



**INFORMATION CIRCULAR AND NOTICE OF  
THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TUESDAY, MAY 5, 2015**

**THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR  
SHAREHOLDERS**

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# NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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Notice is hereby given that the annual and special meeting of shareholders (the "Meeting") of Russel Metals Inc. (the "Company") will be held:



**Date:** Tuesday, May 5, 2015

**Time:** 3:00 p.m. (Eastern Time)

**Place:** Russel Metals Inc.  
6600 Financial Drive,  
Mississauga, Ontario, Canada

## BUSINESS OF THE MEETING

The purpose of the Meeting is:

1. to receive and consider the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2014, together with the report of the auditors thereon;
2. to elect Directors;
3. to re-appoint Deloitte LLP as auditors and to authorize the Directors to fix their remuneration;
4. to approve the advisory resolution to accept the approach to executive compensation disclosed in the Circular;
5. to consider and, if thought advisable, pass a resolution confirming By-Law No. 2 of the Company which sets out advance notice requirements for director nominations (see Schedule A, on page 55 of this Circular for the text of the By-Law); and
6. to transact such further or other business as may properly come before the Meeting or any postponement or adjournment thereof.

If you are a registered shareholder and cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying Circular. To be valid, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CST Trust Company no later than 3:00 p.m. (Eastern Time) on Friday, May 1, 2015 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.

If your shares are held in an account with a trust company, securities broker or other financial institution (an "Intermediary") you are considered to be a non-registered beneficial shareholder. To vote your shares, you must follow the instructions and complete the form that was provided to you by your Intermediary with this Circular. If you wish to attend the Meeting in person, you will not be entitled to vote in person unless the proper documentation is completed. You should contact your Intermediary well in advance of the Meeting and follow their instructions if you wish to vote in person.

By Order of the Board,

*/s/ M. E. Britton*

**MARION E. BRITTON,**  
Executive Vice President,  
Chief Financial Officer and  
Secretary

Mississauga, Ontario  
March 9, 2015

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# GENERAL

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## REASON FOR RECEIVING THIS CIRCULAR

You have received this Circular because you owned common shares of Russel Metals on March 24, 2015. As a shareholder, you have the right to attend our annual and special meeting of shareholders on May 5, 2015 and to vote your shares in person or by proxy. More information regarding the voting of your shares can be found commencing on page 7 of this Circular.

## INTERPRETATION

Unless the context otherwise requires, references to "Company", "Corporation", "Russel Metals", "we", "us" or "our" as used herein refer to Russel Metals Inc. and its subsidiaries. All dollar references are in Canadian dollars unless otherwise stated. Unless otherwise indicated, the financial information contained in this Circular is presented as at December 31, 2014 and all other information is current to March 9, 2015.

## SHAREHOLDER PROPOSALS

A shareholder who will be entitled to vote at the annual meeting of shareholders of the Company to be held in 2016 and who intends to raise a proposal at such meeting must deliver the proposal to the Company not later than December 9, 2015.

## FINANCIAL STATEMENT REQUESTS

Financial information is provided in our annual financial statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

If you are a non-registered beneficial shareholder and you wish to receive our annual or quarterly financial statements and MD&A, you must mark the appropriate request boxes on the accompanying voting instruction form provided by your financial intermediary, and return it in the envelope provided.

If you are a registered shareholder and you wish to receive our quarterly financial statements and related MD&A you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us. If you are a registered shareholder and you do not wish to receive our annual financial statements and MD&A, you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us.

**Our results are announced by news release. Our financial statements, MD&A and other disclosure documents are available on our website at [www.russelmetals.com](http://www.russelmetals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).**

## AVAILABILITY OF DISCLOSURE DOCUMENTS

We will provide to any shareholder, upon request to our Investor Relations Department, a copy of:

- (i) our most recent Annual Information Form together with any document or pertinent pages of any document incorporated therein by reference;
- (ii) our audited consolidated financial statements for our last financial year together with the auditors' report thereon and the related MD&A;
- (iii) our Circular for our last annual meeting of shareholders;
- (iv) our Code of Business Conduct and Ethics Policy for Employees;

- (v) any material documents and / or material change reports (other than confidential reports) which we have filed with the various securities regulatory authorities; and
- (vi) our Advance Notice By-Law, (By-Law No. 2).

## CONTACT INFORMATION

For general information regarding the Company, please send your requests to:

### **Russel Metals Inc.**

Investor Relations Department  
6600 Financial Drive  
Mississauga, Ontario L5N 7J6

**T:** 905.816.5178

**F:** 905.819.7409

**Email:** [info@russelmetals.com](mailto:info@russelmetals.com)

For registered shareholders electing to submit a form of proxy, please send to:

### **CST Trust Company**

**Mail:**  
CST Trust Company  
P.O. Box 721  
Agincourt, Ontario  
M1S 0A1

**T:** 866.781.3111

**F:** 416.368.2502

**Hand Delivery or Courier:**  
320 Bay Street  
Basement Level (B1 Level)  
Toronto, Ontario  
M5H 4A6

**T:** 416.682.3860

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## BUSINESS OF THE MEETING

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### ABOUT OUR SHAREHOLDER MEETING

At our annual and special meeting, in addition to voting on items of the Company's business, you will also have the opportunity to get an update on the Company, meet face to face with management and interact with the Board of Directors.

### RECEIPT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our financial statements for the year ended December 31, 2014, together with the auditors' report thereon, will be sent, together with a copy of this Circular, to all registered shareholders, except shareholders who have waived receipt, and to beneficial shareholders who have requested a copy.

### ELECTION OF THE BOARD OF DIRECTORS

There are nine nominees for election to the Board of Directors. All of the nominees are currently Directors of the Company. Detailed information regarding each nominee commences on page 9 of this Circular, including Director attendance at meetings in 2014. If elected, each nominee will serve for a term of one year, until the 2016 annual meeting of shareholders or until his or her successor is elected or appointed. We have adopted a Majority Voting Policy for the election of our Directors. A description of this policy commences on page 15 of this Circular.

### APPOINTMENT OF AUDITORS

Deloitte LLP ("Deloitte") were first appointed as our auditors in 1958 and have continued to be our auditors for over 56 years. As required for public companies, Deloitte rotates the lead audit partner. A new lead audit partner was assigned to us during the 2013 fiscal year. If a ballot is demanded at the Meeting, the shares represented by proxies in favour of management nominees will be voted in favour of the appointment of Deloitte as auditors of the Company, unless a shareholder has specified in a proxy that his or her shares are to be withheld from voting in the appointment of auditors. To be effective, the resolution to appoint Deloitte as auditors of the Company and to authorize the Directors to fix their remuneration must be passed by a majority of the votes cast at the Meeting in person or by proxy by shareholders entitled to vote thereon.

## DELOITTE FEES AND SERVICES

### Fees Charged By Deloitte

The following table summarizes the audit and other fees charged by Deloitte for their services during each of the 2014 and 2013 fiscal years:

Service	Fiscal Year 2014	Fiscal Year 2013
Audit Services	\$1,454,000	\$1,500,000
Audit Related Services	100,000	100,000
Tax Services	200,000	200,000
<b>Total</b>	<b>\$1,754,000</b>	<b>\$1,800,000</b>

### Audit Services

The fees charged by Deloitte for audit services include the audit of our annual financial statements.

### Audit Related Services

The fees charged by Deloitte are for assurance and related services that are reasonably related to the performance of the audit and are not reported under audit services. Such services included audits of our employee benefit plans.

### Tax Services

Tax services conducted by Deloitte relate to U.S. tax compliance, tax advice and planning work.

### Other Services

In fiscal 2014 and 2013, Deloitte did not charge fees for any services other than those set out above.

## ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

In 2010, the Board of Directors of the Company unanimously approved the adoption of an annual non-binding advisory vote by shareholders on executive compensation commencing with the annual meeting held in May 2010. This gives shareholders a formal opportunity to indicate whether they support the disclosed objectives of the executive compensation plans, and the plans themselves. As a shareholder, you have the opportunity to vote FOR or AGAINST the Company's approach to executive compensation through the following resolution:

*Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's Information Circular delivered in advance of the Annual and Special Meeting of Shareholders to be held on May 5, 2015.*

As this is an advisory vote, the results will not be binding on the Board of Directors. However, the Board of Directors will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to increase their engagement with shareholders on compensation and related matters. For information regarding the Company's approach to executive compensation please see "Compensation Discussion and Analysis" commencing on page 26 of this Circular and "Executive Compensation" commencing on page 36 of this Circular. **The Board of Directors recommends that the shareholders vote "FOR" the advisory resolution on the Company's approach to executive compensation. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy will vote your common shares "FOR" the resolution to accept the approach to executive compensation as discussed in this Circular.**

## CONFIRMATION OF ADVANCE NOTICE BY-LAW

On February 18, 2015, the Board adopted By-Law No. 2 of the Company setting out advance notice requirements for director nominations (the "Advance Notice By-Law"). At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution confirming the Advance Notice By-Law.

The Advance Notice By-Law provides a procedure requiring advance notice to the Company by any shareholder who intends to nominate any person for election as director of the Company other than pursuant to (a) a requisition of a meeting made pursuant to the provisions of the Canada Business Corporations Act ("CBCA"), or (b) a shareholder proposal made pursuant to the provisions of the CBCA. Among other things, the Advance Notice By-Law fixes a deadline by which shareholders must notify the Company of their intention to nominate directors and sets out the information that shareholders must provide in the notice for it to be valid. In particular, under the Advance Notice By-Law, a shareholder wishing to nominate a director would be required to provide notice to the Company in the prescribed form and within the time periods set out below.

- (a) In the case of an annual meeting of shareholders, notice must be sent to the Company not less than 30 days prior to the date of the annual meeting of shareholders; provided, that the annual meeting of shareholders is to be held on a date that is at least 50 days from the date on which the Company first publicly announced the date of the annual meeting (the "Notice Date"). If the annual meeting is to be held on a date less than 50 days after the Notice Date, then notice must be given to the Company not later than the close of business on the 10<sup>th</sup> day following the Notice Date.
- (b) In the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the 15<sup>th</sup> day following the Notice Date.

If confirmed, the Advance Notice By-Law will provide a mechanism through which shareholders are able to receive appropriate disclosure with respect to proposed director nominees prior to a meeting. It will also provide the Company with the opportunity, prior to a meeting, to confirm the eligibility of a proposed director to serve as an independent director and to confirm certain other information about the proposed nominee and the nominating shareholder that could be material to a reasonable shareholder's understanding of such proposed nominee's independence, or lack thereof.

The inclusion of advance notice requirements in a corporation's by-laws has become a common and important tool for public companies in Canada to ensure that shareholders are provided with appropriate and timely information in connection with the election of directors. The proposed timing for the delivery of a notice under the Advance Notice By-Law and the information that must be submitted are in keeping with recognized good governance principles. The Board of Directors believes that the Advance Notice By-Law will benefit shareholders by:

- facilitating orderly nomination and meeting processes;
- treating all shareholders fairly by providing timely and adequate notice of director nominations; and
- allowing all shareholders to fully participate in the director election process and to register an informed vote.

The Advance Notice By-Law became effective on its adoption by the Board on February 18, 2015. Pursuant to the provisions of the Canada Business Corporation Act, the Advance Notice By-Law will cease to be effective unless confirmed by a resolution of a simple majority of the votes cast by shareholders at the Meeting.



The above summary is qualified in its entirety by the full text of the Advance Notice By-Law which is set out in Schedule A, commencing on page 55 of this Circular. The Advance Notice By-Law is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**The Board of Directors recommends that shareholders vote "FOR" the confirmation of the Advance Notice By-Law. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy will vote your common shares "FOR" the resolution confirming the Advance Notice By-Law.**

The resolution to confirm the Advance Notice By-Law, which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

*BE IT RESOLVED:*

*THAT By-Law No. 2 of Russel Metals Inc., the full text of which is attached as Schedule A to the Management Information Circular dated March 9, 2015, being an advance notice by-law setting out the process for director nominations, is confirmed as made by the directors of the Company.*

*THAT any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all acts and things as such director or officer may determine necessary or advisable to give effect to the foregoing.*

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## VOTING INFORMATION

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### PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of our Directors and officers, no one other than Franklin Resources, Inc. currently owns or exercises control of or direction over 10% or more of our common shares. As of March 9, 2015, Franklin Resources, Inc. through one or more of its mutual funds or other managed accounts, exercises control of or direction over approximately 7,556,800 common shares of the Company, representing approximately 12% of our outstanding common shares.

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## QUESTIONS AND ANSWERS

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### Who is soliciting my proxy?

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Russel Metals' management is soliciting your proxy for use at the Meeting or at any postponement or adjournment thereof. The solicitation of proxies for the Meeting by the Company will be made primarily by mail, but our officers, employees and agents may also solicit proxies personally or by telephone. The cost of the solicitation of proxies will be borne by Russel Metals.

### Who is entitled to vote?

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Only holders of common shares may vote at the Meeting. As of March 9, 2015, the date of this Circular, there were 61,674,228 common shares outstanding. Each shareholder is entitled to one vote for each common share registered in his or her name as of the close of business on March 24, 2015, the record date for the Meeting.

## How do I Vote?

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### Registered Shareholders

If you are eligible to vote and your shares are registered in your name, you can vote your shares by proxy or in person at the Meeting. **If you cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying form of Proxy. To be valid, CST Trust Company must receive proxies no later than 3:00 p.m. (Eastern Time) on Friday, May 1, 2015 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting. The Company reserves the right to accept late proxies and to waive the proxy cut-off deadline, with or without notice, but is under no obligation to accept or reject any particular late proxy.**

### Non-Registered Beneficial Shareholders

If your shares are held in an account with a trust company, securities broker or other financial institution (an "Intermediary"), you are considered to be a non-registered beneficial shareholder. The Intermediary is the legal entity entitled to vote your common shares for you, in the manner that you direct. The Company has paid all costs associated with the delivery of the Circular and related materials to its non-registered beneficial owners via their Intermediaries. Non-registered beneficial shareholders should not complete the form of proxy being circulated by management. Instead, you should follow the instructions and complete the form that your Intermediary delivered to you with this Circular. This form will provide the necessary instructions to your Intermediary as to how you would like to vote your common shares. All required voting instructions must be submitted to your intermediary sufficiently in advance of the proxy cut-off deadline to allow your intermediary to forward this information to CST Trust Company prior to the deadline. If you plan on attending the Meeting in person, you will not be entitled to vote in person unless the proper documentation is completed. You should contact your Intermediary well in advance of the Meeting and follow their instructions if you want to vote in person.

## How do I appoint a proxyholder?

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The Chair and the President and Chief Executive Officer ("CEO") of Russel Metals are the persons designated in the enclosed form of proxy who will represent management at the Meeting. **You have the right, as a shareholder, to appoint a different person to attend and to act on your behalf at the Meeting. You may exercise this right by inserting in the space provided in the form of proxy the name of the other person you would like to appoint as nominee. To be valid, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CST Trust Company no later than 3:00 p.m. (Eastern Time) on Friday, May 1, 2015 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.**

If there is a ballot called for at the Meeting, the shares represented by proxies in favour of the persons named by management on the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions specified by shareholders in the forms of proxy.

**If you have not specified in the form of proxy how to vote on a particular matter, your proxyholder is entitled to vote your common shares as he or she sees fit. If your proxy form does not specify how to vote on the advisory resolution on the approach to executive compensation or the confirmation of the Advance Notice By-Law, and if you have authorized our Chair or our President and CEO to act as your proxyholder, your common shares will be voted "FOR" the advisory resolution to accept the approach to executive compensation as disclosed in this Circular and "FOR" confirmation of the Advance Notice By-Law.**

### **What if there are amendments or other matters brought before the Meeting?**

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The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to the matters identified in the notice of Meeting or other matters that may properly come before the Meeting. Management is not presently aware of any such amendments or other matters.

### **What if I change my mind and want to revoke my proxy?**

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If you change your mind and want to revoke your proxy after you have delivered it to CST Trust Company, you (or your attorney if one has been authorized, or if a corporation, an officer thereof) may revoke it:

1. by completing an instrument in writing, bearing a later date, and delivering it:
  - to CST Trust Company or to our registered office located at 6600 Financial Drive, Mississauga, Ontario, L5N 7J6 at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to used; or
  - to the Chair of the Meeting on the day of the Meeting or an adjournment thereof; or
2. in any other manner permitted by law.

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## **THE BOARD OF DIRECTORS**

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### **NUMBER OF DIRECTORS**

Our articles provide that the number of persons that may be elected to our Board of Directors is not fewer than seven and not more than 12. The Board of Directors presently consists of nine Directors and the Board has determined that nine Directors will be elected at the Meeting. The current Directors are: Alain Benedetti, John M. Clark, James F. Dinning, John A. Hanna, Brian R. Hedges, Alice D. Laberge, Lise Lachapelle, William M. O'Reilly and John R. Tulloch. All of the Directors are being nominated for reelection.

If elected, each Director will hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed.

### **NOMINEES FOR THE ELECTION OF DIRECTORS**

The following table sets out information about each of the Board nominees, including his or her principal occupation or employment for at least the last five years and other public board memberships. For our Directors who are standing for reelection we include committee memberships, meetings attended during 2014, previous voting results and the number of common shares, deferred share units ("DSUs") and convertible debentures held. For our executive Director, the following table sets out the number of common shares, share options and restricted share units ("RSUs") held. The Nominating and Corporate Governance Committee (the "NCG Committee") has recommended each Board nominee for election as a Director.

## ALAIN BENEDETTI

Mr. Benedetti is a Corporate Director. Mr. Benedetti was Chair of the Canadian Institute of Chartered Accountants from September 2006 to September 2008. From 1998 to his retirement in June 2004, he was Vice Chair and Canadian Area Managing Partner of Ernst & Young LLP.

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Audit	* 2 of 2
Environmental Management and Health & Safety	* 1 of 1
Management Resources and Compensation	5 of 5

\* Mr. Benedetti served as a member of the Audit Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date. Mr. Benedetti was appointed as a member of the Environmental Management and Health & Safety Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	99.73%	0.27%
2013	99.83%	0.17%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	9,350	\$230,104
DSUs <sup>(2)(3)</sup>	27,336	672,739
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>36,686</b>	<b>\$902,843</b>
Convertible Debentures <sup>(5)</sup>		\$269,850



Age 66  
Sainte-Anne-des-Lacs, Québec,  
Canada  
Director since 23/Feb/2006  
Independent<sup>(7)</sup>

### Public Board Memberships:

Dorel Industries Inc.  
Discovery Air Inc.

