial holding in shares
Carl-Peter Forster	–
Carla Bailo[1]	–
Kath Durrant	–
Friederike Helfer[2]	–
Dinggui Gao	–
Jane Hinkley[3]	12,000
Douglas Hurt	18,000
Robert MacLeod[4]	–

1. Carla Bailo was appointed as a Non-executive Director effective 1 February 2023.
2. Friederike Helfer is a Partner of, and has a financial interest in, Cevian Capital which held 57,249,896 ordinary shares (21.16% of Vesuvius' issued share capital) as at 31 December 2023 and 21.29% as at the date of this Report.
3. Jane Hinkley's shareholding is effective as at her retirement date, 18 May 2023.
4. Robert MacLeod was appointed as a Non-executive Director effective 1 September 2023.

Additional notes:

5. None of the other Directors, nor their spouses, nor their minor children, held non-beneficial interests in the ordinary shares of the Company during the year.
6. There were no changes in the interests of the Non-executive Directors in the ordinary shares of the Company in the period from 1 January 2023 to the date of this Report.
7. Full details of Directors' shareholdings are given in the Company's Register of Directors' Interests, which is open to inspection at the Company's registered office during normal business hours.

Other regulatory disclosure requirements

Annual changes in Executive Directors' pay versus employee pay

Executive Directors' pay comparison

The London headquartered salaried employee workforce is presented as a voluntary disclosure of the representative comparator group for the Vesuvius Group parent company as there is only one non-Director employee in the parent company.

Year-on-year change in pay for Directors compared to the London headquartered employee average

	2023			2022			2021			2020		
	Salary[2]	Bonus[3]	Benefits[5]	Salary[2]	Bonus[3]	Benefits[5]	Salary[2,4]	Bonus[3]	Benefits[5,6]	Salary[2,4]	Bonus[3]	Benefits[5]
London headquartered employee average[1]	13%	14%	33%	(8%)	(12%)	3%	19%	236%	120%	0%	165%	18%
Executive Directors												
Patrick André	12%	29%	(22%)	4%	(16%)	11%	11%	469%	(6%)	(7%)	183%	(25%)
Mark Collis	n/a	–	n/a	n/a	–	n/a	n/a	–	n/a	n/a	–	n/a
Guy Young	0%	n/a	(79%)	9%	(100%)	1%	11%	442%	9%	(1%)	155%	(14%)
Non-executive Directors[11]												
Carl-Peter Forster[7]	0%	–	97%	n/a	–	n/a	n/a	–	n/a	n/a	–	n/a
Kath Durrant[8]	15%	–	(14%)	25%	–	117%	19%	–	100%	n/a	–	n/a
Friederike Helfer	12%	–	(36%)	20%	–	(31%)	11%	–	969%	(10%)	–	(60%)
Dinggui Gao[9]	38%	–	121%	20%	–	100%	n/a	–	n/a	n/a	–	n/a
Jane Hinkley[10]	5%	–	(9%)	26%	–	40%	(5%)	–	63%	(10%)	–	(60%)
Douglas Hurt	13%	–	(52%)	21%	–	275%	11%	–	24%	(10%)	–	–

1. This is the average percentage change, excluding the Executive Directors. Salaries, bonus and benefits relate to the relevant financial reporting year.
2. Calculated using annualised salaries/fees. Note that, as of 2023, Non-executive Director fees reflect the inclusion of travel stipends payable for up to five intercontinental trips on Vesuvius business per year.
3. Calculated using data from the single figure table in the Annual Report.
4. During 2020, all Executive and Non-executive Directors took a voluntary 20% pay reduction for six months. Other senior employees in London headquarters also took a pay reduction between 10% and 20%, depending on their level of seniority. Therefore, the total percentage increase for the Executive Directors between 2021 and 2022 was higher than their agreed salary increases, as these increases are compared with actual, partly-reduced salary paid during 2020 rather than full, contractual base salary.
5. Calculated using data from the audited Directors' Emoluments. Benefits relate to taxable travel benefits, and Company pensions in the case of Executive Directors. It is calculated as the percentage increase or decrease on the actual figures year-on-year and not annualised or prorated for any new starters.
6. Calculations of 2021 benefits changes have been restated as compared with the 2021 Annual Report, to ensure correct alignment with single figure remuneration tables.
7. Carl-Peter Forster joined the Board on 1 November 2022 and took over as Chairman on 1 December 2022.
8. Kath Durrant joined on 1 December 2020 and then became the Remuneration Committee Chair following the 2021 AGM, and it is this change that accounts for the proportionally higher increase in her salary in 2021.
9. Dinggui Gao joined on 1 April 2021.
10. Jane Hinkley stood down as the Remuneration Committee Chair following the 2021 AGM, which accounts for her net reduction in year-on-year change in 2021.
11. The Non-executive Directors' fees were reviewed and increased in 2015, 2019, 2022 and 2023.

Annual Report on Directors' Remuneration continued

CEO pay ratio

The UK employee workforce is the representative comparator group to the Chief Executive, Patrick André, who is based in the UK (albeit with a global role and responsibilities). Levels of pay vary widely across the Group depending on geography and local market conditions.

Year	Method	25th percentile	50th percentile (median)	75th percentile
2019	Option A ratio	35:1	28:1	17:1
2020	Option A ratio	32:1	24:1	13:1
2021	Option A ratio	53:1	41:1	21:1
2022	Option A ratio	60:1	46:1	24:1
2023	Option A ratio	57:1	43:1	22:1
2023	Total pay and benefits (£)	41,367	53,938	108,893
2023	Salary (£)	31,491	47,956	91,324

The table above shows the Chief Executive pay ratios versus our UK employees for 2019, 2020, 2021, 2022 and 2023. The pay ratios compare amounts disclosed in the single total figure table for the Group Chief Executive to the annual full-time equivalent remuneration of our UK employees for 2019, 2020, 2021, 2022 and 2023. The Remuneration Committee is comfortable that the ratios reported reflect the remuneration principles applied and represent a valid basis for comparison of remuneration.

The ratios for 2022 have been adjusted versus what was reported in the 2022 Annual Report, after some previous estimates were updated in the associated calculations. A significant proportion of the Chief Executive's remuneration is based on performance-related pay, which affects said remuneration disproportionately when compared with others. This is reflected in the variation in pay ratio shown over the past five years.

The data has been calculated in accordance with 'Option A' in the Companies (Miscellaneous Reporting) Regulations 2018, because it allows the Company to show the total annualised full-time equivalent remuneration (salary, incentives, allowances, fees, taxable benefits) and percentiles across the financial year as at 31 December 2019, 2020, 2021, 2022 and 2023.

Amounts have been annualised for those who joined part way through the year or who are on part-time arrangements and exclude those who left the organisation during the reporting period.

The approach to calculating the pay ratios is consistent with the prior year and there have not been any changes to the compensation models in the reporting period.

The Committee is comfortable that the principles applied and the quantum of compensation are appropriate across the Group's employee base. These are regularly benchmarked to ensure market competitiveness. There is a consistent approach of measuring against both business and personal performance for all those who participate in incentive programmes. The Group continues to monitor the effectiveness of all compensation practices to identify future opportunities to ensure they remain fair, consistent and in line with best practice.

