

Governance Report

The Board of Vesuvius plc (the "Company") is responsible for the Group's system of corporate governance and is committed to maintaining high standards and to evolving governance arrangements to comply with emerging best practice. This report describes the Company's corporate governance structure and explains how Vesuvius has applied the main principles of the UK Corporate Governance Code issued by the Financial Reporting Council (the "Code") during the year ended 31 December 2013. Throughout the year and up until the date of this report Vesuvius was in full compliance with the requirements of the Code.

Roles and Responsibilities of the Board

Ultimate responsibility for the management of the Group rests with the Board of Directors. The Board focuses primarily upon strategic and policy issues and is responsible for the Group's long-term success. It sets the Group's strategy, oversees the allocation of resources and monitors the performance of the Group in pursuit of this, all within a framework of prudent and effective control which enables risk to be assessed and managed.

The Board

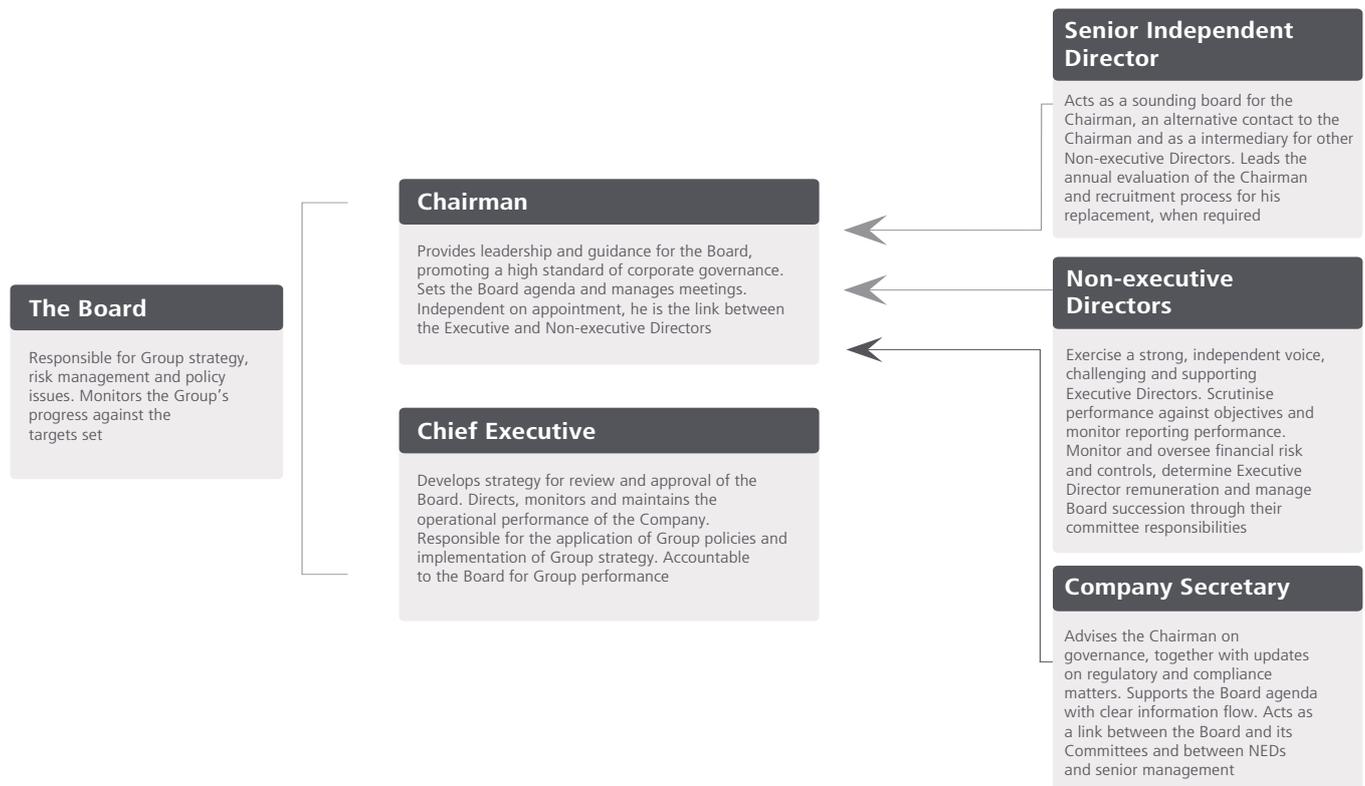
The Board has a formal schedule of matters reserved to it and delegates certain matters to its committees. It is anticipated that the Board will convene on seven scheduled occasions during

2014 as well as holding ad hoc committee meetings to consider non-routine business when required.

The Chairman and Chief Executive

The division of responsibilities between the Chairman and the Chief Executive is set out in writing and was reviewed during the year as part of the Company's annual corporate governance review.

The interactions in the governance process are shown on the following schematic.



Board Committees

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

Governance Report continued

Committee	Role	Chair of Committee	Membership
Audit	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	Jeff Hewitt	All independent Non-executive Directors
Remuneration	To determine the appropriate remuneration packages for the Group's Chairman, Executive Directors, and Company Secretary, and to recommend and monitor the level and structure of remuneration for other Senior Management	John Sussens up to the date of the 2013 AGM, and Jane Hinkley thereafter	All independent Non-executive Directors
Nomination	To advise the Board on appointments, retirements and resignations from the Board and its committees and review succession planning for the Board	John McDonough, the Chairman (except where considering his own succession in which case the Committee is chaired by an appropriate Non-executive Director)	The Chairman and any three Non-executive Directors

In addition, the Board delegates certain responsibilities on an ad hoc basis to a Finance Committee and Share Schemes Committee, which operate in accordance with the delegation of authority agreed by the Board.

Committee	Role	Chair of Committee	Membership
Finance	To approve specific funding and treasury-related matters in accordance with the Group's delegated authorities or as delegated by the Board	John McDonough, the Chairman	The Chairman, Chief Executive, Chief Financial Officer and Group Treasurer
Share Schemes	To facilitate the administration of the Company's share schemes	Any member	Any two Directors or a Director and the Company Secretary

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. The GEC comprises the Chief Executive, Chief Financial Officer, the three Business Unit Presidents, the President Refractories North Asia, the Vice President Human Resources, the Chief Technology Officer, the President Operations and the General Counsel & Company Secretary. The Executive Committee met six times during 2013 and is scheduled to meet seven times during 2014. Its meetings are held between the London head office and major operational sites. Biographical details of the GEC members are set out on pages 52 and 53.

BOARD AND COMMITTEE ATTENDANCE

The attendance of Directors who served between 1 January 2013 and 31 December 2013, at the Board meetings and principal Committees of which they were a member held during this period, 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
Chairman				
John McDonough CBE	7 (7)	4 (4)	7 (7)	2 (2)
Executive Directors				
François Wanecq	7 (7)	–	–	–
Chris O'Shea	7 (7)	–	–	–
Non-executive Directors				
Nelda Connors ¹	6 (6)	3 (4)	5 (6)	1 (1)
Christer Gardell	7 (7)	–	–	2 (2)
Jeff Hewitt	7 (7)	4 (4)	7 (7)	2 (2)
Jane Hinkley ¹	6 (7)	4 (4)	6 (7)	1 (2)
Jan Oosterveld	3 (3)	1 (1)	3 (3)	1 (1)
John Sussens	3 (3)	1 (1)	3 (3)	1 (1)

NOTE

- Jane Hinkley was unable to attend one day of meetings due to commitments made prior to joining the Board. As noted in the Remuneration Report, Nelda Connors was delayed in travelling on one occasion due to adverse weather conditions in the US.