## JOHN M. CLARK

Mr. Clark is President of Investment and Technical Management Corp., a firm engaged in corporate finance and merchant banking, since 1999. He was Chief Financial Officer and a Director of Polaris Geothermal Inc. from June 2004 to October 2009. He was President and/or Executive Chairman of Laurasia Resources Limited, a publicly traded oil and gas exploration and development company from 1988 to 1998. Mr. Clark is also currently a director of Aizan Technologies Inc., Clearpoint Resorts Limited, Colio Estates Wines Inc., Cumulus Wines Pty Ltd., Eglinton Investments Ltd. and Hutton Investments Ltd.

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Audit	4 of 4
Environmental Management and Health & Safety	* 1 of 1
Management Resources and Compensation	* 2 of 2

\* Mr. Clark served as a member of the Management Resources and Compensation Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date. Mr. Clark was appointed as a member of the Environmental Management and Health & Safety Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	95.85%	4.15%
2013	99.66%	0.34%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	-	\$ -
DSUs <sup>(2)(3)</sup>	10,727	263,991
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>10,727</b>	<b>\$263,991</b>



Age 59  
Etobicoke, Ontario, Canada  
Director since 03/May/2012  
Independent<sup>(7)</sup>

### Public Board Memberships:

Crown Point Energy Inc.  
Vista Gold Corp.  
Zephyr Minerals Ltd.

## JAMES F. DINNING

Mr. Dinning has been Chair of the Board of Western Financial Group Inc., a company engaged in insurance and investment, since 2005. From 1998 to 2004, Mr. Dinning was Executive Vice President of TransAlta Corporation and from 1997 to 1998 was Senior Vice President. Prior to 1997, Mr. Dinning held several key positions during his 11 years as a member of the Legislative Assembly in Alberta, including Provincial Treasurer from 1992 to 1997. Mr. Dinning is currently Chair of the Board of Liquor Stores N.A. Ltd. and a director of Zag Bank.



Age 62  
Calgary, Alberta, Canada  
Chair of the Board since 06/May/2014  
Director since 17/Feb/2003  
Independent<sup>(7)</sup>

**Public Board Memberships:**  
Liquor Stores N.A. Ltd.  
Oncolytics Biotech Inc.

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Audit	* 2 of 2
Management Resources and Compensation	* 2 of 2
Nominating and Corporate Governance	4 of 4

\* Mr. Dinning was appointed as a member of the Audit Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date. Mr. Dinning served as Chair of the Management Resources and Compensation Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	98.32%	1.68%
2013	97.28%	2.72%

### SECURITIES HELD AS AT MARCH 9, 2015(1):

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	17,000	\$418,370
DSUs <sup>(2)(3)</sup>	18,112	445,736
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>35,112</b>	<b>\$864,106</b>
Convertible Debentures <sup>(5)</sup>		\$26,985

## JOHN A. HANNA

Mr. Hanna is a Corporate Director. Mr. Hanna was Chief Executive Officer of Rexel Canada Electrical Inc. (formerly Westburne Inc.) from 2003 until 2005 and Executive Vice President and CFO from 1992 to 2003. Prior to that he had been CFO of Hydro-Québec and Via Rail Canada Inc. Mr. Hanna is currently Chair of the Audit Committee of Foreign Affairs, Trade and Development Canada.



Age 72  
Toronto, Ontario, Canada  
Director since 03/May/2012  
Independent<sup>(7)</sup>

**Public Board Memberships:**  
INNERGEX Renewable Energy Inc.  
Uni-Select Inc.

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Audit	4 of 4
Environmental Management and Health & Safety (Chair)*	2 of 2

\* Mr. Hanna served as a member of Environmental Management and Health & Safety Committee until May 6, 2014, at which meeting he was appointed Chair of the Environmental Management and Health & Safety Committee.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	97.39%	2.61%
2013	99.72%	0.28%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	-	\$ -
DSUs <sup>(2)(3)</sup>	10,487	258,085
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>10,487</b>	<b>\$258,085</b>
Convertible Debentures <sup>(5)</sup>		\$107,940



## BRIAN R. HEDGES

Mr. Hedges is currently the President and CEO of Russel Metals. In 1994, Mr. Hedges joined Russel Metals as Executive Vice President and CFO. During his early years with the Company, Mr. Hedges contributed to the divestitures of non-metals operations and the restructuring from a holding company (known as Federal Industries Ltd.) to a metals distribution operating company. Over the succeeding 15 years, Mr. Hedges assumed various responsibilities, eventually becoming Executive Vice President and Chief Operating Officer of Russel Metals in 2008 and the President and CEO in 2009. Prior to joining Russel Metals, Mr. Hedges held the positions of CFO, President and CEO at Gandalf Technologies and CFO at Teleglobe Inc.



Age 62  
Toronto, Ontario, Canada  
Director, President and CEO  
since 12/May/2009  
Not independent

**Public Board Memberships:**  
None

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board 4 of 4  
No committee membership

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	99.84%	0.16%
2013	99.83%	0.17%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	121,031	\$2,978,573
RSUs <sup>(2)(4)</sup>	99,929	2,459,253
<b>Total Common Shares &amp; RSUs<sup>(2)(4)</sup></b>	<b>220,960</b>	<b>\$5,437,826</b>
Convertible Debentures <sup>(5)</sup>		\$107,940
Unexercised Common Shares Options <sup>(6)</sup>	498,489	

## ALICE D. LABERGE

Ms. Laberge is a Corporate Director. She was President and CEO of Fincentric Corporation (a global provider of software solutions to financial institutions) from December 2003 to July 2005 and CFO of Fincentric from 2000 to 2003. Prior to that she was with MacMillan Bloedel for over 18 years and was Senior Vice President, Finance and CFO at MacMillan Bloedel Limited from February 1998 to November 1999. Ms. Laberge is currently Chair of the Board of SilverBirch Holdings Inc.



Age 58  
Vancouver, BC, Canada  
Director since 30/Jul/2007  
Independent<sup>(7)</sup>

**Public Board Memberships:**  
Potash Corporation of Saskatchewan  
Royal Bank of Canada

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board 4 of 4  
Audit (Chair) 4 of 4  
Management Resources and Compensation \* 2 of 2  
Nominating and Corporate Governance \* 2 of 2

\* Ms. Laberge served as a member of the Management Resources and Compensation Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date. Ms. Laberge was appointed as a member of the Nominating and Corporate Governance Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	99.82%	0.18%
2013	99.79%	0.21%

### SECURITIES HELD AS AT MARCH 9, 2015(1):

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	5,000	\$123,050
DSUs <sup>(2)(3)</sup>	12,166	299,405
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>17,166</b>	<b>\$422,455</b>

## LISE LACHAPELLE

Mrs. Lachapelle is a Corporate Director and a consultant in corporate strategy. She was the President and CEO of the Forest Products Association of Canada and a consultant in corporate strategy from September 1994 to December 2001. Prior to September 1994, she was President of Strategico Inc., a consulting firm specializing in public policy, for one year and a consultant with Strategico for three years.



Age 65  
Île-des-Soeurs, Québec, Canada  
Director since 15/May/1996  
Independent<sup>(7)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Audit	* 2 of 2
Management Resources and Compensation	* 3 of 3
Nominating and Corporate Governance (Chair)	4 of 4

\* Mrs. Lachapelle served as a member of the Audit Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date. Mrs. Lachapelle was appointed as a member of the Management Resources and Compensation Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	97.43%	2.57%
2013	99.74%	0.26%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	5,000	\$123,050
DSUs <sup>(2)(3)</sup>	18,112	445,736
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>23,112</b>	<b>\$568,786</b>

### Public Board Memberships:

SNC-Lavalin Inc.  
TMX Group Limited

Mrs. Lachapelle was a Director of AbitibiBowater Inc. in 2009 at the time when AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Québec in Canada. In December 2010, AbitibiBowater Inc. emerged from Chapter 11 Bankruptcy protection.

## WILLIAM M. O'REILLY

Mr. O'Reilly is a Corporate Director. Mr. O'Reilly was Managing Partner and a member of the Management Committee of Davies Ward Phillips & Vineberg LLP, a legal advisor to the Company, from 1997 until his retirement from those positions on May 31, 2010. He was a partner of that firm from 1976 to December 31, 2011, except for the period between August 1993 and January 1996 when he served as an executive officer of Russel Metals. Mr. O'Reilly was Secretary of Russel Metals from May 1994 to May 2009.



Age 66  
Toronto, Ontario, Canada  
Director since 12/May/2009  
Independent<sup>(7)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Environmental Management and Health & Safety	* 1 of 1
Management Resources and Compensation (Chair)	* 3 of 3
Nominating and Corporate Governance	4 of 4

\* Mr. O'Reilly served as Chair of the Environmental Management and Health & Safety Committee until May 6, 2014 and the number of meetings reflects those meetings held on or before this date. Mr. O'Reilly was appointed Chair of the Management Resources and Compensation Committee on May 6, 2014 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	99.84%	0.16%
2013	99.76%	0.24%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	4,000	\$98,440
DSUs <sup>(2)(3)</sup>	13,464	331,349
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>17,464</b>	<b>\$429,789</b>
Convertible Debentures <sup>(5)</sup>		\$107,940

### Public Board Memberships:

None

## JOHN R. TULLOCH

Mr. Tulloch is a Corporate Director. Mr. Tulloch was Executive Vice President of SSAB AB (a Nordic and US based steel company) and President of their North American Division from 2007 until his retirement in 2008. From 2004 until the takeover of IPSCO Inc. by SSAB, in 2007 he was Executive Vice President, Steel and Chief Commercial Officer of IPSCO. Prior to that he held various senior executive positions at IPSCO, including Vice President and General Manager of the Tubular Division. He is a past Director of various steel and energy industry associations, including the American Iron and Steel Institute, the Metal Service Center Institute, the Steel Manufacturers Association and the Interstate Natural Gas Association of America Foundation.



Age 67  
Naperville, Illinois, United States  
Director since 02/May/2013  
Independent<sup>(7)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2014:

Board	4 of 4
Environmental Management and Health & Safety	2 of 2
Management Resources and Compensation	5 of 5

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2014	99.78%	0.22%
2013	99.79%	0.21%

### SECURITIES HELD AS AT MARCH 9, 2015<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 9, 2015
Common Shares <sup>(2)</sup>	3,000	\$73,830
DSUs <sup>(2)(3)</sup>	2,652	65,266
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>5,652</b>	<b>\$139,096</b>

**Public Board Memberships:**  
SSAB AB

- Directors are required to own common shares and DSUs valued at not less than three times their current annual Board retainer. The target value of share ownership increased on October 1, 2014 by adding the annual DSU retainers to the calculation. The Directors are required to achieve the new target value of share ownership within three years from October 1, 2014 or their date of first election, whichever is later. See "Share Ownership of Non-Executive Directors" commencing on page 24 of this Circular. All Directors standing for reelection are in compliance with the share ownership threshold that was in place prior to October 1, 2014. Each of Mr. Clark, Mr. Hanna and Mr. Tulloch have until October 1, 2017 to reach the increased target value of share ownership.*
- The common share and the DSU values noted in the above table are based on the closing price of a common share on the Toronto Stock Exchange ("TSX") on March 9, 2015 of \$24.61.*
- For further information on DSUs, see "2014 Non-Executive Director Compensation" commencing on page 22 of this Circular, "Deferred Share Unit Plan" on page 22 of this Circular and "Deferred Share Units Held" on page 23 of this Circular.*
- RSUs vest over a period of three years. The number of RSUs reflected in the above table for Mr. Hedges is the aggregate number of RSUs outstanding as at March 9, 2015, including those which have yet to vest. For further information on the RSUs owned by Mr. Hedges, see "Restricted Share Unit Plan" on page 40 of this Circular.*
- Represents convertible debentures owned or directly controlled by the Director. The value of the convertible debentures noted in the above table is based on the closing price of 100 convertible debentures on the TSX on March 9, 2015 of \$107.94.*
- Mr. Hedges currently owns an aggregate of 498,489 unexercised common share options including options issued on February 18, 2015, of which 282,261 are currently vested. For further details regarding the share options owned by Mr. Hedges, see "Outstanding Share Based and Option Based Awards", commencing on page 42 of this Circular.*
- "Independent" has the meaning prescribed by applicable policies of the Canadian Securities Administrators, which generally provide that a director would not be independent if he or she has a material relationship, which could, in the view of the Board, reasonably be expected to interfere with the exercise by the Director of his or her independent judgment.*



## DUPLICATION OF BOARD MEMBERSHIP

Prior to Mrs. Lachapelle's resignation in December 2014, Mrs. Lachapelle and Mr. Hanna were both directors of INNERGEX Renewable Energy Inc., which is a publicly traded company. In 2014, no other two Directors were members of the same board of another public company.

## MAJORITY VOTING

Our Board has adopted a majority voting policy. This policy provides that any nominee for election as a Director who has more votes withheld than votes for his or her election at the Meeting must tender his or her resignation to our Chair following the Meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for Director is equal to the number of Directors to be elected. The NCG Committee and the Board of Directors shall consider the resignation and whether or not it should be accepted. We will accept resignations absent exceptional circumstances that would warrant the applicable Director continuing to serve as a Board member. In this event, our Board shall disclose its decision, via press release, within 90 days of the applicable annual meeting. If a resignation is accepted, the Board may appoint a new Director to fill any vacancy created by the resignation. A copy of this policy can be found on our website at [www.russelmetals.com](http://www.russelmetals.com) (see "Investor Relations" and "Corporate Governance").

If a poll is demanded on any vote for election of any Director at the Meeting, and if you have authorized our Chair or our President and CEO to act as your proxyholder, your common shares will be voted in the manner specified in your proxy. In the event that any vacancy occurs in the slate of nominees identified above, proxies in favour of management will be voted for another nominee at the discretion of management unless you specify in your proxy that your common shares be withheld from voting in the election of Directors.

## COMMITTEES OF THE BOARD OF DIRECTORS

We are required by applicable securities laws to have an audit committee of the Board (the "Audit Committee"). Other committees of the Board are the Management Resources and Compensation Committee (the "MR&C Committee"), the NCG Committee and the Environmental Management and Health & Safety Committee (the "EMH&S Committee"). The members of the committees are as follows:

Non-Executive Directors	Audit Committee	Environmental Management and Health & Safety Committee	Management Resources and Compensation Committee	Nominating and Corporate Governance Committee
A. Benedetti		X	X	
J.M. Clark	X	X		
J.F. Dinning	X			X
J.A. Hanna	X	X (Chair)		
A.D. Laberge	X (Chair)			X
L. Lachapelle			X	X (Chair)
W.M. O'Reilly			X (Chair)	X
J.R. Tulloch		X	X	

All committee mandates are described under "Statement of Corporate Governance Practices", commencing on page 48 of this Circular.

## NUMBER OF BOARD AND COMMITTEE MEETINGS HELD AND ATTENDANCE

### Meetings of Independent Directors

Our independent Board members hold an in camera session without management and non-independent board members at every quarterly meeting. The only meetings at which the Board does not meet without management and non-independent board members are those special meetings held by conference call for specific purposes, such as approvals related to acquisition or financing transactions. The Company's independent Board members met separately at four scheduled quarterly board meetings held during 2014.

The following table summarizes the meetings of the Board and its committees held in 2014.

<b>Board / Committee</b>	<b>No. of Meetings for 2014</b>
Board of Directors	4
Audit Committee	4
Environmental Management and Health & Safety Committee	2
Management Resources and Compensation Committee	5
Nominating and Corporate Governance Committee	4

## Attendance at Board and Committee Meetings Held

We believe that an active board governs more effectively. We expect Directors to attend all quarterly meetings of the Board, all regularly scheduled meetings of committees of which they are members and the annual meeting of shareholders. While we recognize that the short notice of special Board meetings may sometimes conflict with the schedules of our Directors, we expect Directors to exercise reasonable efforts to attend all special meetings of the Board. Directors may participate by teleconference if they cannot attend in person. The table below summarizes the number of Board and committee meetings attended by each non-executive Director during 2014. The Directors' attendance records are also included in the Board nominee table commencing on page 10 of this Circular.

DIRECTORS	2014 BOARD MEETINGS REGULAR / QUARTERLY				2014 COMMITTEE MEETINGS				2014 BOARD & COMMITTEE MEETINGS			
	No. of Meetings		Attended		No. of Meetings		Attended		No. of Meetings		Attended	
A. Benedetti <sup>(1)</sup>	4	of	4	100%	8	of	8	100%	12	of	12	100%
J.M. Clark <sup>(2)</sup>	4	of	4	100%	7	of	7	100%	11	of	11	100%
J. F. Dinning <sup>(3)</sup>	4	of	4	100%	8	of	8	100%	12	of	12	100%
A.F. Griffiths <sup>(4)</sup>	2	of	2	100%	3	of	3	100%	5	of	5	100%
J.A. Hanna	4	of	4	100%	6	of	6	100%	10	of	10	100%
B.R. Hedges <sup>(5)</sup>	4	of	4	100%	n/a		n/a		4	of	4	100%
A.D. Laberge <sup>(6)</sup>	4	of	4	100%	8	of	8	100%	12	of	12	100%
L. Lachapelle <sup>(7)</sup>	4	of	4	100%	9	of	9	100%	13	of	13	100%
W.M. O'Reilly <sup>(8)</sup>	4	of	4	100%	8	of	8	100%	12	of	12	100%
J.R. Tulloch	4	of	4	100%	7	of	7	100%	11	of	11	100%

<sup>(1)</sup> Mr. Benedetti served as a member of the Audit Committee until May 6, 2014 and the number of meetings reflects those held on or before this date. Mr. Benedetti was appointed as a member of the EMH&S Committee on May 6, 2014 and the number of meetings reflects those held after this date.

<sup>(2)</sup> Mr. Clark served as a member of the MR&C Committee until May 6, 2014 and the number of meetings reflects those held on or before this date. Mr. Clark was appointed as a member of the EMH&S Committee on May 6, 2014 and the number of meetings reflects those held after this date.

<sup>(3)</sup> Mr. Dinning served as Chair of the MR&C Committee until May 6, 2014 and the number of meetings those held on or before this date. Mr. Dinning was appointed as a member of the Audit Committee on May 6, 2014 and the number of meetings reflects those held after this date.

<sup>(4)</sup> Mr. Griffiths resigned as a Director, Chair of the Board and as a member of each of the NCG Committee and EMH&S Committee on May 6, 2014 and the number of meetings reflects those meetings held on or before this date.

<sup>(5)</sup> As an executive Director of the Company, Mr. Hedges is not a member of any committee of the Board of Directors.

<sup>(6)</sup> Ms. Laberge served as a member of the MR&C Committee until May 6, 2014 and the number of meetings reflects those held on or before this date. Ms. Laberge was appointed as a member of the NCG Committee on May 6, 2014 and the number of meetings reflects those held after this date.