Annual spend on employee pay[1] versus shareholder distributions[2]

The charts below show the annual spend on all employees (including Executive Directors) compared with distributions made and proposed to be made to shareholders for 2022 and 2023:

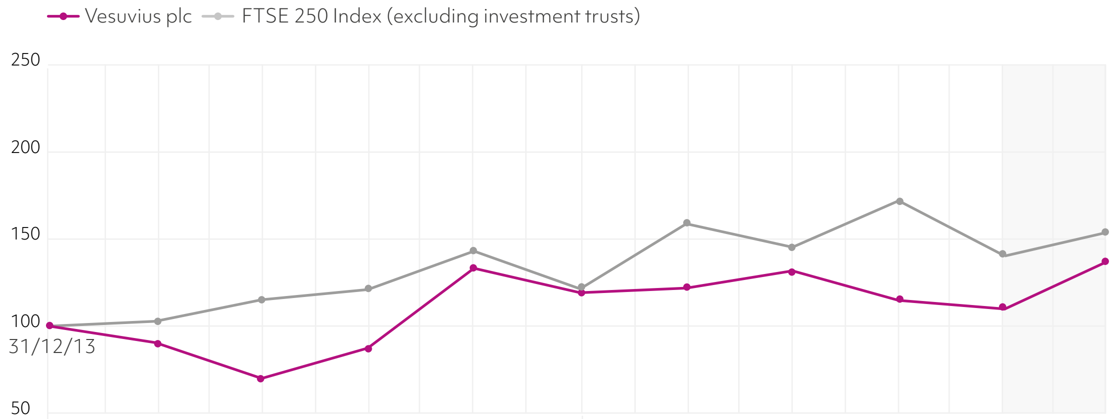
	2023 (£m)	2022 (£m)	Change
Employee pay[1]	**475.1**	441.3	7.7%
Dividends[2] (based on final proposed dividend) and share buybacks	**63.8**	59.9	6.5%

1. Employee pay includes wages and salaries, social security, share-based payments and pension costs, and other post-retirement benefits. See Note 7 to the Group Financial Statements.
2. Shareholder distributions/dividends includes interim and final dividends paid in respect of each financial year. In addition, figure quoted for 2023 also reflects share buybacks. See Note 23 of the Group Financial Statements.

TSR performance and Chief Executive pay

The TSR performance graph compares Vesuvius' TSR performance with that of the same investment in the FTSE 250 Index (excluding investment trusts). This index has been chosen as the comparator index to reflect the size, international scope and diversity of the Company. TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends.

Vesuvius's total shareholder return compared against total shareholder return of the FTSE 250 (excluding investment trusts) index over the past ten years



Chief Executive pay – financial year ended	François Wanecq[1]					Patrick André[2]				
	31/12/14	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	**31/12/23**
Total remuneration (single figure (£000))	£1,519	£752	£1,173	£1,675[1] £465[2]	£2,022	£1,220	£936	£1,706	£2,225	**£2,412**
Annual variable pay (% of maximum)	64%	0%	50%	81%[1] 85%[2]	83%	11%	20%	94%	76%	**75%**
Long-term variable pay (% of maximum)	27%	0%	0%	43.7%[1] n/a[2]	100%	63%	0%	0%	48%	**50%**

1. Amounts shown in respect of François Wanecq for 2017 reflect payments in respect of his service as Chief Executive from 1 January 2017 to 31 August 2017 and the full value of his VSP award in relation to the performance period 2015–2017.
2. Amounts shown in respect of Patrick André for 2017 reflect payments in respect of his service as Chief Executive from 1 September 2017 to 31 December 2017.

Shareholder voting on remuneration resolutions

The Directors' Remuneration Policy and Annual Report on Remuneration were approved by Shareholders at the AGM held on 18 May 2023, with the following votes:

	Votes for	Votes against	Votes withheld
Approval of the Directors' Remuneration Policy 2023 AGM	234,279,589 (96.7%)	7,890,060 (3.3%)	8,514
Approval of the Annual Report on Remuneration (excluding the Directors' Remuneration Policy) 2023 AGM	196,827,568 (82.2%)	42,633,878 (17.8%)	2,716,717

The Directors' Remuneration Report has been approved by the Board and is signed on its behalf by:

Kath Durrant
Chair of the Remuneration Committee
28 February 2024

Directors' Remuneration Report

Appendix: Supplementary share-related information

Share usage

Under the rules of the VSP, the Company has the discretion to satisfy awards either by the transfer of Treasury shares or other existing shares, or by the allotment of newly issued shares. Awards made under the Deferred Share Bonus Plan to satisfy shares awarded to Directors in respect of their Annual Incentive, and awards made to management of the Company over shares pursuant to the Medium Term Incentive Plan, must be satisfied out of Vesuvius shares held for this purpose by the Company's Employee Benefit Trust (EBT).

The decision on how to satisfy awards is taken by the Remuneration Committee, which considers the most prudent and appropriate sourcing arrangement for the Company.

At 31 December 2023, the Company held 7,271,174 ordinary shares in Treasury and the EBT held 1,956,030 ordinary shares. No additional shares were purchased between 31 December 2023 and the date of this report.

The EBT can be gifted Treasury shares by the Company, can purchase shares in the open market or can subscribe for newly issued shares, as required, to meet obligations to satisfy options and awards that vest.

The VSP complies with the current Investment Association guidelines on headroom which provide that overall dilution under all plans over a rolling ten-year period should not exceed 10% of the Company's issued share capital, with a further limitation over a rolling ten-year period of 5% for discretionary share schemes. These limits remain available in full as headroom for the issue of new shares or the transfer of Treasury shares for the Company. No Treasury shares were transferred, or newly issued shares allotted under the VSP during the year under review.

Deferred Share Bonus Plan allocations – audited

33% of the Annual Incentives earned by Patrick André and Guy Young in respect of their periods of service as Directors of Vesuvius plc were deferred into shares under the Company's Deferred Share Bonus Plan. The following table sets out details of outstanding awards:

Grant and type of award	Total share allocations as at 1 Jan 2023	Additional shares allocated during the year	Allocations lapsed during the year	Shares vested during the year	**Total share allocations as at 31 Dec 2023**	Market price of the shares on the day before award (p)	Earliest vesting/ release date
Patrick André							
12 March 2020[1] Deferred Bonus Shares	7,044	–	–	(7,044)	**0**	391.8	12 Mar 2023
18 March 2021[2] Deferred Bonus Shares	9,430	–	–	–	**9,430**	538	18 Mar 2024
17 March 2022[3] Deferred Bonus Shares	75,207	–	–	–	**75,207**	385	17 Mar 2025
06 April 2023[4] Deferred Bonus Shares	–	60,179	–	–	**60,179**	386	06 Apr 2026
Total	91,681	60,179	–	(7,044)	**144,816**		
Guy Young[5]							
12 March 2020[1] Deferred Bonus Shares	5,345	–	–	(5,345)	**0**	391.8	12 Mar 2023[5]
18 March 2021[2] Deferred Bonus Shares	6,093	–	–	(6,093)	**0**	538	18 Mar 2024[5]
17 March 2022[3] Deferred Bonus Shares	46,235	–	–	(46,235)	**0**	385	17 Mar 2025[5]
Total	57,673	–	–	(57,673)	**0**		