<sup>(7)</sup> Mrs. Lachapelle served as a member of the Audit Committee until May 6, 2014 and the number of meetings reflects those held on or before this date. Mrs. Lachapelle was appointed member of the MR&C Committee on May 6, 2014 and the number of meetings reflects those held after this date.

<sup>(8)</sup> Mr. O'Reilly served as Chair of the EMH&S Committee until May 6, 2014 and the number of meetings reflects those held on or before this date. Mr. O'Reilly was appointed Chair of the MR&C Committee on May 6, 2014 and the number of meetings reflects those held after this date.

## SKILLS AND EXPERIENCE

A Board of Directors with a broad mix of skills is better able to oversee the wide range of issues that arise with a company of our size and complexity. Accordingly, each Director is evaluated on the basis of the mix of experience and qualifications they provide. The NCG Committee uses a skills matrix to assist with reviewing the skill set of current Directors as well as identifying director candidates who best meet the needs of the Company. The matrix outlines the desired complement of skills and areas of expertise considered important which includes, among others, industry experience, financial literacy, CEO/senior officer experience, experience in areas of executive compensation, operational experience, familiarity with the regions in which the Company operates and knowledge of corporate governance. The matrix is also used as a tool in developing programs for continuing Director education. Below is a Matrix summarizing the number of Directors with skills and experience in the areas noted.

Skills / Experience	No. of Directors With Experience
<b>Managing or Leading Growth</b> experience driving strategic direction and leading growth of an organization	9
<b>Business Climate</b> familiarity with the geographic regions in which the Company carries on its business	9
<b>CEO Experience</b> experience as a CEO of a publicly listed company or major organization	9
<b>Industry Experience</b> experience in the steel industry, combined with a knowledge of market participants and key customer markets	6
<b>Human Resources</b> expertise in executive compensation programs including compensation, benefit and pension programs	9
<b>Financial Literacy</b> experience in financial accounting and reporting, and corporate finance (familiarity with internal financial controls, Canadian or US GAAP and / or IFRS)	9
<b>Environmental and Health &amp; Safety</b> understanding of the requirements and leading practices of workplace safety, health and environmental practices	7
<b>Operations Experience</b> understanding of the plant operations, including quality	9
<b>Governance</b> knowledge of best practices in public companies	9

## REPRESENTATION OF WOMEN

### Representation of Women on the Board of Directors

Two of nine (22%) of the Company's current Directors, all of whom are standing for reelection, are women. Ms. Laberge and Mrs. Lachapelle have been Directors of the Company since 2007 and 1996, respectively.

### Representation of Women in Executive Officer Positions

In addition to our two female Directors, four of 15 (27%) of the Company's executive officer positions (including executive officers of the Company's major subsidiaries) are held by women and two of five (40%) of our Named Executive Officers (as defined on page 26 of this Circular) are women. Ms. Britton is the Executive Vice President, CFO and Secretary of the Company and has been with the Company since 1987. Ms. Kelly is the Vice President, Information Systems of the Company and has been with the Company since 1998.

The Board has not, at this time, adopted any fixed targets or quotas relating to the representation of women on the Board or in executive officer positions as we do not believe that quotas or a formulaic approach necessarily result in the identification or selection of the best candidates.

## BOARD EDUCATION

The NCG Committee is responsible for reviewing the Company's director education program. In 2014, continuing education sessions were held on the day prior to most regularly scheduled Board meetings or were incorporated into the Board Meetings. These sessions included presentations by senior management on topics germane to the Company and its business. Directors may also attend relevant external education programs at our expense. A summary of the educational sessions held in 2014 and the directors in attendance is set out below.

Board Educational Sessions Held in 2014		Participating Directors									
Date	Educational Session	Benedetti	Clark	Dinning	Griffiths <sup>1</sup>	Hanna	Hedges	Laberge	Lachapelle	O'Reilly	Tulloch
Feb. 19, 2014	COO Presentation on Service Centers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aug. 11, 2014	Presentation – JMS Division	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓
Nov. 3, 2014	Operations presentation by senior management of Acier Leroux, a division of Métaux Russel	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓
Nov. 4, 2014	Tour of Acier Leroux Processing Center (a division of Métaux Russel), in Boucherville, Québec	✓	✓	✓	n/a	✓	✓	✓	-	✓	✓
Nov. 4, 2014	COO Presentation on Service Centers	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓
Nov. 4, 2014	Health & Safety presentation by senior management of Acier Leroux, a division of Métaux Russel	✓	✓	✓	n/a	✓	✓	✓	✓	✓	✓
Throughout the year	Received and reviewed articles on steel, oil and gas markets serviced by the Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

<sup>(1)</sup> Mr. Griffiths retired as Chair of the Board and as a Director on May 6, 2014.

## COMPENSATION OF NON-EXECUTIVE DIRECTORS

### Review of Director Compensation

In August, 2014, the MR&C Committee completed a review of the Company's compensation practices and policies and compensation levels applicable to the non-executive Directors of the Company. This review was undertaken with the assistance of Hugessen Consulting Inc. ("Hugessen") and included a comparison of the Company's Director compensation levels relative to the same Canadian comparator group used by the MR&C Committee and the Board to benchmark senior executive pay levels (see "Compensation Comparator Group" commencing on page 28 of this Circular), and other publicly available information regarding director compensation practices and pay levels for Canadian public companies with sales in the range of \$1 billion to \$5 billion. The review also included an analysis of share ownership guidelines applicable to non-executive directors of other Canadian public companies.

The comparative information reviewed by the MR&C Committee demonstrated that total pay for a typical Director of the Company was at or below the 25<sup>th</sup> percentile of the Canadian comparator group and about 30% below the median director pay level for that group for 2013. Based on its review, the MR&C Committee made the following recommendations, with a view to bringing total annual compensation for a typical non-executive Director of the Company closer to, while not exceeding, the median level of the Canadian comparator group: an increase of \$2,000 in the annual retainer payable to the Chair of each committee of the Board; and an increase of \$32,000 in the annual allocation of DSUs to each non-executive Director of the Company. The MR&C Committee recommended no change in the annual cash retainer of \$40,000 payable to non-executive Directors other than the Chair of the Board, and no change to meeting or travel fees.

The MR&C Committee's review also demonstrated that the total compensation payable to the Chair of the Board of the Company was more than 30% less than both (i) the average paid in 2013 by those members of the Canadian comparator group who had a comparable non-executive chair position; and (ii) the median board chair compensation for the Canadian Spencer Stuart Board Index for 2013. Based on its review, the MR&C Committee recommended to the Board an increase of \$30,000 in the annual cash retainer of the Chair of the Board of the Company, from \$145,000 to \$175,000.

The foregoing recommendations of the MR&C Committee were approved by the Board with effect as of October 1, 2014. For a summary of the current fee schedule for the non-executive Directors after giving effect to these changes, see "Board and Committee Fees / Fee Schedule" on page 21 of this Circular. For a summary of all compensation paid to each non-executive Director during 2014, see "2014 Non-Executive Director Compensation" commencing on page 22 of this Circular.

The Board also adopted, effective October 1, 2014, the MR&C Committee's recommendations for new share ownership guidelines for non-executive Directors. Previously, non-executive Directors were required to hold common shares or DSUs or a combination thereof valued at three times their annual cash retainer. In the case of the Chair of the Board, this was \$435,000 and, in the case of other non-executive Directors, \$120,000. The new requirement is, in each case, three times the sum of the Director's annual cash retainer and aggregate annual DSU grant. The revised thresholds are \$741,000 for the Chair of the Board and \$336,000 for each other non-executive Director. See "Share Ownership of Non-Executive Directors" commencing on page 24 of this Circular for more information regarding these ownership requirements.

## Board and Committee Fees

Our non-executive Directors are compensated partly in cash and partly in DSUs. The fee schedule set out below describes fees payable to non-executive Directors effective as of October 1, 2014. Our Directors can choose to receive their annual retainer fees and / or meeting fees in cash, DSUs or a combination thereof.

FEE SCHEDULE		
Fee	Compensation	Comments
<b>Board of Directors</b>		
Annual Retainer Fees		
• Chair of the Board <sup>(1)</sup>	\$175,000	The Chair of the Board is paid annual compensation in the amount shown. This amount represents compensation for acting as Chair of the Board and is inclusive of all fees for attending Board and committee meetings during the year.
• Director	40,000	All non-executive Directors, except Chair of the Board.
Director Meeting Fee	2,000	Per meeting. All non-executive Directors, except Chair of the Board.
<b>Committees</b>		
Annual Retainer Fees		
• Audit Committee Chair <sup>(2)</sup>	14,000	Chair of the Audit Committee.
• MR&C Committee Chair <sup>(3)</sup>	10,500	Chair of the MR&C Committee.
• Other Committee Chair <sup>(4)</sup>	8,000	Other Committee Chairs, except Chair of the Board.
• Committee Member	4,000	Payable to those committee members who are not Chair of said committee or Chair of the Board.
Committee Meeting Fee	2,000	Per meeting / per committee. All non-executive Directors, except Chair of the Board.
<b>Other Fees</b>		
Travel Fee	1,500	A flat fee of \$1,500 is payable to all non-executive Directors who travel outside of their province / state of residence in order to attend board and committee meetings or for travel on special assignments, as delegated by the Board.
Advisory Fee	1,000	Payable per day for special assignments, as delegated to members of the Board.
<p><sup>(1)</sup> Prior to October 1, 2014, the Chair of the Board received a fee of \$145,000 per year.</p> <p><sup>(2)</sup> Prior to October 1, 2014, the Audit Committee Chair received a fee of \$12,000 per year.</p> <p><sup>(3)</sup> Prior to October 1, 2014, the MR&amp;C Committee Chair received a fee of \$8,500 per year.</p> <p><sup>(4)</sup> Prior to October 1, 2014, the NCG Committee and the EMH&amp;S Committee Chairs received a fee of \$6,000 per year.</p>		

Our U.S. Directors are paid the U.S. equivalent of the retainers and fees noted above. We reimburse expenses incurred by our Directors while attending Board and committee meetings. The MR&C Committee reviews the compensation package for our Directors on an annual basis.

## 2014 Non-Executive Director Compensation

During the financial year ended December 31, 2014, we paid an aggregate of \$735,249 in compensation relating to annual retainers, meeting fees and travel fees to our non-executive Directors. Our Directors can choose to receive their annual retainer fees and / or meeting fees in cash, DSUs or a combination thereof. In 2014, we also made quarterly allocations of DSUs with an aggregate value of \$397,956 to the DSU accounts of our non-executive Directors. The following table sets out the total compensation paid to our non-executive Directors on an individual basis during the financial year ended December 31, 2014.

No additional compensation is paid to Mr. Hedges, our President and CEO, in consideration for his services as a Director of the Company.

NAME OF DIRECTOR	BOARD FEES		COMMITTEE FEES			TRAVEL FEE	SUB-TOTAL	DSUs IN LIEU OF CASH	CASH TOTAL	DSU ALLOCATIONS	TOTAL COMPENSATION <sup>(1)</sup>
	Retainer	Meeting Fees	Chair Retainer	Member Retainer	Meeting Fees						
A. Benedetti	\$ 40,000	\$ 8,000	\$ -	\$ 8,000	\$ 16,000	\$ 6,000	\$ 78,000	\$ 72,000	\$ 6,000	\$ 48,000	\$ 126,000
J.M. Clark	40,000	8,000	-	8,000	14,000	3,000	73,000	70,000	3,000	48,000	121,000
J.F. Dinning	115,865	4,000	2,966	1,396	8,000	4,500	136,727	-	136,727	48,000	184,727
A.F. Griffiths	50,591	-	-	-	-	-	50,591	-	50,591	13,956	64,547
J.A. Hanna	40,000	8,000	4,407	5,396	12,000	3,000	72,803	69,803	3,000	48,000	120,803
A.D. Laberge	40,000	8,000	12,500	4,000	16,000	7,500	88,000	-	88,000	48,000	136,000
L. Lachapelle	40,000	8,000	6,500	4,000	18,000	4,500	81,000	-	81,000	48,000	129,000
W.M. O'Reilly	40,000	8,000	8,128	4,000	16,000	3,000	79,128	-	79,128	48,000	127,128
J.R. Tulloch	40,000	8,000	-	8,000	14,000	6,000	76,000	-	76,000	48,000	124,000
<b>TOTALS</b>	<b>\$446,456</b>	<b>\$60,000</b>	<b>\$34,501</b>	<b>\$42,792</b>	<b>\$114,000</b>	<b>\$37,500</b>	<b>\$735,249</b>	<b>\$211,803</b>	<b>\$523,446</b>	<b>\$397,956</b>	<b>\$1,133,205</b>

<sup>(1)</sup> With the exception of the Deferred Share Unit Plan, the Company does not provide compensation by way of options, non-equity incentive plans, pension or other plans to the non-executive Directors.

## Deferred Share Unit Plan

We have a Deferred Share Unit Plan ("DSU Plan") for non-executive Directors. A DSU is a unit equivalent in value to one common share based on the market price, which is the average of the daily average of the high and low board lot trading prices of our common shares on the TSX for the last five trading days immediately prior to the date on which the value of the DSU is determined ("Market Price"). DSUs are allocated on the last day of March, June, September and December in each year. For each of the first three quarters of 2014, the number of DSUs credited quarterly to each Director's account was the amount determined by dividing \$10,000 by the Market Price at the allocation date. For subsequent quarters including the fourth quarter of 2014 the value of DSUs credited quarterly to each Director's account was increased to \$18,000. A Director may elect to receive payment in DSUs, rather than cash, for all or a portion of his or her annual Board retainer, annual chair retainer and / or meeting fees, by providing the required notice to the Company in accordance with the DSU Plan.

Directors are credited with additional DSUs on each dividend payment date in respect of common shares, in an amount that corresponds to the amount of the dividend, based on the number of the DSUs recorded in the Director's account on the record date for payment of the dividend and the Market Price of the common shares on such dividend payment date.

DSUs are redeemable only when a Director leaves the Board, thereby providing an ongoing equity stake throughout the Director's service. The DSU Plan provides Directors with flexibility to redeem their DSUs within a prescribed period of time following the date on which they cease to be Directors. A departing Director will receive a cash payment upon redemption which can be no later than December 15 of the first calendar year commencing after the Director's withdrawal date. The value of the cash payment is determined by multiplying the number of DSUs in the Director's account on the redemption date by the Market Price on such redemption date. Applicable income tax and other withholdings are deducted as required by law.



### Deferred Share Units Held

As at March 9, 2015, the non-executive Directors held an aggregate of 113,056 DSUs, which were valued at an aggregate of \$2,782,308 as of such date. The number of DSUs held by each non-executive Director and their value as at March 9, 2015 is provided in the following table.

<b>NON-EXECUTIVE DIRECTORS</b>	<b>NUMBER OF DSUs HELD AS AT MARCH 9, 2015</b>	<b>VALUE OF DSUs AS AT MARCH 9, 2015<sup>(1)</sup></b>
A. Benedetti	27,336	\$672,739
J.M. Clark	10,727	263,991
J.F. Dinning	18,112	445,736
J.A. Hanna	10,487	258,085
A.D. Laberge	12,166	299,405
L. Lachapelle	18,112	445,736
W.M. O'Reilly	13,464	331,349
J.R. Tulloch	2,652	65,266
<b>TOTAL</b>	<b>113,056</b>	<b>\$2,782,307</b>

<sup>(1)</sup> Based on the closing price of a common share on the TSX on March 9, 2015 of \$24.61.

## SHARE OWNERSHIP OF NON-EXECUTIVE DIRECTORS

Prior to October 1, 2014 each non-executive Director of Russel Metals was required to beneficially own common shares, DSUs or a combination thereof valued at three times the annual Board retainer. All Directors have met the share ownership threshold that was in place prior to October 1, 2014.

The target value of share ownership was increased on October 1, 2014 to three times the value of the aggregate of the annual retainer and the annual DSU grant. As a result, each Director (other than the Chair of the Board) is required to own common shares and DSUs with a combined value of not less than \$336,000. The Chair of the Board is required to own common shares and DSUs with a combined value of not less than \$741,000. Any Director who did not meet this new threshold as of October 1, 2014 is required to achieve this increased share ownership level within three years from October 1, 2014 or their date of first election, whichever is the later.

For purpose of this policy (i) common shares purchased by a Director are valued at any particular time at the higher of the then current market value and the cost of such shares to the Director; and (ii) DSUs are valued based on the higher of the then current market value of a common share and the market value at the date of grant. The following table summarizes the share ownership of the non-executive Directors and their compliance with the foregoing policy as at December 31, 2014.

NON-EXECUTIVE DIRECTORS	ANNUAL CASH PLUS EQUITY RETAINER	MULTIPLE	TARGET VALUE OF SHARE OWNERSHIP <sup>(1)</sup>	NUMBER OF SHARES	NUMBER OF DSUs	COMBINED VALUE OF SHARES AND DSUs <sup>(2)</sup>	MEETS GUIDELINES <sup>(3)</sup>
A. Benedetti	\$112,000	x3	\$336,000	9,350	27,336	\$950,167	yes
J.M. Clark	112,000	x3	336,000	-	10,727	305,592	pending <sup>(4)</sup>
J. F. Dinning	247,000	x3	741,000	17,000	18,112	909,401	yes
J.A. Hanna	112,000	x3	336,000	-	10,487	271,613	pending <sup>(4)</sup>
A.D. Laberge	112,000	x3	336,000	5,000	12,166	444,599	yes
L. Lachapelle	112,000	x3	336,000	5,000	18,112	598,601	yes
W.M. O'Reilly	112,000	x3	336,000	4,000	13,464	452,318	yes
J.R. Tulloch	112,000	x3	336,000	2,000	2,652	134,546	pending <sup>(4)</sup>

<sup>(1)</sup> The target value of share ownership was increased on October 1, 2014. The Directors are required to achieve the new target value of share ownership by October 1, 2017 or three years from their date of first election.

<sup>(2)</sup> Based on the higher of the closing price of a common share on the TSX on December 31, 2014 of \$25.90 or the value of such shares / DSUs at the time of acquisition / grant.

<sup>(3)</sup> All Directors have met the share ownership threshold that was in place prior to October 1, 2014.

<sup>(4)</sup> Each of Mr. Clark, Mr. Hanna and Mr. Tulloch has until October 1, 2017 to reach the increased target value of share ownership.

As at March 9, 2015, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 164,381 common shares, which number includes the common shares owned by our executive Director.

### **Increase in Non-Executive Directors' Combined Share / DSU Ownership**

Together, the number of the common shares and DSUs owned by the current non-executive members of the Board of Directors as at March 9, 2015 has increased 21% from the combined number of common shares and DSUs owned by these non-executive Directors as at March 7, 2014 (the disclosure date used in our Information Circular for our meeting held in 2014). The common share and DSU ownership as at March 7, 2014 and March 9, 2015 is summarized in the following table.

<b>NON-EXECUTIVE DIRECTORS</b>	<b>COMMON SHARES</b>		<b>DSUs</b>		<b>TOTAL COMMON SHARES &amp; DSUs</b>	
	<b>Mar. 7, 2014</b>	<b>Mar. 9, 2015</b>	<b>Mar. 7, 2014</b>	<b>Mar. 9, 2015</b>	<b>Mar. 7, 2014</b>	<b>Mar.9, 2015</b>
A. Benedetti	9,350	9,350	22,249	27,336	31,599	36,686
J.M. Clark	-	-	6,453	10,727	6,453	10,727
J.F. Dinning	15,000	17,000	15,725	18,112	30,725	35,112
J.A. Hanna	-	-	6,230	10,487	6,230	10,487
A.D. Laberge	5,000	5,000	10,050	12,166	15,050	17,166
L. Lachapelle	5,000	5,000	15,725	18,112	20,725	23,112
W.M. O'Reilly	4,000	4,000	11,289	13,464	15,289	17,464
J.R. Tulloch	2,000	3,000	969	2,652	2,969	5,652
<b>TOTALS</b>	<b>40,350</b>	<b>43,350</b>	<b>88,690</b>	<b>113,056</b>	<b>129,040</b>	<b>156,406</b>

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

In December 2014, we renewed, for the benefit of Russel Metals, its subsidiaries and their Directors and Officers and their respective spouses, insurance against liability incurred by the Directors or Officers in their capacity as Directors or Officers of Russel Metals or any subsidiary. The total amount of insurance coverage is \$130 million and, subject to the deductible portion referred to below, up to the full-face amount of the policies is payable, regardless of the number of Directors and Officers involved. The annual premium for the policy year to December 1, 2015 was \$305,000. The policies do not specify that a part of the premium is paid in respect of either Directors as a group or Officers as a group. The policies provide a coverage limit of \$130 million per occurrence and in the aggregate.

Our Directors and Officers are covered to the extent of the face amount of the policies. However, in no event will the policies pay out, in the aggregate, more than \$130 million during their annual term. The policies provide for deductibles as follows: (i) with respect to our Directors and Officers, there is no deductible applicable; and (ii) with respect to reimbursement of the Company, there is a deductible of \$100,000 per occurrence, except in respect of securities claims, where the deductible is \$250,000 per occurrence.

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## COMPENSATION DISCUSSION AND ANALYSIS

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This Compensation Discussion and Analysis describes (a) the Company's compensation philosophy; (b) the decision making process relating to the Company's compensation policy; (c) the significant elements of compensation awarded to, earned by, paid to or payable to the CEO, the Chief Financial Officer ("CFO") and each of the next three most highly compensated executive officers of the Company (collectively, the "Named Executive Officers" or "NEOs") for the year ended December 31, 2014; (d) compensation governance; and (e) the Company's assessment of the risks related to compensation policies and practices.

### COMPENSATION PHILOSOPHY

The MR&C Committee reviews and makes recommendations to the Board for the specific compensation arrangements of the CEO, the Chief Operating Officer (the "COO") and the CFO; the Company's overall compensation philosophy; and its incentive-based cash compensation plans and equity-based compensation plans. Our executive compensation policies and practices are designed:

- (i) to attract, motivate, and retain highly competent management by offering a competitive target level of total compensation;
- (ii) to motivate, recognize and reward superior performance by maintaining a high proportion of executive pay at risk and linking it to key performance measures, including earnings per share and share price appreciation and, at the operating level, return on net assets; and
- (iii) to foster commitment to the Company and alignment with shareholder interests through the effective and judicious use of earnings-based and equity-based incentives.

Pay for performance is an important underlying principle of Russel Metals' executive compensation philosophy, with the result that, at virtually all levels throughout the Company, variable compensation can represent a substantial proportion of total compensation in a successful year. Our objective is to achieve competitive compensation for key executives and ensure an appropriate balance between short-term and longer term incentives.

The Company's compensation structure consists of three main elements: (i) base salary; (ii) cash bonus; and (iii) equity incentives, mainly in the form of RSUs and share option grants. The compensation plan is more heavily weighted to the performance driven cash bonus and equity incentives with less weight on base salary.

The charts below summarize the short-term, mid-term and long-term incentives of the Company's compensation program.

<b>SHORT-TERM INCENTIVES</b>		
<b>Compensation Element / Eligibility</b>	<b>Description</b>	<b>Linkage to Compensation Objectives</b>
<b>Base Salary</b> <i>(all executives and employees)</i>	Base salary is a market-competitive, fixed level of compensation, which is reviewed annually. For the CEO, COO and CFO, less weight is given to base salary and a greater weight is allocated to performance-based incentives.	Attract and retain highly qualified leaders. Motivate strong business performance.
<b>Cash Bonus - Non-Equity Incentive</b> <i>(all executives and a large percentage of employees)</i>	<p>Combined with base salary, the target level of performance driven cash bonus provides market competitive cash compensation.</p> <p>For head office employees in support functions such as information systems, purchasing, accounting and human resources the cash bonus is driven by earnings per share.</p> <p>For many employees in the Company's operating units, the cash bonus is driven by return on net assets of their operations.</p>	<p>Attract and retain highly qualified leaders. Motivate strong business performance. Vary compensation based on earnings performance. Align employee and shareholder interest. Reduce expense levels in periods of cyclical downturn.</p>
<b>MID AND LONG-TERM INCENTIVES</b>		
<b>Compensation Element / Eligibility</b>	<b>Description</b>	<b>Linkage to Compensation Objectives</b>
<b>Equity Bonus – RSUs</b> <i>(CEO, COO and CFO)</i>	<p>For the CEO, COO and CFO, RSUs are part of their performance-based incentive and are granted based on the values in the earnings per share table. See "2014 – Incentive Compensation Tables" on page 30 of this Circular.</p> <p>Grant value is converted to a number of units by dividing the dollar value allocated to the employee by the Market Price (as defined in the RSU Plan) of common shares at time of grant.</p> <p>Vest one-third on each of the first, second and third anniversaries of the grant date and pay in cash on the third anniversary based on Market Price (as defined in the RSU Plan) of common shares. See "Restricted Share Unit Plan" on page 40 of the Circular.</p>	<p>Align employee and shareholder interests. Attract and retain highly qualified leaders. Motivate strong business performance. Encourage sustained growth by linking a portion of compensation to mid-term Company performance.</p>
<b>Equity Bonus – RSUs</b> <i>(Other Employees)</i>	<p>The amount of the annual grant is dependent on the level and performance of the employee.</p> <p>Vest one-third on each of the first, second and third anniversaries of the grant date and pay in cash on the third anniversary based on Market Price (as defined in the RSU Plan) of common shares.</p>	
<b>Options</b> <i>(CEO, COO and CFO)</i>	<p>Annual equity grants are based on specified values for each of the CEO, COO and CFO. See "2014 - Incentive Compensation Tables" on page 30 of this Circular.</p> <p>Options vest over a four year period commencing on the first anniversary after the date of the grant and have a term of 10 years.</p>	<p>Align employee and shareholder interest. Attract and retain highly qualified leaders. Motivate strong business performance. Encourage sustained growth by linking a portion of compensation to long-term Company performance.</p>

## ANNUAL COMPENSATION DECISION MAKING PROCESS

We have developed a comprehensive process for making decisions about compensation arrangements for our executive officers and senior employees. The table below illustrates the different inputs used to determine the compensation program and the flow of information, recommendations and approval by the Board of Directors.

MANAGEMENT		MANAGEMENT RESOURCES & COMPENSATION COMMITTEE	BOARD OF DIRECTORS
CEO		Analyzes data and performance against objectives, confers with outside advisors and makes recommendations to the Board.	Final decision on all compensation.
COO and CFO	CEO analyzes data <sup>(1)</sup> and performance against objectives and makes recommendations to the MR&C Committee.	Reviews data, confers with outside advisors and CEO and makes recommendations to the Board.	Final decision on all compensation.
Other NEOs	CEO analyzes data and performance against objectives. Makes final decision.		Final decision on equity based compensation.
Other Employees	CEO, COO or CFO develops and approves in consultation with human resources and local management.	Annually receives a summary of fixed and variable compensation for 50 top paid executives, managers and sales staff.	Final decision on equity based compensation.

<sup>(1)</sup> Reviews data such as surveys, peer group information and internal equity platforms.

### Compensation Comparator Group

The MR&C Committee uses various information sources, including independent consultants, to monitor the competitive position of the Company's salaries, cash incentives and share based incentives, and to assess the effectiveness of the Company's incentive plans in contributing to corporate performance. The MR&C Committee uses comparative data to ensure the ability of the Company to attract, retain and motivate key executives. The comparator group includes large publicly held industrial companies in Canada and the United States and other companies operating in the metals industry in North America, in each case with annual revenues roughly in the range of 50% to 200% of the annual revenues of the Company. Due to a limited number of public Canadian companies operating in the metals industry, we include in our comparator group select public Canadian companies operating in industrial manufacturing, forest products, distribution, construction, resource and commercial printing businesses with annual revenues within that same target range.

Our executive compensation policies provide for total direct compensation levels which, at target earnings levels, are intended to be competitive with similar positions in the comparator group. Individual levels, which are reviewed annually, may vary from this objective depending upon the particular experience and other qualifications of the individual, sustained performance level, length of service and other relevant factors. We use comparator group information as a general guide to assist in reviewing compensation levels and establishing compensation arrangements appropriate to our circumstances. We do not set compensation by using specific benchmarks relative to the comparator group or any particular company in the comparator group.

The companies included in our executive compensation comparator group were reviewed and updated in 2014. Our Canadian comparator group remains largely unchanged in 2014. Superior Plus Corp., which was previously classified under "Trading Companies & Distributors" has been removed from the Canadian comparator group and Finning International Inc. substituted in its place. Several changes were made to the US comparator group. Reliance Steel & Aluminum Co., which is a very strong performance comparator to the Company's service center operations, was removed from the compensation comparator group because following its 2013 acquisition of Metals USA, it exceeds the size criteria for the Company's compensation comparator group. Also removed, because it now falls under our size criteria, was Gibraltar Industries Inc. Added to the group were Commercial Metals Company (steel products, production and scrap), AK Steel Holding Corporation (steel products) and MRC Global Inc. (pipe, valve, fittings and distribution). The redesigned comparator group now consists of:

#### **Canada**

Aecon Group Inc.  
Canfor Corp.  
Ensign Energy Services Inc.  
Finning International Inc.  
Linamar Corp.  
Martinrea International Inc.  
Precision Drilling Corporation  
Toromont Industries Ltd  
Transcontinental Inc.  
West Fraser Timber Co Ltd.

#### **United States**

AK Steel Holding Corporation  
Allegheny Technologies Inc.  
AM Castle & Co.  
Carpenter Technology Corp.  
Commercial Metals Company  
MRC Global Inc.  
Olympic Steel Inc.  
Ryerson Holding Corporation  
Schnitzer Steel Industries Inc.  
Worthington Industries Inc.

During 2014, the MR&C Committee, with the assistance of Hugessen, conducted a benchmarking review of the incentive compensation arrangements for the CEO, the COO and the CFO. This review revealed that the Company's CEO 2013 compensation at various levels of performance relative to the Company's Canadian and U.S. peer groups was close to the 25<sup>th</sup> percentile despite the Company being a high performer relative to its peers. As a result of this review, the MR&C Committee recommended that the incentive compensation for the CEO be increased for 2014 as follows: (i) no increase at the threshold earnings level of \$1 per share or below; (ii) a \$200,000 increase at earnings of \$1.50 per share; (iii) a \$400,000 increase at earnings of \$2.00 per share; and (iv) a \$600,000 increase at earnings of \$3.00 or more per share. Between these specified earnings points, the change in incentive compensation will be proportionate to the change in earnings. Any such increase in overall compensation will be paid exclusively in RSUs. This recommendation was approved by the Board and is reflected in the "2014 - Incentive Compensation Tables" on page 30 of this Circular. No other changes to senior executive compensation were made as a result of this review.

### **INCENTIVE COMPENSATION STRUCTURE OF NAMED EXECUTIVE OFFICERS**

#### **CEO, COO and CFO**

The following tables disclose the reward structure for cash bonuses, RSUs and share options for the CEO, the COO and the CFO for 2014.

For 2015: (a) Mr. Hedges' annual salary increased from \$740,000 to \$755,000, an increase of 1.99%; (b) Mr. Reid's annual salary increased from US\$540,000 to US\$615,000, an increase of 12.20% and (c) Ms. Britton's annual salary increased from \$362,000 to \$369,500, an increase of 2.03%.

The cash bonus and RSU awards for the CEO, the COO and the CFO are tied to earnings per share of \$1.00 or more. The RSUs and share options will result in a different payout on the exercise or expiry dates, as the share value changes over the vesting period.

## 2014 – Incentive Compensation Tables

The following tables summarize the incentive compensation structure for the CEO, the COO and the CFO for 2014.

CEO – 2014					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	95%	159%	237%
RSU as % of Salary	0%	30%	122%	213%	318%
Share Option Value	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

COO – 2014					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	80%	130%	230%
RSU as % of Salary	0%	30%	65%	100%	170%
Share Option Value	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

CFO – 2014					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	90%	150%	270%
RSU as % of Salary	0%	30%	55%	80%	130%
Share Option Value	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000

No cash bonus or RSU awards will be made under this plan unless earnings per share are at least \$1.00. Where reported basic earnings per share are above \$1.00 and between the other thresholds set out in the above tables, the size of the grant is proportionately increased. The incentive awards are capped at \$3.00 per share. Any additional bonus award for earnings in excess of \$3.00 per share is at the complete discretion of the Board.

The annual cash incentive for any year is typically paid in the first quarter of the following year, after the audited financial statements are approved by the Board of Directors. Similarly, the RSUs are awarded annually, in the first quarter of each year, based on the prior year's earnings per share. The grant for 2014 performance will be made on March 20, 2015 based on the Market Price of the common shares (see "Restricted Share Unit Plan", on page 40 of this Circular). One-third of such RSUs will vest on each of the first, second and third anniversaries of the date of grant.

The dollar values of option grants made to Mr. Hedges, Mr. Reid and Ms. Britton for 2014 were determined based on the incentive compensation tables above. The number of share options granted in each case was determined based on the dollar value specified divided by the Black-Scholes value per option based on the closing price of a common share on the TSX on the business day prior to grant. These amounts were recommended by the MR&C Committee and approved by the Board.

The Company has in place a policy whereby the Board may require Mr. Hedges, Mr. Reid and Ms. Britton to reimburse any overpaid incentive compensation based on certain financial results which are later restated.



### **Other Named Executive Officers**

Ms. Kelly, our Vice President, Information Systems earned an annual salary of \$275,023 in 2014. Mr. Halcrow, our Vice President, Purchasing and Inventory Management earned an annual salary of \$156,611 in 2014. Ms. Kelly and Mr. Halcrow participate in an annual cash incentive plan based on reported basic earnings per share, to a maximum amount determined annually during the first quarter of the respective year. For 2014, the maximum net income for determining bonus awards for participants in this plan was set at \$200 million, which equates to \$3.26 per share. Actual basic earnings per share for 2014 were \$2.01. Based on basic earnings per share achieved and a pre-determined factor at various levels, a pool of funds is divided among all head office employees, other than the CEO, COO and the CFO. The percentage participation of each person in the plan, including Ms. Kelly and Mr. Halcrow, is determined on an annual basis by the CEO and the CFO based on a variety of relevant factors, including level of responsibility and performance in the year.

### **COMPENSATION GOVERNANCE**

#### **Management Resources & Compensation Committee – Members and Skills**

Our MR&C Committee consists of four independent Directors as required by the MR&C Committee Charter, which is available on our website at [www.russelmetals.com](http://www.russelmetals.com). The members of the MR&C Committee are Mr. O'Reilly (Chair), Mr. Benedetti, Mrs. Lachapelle and Mr. Tulloch.

In order to ensure that the Board of Directors is kept constantly apprised of the activities of the MR&C Committee, the Committee Chair reports to the Board of Directors at its quarterly meetings.

The MR&C Committee members have a range of skills and experience which provides the expertise necessary to oversee the Company's executive compensation structure. These skills are supplemented with input from independent compensation consultants. The relevant experience of the MR&C Committee members is summarized below.

- |               |  |
|---------------|--|
| W.M. O'Reilly | <ul style="list-style-type: none"><li>• former Managing Partner and Member of the Management Committee of Davies Ward Phillips &amp; Vineberg LLP</li><li>• more than 30 years experience practicing corporate and commercial law</li><li>• former legal advisor to the Board of Directors and Management Resources Committee and its Chair regarding matters relating to executive compensation</li><li>• Executive Officer of the Company from 1993 to 1996</li></ul>            |
| A. Benedetti  | <ul style="list-style-type: none"><li>• director of Dorel Industries Inc. and Discovery Air Inc.</li><li>• former Director and member of the Compensation Committee of Birks and Mayors Inc.</li><li>• former Chair of the Board of Governors of Dynamic Mutual Funds</li><li>• former Director of Imperial Tobacco Canada Limited</li><li>• former Vice Chair and Canadian Area Managing Partner for Ernst &amp; Young LLP</li></ul>  |
| L. Lachapelle | <ul style="list-style-type: none"><li>• member of Human Resources Committee of TMX Group Limited</li><li>• former Member of Human Resources Committee of SNC-Lavalin Inc.</li><li>• former Director of Industrial Alliance Insurance and Financial Services Inc., INNERGEX Renewable Energy Inc., BNP Paribas (Canada) and AbitibiBowater Inc.</li><li>• former President and CEO of Forest Products Association of Canada</li><li>• former President of Strategico Inc.</li></ul> |

J.R. Tulloch

- member of SSAB AB Compensation Committee
- former President of SSAB North America
- formerly had direct responsibility for human resource function at IPSCO Inc. and SSAB North America

### **Responsibilities of the Management Resources & Compensation Committee**

The MR&C Committee's purpose is to assist Board oversight of executive and Director compensation and management succession planning. In doing so, the MR&C Committee is responsible for (i) independently reviewing and making recommendations to the Board on the CEO's total compensation; (ii) reviewing and making recommendations to the Board concerning total compensation of other executive officers and Directors; (iii) approving and monitoring share ownership policies; (iv) reviewing the risk implications of the Company's compensation policies and practices; (v) reviewing compensation disclosure in public documents, including the Compensation Discussion and Analysis, for inclusion in this Circular in accordance with applicable rules and regulations; and (vi) making recommendations to the Board with respect to management succession, including the development and implementation of an effective succession plan for the position of CEO and other senior management positions.