1. In 2020, Patrick André and Guy Young were awarded Annual Incentive bonuses in respect of their service as Directors of Vesuvius plc in 2019 of £83,775 and £63,569 respectively. 33% of each bonus was awarded in deferred shares (conditional awards). The allocations of shares were made on 12 March 2020 and were calculated based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the award was made, being £3.9248. The total value of these awards based on this share price was £27,646 and £20,978 respectively. There were no additional performance conditions applicable to these awards, therefore these shares vested in full on the third anniversary of their award date for Patrick André.
2. In 2021, Patrick André and Guy Young were awarded Annual Incentive bonuses in respect of their service as Directors of Vesuvius plc in 2020 of £153,419 and £99,138 respectively. 33% of each bonus was awarded in deferred shares (conditional awards). The allocations of shares were made on 18 March 2021 and were calculated based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the award was made, being £5.3690. The total value of these awards based on this share price was £50,628 and £32,715 respectively. There are no additional performance conditions applicable to these awards, which will therefore vest in full for Patrick André on the third anniversary of their award date.
3. In 2022, Patrick André and Guy Young were awarded Annual Incentive bonuses in respect of their service as Directors of Vesuvius plc in 2021 of £873,604 and £537,075 respectively. 33% of each bonus was awarded in deferred shares (conditional awards). The allocations of shares were made on 17 March 2022 and were calculated based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the award was made, being £3.872. The total value of these awards based on this share price was £291,202 and £179,022 respectively. There are no additional performance conditions applicable to these awards, which will therefore vest in full for Patrick André on the third anniversary of their award date.
4. In 2023, Patrick André was awarded an Annual Incentive bonus in respect of his service as a Director of Vesuvius plc in 2022 of £731,091. 33% of this bonus was awarded in deferred shares (conditional awards). The allocation of shares was made on 6 April 2023 and was calculated based upon the average closing mid-market price of Vesuvius' shares on the 30 dealing days before the award was made, being £4.0495. The total value of this award based on this share price was £243,695. There are no additional performance conditions applicable to this award, which will therefore vest in full for Patrick André on the third anniversary of its award date.
5. Following his departure from the Company on 17 February 2023, Guy Young's outstanding awards vested in full.

Additional note:

6. Mark Collis did not receive an Annual Incentive bonus in 2023, therefore no bonus was awarded in deferred shares during the year.
7. The mid-market closing price of Vesuvius' shares during 2023 ranged between 385.6 pence and 482.6 pence per share, and on 29 December 2023, the last dealing day of the year, was 481.2 pence per share.

Vesuvius Share Plan award allocations – audited

The following table sets out outstanding awards that were allocated to Patrick André, Mark Collis and Guy Young under the VSP. All Performance Share awards detailed below were granted in the form of nil-cost options. For Mark Collis, this table excludes the buy-out share awards granted during the year, which are detailed on page 129 of this report:

Grant and type of award	Total share allocations as at 1 Jan 2023	Additional shares allocated during the year	Allocations lapsed during the year	Shares vested and exercised during the year including dividends	**Total share allocations as at 31 Dec 2023**	Market price of the shares on the day before award (p)	Performance period	Earliest vesting date	End of holding period[1]
Patrick André									
12 March 2020[2] Performance Shares	282,772	–	(146,844)	(151,027)*	**–**	391.8	1 Jan 20– 31 Dec 22	12 Mar 2023	12 Mar 2025
18 March 2021[3] Performance Shares	230,210	–	–	–	**230,210**	538	1 Jan 21– 31 Dec 23	18 Mar 2024	18 Mar 2026
17 March 2022[4] Performance Shares	319,900	–	–	–	**319,900**	385	1 Jan 22– 31 Dec 24	17 Mar 2025	17 Mar 2027
6 April 2023[5] Performance Shares	–	355,599	–	–	**355,599**	386	1 Jan 23– 31 Dec 25	6 Apr 2026	6 Apr 2028
Total	832,882	355,599	(146,844)	(151,027)*	**905,709**				

* Total shares exercised included 15,099 dividend-equivalent shares. Shares were exercised at the point of vesting, at a market value of 406.0 pence per share.

Grant and type of award	Total share allocations as at 1 Jan 2023	Additional shares allocated during the year	Allocations lapsed during the year	Shares vested and exercised during the year including dividends	**Total share allocations as at 31 Dec 2023**	Market price of the shares on the day before award (p)	Performance period	Earliest vesting date	End of holding period[1]
Mark Collis									
6 April 2023[5] Performance Shares	–	142,799	–	–	**142,799**	386	1 Jan 23– 31 Dec 25	6 Apr 2026	6 Apr 2028
Total	–	142,799	–	–	**142,799**				
Guy Young[6]									
12 March 2020[2] Performance Shares	132,120	–	(132,120)	–	**–**	391.8	1 Jan 20– 31 Dec 22	12 Mar 2023	12 Mar 2025
18 March 2021[3] Performance Shares	107,562	–	(107,562)	–	**–**	538	1 Jan 21– 31 Dec 23	18 Mar 2024	18 Mar 2026
17 March 2022[4] Performance Shares	156,716	–	(156,716)	–	**–**	385	1 Jan 22– 31 Dec 24	17 Mar 2025	17 Mar 2027
Total	396,398	–	(396,398)	–	**–**				

1. Performance Shares granted from 2019 onwards are subject to a further two-year holding period.
2. In 2020, Patrick André and Guy Young were entitled to receive allocations of Performance Shares worth 200% and 150% of their base salaries respectively. In light of the volatile share price, the Committee applied its discretion so that the number of shares in these allocations were capped at a level based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the February 2020 Remuneration Committee meeting of £4.371. As a result, Patrick André received an award of 282,772 shares which, at grant, was equivalent in value to 180% of his base salary (£1,109,823*) and Guy Young received an award of 132,120 shares which, at grant, was equivalent in value to 135% of his base salary (£518,544*). In addition, the Remuneration Committee determined that Patrick André was entitled to receive 15,099 additional shares, equivalent in value to the dividends that would have been paid on the number of vested shares in respect of dividend record dates occurring during the period between the award date and the date of vesting.

* Grant values are based on the average closing mid-market price of Vesuvius' shares on the five dealing days prior to grant (£3.9248).

3. In 2021, Patrick André and Guy Young were entitled to receive allocations of Performance Shares worth 200% and 150% of their base salaries respectively. These allocations were calculated based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the award was made, being £5.3690. The total value of these awards based on this share price was £1,235,997 and £577,500 respectively.
4. In 2022, Patrick André and Guy Young were entitled to receive allocations of Performance Shares worth 200% and 150% of their base salaries respectively. In light of the volatile share price, the Committee applied its discretion so that the number of shares in these allocations were capped at a level based upon the average closing mid-market price of Vesuvius' shares on the five dealing days before the February 2022 Remuneration Committee meeting of £4.02. As a result, Patrick André received an award of 319,900 shares which, at grant, was equivalent in value to 193% of his base salary (£1,239,653**) and Guy Young received an award of 156,716 shares which, at grant, was equivalent in value to 144% of his base salary (£606,804**).

** Grant values are based on the average closing mid-market price of Vesuvius' shares on the five dealing days prior to grant (£3.872).

5. In 2023, Patrick André and Mark Collis were entitled to receive allocations of Performance Shares worth 200% and 138% of their base salaries respectively***. The award was made on 6 April 2023 and was calculated based upon the average closing mid-market price of Vesuvius' shares on the 30 dealing days before the award was made, being £4.0495. As a result, Patrick André received an award of 355,599 shares which, at grant, was equivalent in value to 200% of his base salary (£1,439,998) and Mark Collis received an award of 142,799 shares which, at grant, was equivalent in value to 138% of his base salary (£578,265).

*** Mark Collis's entitlement in 2023, of 138%, is reflective of a pro-rated calculation of the Chief Financial Officer's normal 150% entitlement, reflecting his date of joining the Company (1 April 2024), and therefore reflecting omission of the first three months of the three-year performance period related to the award.

6. Guy Young's outstanding awards lapsed in full on his departure from the Company on 17 February 2023.

Additional notes:

7. If the respective performance conditions for Patrick André's and Mark Collis's awards are not met, then the awards will lapse. If the threshold level of either of the two performance conditions applicable to awards granted prior to 2022 is met, then 12.50% of the awards will vest. For awards granted in 2022 and 2023, threshold level performance on TSR would entail 12.5% vesting, while threshold performance on other conditions entails 0% vesting.
8. The Remuneration Committee also has the discretion to award cash or shares equivalent in value to the dividend that would have been paid during the vesting period on the number of shares that vest.
9. The mid-market closing price of Vesuvius' shares during 2023 ranged between 385.6 pence and 482.6 pence per share, and on 29 December 2023, the last dealing day of the year, was 481.2 pence per share.

Directors' Report

The Directors submit their Annual Report together with the consolidated financial statements of the Group and of the Company, Vesuvius plc, registered in England and Wales No. 8217766, for the year ended 31 December 2023.

The Companies Act 2006 requires the Company to provide a Directors' Report for Vesuvius plc for the year ended 31 December 2023.

Information incorporated by reference

The information that fulfils this requirement and which is incorporated by reference into, and forms part of, this report is included in the following sections of the Annual Report:

- The Section 172(1) Statement
- The Non-Financial and Sustainability Information Statement
- The Governance section, including the Corporate Governance Statement
- Financial instruments: the information on financial risk management objectives and policies contained in Note 24 to the Group Financial Statements

This Directors' Report and the Strategic Report contained on pages 1 to 78 together represent the management report for the purpose of compliance with DTR 4.1.8 R of the Financial Conduct Authority's Disclosure and Transparency Rules.

Going concern	Information on the business environment in which the Group operates, including the factors that are likely to impact the future prospects of the Group, is included in the Strategic Report. The principal risks and uncertainties that the Group faces throughout its global operations are shown on pages 77 and 78. The financial position of the Group, its cash flows, liquidity position and debt facilities are also described in the Strategic Report. In addition, the Group's Viability Statement is set out within the Strategic Report on page 76. Note 24 to the Group Financial Statements sets out the Group's objectives, policies and processes for managing its capital; financial risks; financial instruments and hedging activities; and its exposures to credit, market (both currency and interest rate related) and liquidity risk. Further details of the Group's cash balances and borrowings are included in Notes 12, 13 and 24 to the Group Financial Statements. The Directors have prepared profit and loss, balance sheet and cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the 2023 financial statements. On the basis of the exercise described above, the Directors have prepared a going concern statement which can be found on page 76.
Events since the balance sheet date	Since 31 December 2023, there have been no material items to report.
Future developments	A full description of the activities of the Group, including performance, significant events affecting the Group in the year and indicative information in respect of the likely future developments in the Group's business, can be found in the Strategic Report.
Financial instruments	Information on Vesuvius' financial risk management objectives and policies can be found in Note 24 to the Group Financial Statements.
Research and development	The Group's investment in research and development (R&D) during the year under review amounted to £37m (representing approximately 1.9% (2022: 1.8%) of Group revenue). Further details of the Group's R&D activities can be found in the Operating reviews and Sustainability section of the Strategic Report.
Political and charitable donations	In accordance with Vesuvius policy, the Group did not make any political donations or incur any political expenditure in relation to any UK or non-UK political parties during 2023 (2022: nil). The Company made no charitable donations of more than £2,500 (2022: £0.5m) in the UK in 2023.
Task Force on Climate-related Financial Disclosures (TCFD)	The Group has reported its climate-related information in accordance with the TCFD framework. The majority of this information is included in the Non-financial and Sustainability Information Statement in the Strategic Report. A schedule of disclosure is included on page 36.

Energy consumption and efficiency/greenhouse gas emissions	Information on our reporting of greenhouse gas emissions, and the methodology used to record these, is set out on pages 51 and 52 of the Strategic Report. Details of the Group's energy usage for 2023, and the efficiency initiatives currently being undertaken, can be found in the Non-financial and Sustainability Information Statement in the Strategic Report on pages 39–55.
Branches	A number of the Group's subsidiary undertakings maintain branches; further details of these can be found in Note 32.1 to the Group Financial Statements.
Dividends	An interim dividend of 6.8 pence (2022: 6.5 pence) per Vesuvius ordinary share was paid on 15 September 2023 to shareholders on the register at the close of business on 4 August 2023. The Board is recommending a final dividend in respect of 2023 of 16.2 pence (2022: 15.75 pence) per ordinary share which, if approved, will be paid on 31 May 2024 to shareholders on the register at 19 April 2024. The Trustee of the Group's employee benefit trust has waived the right to receive any dividends.
Accountability and audit	A responsibility statement of the Directors and a statement by the Auditors about their reporting responsibilities can be found on pages 143, and 144–151, respectively. The Directors fulfil the responsibilities set out in their statement within the context of an overall control environment of central strategic direction and delegated operating responsibility. As at the date of this report, as far as each Director of the Company is aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director hereby confirms that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.
Auditors' reappointment	PricewaterhouseCoopers LLP (PwC) were reappointed as External Auditors for Vesuvius plc for the year ended 31 December 2023, at the 2023 AGM. PwC have been Vesuvius' External Auditors since 2017 and have expressed their willingness to continue in office as Auditors of the Company for the year ending 31 December 2024. Consequently, resolutions for the reappointment of PwC as External Auditors of the Company and to authorise the Directors to determine their remuneration are to be proposed at the 2024 AGM.
Directors	The current Directors of the Company are Patrick André, Carla Bailo, Mark Collis, Kath Durrant, Carl-Peter Forster, Dinggui Gao, Friederike Helfer, Douglas Hurt and Robert MacLeod. Guy Young resigned from the Board and as Chief Financial Officer on 17 February 2023. Mark Collis was appointed to the Board on 1 April 2023 and succeeded Guy Young as Chief Financial Officer. Carla Bailo and Robert MacLeod joined the Board as Non-executive Directors on 1 February 2023 and 1 September 2023 respectively. Jane Hinkley retired from the Board at the close of the 2023 AGM on 18 May 2023. The proposed appointment of Eva Lindqvist as a Non-executive Director of the Company was announced on 15 February 2024. Eva Lindqvist will be appointed to the Company´s Board with effect from the close of the AGM on 15 May 2024, subject to her election being approved by the Company´s shareholders at the 2024 AGM. Douglas Hurt retires from the Board at the close of the 2024 AGM and subject to her appointment, Eva Lindqvist will succeed Douglas Hurt as the Senior Independent Director. Robert MacLeod will succeed Douglas Hurt as Chairman of the Audit Committee from the close of the 2024 AGM. All the current Directors, with the exception of Douglas Hurt, will offer themselves for election or re-election at the 2024 AGM. Biographical information for the Directors is given on pages 80 and 81. Further information on the remuneration of, and contractual arrangements for, the Executive and Non-executive Directors is given on pages 108-133 in the Directors' Remuneration Report. The Non-executive Directors do not have service agreements.
Directors' indemnities	The Directors have been granted qualifying third-party indemnity provisions by the Company and the Directors of the Group's UK Pension Plans Trustee Board (none of whom is a Director of Vesuvius plc) have been granted qualifying pension scheme indemnity provisions by Vesuvius Pension Plans Trustees Limited. The indemnities for Directors of Vesuvius plc have been in force since the date of their appointments. The Pension Trustee indemnities were in force throughout the last financial year and remain in force.