### **Policies and Practices – Used to Determine Executive and Board Compensation**

Our compensation policies and practices for our executive officers have been described under "Compensation Philosophy", commencing on page 26 of this Circular. The MR&C Committee reviews and makes recommendations to the Board regarding Director and executive officer compensation with reference to appropriate comparator groups of companies. The most recent benchmarking analysis was conducted in 2014 and resulted in a change to the incentive compensation arrangements for the CEO for 2014 and changes to Director compensation which took effect October 1, 2014. See "Compensation of Non-Executive Directors" commencing on page 20 of this Circular and "Compensation Comparator Group" commencing on page 28 of this Circular.

### **Authority of the Management Resources & Compensation Committee**

The MR&C Committee has the authority to retain and terminate advisors to assist in the evaluation of Director, CEO or senior executive compensation. The MR&C Committee also has the authority to approve the fees and retention terms of any such advisors. The MR&C Committee may form and delegate authority to subcommittees that it deems appropriate. The MR&C Committee has the authority to make recommendations to the Board, but has no decision-making authority other than as set out above.

### **Succession Planning**

The Board believes that its single most important decision is the selection of the CEO and the CEO's successor. In addition, the Board believes a strong management team provides for a flexible top performing company in a cyclical industry. Accordingly, the Board is diligent in its discussions of management succession planning for the CEO, 20 corporate and support services senior managers and 17 general managers of our business units, who are key to our decentralized management structure.

In Camera Board meetings are held with and without the CEO annually, to discuss succession plans.

The Board regularly interacts with senior management and key operations staff members through formal presentations to the Board, facility tours and social events prior to Board meetings.

Our directors regularly have one on one meetings with senior managers to build confidence and help guide the careers of senior managers. This also allows the Board members to evaluate the potential future leaders of the Company.

The Company has in place compensation programs, educational programs, such as the Metal Service Center Institute Strategic Metals Management Course, and other types of courses to ensure our employees are prepared for higher levels of responsibility. The Board also annually reviews the Company's pay for performance, pension and other compensation programs to ensure their ongoing effectiveness.

The Company culture stresses developing its employees and promoting from within. All of our Named Executive Officers, including the CEO, COO and CFO, and the majority of all senior executives in our business units have been promoted from within the Company.

On an annual basis, the Board of Directors, through its MR&C Committee, reviews succession plans for the position of CEO and establishes and oversees processes for evaluating the performance of the CEO. The MR&C Committee reviews with the CEO the succession plans for senior management and the CEO's assessment of their performance. The Board of Directors approves the appointment of the COO and CFO and all other corporate officers.

#### **Executive Compensation Consultant**

The MR&C Committee receives periodic information and advice from Hugessen, an independent executive compensation consultant. Hugessen was first retained by the MR&C Committee in 2007.

The following table summarizes the executive compensation consulting and other fees charged by Hugessen for their services during each of the 2014 and 2013 fiscal years:

<b>SERVICE</b>	<b>FISCAL YEAR 2014</b>	<b>FISCAL YEAR 2013</b>
Executive Compensation	\$109,591	\$31,532
Other Related Services	-	-
<b>TOTAL</b>	<b>\$109,591</b>	<b>\$31,532</b>

#### **Executive Compensation – Related Fees**

The fees charged by Hugessen in 2014 for executive compensation consulting related to the MR&C Committee's review of the Company's compensation arrangements for the CEO, COO and CFO of the Company and its Board of Directors. Hugessen assisted the MR&C Committee in evaluating and developing its recommendations in respect of 2014 executive officer compensation and in evaluating and making recommendations in respect of Board and Committee compensation. The MR&C Committee considers the information provided by Hugessen, among other factors, when making recommendations to the Board for approval. The Board is ultimately responsible for compensation decisions.

#### **All Other Fees**

Hugessen is prohibited from doing any other work for the Company or any of its affiliates without the prior express authorization of the Chair of the MR&C Committee. In the fiscal years of 2014 and 2013, no additional services were undertaken by Hugessen.

## RISKS RELATED TO COMPENSATION POLICIES & PRACTICES

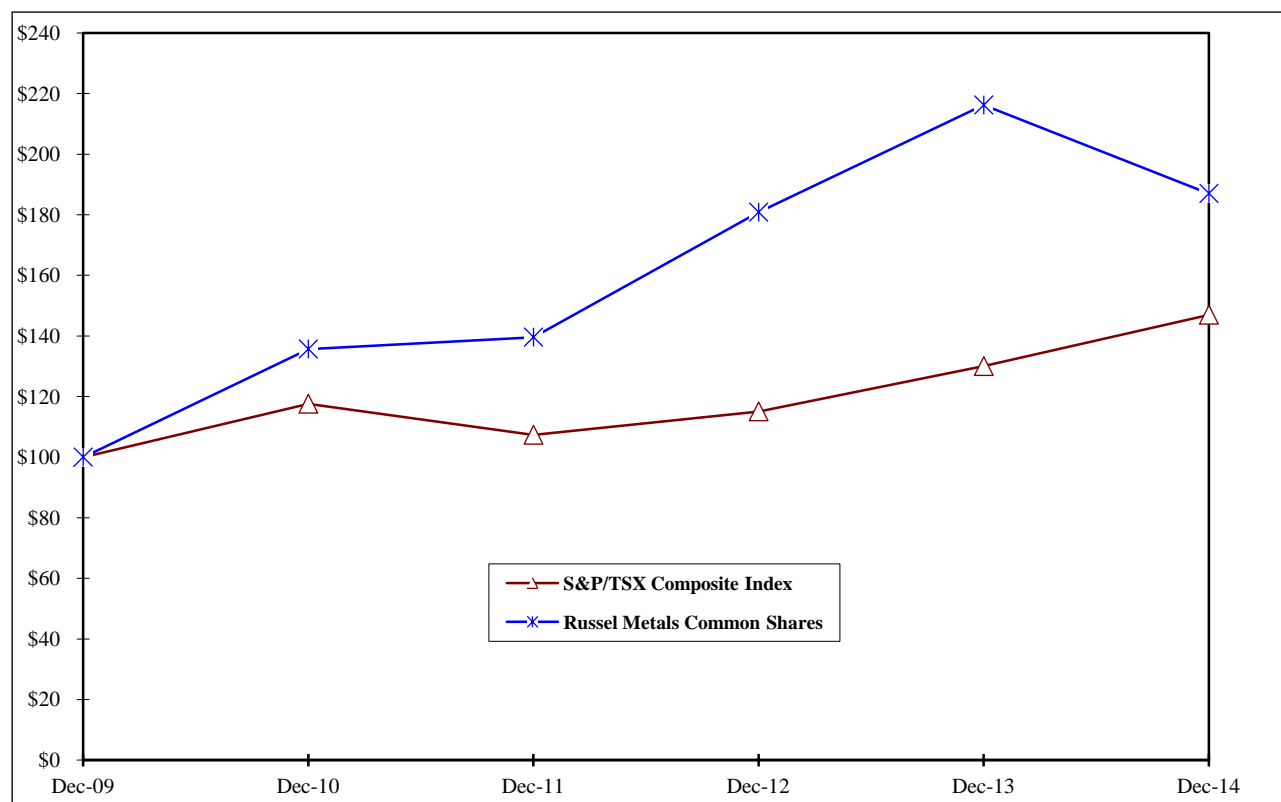
The Company has had a pay for performance philosophy for many years. The compensation plans have evolved and are regularly reviewed to determine whether they reward participants for the desired outcome. The plans are also assessed for their ability to protect against risks that could have materially adverse consequences for the Company. Set out below are some of the components of the Company's compensation policy and a description of how these components serve to safeguard against the taking of undue risk.

<b>EXECUTIVE OFFICER COMPENSATION PLANS – RISK SAFEGUARDS</b>	
<b>Key Component</b>	<b>Description</b>
<b>Profit Driven</b>	Variable compensation plans are either earnings per share-based or return on net assets-based. This design considers both earnings and capital requirements. As we are a working capital intensive company, profit sharing needs to consider cost of capital.
<b>Plans are formula driven from financial statement results</b>	Incentive plans have a formula which can be reviewed and determined based on actual results.
<b>Plans have thresholds and maximum payout limits, subject to discretionary rewards above or below</b>	The compensation plans for executive officers have thresholds and caps. The caps ensure that management is not incented to take undue risks.
<b>Clawback policies that require reimbursement of overpaid incentives</b>	The CEO, COO and CFO are subject to clawback provisions if the Company's results are later restated due to an error in reporting.
<b>Mix of short and longer term incentives</b>	The CEO, COO and CFO receive a significant portion of their variable compensation in RSUs which are subject to changes in the common share price for three years after the date they are granted.
<b>Share ownership requirements help align executive officer interests with those of the shareholders</b>	Within prescribed time limits, the CEO is required to own a combination of common shares and RSUs valued at five times his base salary, the COO is required to own a combination of common shares and RSUs valued at three times his base salary and the CFO is required to own a combination of common shares and RSUs valued at two times her base salary.
<b>Role of MR&amp;C Committee and the Board of Directors in Risk Assessment</b>	<p>The MR&amp;C Committee is composed of independent Directors. It reviews and evaluates the appropriateness of performance objectives and their alignment with compensation. The MR&amp;C Committee annually reviews the compensation of the 50 top executives, managers and sales staff.</p> <p>The Board of Directors gives final approval for executive compensation.</p> <p>Communication is achieved, in part, by cross-committee membership. The MR&amp;C Committee also reports regularly to the full Board of Directors.</p>

Management and the Board of Directors implemented a number of policies which mitigate undue risk taking by executive officers of the Company. These policies require Board approval of: (i) capital expenditures in excess of \$1 million; (ii) all changes to banking and debt agreements; (iii) all acquisitions; (iv) all derivatives other than back-to-back foreign exchange hedges on inventory purchases; and (v) the Company's investment policy.

## PERFORMANCE GRAPH

The following graph shows a comparison over the five year period ended December 31, 2014 of the value of \$100.00 originally invested in common shares of Russel Metals and the S&P/TSX Composite Index and, in each case, assuming reinvestment of cash dividends paid.



	DEC-09	DEC-10	DEC-11	DEC-12	DEC-13	DEC-14
S&P/TSX Composite Index	\$100.00	\$117.61	\$107.36	\$115.08	\$130.03	\$146.98
Russel Metals Common Shares	\$100.00	\$135.67	\$139.60	\$180.84	\$216.21	\$187.02

As the above graph indicates, the Company's total return to shareholders has outperformed the S&P/TSX Composite Index over the five years ended December 31, 2014. At December 31, 2014 the total return for the Company's shareholders since December 31, 2009 was approximately 87%.

Actual basic earnings per share for 2014 were \$2.01 compared to earnings of \$1.37 per share reported for 2013, an increase of 47%. The aggregate annual dollar value of total compensation awarded to the Named Executive Officers increased by 48% for 2014 compared to 2013, while variable compensation increased 85%. Our corporate incentive plans are earnings per share based and thus track changes in earnings.

The following table provides the total cost of the compensation to the Named Executive Officers as a percentage of the net earnings for the last three years.

	2012	2013	2014
Net Earnings	\$97,900,000	\$83,300,000	\$123,600,000
Total Compensation Paid to NEOs	6,764,063	6,343,601	9,397,159
Percentage of Net Earnings	6.9%	7.6%	7.6%

# EXECUTIVE COMPENSATION

## SUMMARY COMPENSATION TABLE OF NAMED EXECUTIVE OFFICERS

The following table provides a summary of annual compensation earned during the last three fiscal years by the CEO, COO, CFO and other Named Executive Officers of the Company.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	SHARE BASED AWARDS <sup>(3)(4)</sup>	SHARE OPTIONS <sup>(5)</sup>	NON-EQUITY INCENTIVE PLAN <sup>(6)</sup>	PENSION VALUE	ALL OTHER COMP. <sup>(7)</sup>	TOTAL COMPENSATION
<i>B.R. Hedges</i> <i>President and CEO</i>	2014	\$740,007	\$1,583,970	\$350,002	\$1,182,372	\$238,000	\$22,460	\$4,116,811
	2013	739,661	577,940	341,473	577,940	530,000 <sup>(7)</sup>	22,454	2,789,468
	2012	709,236	818,670	355,774	818,670	200,000	21,948	2,924,298
<i>J. G. Reid<sup>(1)(2)</sup></i> <i>Executive Vice President and COO</i>	2014	605,971	600,714	250,003	781,465	10,495	269,549	2,518,197
	2013	513,069	287,913	243,907	345,084	9,683	8,483	1,408,139
	2012	443,964	336,600	254,121	423,000	9,194	214	1,467,093
<i>M.E. Britton</i> <i>Executive Vice President, CFO and Secretary</i>	2014	361,869	291,410	210,000	547,344	177,492	8,340	1,596,455
	2013	356,842	173,145	204,887	265,608	176,662	8,241	1,185,385
	2012	349,329	217,000	213,462	373,800	170,100	8,116	1,331,807
<i>M.A. Kelly</i> <i>Vice President, Information Systems</i>	2014	275,023	50,000	-	291,844	5,501	6,479	628,847
	2013	269,623	-	79,310	164,865	5,933	6,350	526,081
	2012	261,849	-	74,580	215,487	6,546	6,166	564,628
<i>D.J. Halcrow</i> <i>Vice President, Purchasing and Inventory Management</i>	2014	156,611	50,000	-	291,844	10,000	28,394	536,849
	2013	152,969	-	79,310	164,865	10,000	27,384	434,528
	2012	148,960	-	74,580	215,487	10,000	27,210	476,237

(1) Mr. Reid was promoted to Vice President and COO on February 21, 2013 and Executive Vice President on May 6, 2014. Compensation shown in 2012 relates to his position as Vice President Operations, Service Centers.

(2) Mr. Reid is a resident of the U.S. and is paid in U.S. dollars. In U.S. dollars Mr. Reid's salary was: 2014 - US\$548,539; 2013 - US\$498,077; 2012 - US\$444,231 and his total compensation was 2014 - US\$2,279,743; 2013 - US\$1,367,015; and 2012 - US\$707,766. These amounts have been converted to Canadian dollars using the U.S. dollar published average exchange rates for 2014, US\$1.00 = Cdn\$1.1047; 2013, US\$1.00 = Cdn\$1.0301; 2012, US\$1.00 = Cdn\$0.9994.

(3) RSUs will be issued to Mr. Hedges, Mr. Reid and Ms. Britton on March 20, 2015, as part of their 2014 year end incentive awards based on earnings per share achieved in 2014. RSUs were issued to Mr. Hedges, Ms. Britton and Mr. Reid on March 10, 2014 as part of their 2013 year end incentive awards based on earnings per share achieved in 2013 and on March 10, 2013 as part of their 2012 year end incentive awards based on earnings per share achieved in 2012. The aggregate dollar value of the RSUs granted based on Market Price, (as defined in the RSU Plan) on the date of grant is equal to the amounts shown in the table; however, in addition Mr. Reid's grant is adjusted to the noon rate of exchange for the day immediately preceding the date of grant. For information relating to the RSU Plan, see "Restricted Share Unit Plan", on page 40 of this Circular.

(4) RSUs were first issued to Ms. Kelly and Mr. Halcrow on May 20, 2014 as part of their 2014 incentive awards.

(5) These amounts represent the Black-Scholes valuation of share options granted using the following assumptions: dividend yield: 5% for 2014 2013 and 2012; expected volatility (based on historical volatility over the last 5 years): 32% for 2014, 40% for 2013 and 41% for 2012; expected life: 5 years; risk free rate of return: 2.75% for 2014 and 3.5% for 2013 and 2012; and weighted average fair value of options granted: \$5.43 for 2014, \$7.21 for 2013 and \$6.78 for 2012. The share options were priced based on the higher of the closing price of the common shares on the TSX on the day prior to the grant and the closing price on the second business day following the grant. See "Share Option Plan" commencing on page 38 of this Circular.

(6) Non-equity incentive plan compensation paid to the NEOs in 2015 is part of their 2014 year end incentive awards based on earnings per share achieved during the year and is paid annually in February after approval by the Board.

(7) The amounts shown represent the Company's contributions to the Value Sharing Plan (as defined on page 38 of this Circular) for each of the Named Executive Officers; premiums for a life insurance policy for Mr. Hedges; payments related to a life insurance policy for Mr. Reid, which commenced in 2014, see "Life Insurance Policy" on page 46 of this Circular; premiums for Group Term Life Insurance for each of the Named Executive Officers; and auto allowance (of \$18,330) for Mr. Halcrow. Mr. Hedges, Ms. Britton and Mr. Reid received an auto allowance during 2014, 2013 and 2012; however, the same has not been disclosed for these Named Executive Officers as it is less than 10% of their total salaries. Ms. Kelly does not receive an auto allowance. Group Term Life Insurance and Value Sharing Plan benefits are generally available to all employees.

(8) The increase in Mr. Hedges' pension value for 2013 mainly relates to the increase in the cap on the supplementary retirement plan to \$350,000 from \$320,000. See "Pension Plan Benefits – Defined Benefits Plans" on page 44 of this Circular.

## SHARE OWNERSHIP POLICY – CEO, COO AND CFO

We have a policy for our CEO, COO and CFO requiring them to own common shares and RSUs. Prior to August 12, 2014, the policy required the CEO to own an aggregate of common shares and RSUs valued at not less than the three times his annual salary; the COO to own an aggregate of common shares and RSUs valued at not less than two times his annual salary; and the CFO to own an aggregate of common shares and RSUs valued at not less than one times her annual salary. Each of the CEO, COO and CFO met the share ownership threshold that was in place prior to August 12, 2014.

The target values of share ownership under the policy were increased on August 12, 2014. The policy now requires the CEO to own an aggregate of common shares and RSUs valued at not less than five times his annual salary; the COO to own an aggregate of common shares and RSUs valued at not less than three times his annual salary; and the CFO to own an aggregate of common shares and RSUs valued at not less than two times her annual salary. The current holdings of each of the CEO and CFO meet the new ownership requirements. The COO has until August 12, 2019 to achieve this increased share ownership requirement. New individuals appointed to these positions will have five years from their appointment to meet these requirements.

The purpose of these policy requirements is to more closely align senior management's interest with those of the Company's shareholders. For purpose of this policy, common shares are valued at the higher of cost to the executive and the market value thereof, and RSUs are valued at the higher of the market price thereof and the market price at the time of grant (see "Restricted Share Unit Plan" on page 40 of this circular).