Directors' Report continued

Annual General Meeting	The Annual General Meeting of the Company will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ on Wednesday 15 May 2024 at 11.00 am.
Amendments of Articles of Association	The Company may make amendments to the Articles by way of special resolution in accordance with the Companies Act. The Articles were last amended at the 2021 AGM, to reflect changes in the law and developments in market practice and technology.
Share capital	As at the date of this report, the Company had an issued share capital of 276,157,367 ordinary shares of 10 pence each; 7,271,174 of these ordinary shares are held in Treasury. Therefore, the total number of Vesuvius plc shares with voting rights is 268,886,193. Further information relating to the Company's issued share capital can be found in Note 9 to the Company Financial Statements. The Company's Articles specify that, subject to the authorisation of an appropriate resolution passed at a General Meeting of the Company, Directors can allot relevant securities under Section 551 of the Companies Act up to the aggregate nominal amount specified by the relevant resolution. In addition, the Articles state that the Directors can seek the authority of shareholders in a General Meeting to allot equity securities for cash, without first being required to offer such shares to existing ordinary shareholders in proportion to their existing holdings under Section 561 of the Companies Act, in connection with a rights issue and in other circumstances up to the aggregate nominal amount specified by the relevant resolution. At the AGM on 18 May 2023, the Directors were authorised to issue relevant securities up to an aggregate nominal amount of £9,040,463, and, in connection with a rights issue, to issue relevant securities up to a further aggregate nominal amount of £9,040,463. In addition, the Directors were empowered to allot equity securities, or sell Treasury Shares, for cash in connection with a rights issue or other pre-emptive offer without first being required to offer such shares to existing shareholders in proportion to their existing holdings. The Directors were also empowered to allot equity securities, and/or sell Treasury Shares, for cash in any case other than in connection with a rights issue or other pre-emptive offer up to an aggregate nominal value of £2,712,138, or a follow-on offer, without first being required to offer such shares to existing shareholders in proportion to their existing holdings, and for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment, to allot equity securities, or sell Treasury Shares, for cash on a non-pre-emptive basis up to an additional nominal amount of £2,712,138. Each of the authorities given in these resolutions expires on 30 June 2024 or the date of the AGM to be held in 2024, whichever is the earlier. The resolutions were all tabled in accordance with the revised terms of the Pre-Emption Group's Statement of Principles. The Directors propose to table updated resolutions at the 2024 AGM. In the year ahead, other than potentially in respect of Vesuvius' ability to satisfy rights granted to employees under its various share-based incentive arrangements, the Directors have no present intention of issuing any share capital of Vesuvius plc.

Authority for purchase of own shares	Subject to the provisions of company law and any other applicable regulations, the Company may purchase its own shares. At the AGM on 18 May 2023, Vesuvius shareholders gave authority to the Company to make market purchases of up to 27,121,389 Vesuvius ordinary shares, representing 10% of the Company's issued ordinary share capital as at the latest practicable day prior to the publication of the Notice of AGM. On 4 December 2023, the Company announced, consistent with its capital allocation policy to return surplus cash to shareholders, the commencement of a share buyback programme of up to £50 million (the 'Programme') to end no later than 4 December 2024. The sole purpose of the Programme is to reduce Vesuvius' share capital and the ordinary shares purchased pursuant to the Programme are being cancelled. The Board considered the views of the Company's shareholders and the impact that the purchase would have on other investors, concluding that it would send a positive public signal that the Company was performing well and would benefit all of the Group's stakeholders. A buyback was chosen over, for example, a tender offer or special dividend, reflecting the preference of shareholders and advice from brokers, as a structure that equally benefits all shareholders over a sustained period. Over the course of the programme, the buy-back is expected to be modestly EPS accretive and as such will enhance TSR in the event that our trading valuation multiple is maintained. The impact of the buyback is recognised in the Company's budget and as such it is reflected in the Group's incentive targets. From 4 December 2023 to the end of the financial year on 31 December 2023, the Company had purchased 675,707 ordinary shares of 10 pence, representing a nominal value of £67,571 and 0.24% of the Company's issued share capital. 630,647 of these ordinary shares were cancelled by 31 December 2023, the 45,060 remaining ordinary shares were cancelled on 2 and 3 January 2024. The cost of the shares purchased was £3.1 million excluding transaction costs. A further 1,734,259 shares, representing a nominal value of £173,426 and 0.6% of the Company's issued share capital, have been purchased between 1 January 2024 and the date of this report at a cost of £8.3 million excluding transaction costs. The average cost of shares purchased to date is £4.746 per share. In 2013, the Company acquired 7,271,174 ordinary shares, representing a nominal value of £727,117 and 2.6% of the entire called up share capital of the Company prior to the purchase. These shares were purchased pursuant to the Board's commitment to return the majority of the net proceeds of the disposal of the Precious Metals Processing Division to shareholders. These shares are currently held as Treasury shares and are not eligible to participate in dividends and do not carry any voting rights. The Company has not subsequently disposed of any of the repurchased shares designated as Treasury shares. The Company does not have a lien over any of its shares. Further details of Treasury Shares and the Programme are set out in Note 9 to the Company Financial Statements. The Directors' purchase of own shares authority expires on 30 June 2024 or the date of the AGM to be held in 2024, whichever is the earlier. The Directors will seek renewal of this authority at the 2024 AGM.
Share plans	Vesuvius operates a number of share-based incentive plans. Under these plans, the Group can satisfy entitlements by the acquisition of existing shares, the transfer of Treasury shares or by the issue of new shares. Existing shares are held in an employee benefit trust (EBT). The Trustee of the EBT purchases shares in the open market as required to enable the Group to meet liabilities for the issue of shares to satisfy awards that vest. The Trustee does not register votes in respect of these shares at the Company's Annual General Meetings and has waived the right to receive any dividends. At 31 December 2022, the EBT held 2,454,110 ordinary shares of 10p each in the Company. During 2023, the EBT sold/transferred 784,952 ordinary shares to satisfy the vesting of awards under the Company's share-based incentive plans. It also purchased 286,872 ordinary shares in Vesuvius with a nominal value of £28,687 at a total cost, including transaction costs, of approximately £1.1m, to hold to satisfy the future vesting of awards under the Company's share incentive plans. As at 31 December 2023, the EBT held 1,956,030 ordinary shares. The total purchases during the year represented <1% of the Company's called up share capital. As at the date of this report the EBT held 1,945,219 ordinary shares.

Directors' Report continued

Restrictions on transfer of shares and voting

The Company's Articles do not contain any specific restrictions on the size of a holding or on the transfer of shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

No person has any special rights with regard to the control of the Company's share capital and all issued shares are fully paid. This is a summary only and the relevant provisions of the Articles should be consulted if further information is required.

Change of control provisions

The terms of the Group's committed bank facility and US Private Placement Loan Notes contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control on takeover of the Company. A number of the arrangements to which the Company and its subsidiaries are party, such as other debt arrangements and share incentive plans, may also alter or terminate on a change of control in the event of a takeover. In the context of the Group as a whole, these other arrangements are not considered to be significant.

Interests in the Company's shares

The Company has been advised in accordance with DTR 5 of the Disclosure and Transparency Rules of the following notifiable interests of 3%, or more, of its issued ordinary shares:

	As at date of notification	As at 31 Dec 2023[1]	**As at 28 Feb 2024[2]**
Cevian Capital	21.11%	21.16%	**21.29%**
GLG Partners LP	6.26%	6.28%	**6.32%**
Martin Currie	4.83%	4.84%	**4.88%**
BlackRock Inc	5%	5%	**5.1%**
Aberforth Partners	4.93%	4.94%	**4.97%**

1. The notifiable interests have been restated to reflect the change in issued share capital as at 31 December 2023 resulting from the Share Buyback Programme.
2. The notifiable interests have been restated to reflect the change in issued share capital as at 28 February 2024 resulting from the Share Buyback Programme.

The interests of Directors and their connected persons in the ordinary shares of the Company as disclosed in accordance with the Listing Rules of the Financial Conduct Authority are as set out on pages 129 and 130 of the Directors' Remuneration Report and details of the Directors' Deferred Share Bonus Plan and Vesuvius Share Plan are set out on pages 134 and 135.

Suppliers, customers and others

Information summarising how the Directors have regard to the need to foster the Company's business relationships with suppliers, customers and others is included in the Group's Section 172(1) Statement on pages 68–71. This also details how that regard impacted the principal decisions taken by the Directors during the year.

Our approach to business places a significant number of Vesuvius Steel employees at customer sites on a permanent basis. In the Foundry Division, our success is built on our deep understanding of customer processes and technical requirements, and our ability to assist them in delivering the greatest efficiency from their operations.

During the year, our supplier audit programme covered the operations of 157 suppliers. This approach allows Vesuvius to gain a deep understanding of our suppliers' operations to ensure sustainability and quality of supply.

Vesuvius agrees payment terms with its suppliers and seeks to pay in accordance with those terms.

Equal opportunities employment

Vesuvius is an equal opportunities employer, and decisions on recruitment, development, training and promotion, and other employment-related issues are made solely on the grounds of individual ability, achievement, expertise and conduct. These principles are operated on a non-discriminatory basis, without regard to race, colour, nationality, culture, ethnic origin, religion, belief, gender, sexual orientation, age, disability or any other reason not related to job performance or prohibited by applicable law. In cases where employees are injured or disabled during employment with the Group, support, including appropriate training, is provided to those employees and workplace adjustments are made as appropriate in respect of their duties and working environment, supporting recovery and continued employment.

Employee engagement

Information on the mechanisms through which Vesuvius engages with its workforce is included in the Section 172(1) Statement on pages 68–71 and in the Sustainability section on pages 60–63.

Pensions	In each country in which the Group operates, the pension arrangements in place are considered to be consistent with good employment practice in that particular area. Independent advisers are used to ensure that the plans are operated in accordance with local legislation and the rules of each plan. Group policy prohibits direct investment of pension fund assets in the shares of Vesuvius plc. The majority of the ongoing pension plans are defined contribution plans, where our only obligation is to make contributions, with no further commitments on the level of post-retirement benefits. During 2023, cash contributions of £12.1m (2022: £10.8m) were made into the defined contribution plans and charged to trading profit. The Group's principal defined benefit pension plans are in the UK and the US, the benefits of which are based upon the final pensionable salaries of plan members. The assets of these plans are held separately from the Group in trustee-administered funds. The Trustees are required to act in the best interests of the plans' beneficiaries. The Group also has defined benefit pension plans in other territories but, except for those in Germany, these are not individually material in relation to the Group. Vesuvius continues to seek ways to de-risk its existing pension plans through a combination of asset matching, buy-in opportunities and, where prudent, voluntary cash contributions. The total gross defined benefit obligations at 31 December 2023 were £416.3m funded (2022: £416.0m funded) and £62.8m unfunded (2022: £60.2m unfunded). After asset funding there was a net deficit of £46.3m (2022: £56.1m) representing a decrease of £9.8m. The Group's UK defined benefits plan (the 'UK Plan') and the main US defined benefits plans are closed to new entrants and have ceased providing future benefits accrual, with all eligible employees instead being provided with benefits through defined contribution arrangements. For the Group's closed UK Plan, a Trustee Board exists comprising employees, former employees and an independent trustee. The Board currently comprises six trustee Directors, of whom two are member-nominated. The administration of the UK Plan is outsourced. The Company is mindful of its obligations under the Pensions Act 2004 and of the need to comply with the guidance issued by the Pensions Regulator. Regular dialogue is maintained between the Company and the Trustee Board of the UK Plan to ensure that both the Company and Trustee Board are apprised of the same financial and other information about the Group and the UK Plan. This is pertinent to each being able to contribute to the effective functioning of the UK Plan. In November 2021, the Trustee of the Vesuvius Pension Plan signed a pension insurance buy-in agreement with Pension Insurance Corporation plc (PIC). This buy-in secured an insurance asset from PIC that matches the remaining pension liabilities of the UK Plan, with the result that the Company no longer bears any investment, longevity, interest rate or inflation risks in respect of the UK Plan. All benefits in the UK Plan (with the exception of a small amount of benefits expected to arise in future as a result of guaranteed minimum pensions (GMP) equalisation) are now insured with PIC. The Group has several defined benefit pension plans in the US, providing retirement benefits based on final salary or a fixed benefit. The Group's principal US defined benefit pension plans are closed to new members and to future benefit accrual for existing members. The Group has several defined benefit pension arrangements in Germany which are unfunded, as is common practice in that country. In 2016, the main German defined benefit plan was closed for new entrants and existing members were offered a buy-out of their benefits under this plan. Those who accepted this buy-out then joined the new defined contribution plan.

Listing Rule 9.8.4C R Disclosures

The following disclosures are made in compliance with the Financial Conduct Authority's Listing Rule 9.8.4C R:

Disclosure requirement under LR 9.8.4 R	Reference/Location
(1) Interest capitalised by the Group during the year	None
(2) Publication of unaudited financial information	Not applicable
(3) Details of any long-term incentive schemes	Pages 123 and 124
(4) Director waiver of emoluments	Not applicable
(5) Director waiver of future emoluments	Not applicable
(6) Allotment for cash of equity securities made during the year	Not applicable
(7) Allotment for cash of equity securities made by a major unlisted subsidiary during the year	Not applicable
(8) Details of participation of parent undertaking in any placing made during the year	Not applicable
(9) Details of relevant material contracts in which a Director or controlling shareholder was interested during the year	Not applicable
(10) Contracts for the provision of services by a controlling shareholder during the year	Not applicable
(11) Details of any arrangement under which a shareholder has waived or agreed to waive any dividends	Vesuvius plc holds 7,271,174 of its 10 pence ordinary shares as Treasury shares. No dividends are payable on these shares. The Trustee of the Company's EBT has agreed to waive, on an ongoing basis, any dividends payable on shares it holds in trust for use under the Company's Employee Share Plans, details of which can be found on pages 134, 135 and 139
(12) Details of where a shareholder has agreed to waive future dividends	See above
(13) Statements relating to controlling shareholders and ensuring company independence	Not applicable

The Directors' Report has been approved by the Board and is signed, by order of the Board, by the Secretary of the Company.