The table below shows the number and value of shares and RSUs owned, as of December 31, 2014, by the Company's three senior executives.

Name	2014 Base Salary	Multiple	Target Value of Share Ownership	Number of Shares	Number of RSUs	Combined Value of Shares and RSUs Held	Meets Guidelines
B.R. Hedges	\$740,000	x5	\$3,700,000	121,031	99,929	\$5,722,864	yes
J.G. Reid	605,971	x3	1,817,913	33,702	24,045	1,518,918	pending <sup>(2)</sup>
M.E. Britton	362,000	x2	724,000	87,926	27,281	2,983,861	yes

<sup>(1)</sup> The values of the common shares and RSUs reflected above are based on the higher of the closing price of a common share on the TSX on December 31, 2014 of \$25.90, or the value of such shares / RSUs at the time of acquisition / grant.

<sup>(2)</sup> Each of Mr. Hedges, Mr. Reid and Ms. Britton met the share ownership thresholds that were in place prior to August 12, 2014. Mr. Reid has until August 12, 2019 to reach his increased share ownership threshold.

### Hedging of Company Securities Prohibited

As set out in our Insider Trading Policy, the Company does not allow insiders to hedge their position in shares, options, deferred share units, restricted share units, debentures or other debt instruments by use of any financial instrument which would include but is not limited to puts, calls, warrants or short selling, designed to insulate the holder from a change in the market value of the stock of the Company.



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## **EMPLOYEE SHARE BASED PLANS**

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The Company has the following employee share based compensation plans, which are described below: Employee Share Purchase Plan, Share Option Plan, Restricted Share Unit Plan and a DSU Plan.

### **EMPLOYEE SHARE PURCHASE PLAN**

We have an Employee Share Purchase Plan (the "Value Sharing Plan") to provide our employees with the opportunity to purchase common shares, further aligning participants with the interests of shareholders and allowing them to share in the financial success to which they contribute. New employees may join the Value Sharing Plan on the first day of the month following the completion of three months of employment. Employees may make contributions to the Value Sharing Plan through payroll deductions. For employee contributions up to 5% of their base pay, we contribute an amount equal to one third of the employees' contributions.

All contributions to the Value Sharing Plan are used to purchase common shares in the market at current market prices. Contributions made by us vest immediately. Employees may withdraw all of the contributions made in their name (including our contributions) at any time. If an employee withdraws our portion of the contribution made in his or her name, he or she may not participate in the Value Sharing Plan for six months.

The Value Sharing Plan is available to the majority of our employees in Canada and the United States. The Value Sharing Plan is independently administered by Sun Life Financial for Canadian employees and by Solium Capital for U.S. employees.

### **SHARE OPTION PLAN**

We have established a share option plan for our employees and officers. The stated purpose of the plan is to provide officers and full time employees of the Company and its subsidiaries, opportunities that will encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. Approximately 3% of our employees, not including the Named Executive Officers, currently hold options.

The Plan has a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance is set at a maximum of 4,498,909 common shares. At December 31, 2014, there were 874,339 common shares available for grant under the Plan. On February 18, 2015, an aggregate of 303,371 options were granted to the CEO, COO and CFO based on the values in the "2014 – Incentive Compensation Tables", on page 30 of this Circular. Share options were not granted to the other Named Executive Officers or to other employees in 2014 or 2015, as the Board of Directors elected to grant RSUs in place of share options. See "Restricted Share Unit Plan" on page 40 of this Circular.

Options vest in accordance with terms determined by the Board. Options granted after May 2011 begin vesting on the first anniversary of the date of grant at a rate of 25% per year for four years. Options granted prior to May 2011, which expire by 2021, vest at the rate of 20% on the date of grant and each anniversary for four years from the date of grant. Options granted are not transferable and have a maximum term of ten years.

The exercise price of an option is not less than the market price on the date of the grant, which is the closing price of a common share on the TSX for the business day immediately preceding the grant date. The customary practice of the Board in issuing options is to issue them with an exercise price equal to the higher of the market price on the date of the grant and the closing price on such exchange on the second business day following the grant date.



On termination of employment, unvested options are forfeited and vested options may be exercised within 30 days following the date of termination subject to an extension provided under the plan if the period falls within a blackout period. The Board of Directors at its discretion can extend such period to not later than the earlier of original expiry date of the options and the fourth anniversary of termination of employment in certain situations including retirement of an employee. Upon death of an eligible person, the deceased participant's legal personal representative may exercise all options that vest in accordance with the terms of the Plan for a period of 18 months following death.

The Plan provides that (a) the number of common shares reserved for issuance pursuant to options granted under the Plan or otherwise granted under all other share compensation arrangements to insiders (as defined in the Plan) may not exceed 10% of the issued and outstanding common shares of the Company, and (b) the issuance of common shares to insiders under the Plan and under all share compensation arrangements within a one year period may not exceed 10% of the issued and outstanding common shares of the Company.

The Board of Directors may amend the plan from time to time. Prior shareholder approval is required for certain material amendments to the plan, including to increase the number of common shares issuable under the plan, to reduce the option price or extend the exercise period of an option, to cancel and reissue any option or to modify the persons that are eligible to participate under the plan.

Shareholder approval is not required for amendments of an administrative nature, amendments to ensure compliance with applicable laws or other regulatory requirements, amendments to add a cashless exercise feature to the plan or amendments to change the vesting or termination provisions of the plan or any option (provided it does not entail an extension beyond the originally scheduled expiry date for the given options other than in the case of a "trading blackout"). The Board of Directors may also suspend, discontinue or terminate the plan at any time.

### Grant Rate

The table below sets forth the grant rate for share options issued in 2014 and 2013 as a percentage of issued and outstanding common shares of the Company at the time of grant.

GRANT RATE OF SHARE OPTIONS			
Year	No. of Shares Outstanding <sup>(1)</sup>	No. of Share Options Granted	Percentage
2014	60,949,528	149,172	0.24%
2013	60,204,907	389,607	0.65%

<sup>(1)</sup> Number of shares outstanding as at February 12, 2013 and February 19, 2014 being the grant date of the options.

### 2014 Options Granted

The following table sets forth information relating to share options for 2014. As at December 31, 2014, an aggregate 2,019,307 common shares would be issued if all the outstanding options were exercised. An additional 874,339 common share options were available for grant as at December 31, 2014.

	NUMBER OF OPTIONED SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF ADDITIONAL SHARE OPTIONS AVAILABLE FOR GRANT AT DEC. 31, 2014
Balance, January 1, 2014	2,606,430	\$ 26.77	
Granted	149,172	30.00	
Exercised	(707,995)	24.64	
Expired or Forfeited	(28,300)	30.78	
<b>BALANCE, DECEMBER 31, 2014</b>	<b>2,019,307</b>	<b>\$ 27.70</b>	<b>874,339</b>

## 2014 & 2013 Year-End Dilution Levels

The following table sets forth information concerning share options outstanding as at December 31 for 2013 and 2014.

YEAR END DILUTION LEVELS			
Year	No. of Shares Outstanding	No. of Optioned Shares	Percentage
2014	61,674,228	2,019,307	3.27%
2013	60,946,393	2,606,430	4.28%

<sup>(1)</sup> All numbers are as at December 31.

## RESTRICTED SHARE UNIT PLAN

On May 12, 2008, the Board adopted a plan providing for the issue of restricted share units (the "RSU Plan"), the purpose of which was to issue RSUs to the CEO, COO and CFO, replacing a portion of the previously existing short term cash incentive and a portion of the long term options and to provide medium term incentive compensation for their continued efforts in promoting the growth and success of the business of the Company and assisting the Company in attracting and retaining senior management personnel. In April 2014, the Board decided to award RSUs to other employees instead of share options.

The Board has authority, in its sole discretion, to determine the eligible full time employees to whom RSUs may be granted and the number of RSUs to be granted to any participant. RSUs are awarded to the CEO, COO and CFO annually in the first quarter of each year based on the prior year's earnings per share. Awards to other employees are at the discretion of the Board.

An RSU is a unit equivalent in value to one common share based on the Market Price (as defined below). Under the RSU Plan, the expiry date for any RSU shall be the third anniversary of the grant date and RSUs shall vest as to one-third on each of the first, second and third anniversaries of the grant date. On the expiry date of a vested RSU, the Company is obligated to pay to the participant cash in an amount equal to the Market Price of a common share at such expiry date. "Market Price" for purposes of the RSU Plan is equal to the average of the daily average of the high and low board lot trading prices of the common shares on the TSX for the last five trading days immediately preceding the date in question.

At the time of an RSU grant, the Board has the authority to change both the grant date and the vesting period. If a participant ceases to be an employee for reasons other than death or retirement at or after normal retirement age (i) RSUs that are then vested will be paid within 15 days following the date the participant ceased to be an employee and in any event no later than December 31 of the year the participant ceased to be an employee; and (ii) RSUs that are not then vested shall terminate and be forfeited. On the death of a participant or on the retirement of a participant at or after normal retirement age, any unvested RSUs will vest immediately and will be paid within 15 days following the date of death or retirement but no later than December 31 of the year of death or retirement. The Board may, in its discretion, following the grant date but prior to a vesting date, designate an earlier vesting date for all or any portion of the RSUs then outstanding and granted to a participant.

Participants in the RSU Plan are credited with additional RSUs on each dividend payment date in respect of common shares, in an amount that corresponds to the amount of the dividend, based on the number of RSUs recorded in the participant's account on the record date for the payment of the dividend and the Market Price of the common shares on such dividend payment date.

## **RSU GRANTS – DECISION MAKING PROCESS**

The Board of Directors approves the list of eligible employees and officers to whom RSUs are granted and the respective numbers of RSUs granted. Management makes its recommendations to the MR&C Committee as to the number of RSUs to be granted to each eligible employee or officer, and in turn the MR&C Committee makes its recommendations to the Board of Directors. In formulating its recommendations, the MR&C Committee takes into consideration the recommendations of the CEO concerning employees other than the CEO, COO and CFO whose RSUs are based on the values disclosed in the "2014 - Incentive Compensation Tables", on page 30 of this Circular. The MR&C Committee also takes previous incentive awards into account when considering new awards. Only officers and bona fide full-time employees of the Company and its subsidiaries are eligible to participate. The value of the total RSU grants to employees other than the CEO, COO, CFO are increased or decreased based on earnings in the year prior to the grant. An employee's level of responsibility and performance are the principal factors considered by the CEO and MR&C Committee when recommending individual employee grants. In 2014, the Board of Directors granted an aggregate of 44,587 RSUs to employees (other than the CEO, COO and CFO). The aggregate value of such RSUs as at May 20, 2014 (being the date of grant) was \$1,467,500.

## OUTSTANDING SHARE BASED AND OPTION BASED AWARDS

The following table sets out certain information with respect to all option based awards outstanding for each of the Named Executive Officers as at December 31, 2014.

OPTION BASED AWARDS				
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Options Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup>
B.R. Hedges	150,000	\$ 33.81	03-May-17	\$ -
	53,111	25.70	17-Feb-21	10,622
	52,474	26.18	15-Feb-22	-
	47,361	28.99	12-Feb-23	-
	64,457	30.00	19-Feb-24	-
<b>Total</b>	<b>367,403</b>			<b>\$ 10,622</b>
J.G. Reid	5,000	\$ 25.70	17-Feb-21	\$ 1,000
	18,740	26.18	15-Feb-22	-
	25,372	28.99	12-Feb-23	-
	46,041	30.00	19-Feb-24	-
	<b>95,153</b>			<b>\$ 1,000</b>
M.E. Britton	20,000	\$ 25.75	23-Feb-16	\$ 3,000
	35,000	33.81	03-May-17	-
	50,753	26.70	18-Feb-18	-
	46,850	16.58	05-Aug-19	436,642
	39,548	19.84	12-May-20	239,661
	31,866	25.70	17-Feb-21	6,373
	31,484	26.18	15-Feb-22	-
	28,417	28.99	12-Feb-23	-
38,674	30.00	19-Feb-24	-	
	<b>322,592</b>			<b>\$ 685,676</b>
M.A. Kelly	25,000	\$ 15.85	27-Apr-15	\$ 251,250
	25,000	25.75	23-Feb-16	3,750
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	-
	10,000	16.58	05-Aug-19	93,200
	10,000	19.84	12-May-20	60,600
	10,000	25.70	17-Feb-21	2,000
	11,000	26.18	15-Feb-22	-
	11,000	28.99	12-Feb-23	-
	<b>152,000</b>			<b>\$ 410,800</b>
D.J. Halcrow	25,000	\$ 25.75	23-Feb-16	\$ 3,750
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	-
	10,000	16.58	05-Aug-19	93,200
	10,000	19.84	12-May-20	60,600
	10,000	25.70	17-Feb-21	2,000
	11,000	26.18	15-Feb-22	-
	11,000	28.99	12-Feb-23	-
<b>Total</b>	<b>127,000</b>			<b>\$ 159,550</b>

<sup>(1)</sup> Based on the closing price of a common share on the TSX on December 31, 2014 of \$25.90.

The following table summarizes for all Named Executive Officers (i) all RSUs that have not vested and their market value as at December 31, 2014; and (ii) the market value of all RSUs that have vested but have not been distributed as at December 31, 2014.

Name	No. of Not Vested RSUs	Value of Not Vested RSUs <sup>(1)</sup>	2014 Value of Vested (Not Distributed) <sup>(1)</sup> RSUs
B.R. Hedges	57,195	\$1,481,338	\$1,106,819
J.G. Reid	19,635	508,537	114,216
M.E. Britton	15,889	411,522	295,056
M.A. Kelly	1,573	40,745	-
D.J. Halcrow	1,573	40,475	-

<sup>(1)</sup> The value of the RSUs not vested and the value of the RSUs vested (but not distributed) are based on the closing price of a common share on the TSX on December 31, 2014 of \$25.90

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes all incentive plan awards (common share options, RSUs and bonuses) vested or earned during 2014 for all Named Executive Officers.

Name	Options Based Awards - Value Vested During 2014 <sup>(1)</sup>	RSUs – Value Vested During 2014 <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During 2014
B.R. Hedges	\$240,760	\$888,388	\$1,182,372
J.G. Reid	57,569	131,106	781,465
M.E. Britton	144,457	259,453	547,344
M.A. Kelly	39,503	-	291,844
D.J. Halcrow	39,503	-	291,844

<sup>(1)</sup> The option value vested is the difference between the closing price of a common share on the TSX at the close of the particular 2014 vesting date and the exercise price of the share option.

<sup>(2)</sup> The RSUs value vested is based on the Market Price on the date the RSUs vested during 2014.

## PENSION PLAN AND OTHER BENEFITS

Russel Metals provides retirement benefits in various forms, including defined benefit plans, defined contribution plans and registered retirement savings plan contributions.

### DEFINED BENEFITS PLANS

Mr. Hedges and Ms. Britton participate in a final average earnings plan, which plan includes other members of senior management of the Company. Due to their respective salary levels, this plan provides the maximum benefit allowable, which in 2014 was \$2,770 per year of service under the Income Tax Act. The normal form of benefit for a member without a spouse at retirement is a pension payable for life and guaranteed for 120 months. For a member with a spouse at retirement, the normal form is a pension payable for life, reducing on the member's death to 60% and payable thereafter to the surviving spouse. There is an offset for Canada Pension Plan benefits.

Mr. Hedges also participates in a defined benefit individual supplementary retirement plan, which entitles him to a maximum annual pension at age 65 which, together with all other pension benefits (Canada Pension Plan benefits and amounts payable under the Company's defined benefit plan referred to above), equals the product obtained by multiplying 3% by the number of years of service to a maximum of 60% of his average salary for the 36 consecutive month period during which Mr. Hedges experienced his highest salary including periods of permanent disability. The maximum annual payment from the supplementary plan is capped at \$350,000. This cap was increased from \$320,000 to \$350,000 as part of the 2013 compensation review. If Mr. Hedges ceases to be employed prior to age 65 and he elects to accelerate the payment of his supplementary pension, the annual amount he will be entitled to will be reduced by one-half of 1% for each calendar month prior to the month in which he would be 65 years of age, calculated after the deduction of other pension benefits. On the death of Mr. Hedges following retirement, his surviving spouse would become entitled to a pension of up to two-thirds of his supplementary pension. If there is no surviving spouse, a lump sum is payable to a named beneficiary in the amount of 60 times the supplemental monthly pension benefit, less any amount paid to Mr. Hedges from the supplementary retirement plan. We have agreed to make payments to fund an individual trust representing the portion of the Company's obligations under the supplementary retirement plan arising in respect of Mr. Hedges' service after December 31, 2002. Obligations related to the period prior to December 31, 2002 are unfunded.

The following table summarizes prescribed information regarding the benefits payable to Mr. Hedges and Ms. Britton under the defined benefit plans referred to above. No other Named Executive Officer participates in a defined benefit plan.

NAME	NO. OF YEARS CREDITED SERVICE	ANNUAL BENEFITS PAYABLE		OPENING PRESENT VALUE OF OBLIGATION AT START OF 2014	COMPENSATORY CHANGE <sup>(1)</sup>	NON-COMPENSATORY CHANGE <sup>(2)</sup>	CLOSING PRESENT VALUE OF OBLIGATION AT END OF 2014
		AT YEAR END	AT AGE 65				
B.R. Hedges	20.5	\$371,000	\$415,000	\$4,423,000	\$238,000	\$668,000	\$5,329,000
M.E. Britton	30.0	83,000	100,000	1,254,000	45,000	177,000	1,476,000

<sup>(1)</sup> Compensatory change represents the service cost for 2014 and any difference between estimated and actual earnings.

<sup>(2)</sup> Non-compensatory change includes interest on beginning of year obligations, experience gains and losses and change in actuarial assumptions.

Amounts shown in the table have been determined using the same actuarial assumptions as those used to determine the year-end pension plan valuations disclosed in note 16 of the 2014 consolidated financial statements.

## DEFINED CONTRIBUTION PLANS

Ms. Britton and Ms. Kelly participate in defined contribution plans. The following table sets out prescribed information concerning the accrued values of these plans and compensatory and non-compensatory payments under these plans for 2014. The respective plans are described in more detail below the table:

NAME	ACCUMULATED VALUE AT START OF 2014	COMPENSATORY <sup>(1)</sup>	ACCUMULATED VALUE AT END OF 2014
M.E. Britton	\$804,289	\$132,492	\$961,032
M.A. Kelly	25,300	5,501	30,801

<sup>(1)</sup> *Compensatory value represents the Company's aggregate contributions made during the year.*

Ms. Britton participates in a defined contribution individual supplementary retirement plan. This plan provides for an annual contribution to a trust of an amount equal to 36.6% of Ms. Britton's salary for service on and after January 1, 2007. The plan is intended to provide for maximum annual payments commencing at age 65 in an amount which, together with all other pension benefits (Canada Pension Plan benefits and amounts payable under the Company's defined benefit plan), would total 60% of her average salary for the 36 consecutive month period during which Ms. Britton experienced her highest salary. If Ms. Britton retires prior to age 65 and elects to accelerate the payment of her supplementary pension, the maximum annual amount of the payment from the trust will be reduced by one-half of 1% for each calendar month prior to the month in which she would turn 65 years of age. On the death of Ms. Britton following retirement, her surviving spouse would be entitled to an annual payment not exceeding two-thirds of the annual payment Ms. Britton would be entitled to under the supplemental plan. The funding of the supplemental payments will be limited to the contributions made by the Company to the trust and the earnings of the trust, net of any losses of the trust. Assets of the trust available for the funding of supplementary payments include amounts in the refundable tax accounts of the trust. Any funds remaining on the death of Ms. Britton and her spouse will be paid to her named beneficiary.

Ms. Kelly participates in a defined contribution plan covering our Canadian employees, which provides for an annual contribution of an amount equal to 2% of Ms. Kelly's base salary. In addition, we make contributions based on a percentage of the contributions made by Ms. Kelly. A contribution of \$5,501 was made in 2014.

## 401K PLAN AND RETIREMENT SAVINGS PLAN

Mr. Reid participates in a 401K defined contribution plan covering our U.S. employees. We make contributions based on a percentage of Mr. Reid's compensation and his personal contributions up to a maximum each year. The maximum contribution for 2014 was US\$9,500 (Cdn\$10,495). All contributions vest immediately. Mr. Halcrow has an amount contributed to his registered retirement savings plan. A contribution of \$10,000 was made on behalf of Mr. Halcrow during 2014.

## **LIFE INSURANCE POLICY**

In 2014, we signed an agreement with Mr. Reid to fund a Whole Life Insurance Policy (the "Reid Life Insurance Policy"). In accordance with the agreement, annual premiums of up to US\$150,000 per year on the Reid Life Insurance Policy will be paid. The life insurance policy payments are in lieu of executive pension arrangements. Our obligation to pay the annual premiums is dependent on Mr. Reid being employed as an Executive Officer of the Company or an affiliate. The Reid Life Insurance Policy is owned by Mr. Reid and payable to his estate in the event of his death. In addition to paying the annual premiums, we have agreed to compensate Mr. Reid in the form of additional cash compensation for the grossed up tax payable on his life insurance taxable benefit.



## CHANGE OF CONTROL AGREEMENTS

The Company does not have a written employment agreement with any Named Executive Officer other than the change of control employment agreements with each of Mr. Hedges, Ms. Britton and Mr. Reid described below.

### CHANGE OF CONTROL EMPLOYMENT AGREEMENTS

We have entered into change of control employment agreements with Mr. Hedges, Ms. Britton and Mr. Reid providing for their continued employment for two years following a change of control and for severance payments in certain circumstances in the event of the termination of their employment within such period. Such circumstances include termination of employment by Russel Metals (other than for just cause, disability or retirement) or termination of employment by the executive officer for good reason. A "change of control" includes the acquisition of effective control by a person or group of persons acting in concert or a determination by the Directors that a change of control has occurred or is about to occur. For such purpose, any person or group holding securities which entitle such holder or holders to cast more than 25% of the votes attaching to all shares in the capital of the Company which may be cast to elect Directors shall be deemed to be in a position to exercise effective control. A change of control will also have occurred if incumbent Directors cease to constitute a majority of the Board of Directors. For this purpose an incumbent Director is any member of the Board of Directors of the Company who was a Director immediately prior to the event which gave rise to the change of control, and any successor to an incumbent Director who was recommended or elected or appointed to succeed an incumbent Director by the affirmative vote of a majority of the incumbent Directors.

Upon termination under these circumstances, the executive officer is entitled to receive a lump sum payment of two times his or her current salary, including one-half of the amounts paid or payable pursuant to any profit sharing, cash incentive or bonus program during the last 24 months. The executive officer is also entitled to receive an amount on account of the value of all options or other rights to acquire common shares held by the executive officer or to which he or she would have been entitled, an amount on account of pension benefits to which the executive officer would have been entitled and certain other benefits. In addition, if the executive officer holds options for the purchase of common shares in the Company ("Unexercised Rights"), all Unexercised Rights so held that were not exercisable at the date of termination, shall be accelerated so that such Unexercised Rights become immediately exercisable and all Unexercised Rights shall remain exercisable for 180 days following the date of termination. Similarly, RSUs become fully vested and are cashed out within 15 days from termination.

The following table sets out the payments to which each of the CEO, COO and the CFO would have been entitled had they been terminated on December 31, 2014 within two years of a change of control of the Company:

<b>SEVERANCE FOR TERMINATION WITHIN TWO YEARS OF A CHANGE OF CONTROL</b>				
<b>Name</b>	<b>Amount on Account of Salary and Incentives</b>	<b>Amount on Account of Pension Benefits</b>	<b>Immediate Vesting of Options</b>	<b>Immediate Vesting of RSUs<sup>(1)</sup></b>
B.R. Hedges	\$6,227,566	\$476,000	\$2,124	\$1,481,338
J.R. Reid	4,286,322	20,990	1,000	508,537
M.E. Britton	2,493,097	354,984	1,275	411,522

<sup>(1)</sup> In addition, any vested but not distributed RSUs are also deemed payable upon a change of control.

# STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The disclosure set out below reflects our compliance with National Policy 58-201 (Corporate Governance Guidelines) and National Instrument 58-101 (Corporate Governance Practices) (collectively, the "CSA Governance Rules").

CORPORATE GOVERNANCE	
Disclosure Requirement	Practices of Russel Metals
<b>Independence of the Board</b>	<p>A Majority (89%) of our current Directors and a majority (89%) of the nominees for election as a Director at the Meeting, are independent.</p> <p>Mr. Hedges is the only director who is not independent, as he is currently the President and CEO of the Company.</p>
<b>Other Board Positions held by the Company's Directors</b>	<p>Mr. Benedetti, Mr. Clark, Mr. Dinning, Mr. Hanna, Ms. Laberge, Mrs. Lachapelle and Mr. Tulloch are directors of other public companies.</p> <p>Prior to Mrs. Lachapelle's resignation in December 2014, Mr. Hanna and Mrs. Lachapelle were both directors of INNERGEX Renewable Energy Inc., a public company. No other two Directors were members of the same board of another public company.</p>
<b>In Camera Meetings</b>	<p>Independent Directors meet in camera at each scheduled quarterly Board meeting.</p> <p>In 2014, there were four regular / quarterly board meetings with in camera sessions.</p>
<b>Independent Chair</b>	<p>Mr. Dinning is the Chair of the Board and is independent. Among other things, the Chair of the Board: (a) provides leadership to the Directors in discharging their mandate; (b) provides advice, counsel and mentorship to the CEO; (c) promotes the delivery of information to the Directors on a timely basis; (d) presides over Board and shareholder meetings; (e) coordinates with the Chairs of Board committees; (f) sets the agenda for Board meetings; and (g) encourages free and open discussion among the Directors. The complete description of our Board Chair can be found on our Company website at <a href="http://www.russelmetals.com">www.russelmetals.com</a>.</p>
<b>Attendance Record</b>	<p>During 2014, all of the Directors attended 100% of the Board and Committee meetings. For further information on attendance at the 2014 Board and Committee meetings see "Attendance of Board and Committee Meetings Held" on page 17 of this Circular.</p>
<b>Board Charter</b>	<p>The Board has explicitly assumed stewardship responsibility for Russel Metals as well as responsibility for the matters specifically set out in the CSA Governance Rules.</p> <p>The Board of Directors reviews and approves our strategic direction, annual business plan and capital expenditure budget.</p> <p>The Board of Directors approves acquisitions and all capital expenditures in excess of \$1 million.</p> <p>The Board of Directors reviews and approves changes in business focus, corporate financings and debt issues.</p> <p>The Board expects management to keep it apprised of all material risks facing us and to provide it with regular reports on our activities and on any external developments that are likely to affect the Company.</p> <p>The Board also expects management to advise it of any events that have or are likely to have a material effect on the Company.</p> <p>The interaction between the Board and management challenges management to proactively manage the cyclical nature of the business to ensure it maximizes shareholder value.</p> <p>The Board is satisfied that the functions and respective responsibilities of the Board and management are clearly understood and supported by all participants in our governance process.</p> <p>The Board charter is included as Schedule B to this Circular, commencing on page 60.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<b>Size of Board</b>	<p>The number of Directors to be elected at the Meeting is set at nine.</p> <p>This size and composition of the Board brings a balance of industry and operational expertise as well as backgrounds in other areas that management and the Board believe are of benefit to us.</p> <p>Our articles require us to have a minimum of seven and a maximum of 12 Directors.</p>
<b>Director Term Limits</b>	<p>The Company has not set director term limits. We believe that a board of directors with a broad mix of skills is better able to oversee the wide range of issues that arise with a company of our size and complexity. Industry experience is a key skill, which can only be garnered through years of experience. The application of director term limits could potentially result in the loss of valuable contributors. The Company has chosen to manage director tenure through a rigorous director evaluation and assessment process, which is conducted annually and a demonstrated commitment to the process of periodic Board renewal. This process, which includes a self assessment, Board and Committee evaluations and a periodic peer evaluation is designed to identify any circumstance in which a particular director is not making a sufficient contribution. It is the responsibility of the Company's Chair of the Board to remove directors who are not performing, rather than simply relying on director term limits to solve difficult situations. Technically each director's term expires no later than the next annual shareholders' meeting. The Company also manages director tenure by disclosing each director's tenure and age in the Company's information circular, allowing shareholders to make an informed decision relating to the election of nominee directors.</p>
<b>Board Committees</b>	<p>Russel Metals' Board committees are the Audit Committee, NCG Committee, MR&amp;C Committee and EMH&amp;S Committee.</p> <p>The members of these committees are all independent and are listed under "Committees of the Board of Directors" on page 15 of this Circular.</p> <p>The Board has adopted charters for each of these committees.</p>
<b>Position Descriptions</b>	<p>The Board has approved position descriptions for the Chair of the Board, the Chair of each committee of the Board and the CEO.</p> <p>Copies of the committee charters and the position descriptions referred to above are available from our website located at <a href="http://www.russelmetals.com">www.russelmetals.com</a> (see "Investor Relations" and "Corporate Governance").</p>
<b>Orientation Program</b>	<p>All new Directors receive a comprehensive orientation on their election or appointment to the Board which includes:</p> <ul style="list-style-type: none"><li>• a detailed briefing with the Chair of the Board</li><li>• a detailed briefing with the CEO, CFO and other members of senior management</li><li>• participation in tours of our facilities and in small group sessions with senior management personnel</li><li>• background and key information about Russel Metals to assist the Director in becoming conversant with our business and priorities, as well as information concerning the industry in which we and our major competitors operate</li><li>• a copy of all Board and Committee charters</li></ul> <p>Directors review and execute the Company's Code of Business Conduct and Ethics Policy and Insider Trading Policy.</p>
<b>Attendance at Board Meetings</b>	<p>Directors are required to thoroughly review meeting material provided by management, in advance of Board of Directors meetings. Directors are required to attend meetings in person, when possible and practicable.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<b>Ongoing Education Program</b>	<p>We provide our Directors with:</p> <ul style="list-style-type: none"> <li>• supplemental Company specific and general industry information designed to keep them current with respect to factors affecting the Company</li> <li>• periodic tours of our facilities, and presentations by senior corporate and operating personnel</li> <li>• presentations concerning legal and policy developments affecting Canadian public companies generally and the responsibilities of Directors</li> </ul> <p>For specific details about the ongoing education sessions held in 2014 and attendance of Directors at these sessions, see "Board Education" on page 19 of this Circular.</p> <p>Management makes presentations when we are making key business decisions, during strategic planning meetings, on topical issues from time to time and in response to requests from the Board.</p> <p>Our Directors may also participate in external educational seminars, at the Company's expense, that are relevant to their role on the Board.</p>
<b>Culture of Ethical Business Conduct</b>	<p>The Board has approved and adopted a Code of Business Conduct and Ethics Policy (the "Code of Conduct"), which applies to all our Directors, officers and employees.</p> <p>The Code of Conduct can be found on our website at <a href="http://www.russelmetals.com">www.russelmetals.com</a> (see "Investor Relations" and "Corporate Governance") and on SEDAR (<a href="http://www.sedar.com">www.sedar.com</a>).</p>
<b>Monitoring Compliance with Code of Business Conduct and Ethics and other Policies</b>	<p>Management provides the Board with a written compliance report on a quarterly basis.</p> <p>The Company has a confidential and anonymous reporting system that allows all employees to raise concerns free of discrimination, retaliation or harassment.</p> <p>The Company encourages the reporting of any complaints, concerns or questions relating to:</p> <ul style="list-style-type: none"> <li>• accounting matters</li> <li>• internal controls</li> <li>• financial irregularities</li> <li>• compliance with the Company's policies</li> <li>• unethical business conduct, including but not limited to, safety, environmental, conflicts of interest, bribery, theft and / or fraud</li> </ul> <p>The report of any complaints, concerns or questions relating to the foregoing matters may be made to a Whistleblower Hotline through an independent third party service provider by internet, telephone or by mail.</p> <p>The CEO and CFO investigate all reports submitted to the Whistleblower Hotline.</p> <p>The Audit Committee Chair and Vice President of Human Resources receive notice and have access to all reports submitted to the third party provider.</p>
<b>Conflict of Interest</b>	<p>We have no contracts or other arrangements in place in which any of our Directors or officers has a material interest and we do not anticipate entering into any such arrangement.</p> <p>If any such arrangement were to arise, it would first be considered by the Audit Committee and approved by the Board of Directors (in each case, without the participation of the Director who had the material interest in question).</p>
<b>Audit Committee</b>	<p>The Audit Committee is responsible for reviewing our quarterly and annual financial statements, our management's discussion and analysis of financial condition and results of operations, other public disclosure and for monitoring our internal control procedures.</p> <p>The Audit Committee meets quarterly with our external auditors and with Internal Audit without management being present.</p> <p>All members of the Audit Committee are independent Directors.</p> <p>The Board annually appoints the Audit Committee and its Chair.</p> <p>Additional information with respect to the Audit Committee, including its charter, can be found under the headings "Audit Committee Information" and "Charter of the Audit Committee" in our annual information form, which is posted on our website at <a href="http://www.russelmetals.com">www.russelmetals.com</a> (see "Investor Relations" and "Financial Reports").</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<b>Nominating and Corporate Governance Committee</b>	<p>The responsibilities of the NCG Committee include:</p> <ul style="list-style-type: none"><li>• developing and recommending governance guidelines for the Company (and periodic review of those guidelines)</li><li>• identifying individuals qualified to become members of the Board</li><li>• recommending Director nominees to be put before the shareholders at each annual meeting</li><li>• conducting an annual evaluation of the Board, the Committees of the Board and Chair of the Board</li></ul> <p>The NCG Committee is comprised of independent Directors.</p> <p>The Board annually appoints the NCG Committee and its Chair.</p> <p>As part of each meeting, members of the NCG Committee meet without any member of management present.</p>
<b>Nomination of New Directors</b>	<p>The NCG Committee is responsible for making recommendations to the Board concerning new Director candidates.</p> <p>When new Directors are required, the NCG Committee determines the skill set of a potential Director that it believes would best suit the circumstances, having regard to the skills described in the Matrix on page 18 of this Circular and certain other factors considered relevant by the NCG Committee.</p> <p>The NCG Committee develops profiles of individuals whose background and skills would complement those of the existing Directors for consideration by the Board.</p>
<b>Gender Diversity on the Board of Directors and Senior Management</b>	<p>The Company believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance and performance and effective decision-making. While it has not adopted a specific policy regarding Board or executive diversity, the NCG Committee nonetheless makes efforts to ensure that directors and officers have a wide range of skills, experiences and backgrounds to meet the needs of the Company. To support this objective, the NCG Committee and the Company will, when seeking candidates for the Board or senior executive positions, among other things (a) consider candidates who are highly qualified based on their experience, functional expertise and personal skills and qualities; and (b) consider diversity criteria including gender and geographical background of the candidate.</p> <p>The Board has not, at this time, adopted any fixed targets or quotas relating to the representation of women on the Board or in executive officer positions as it does not believe that quotas or a formulaic approach necessarily result in the identification or selection of the best candidates.</p> <p>Women represent 22% of the Company's Board of Directors, 27% of the Company's executive officers (including executive officers of the Company's major subsidiaries) and 40% of the Company's Named Executive Officers. For further details relating to the "Representation of Women" see page 19 of this Circular.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<b>Management Resources and Compensation Committee</b>	<p>The responsibilities of the MR&amp;C Committee include:</p> <ul style="list-style-type: none"><li>• reviewing and making recommendations to the Board (without the participation of the CEO) concerning compensation for the CEO</li><li>• reviewing and making recommendations to the Board concerning compensation of other executive officers and Directors, incentive based plans and share based plans</li><li>• approving and monitoring share ownership policies</li><li>• reviewing and considering the implications of the risks associated with our compensation policies and practices, specifically, situations that could potentially encourage an executive to expose Russel Metals to inappropriate or excessive risks</li><li>• reviewing compensation disclosure in public documents, including the Compensation Discussion and Analysis, for inclusion in this Circular in accordance with applicable rules and regulations</li><li>• reviewing succession plans for the CEO and other members of senior management</li></ul> <p>The Board annually appoints a fully independent MR&amp;C Committee and its Chair.</p> <p>The MR&amp;C Committee considers matters within its mandate and makes recommendations to the full Board.</p> <p>As part of each meeting, the MR&amp;C Committee members meet without any member of management present.</p>
<b>Determining Director and Executive Officer Compensation</b>	<p>The MR&amp;C Committee recommends the compensation for the CEO, the COO and the CFO to the Board and reviews compensation policies and levels for other executive officers to ensure that their compensation is competitive and reasonably related to personal and corporate performance.</p> <p>The MR&amp;C Committee uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, cash incentives and share based incentives, and to assess the effectiveness of our incentive plans in contributing to corporate performance.</p> <p>The MR&amp;C Committee makes recommendations to the Board regarding Director compensation with reference to board compensation of comparably sized Canadian companies.</p>
<b>Environmental Management and Health &amp; Safety Committee</b>	<p>The mandate of the EMH&amp;S Committee is to monitor, evaluate and make recommendations to the Board for the purposes of ensuring that we conduct our activities in a manner that complies with applicable environmental and occupational health and safety laws.</p> <p>These activities should minimize adverse impacts on the natural environment and to the communities in which we reside and operate in a manner that respects the health and safety of our employees.</p> <p>The EMH&amp;S Committee is comprised of independent Directors.</p> <p>The Board annually appoints the EMH&amp;S Committee and its Chair.</p> <p>Management reports quarterly to the Board on these areas and the EMH&amp;S Committee meets with management involved in these areas at least once per year.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<b>Board, Committee and Individual Director Assessment</b>	<p>Each Director completes a questionnaire annually assessing the performance of the Board and its committees. This year, the Directors also completed a peer review questionnaire in which the performance of each individual Director was evaluated. The questionnaires are submitted to independent counsel to the Board who in turn compiles the results and discusses the issues raised by the Directors in their responses with the Chair of the Board. The Chair of the Board also follows up with each Director individually to discuss any issues or concerns raised during the performance assessment process.</p> <p>Each committee is required to review annually at a meeting of the committee, the effectiveness and contributions of the committee, and to report to the Board with respect to such review.</p> <p>Each Director also submits annually to the Chair a completed self assessment form, which is designed to improve individual Director performance through critical self evaluation.</p> <p>It is expected that individual and corporate goals can be more readily achieved as Directors are assisted in identifying areas that may be improved.</p> <p>The questionnaire is designed to encourage each Director to thoughtfully consider ways in which his or her effectiveness may be increased and to identify areas where we can assist in improving Directors' performance.</p> <p>Each Director also completes an annual assessment of the Chair of the Board. These assessments are submitted to the Chair of the NCG Committee, who discusses any issues raised with the Chair of the Board on a "without attribution" basis.</p>
<b>Outside Advisors</b>	<p>Each committee of the Board has the authority to retain and compensate any outside consultants and advisors it considers necessary to fulfill its mandate.</p> <p>Directors may engage advisors at our expense for other purposes with the concurrence of the Chair of the NCG Committee.</p> <p>In 2014, the MR&amp;C Committee retained Hugessen to assist with a review of the Company's executive and Director Compensation packages. See "Executive Compensation Consultant" on page 33 of this Circular.</p>

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## **CERTIFICATE**

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The Board of Directors has approved the contents and the sending of this Circular.