Henry Knowles
Company Secretary
28 February 2024

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed below, confirm that, to the best of their knowledge:

- The Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law), give a true and fair view of the assets, liabilities and financial position of the Company
- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that the Group faces

The names and functions of the Directors of Vesuvius plc as at the date of signing these financial statements are as follows:

Carl-Peter Forster	Chairman
Patrick André	Chief Executive
Mark Collis	Chief Financial Officer
Douglas Hurt	Non-executive Director, Senior Independent Director and Chair of the Audit Committee
Carla Bailo	Non-executive Director
Kath Durrant	Non-executive Director and Chair of the Remuneration Committee
Dinggui Gao	Non-executive Director
Friederike Helfer	Non-executive Director
Robert MacLeod	Non-executive Director

On behalf of the Board

Mark Collis
Chief Financial Officer
28 February 2024

Independent auditors' report to the members of Vesuvius plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Vesuvius plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's and Company's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Group and Company Balance Sheets as at 31 December 2023; the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Cash Flows and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5.2 of the financial statements, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit included full scope audits of 17 components and specific audit procedures on certain balances and transactions for 15 additional components.
- Taken together, the components at which either full scope audit work or specified audit procedures were performed enabled us to get coverage on 72% of revenue, and 74% of profit before tax.

Key audit matters

- Impairment of goodwill (Group)
- Provisions for exposures (Legacy matter lawsuits) (Group)
- Impairment of investment in subsidiaries (Company)

Materiality

- Overall Group materiality: £8.5 million (2022: £10.3 million) based on 5% of a 3 year average of profit before tax (2022: based on approximately 4.7% of profit before tax and separately reported items (headline profit before tax).
- Overall Company materiality: £8.5 million (2022: £10.3 million) based on 1.0% of total assets, capped at the level of overall Group materiality.
- Performance materiality: £6.4 million (2022: £7.7 million) (Group) and £6.4 million (2022: £7.7 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent auditors' report to the members of Vesuvius plc continued

Key audit matter	How our audit addressed the key audit matter

Impairment of goodwill (Group)
 	
At 31 December 2023, the carrying value of goodwill is £630.9 million (2022: £657.9 million). Goodwill arising from acquisitions has an indefinite expected useful life and so is not amortised but rather is tested for impairment at least annually at the cash-generating unit ("CGU") level. Management has determined its CGUs to align with the operating segments, which are Steel Advanced Refractories, Steel Flow Control and Foundry. Steel Sensors and Probes goodwill was previously impaired and is fully written down.
 	
Management prepares a Value in Use (VIU) model (discounted cash flow) to test for impairment of the carrying value of the above CGUs. This is based on a Board approved budget and 2 year forecast, on which a terminal value is calculated based on long term growth rates. The VIU model requires estimation of projected future cash flows and involves making key assumptions of revenue and trading profit growth rates, an appropriate discount rate and long term growth rates for each of the CGUs. In making such future assumptions there is an inherent level of estimation uncertainty to consider.
 	
The Group also considered a valuation from its market capitalisation and other market data to determine a Fair Value Less Costs of Disposal ('FVLCD') for the Group.
 	
We focused on the valuation of the goodwill due to its material carrying value, and with regard to the estimation uncertainties arising from the factors set out above.
 	
Refer to Intangible Assets (Note 15), Impairment of Tangible and Intangible Assets (Note 16), Critical Accounting Judgements and Estimates (Note 3) and Significant issues and material judgements in the Audit Committee report.
	Our audit procedures included:
	
	– We obtained management's VIU models and FVLCD analysis. We ensured the calculations were mathematically accurate and that the valuation methodology conformed with the requirements of IAS 36 'Impairment of Assets'.
	
	– For key assumptions made by management in respect of forecast revenue and trading profit growth:
	
	  – We obtained management's supporting evidence such as the approved budgets and 2 year forecasts. We agreed the forecast cash flows and underlying assumptions to these and assessed historical evidence of CGU growth rates. We also challenged the extent to which climate change considerations had been reflected in management's forecast cash flows;
	
	  – We obtained evidence through our own independent research. This included evidence of forecast production and demand levels for the CGU's end customer markets, climate change driven trends and recovery and growth in cyclical end-markets; and
	
	  – We considered market valuation evidence such as current and target share price, as well as other market data such as valuation multiples.
	
	– We utilised internal valuations experts to support our audit procedures over the discount rate and long term growth rate assumptions used in the VIU model and sensitised the impacts of changes in the discount rate within our view of a reasonable range.
	
	– We sensitised key assumptions including, free cash flow average annual growth rate, discount rate and long term growth rate and established the impact of reasonably possible changes to these assumptions. We ensured these sensitivities were appropriately disclosed in accordance with IAS 36, 'Impairment of assets'.
	
	We also instructed our component audit teams to evaluate the appropriateness of management impairment indicator assessments performed within the components and to also assess any material impacts of climate change. Our component teams, under our supervision, did not identify any additional impairments required or inconsistent findings to our Group level assessment in respect of climate change.
	
	Our findings were discussed with the Audit Committee.

Provisions for exposures (Legacy matter lawsuits) (Group) The Group holds a provision for 'Disposal, closure and environmental costs' (which includes provisions relating to legacy matter lawsuits for closed businesses) amounting to £51.9 million (2022: £57.7 million). Determining the quantum of this provision involves modelling and estimation of expected future legal claim periods, volumes, settlement amounts and associated legal costs. We specifically focused on the provision in respect of legacy matter lawsuits due to the material quantum of the provision and the judgement and estimates involved in determining its valuation. Refer to Critical Accounting Judgements and Estimates (Note 3), Provisions (Note 29), Contingent Liabilities (Note 31) and Significant issues and material judgements in the Audit Committee report.	Our audit procedures included: – Obtained management's model of the estimated provision and tested the mathematical accuracy and integrity of this model; – We challenged claims arising, settlements made and expected trends with management's in-house and external legal experts; – We tested the accuracy of historical source data which is used to determine estimates of future trends of claim volumes, types of future claims and settlement amounts and legal costs associated with claims, to supporting claim documentation; and – We utilised our internal valuations expert to support our audit of the key assumptions and to independently determine a reasonable range for the provision estimate based on reasonably possible changes in significant assumptions due to the estimation uncertainty involved. We reviewed the financial statement disclosures for the appropriate disclosure made in relation to significant assumptions. Our findings were discussed with the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Impairment of investment in subsidiaries (Company) The Company holds investments in subsidiaries with a total carrying amount of £1,778.0 million at 31 December 2023 (2022: £1,778.0 million). IAS 36 'Impairment of assets' requires management to consider whether there are any indicators of impairment in respect of non-financial assets. Due to the quantum of the carrying amount, levels of estimation uncertainty that exist similar to assumptions used in testing for impairment of goodwill (Group) and the market capitalisation of the Group this was an area of focus for the audit of the Company. Consistent with the prior year management performed an impairment test utilising cash flow forecasts used for testing for impairment of the Group's goodwill together with additional considerations of cash flows relevant to the subsidiaries that the Company owns. The judgements and estimates required to determine the cash flow forecasts are aligned with those set out in 'Impairment of goodwill (Group)' above. Refer to Investments (Note 7) and Critical Accounting Judgements and Estimates (Note 3) in the Company financial statements, and Significant issues and material judgements in the Audit Committee report.	Our audit procedures included: – Assessing the results of the VIU model and FVLCD analysis used for the impairment test for goodwill, together with adjustments made to reflect cash inflows to subsidiaries due from the Company. – Testing of the Group VIU model, including procedures performed over management's model and evidence obtained in respect of key assumptions made is set out in Key audit matter 'Impairment of goodwill (Group)'. We also compared the carrying value of the investment in subsidiaries and the Group Value in Use to the market capitalisation and market valuation expectations. Our findings were discussed with the Audit Committee.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Vesuvius Group (Vesuvius plc (Company) together with its subsidiaries) has operations in 40 countries, including 68 sales offices and has 55 production sites. The Group consolidates financial information through reporting from its components which include divisions and functions at these sites.

Our audit scope was determined by considering the significance of the component's contribution to profit before tax. We also evaluated contribution to revenue and to other individual financial statement line items, with specific consideration to obtaining sufficient coverage over areas of heightened risk and locations.

We identified one component (2022: one) as financially significant in 2023. The audit scope comprised a further 16 components for which we determined that full scope audits would need to be performed and 15 components for which specific audit procedures on certain balances and transactions were performed by either component teams or the Group team. This collectively provided audit coverage of 72% of the Group's revenue and 74% of the Group's profit before tax. This, together with the additional procedures performed at the Group level, including testing the consolidation process, gave us the evidence we needed for our opinion on the financial statements as a whole.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team, or by component auditors (involving experts and specialists where required) in both PwC network firms and other audit firms. Where the work was performed by component auditors, we determined the level of involvement and oversight we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. This was achieved through:

- Issuance of formal instructions and regular communications with the component auditors throughout the audit, including visits to 3 components by senior Group team members;
- Attendance at audit clearance meetings by senior Group team members;
- Interactions with local component management;
- Our direction and supervision of the audit approach and review of audit findings;
- Review of selected audit workpapers of certain in-scope components; and
- Engagement of experts and specialists where required and review of their output.

The Group audit team also performed the audit of the Company and other procedures over those components of the Group not subject to full scope audits.

The impact of climate risk on our audit

The 'Sustainability' section of the Strategic report sets out the Group's climate change risk assessment, the climate related targets set and an evaluation of the potential financial impacts. In planning and executing our audit we considered management's risk assessment and analysis of impacts to the financial statements. We made enquiries of management to understand the process adopted by management to assess the extent of the potential impact of climate related risk and targets established by management on the Group's financial statements and support the disclosures made within the 'Non-financial and sustainability information' section of the Strategic Report and Note 2.6 of the financial statements. Management has made commitments to achieve net zero for the Group's Scope 1 and Scope 2 carbon emissions by 2050 as disclosed in the 'Sustainability' section of the Strategic report of the Annual Report. Management considers the impact of climate risk gives rise to a potential material financial statement impact in the moderate to long term (between 2035 and 2050).

Independent auditors' report to the members of Vesuvius plc continued

We understood the key impacts to the Group could include potential increases in costs from carbon pricing mechanisms, costs and benefits of technology transition in Iron and Steelmaking and the conversion of manufacturing processes to clean energy. This would most likely impact the financial statement line items and estimates associated with future cash flows because the impact of climate change for the Vesuvius Group is expected to become more notable in the medium to long term. We considered the following areas to potentially be materially impacted by climate risk and consequently we focused our audit work in these areas: carrying value and the estimation of useful lives of property, plant and equipment, and goodwill and intangibles, with impairment of goodwill (Group) determined to be a key audit matter for the year ended 31 December 2023.

Additionally, we considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) related reporting within the 'Sustainability' section of the Strategic report, with the financial statements and our knowledge obtained from our audit. This included considering whether the assumptions made by management in the TCFD scenario analysis are consistent with the assumptions used elsewhere in the financial statements.

We have not noted any issues as part of this work which contradict the disclosures in the Annual Report or materially impact the financial statements, or our key audit matters for the year ended 31 December 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£8.5 million (2022: £10.3 million).	£8.5 million (2022: £10.3 million).
How we determined it	5.0% of 3 year average of profit before tax (2022: based on approximately 4.7% of profit before tax and separately reported items 'headline profit before tax')	1.0% of total assets, capped at the level of overall Group materiality.
Rationale for benchmark applied	We believe that profit before tax provides us with an appropriate basis for determining our overall Group audit materiality given it is a key measure for users of the financial statements. We have applied 5.0% to a 3 year average profit before tax to take into consideration the fluctuation in results over the past 3 years.	We believe that total assets is an appropriate basis for determining materiality for the Company, given this entity is an investment holding Company and this is an accepted audit benchmark. The materiality was capped to the level of Group overall materiality. The Company is not an in-scope component for our Group audit. (2022: 1.0% of total assets, capped at the level of overall Group materiality).

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.7 million and £6.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75.0% (2022: 75.0%) of overall materiality, amounting to £6.4 million (2022: £7.7 million) for the Group financial statements and £6.4 million (2022: £7.7 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £425,000 (Group audit) (2022: £515,000) and £425,000 (Company audit) (2022: £515,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's base case and severe but plausible downside case for liquidity and available financial resources and obtaining supporting evidence for key assumptions. This included agreeing the underlying cash flow projections to the Board approved forecast, assessing how these forecasts were compiled and assessing the historical accuracy of the forecasts. We also evaluated current performance and available financing facilities and related liquidity headroom;
- Checking management's covenant calculations to ensure that the covenant thresholds and definitions were consistent with the financing agreements;
- Testing the accuracy of cash flow models used to assess available liquidity during the going concern period disclosed;
- Determining alternative sensitivity scenarios to ascertain the impact of changes in assumptions. These included scaling back forecasts and increasing working capital as a percentage of forecast revenue; and
- Reading management's disclosures in the financial statements and relevant 'other information' in the Annual Report, and assessing consistency with the financial statements and our knowledge based on our audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of Vesuvius plc continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to international trade restrictions, health and safety, environmental, anti-bribery, relevant employment laws and data protection legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, tax legislation and Listing Rules of the Financial Conduct Authority (FCA). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries of Group and local management, those charged with governance, internal audit and the Group's legal counsel (internal and, where relevant, external), including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluating items raised through the Group's whistle-blowing arrangements and the results of management's investigation of such matters;
- Inspecting management reports and Board minutes in relation to health and safety and other compliance matters;
- Reading and assessing key correspondence with regulatory authorities;
- Testing assumptions and judgements made by management in their critical accounting estimates, in particular relating to impairment of goodwill (Group), provisions for exposures (Legacy matter lawsuits) (Group) and impairment of investment in subsidiaries (Company) (see related key audit matters section of this report); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including in respect of journals posted to revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- a corporate governance statement has not been prepared by the Company.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 10 May 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 December 2017 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Darryl Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2024