DATED the 9th day of March, 2015.

*/s/ M. E. Britton*

**MARION E. BRITTON,**  
Executive Vice President,  
Chief Financial Officer and Secretary



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## **SCHEDULE A – BY-LAW NO. 2**

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A by-law relating generally to the nomination of persons for election of directors of RUSSEL METALS INC. (the "**Corporation**").

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

### **INTRODUCTION**

1. The purpose of this Advance Notice By-law ("**By-Law No. 2**") is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, including without limitation setting forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

### **NOMINATIONS OF DIRECTORS**

2. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a "proposal" made in accordance with the applicable provisions of the Act (as defined below), or a requisition of a shareholders meeting by one or more shareholders made in accordance with the applicable provisions of the Act; or
- (c) by any person (a "**Nominating Shareholder**") who:
  - (i) at the close of business on the date of the giving of the notice provided for below in this By-Law No. 2 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or beneficially owns shares that are entitled to be voted at such meeting; and
  - (ii) complies with the notice procedures set forth below in this By-Law No. 2.

3. In addition to any other applicable requirements, for a nomination to be validly made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 4 below) and in proper written form (in accordance with paragraph 5 below) to the Secretary of the Corporation at the principal executive office of the Corporation.

4. To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than thirty (30) days prior to the date of the annual meeting of

shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than fifty (50) days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

5. To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must be in writing and must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each, a "**Proposed Nominee**"):
  - (A) the name, age, business address and residential address of the Proposed Nominee;
  - (B) the principal occupation or employment of the Proposed Nominee for the past five years;
  - (C) the status of such Proposed Nominee as a "resident Canadian" (as such term is defined in the Act);
  - (D) each class or series and number of securities in the capital of the Corporation which are directly or indirectly controlled or which are directly or indirectly owned beneficially or of record by the Proposed Nominee and his or her associates or affiliates as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (E) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "**Arrangements**"), including without limitation financial, compensation and indemnity related Arrangements, between the Proposed Nominee or any of its Representatives (as defined below) and any Nominating Shareholder or any of its Representatives;
  - (F) whether the Proposed Nominee is party to any existing or proposed Arrangement with any competitor of the Corporation (or any of the Corporation's affiliates) or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation or any of the Corporation's affiliates and the interests of the Proposed Nominee; and
  - (G) any other information relating to the Proposed Nominee or his or her associates or affiliates that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities

Laws (as defined below);

- (b) as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
  - (A) the name, age, business address and, if applicable, residential address of such person;
  - (B) each class or series and number of securities in the capital of the Corporation which are directly or indirectly controlled or which are directly or indirectly owned beneficially or of record by such person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (C) full particulars regarding (i) any proxy or other Arrangement pursuant to which such person or any of its Representatives has a right to vote or direct the voting of any shares of the Corporation, and (ii) any other Arrangement of such person or any of its Representatives relating to the voting of any shares of the Corporation or the nomination of any person(s) to the Board;
  - (D) full particulars regarding any Arrangement of such person or any of its Representatives, the purpose or effect of which is to alter, directly or indirectly, the economic interest of such person or any of its Representatives in a security of the Corporation or the economic exposure of any such person or any of its Representatives to the Corporation;
  - (E) whether such person is party to any existing or proposed Arrangement with any competitor of the Corporation (or any of the Corporation's affiliates) or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation or any of the Corporation's affiliates and the interests of such person;
  - (F) a representation as to whether such person or any of its Representatives intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
  - (G) any other information relating to such person or any of its Representatives that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

6. The Corporation may require any Proposed Nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or a member of any committee of the Board, with respect to independence or any other relevant criteria for eligibility (including any stock exchange requirements) or that could be material to a reasonable shareholder's understanding of the independence or eligibility, or lack thereof, of such Proposed Nominee.

7. All information to be provided in a timely notice pursuant to paragraph 5 above shall be provided as of the date of such notice. If requested by the Corporation, the Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

8. For the avoidance of doubt, the procedures set forth in this By-Law No. 2 shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation. No person shall be eligible for election as a director of the Corporation unless such person has been nominated in accordance with the provisions of this By-Law No. 2; provided, however, that nothing in this By-Law No. 2 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the Act.

9. The chair of any meeting of shareholders of the Corporation shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this By-Law No. 2 and, if any proposed nomination is not in compliance with such provisions, to declare that such defective nomination shall be disregarded.

10. Notwithstanding any other provision of this By-Law No. 2 or any other by-law of the Corporation, any notice or other document or information required to be given to the Secretary of the Corporation pursuant to this By-Law No. 2 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive office of the Corporation, emailed (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Eastern Time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

11. Notwithstanding any of the foregoing, the Board may, in its sole discretion, waive all or any of the requirements in this By-Law No. 2.

12. For purposes of this By-Law No. 2:

- (a) "**Act**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 and the regulations thereunder, as from time to time amended, and every statute or regulation that may be substituted therefor and, in the case of such amendment or substitution, any reference in this By-Law No. 2 shall be read as referring to the amended or substituted provisions;
- (b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;

- (c) "**public announcement**" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- (d) "**Representatives**" of a person means the affiliates and associates of such person, all persons acting jointly or in concert with such person or any of the foregoing, and the affiliates and associates of any of such persons acting jointly or in concert, and "**Representative**" means any one of them.

PASSED by the directors of the Corporation on February 18, 2015.

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# **SCHEDULE B – CHARTER OF THE BOARD OF DIRECTORS**

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## **GENERAL**

### **1. PURPOSE AND RESPONSIBILITY OF THE BOARD**

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of Russel Metals Inc. and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of Russel's business and affairs.

### **2. REVIEW OF CHARTER**

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

### **3. DEFINITIONS AND INTERPRETATION**

#### **3.1 *Definitions***

In this Charter:

- a) "Russel" means Russel Metals Inc.;
- b) "Board" means the board of directors of Russel;
- c) "CEO" means Russel's chief executive officer;
- d) "Chair" means the chair of the Board;
- e) "Charter" means this charter, as amended from time to time;
- f) "Director" means a member of the Board; and
- g) "Stock Exchanges" means, at any time, the Toronto Stock Exchange and any other stock exchange on which any securities of Russel are listed for trading at the applicable time.

#### **3.2 *Interpretation***

This Charter is subject to and shall be interpreted in a manner consistent with Russel's articles, by-laws, the Canada Business Corporations Act (the "CBCA"), and any other applicable legislation.

## **CONSTITUTION OF THE BOARD**

### **4. ELECTION AND REMOVAL OF DIRECTORS**

#### **4.1 *Number of Directors***

The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in Russel's articles of incorporation at such time.

#### **4.2 *Election of Directors***

Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected.

#### 4.3 **Vacancies**

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the CBCA.

#### 4.4 **Ceasing to Be a Director**

A Director will cease to hold office upon:

- a) delivering a resignation in writing to Russel;
- b) being removed from office by an ordinary resolution of the shareholders;
- c) his or her death; or
- d) becoming disqualified from acting as a Director.

#### 4.5 **Deemed Resignation**

Directors whose principal employment or other business or professional circumstances change materially from that which they held when most recently elected to the Board (including retirement from their principal employment) must notify the Chairman of the Nominating and Corporate Governance Committee and tender a written offer to resign for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board; however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances and to consider whether such change may have an impact on the composition of the Board.

### 5. **CRITERIA FOR DIRECTORS**

#### 5.1 **Qualifications of Directors**

Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.

#### 5.2 **Residency**

At least 25% of the Directors shall be resident Canadians

#### 5.3 **Independence of Directors**

At least one-third of the Directors shall not be officers or employees of Russel or any of its affiliates.

At least a majority of the Directors shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

#### 5.4 **Share Ownership**

Subject as hereinafter provided, each Director shall beneficially own, directly or indirectly, Common Shares or deferred share units or a combination thereof valued at three times the annual board retainer. The Chair shall beneficially own directly or indirectly, Common Shares or deferred share units or a combination thereof valued at three times the annual Chair retainer. Any new Director is required to achieve such ownership level within three years of the date of such Director's first election to the Board.

## 5.5 **Other Criteria**

The Board may establish other criteria for Directors as contemplated in this Charter.

## 6. **BOARD CHAIR**

### 6.1 **Board to Appoint Chair**

The Chair shall be an independent Director.

### 6.2 **Chair to Be Appointed Annually**

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chair, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

## 7. **REMUNERATION OF DIRECTORS AND RETAINING ADVISORS**

### 7.1 **Remuneration**

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Management Resources and Compensation Committee of the Board.

### 7.2 **Retaining and Compensating Advisors**

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the chair of the Nominating and Corporate Governance Committee.

## **MEETINGS OF THE BOARD**

### 8. **MEETINGS OF THE BOARD**

#### 8.1 **Time and Place of Meetings**

Meetings of the Board shall be called and held in the manner and at the location contemplated in Russel's by-laws.

#### 8.2 **Frequency of Board Meetings**

Subject to Russel's by-laws, the Board shall meet at least four times per year on a quarterly basis.

#### 8.3 **Quorum**

In order to transact business at a meeting of the Board:

- at least a majority of Directors then in office shall be present; and
- at least 25% of the Directors present must be resident Canadians (or, if this is not the case, a resident Canadian Director who is unable to be present and whose presence at the meeting would have resulted in the required number of resident Canadian Directors being present, must approve the business transacted at the meeting, whether in writing, by phone or otherwise).



#### **8.4 Secretary of the Meeting**

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

#### **8.5 Right to Vote**

Each member of the Board shall have the right to vote on matters that come before the Board.

#### **8.6 Invitees**

The Board may invite any of Russel's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

### **9. IN CAMERA SESSIONS**

#### **9.1 In Camera Sessions of Non-Management Directors**

At the conclusion of each quarterly meeting of the Board, the non-management Directors shall meet without any member of management being present (including any Director who is a member of management).

#### **9.2 In Camera Sessions of Independent Directors**

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors shall meet at the conclusion of each quarterly meeting of the Board with only independent Directors present.

## **DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD**

### **10. DELEGATION AND RELIANCE**

#### **10.1 Delegation to Committees**

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind Russel, except to the extent that such authority has been specifically delegated to such committee by the Board.

#### **10.2 Requirement for Certain Committees**

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

- a) Audit Committee;
- b) Nominating and Corporate Governance Committee; and
- c) Management Resources and Compensation Committee.

### 10.3 **Composition of Committees**

The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such matters.

### 10.4 **Review of Charters**

On an annual basis, the Board will review the recommendations of the Nominating and Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

### 10.5 **Delegation to Management**

Subject to Russel's articles and by-laws, the Board may designate the offices of Russel, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of Russel, except to the extent that such delegation is prohibited under the CBCA or limited by the articles or by-laws of Russel or by any resolution of the Board or policy of Russel.

### 10.6 **Limitations on Management Authority**

- a) Management shall exercise its authority in accordance with the following documents approved by the Board:
  - (i) strategic plan;
  - (ii) annual business plan;
  - (iii) capital expenditure budget.
- b) Management may not take the following actions without the approval of the Board:
  - (i) capital expenditures in excess of \$1 million;
  - (ii) change in business focus;
  - (iii) issuance of securities;
  - (iv) borrowing outside of the ordinary course of business.

### 10.7 **Reliance on Management**

The Board is entitled to rely in good faith on the information and advice provided to it by Russel's management.

### 10.8 **Reliance on Others**

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

## 10.9 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

## DUTIES AND RESPONSIBILITIES

### 11. DUTIES OF INDIVIDUAL DIRECTORS

#### 11.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

- act honestly and in good faith with a view to the best interests of the corporation; and
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### 11.2 Compliance with CBCA and Constatng Documents

A Director shall comply with the CBCA and the regulations to the CBCA as well as with Russel's articles and by-laws.

#### 11.3 Compliance with Russel's Policies

A Director shall comply with all policies of Russel applicable to members of the Board as approved by the Board.

### 12. RESPONSIBILITIES OF DIRECTORS

#### 12.1 Responsibilities set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge the duties and responsibilities set out in accordance with the Charter.

#### 12.2 Orientation and Education

A Director shall participate in the orientation and continuing education programs developed by Russel for the Directors.

#### 12.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

- a) Review thoroughly the material provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director.
- b) Attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video conference).

#### 12.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

## 12.5 **Other Responsibilities**

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

## 13. **BOARD RESPONSIBILITY FOR SPECIFIC MATTERS**

### 13.1 **Responsibility for Specific Matters**

The Board explicitly assumes responsibility for the matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of Russel's business and affairs.

### 13.2 **Delegation to Committees**

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

## 14. **CORPORATE GOVERNANCE GENERALLY**

### 14.1 **Governance Practices and Principles**

The Board shall be responsible for Russel's approach to corporate governance.

### 14.2 **Governance Principles**

- a) **Governance Principles.** The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for Russel (the "Governance Principles").
- b) **Amendments.** The Board shall review the Governance Principles at least annually and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time.

### 14.3 **Governance Disclosure**

- a) **Approval of Disclosure.** The Board shall approve disclosure about Russel's governance practices in any document before it is delivered to Russel's shareholders or filed with securities regulators or with the Stock Exchanges.
- b) **Determination that Differences Are Appropriate.** If Russel's governance practices differ from those recommended by Canadian securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate.

### 14.4 **Delegation to Nominating and Corporate Governance Committee**

The Board may direct the Nominating and Corporate Governance Committee to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

## **15. RESPONSIBILITIES RELATING TO MANAGEMENT**

### **15.1 Integrity of Management**

The Board shall, to the extent feasible, satisfy itself:

- a) as to the integrity of the CEO and other senior officers; and
- b) that the CEO and other senior officers create a culture of integrity throughout the organization.

### **15.2 Succession Planning**

The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

### **15.3 Executive Compensation Policy**

The Board shall receive recommendations of the Management Resources and Compensation Committee and make such determinations as it considers appropriate with respect to:

- a) CEO's compensation level (without the participation of the CEO);
- b) non-CEO officer compensation;
- c) director compensation;
- d) incentive compensation plans; and
- e) equity based plans.

## **16. OVERSIGHT OF THE OPERATION OF THE BUSINESS**

### **16.1 Risk Management**

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of Russel's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

### **16.2 Strategic Planning Process**

At least once per year, the Board shall review Russel's strategic initiatives which takes into account, among other things, the opportunities and risks of Russel's business.

### **16.3 Internal Control and Management Information Systems**

The Board shall review the reports of management and the Audit Committee concerning the integrity of Russel's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee) to implement changes to such systems to ensure integrity of such systems.

#### 16.4 **Communications Policy and Feedback Process**

- a) The Board shall review and, if determined appropriate, approve a communication policy for Russel for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Nominating and Corporate Governance Committee with respect to this policy.
- b) The Board shall establish a process pursuant to which the Board can receive feedback from securityholders.

#### 16.5 **Financial Statements**

- a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of Russel's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.
- b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of Russel to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

#### 16.6 **Capital Management**

The Board shall receive regular reports from management on the structure and management of Russel's capital.

#### 16.7 **Pension Plan Matters**

The Board shall receive and review reports from management and from the Audit Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters.

#### 16.8 **Code of Business Conduct and Ethics**

The Board will review and approve a Code of Business Conduct and Ethics for Russel. In adopting this code, the Board will consider the recommendations of the Nominating and Corporate Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.

#### 16.9 **Compliance and Disclosure**

The Board will direct the Nominating and Corporate Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Nominating and Corporate Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics and of any waiver granted to a director or senior officer of Russel from complying with the Code of Business Conduct and Ethics.

## **17. NOMINATION OF DIRECTORS**

### **17.1 Nomination and Appointment of Directors**

- a) The Board shall nominate individuals for election as directors by the shareholders and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such nominations.
- b) The Board shall adopt a process recommended to it by the Nominating and Corporate Governance Committee pursuant to which the Board shall:
  - (i) consider what competencies and skills the Board, as a whole, should possess; and
  - (ii) assess what competencies and skills each existing Director possesses.

## **18. BOARD EFFECTIVENESS**

### **18.1 Position Descriptions**

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning formal position descriptions for:

- a) the Chair of the Board, the Lead Director (if any) and for the Chair of each committee of the Board, and
- b) the CEO.

### **18.2 Director Orientation and Continuing Education**

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning:

- a) a comprehensive orientation program for new Directors; and
- b) a continuing education program for all Directors.

### **18.3 Board, Committee and Director Assessments**

The Board shall review and, if determined appropriate, adopt a process recommended by the Nominating and Corporate Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

### **18.4 Annual Assessment of the Board**

Each year, the Board shall assess its performance and effectiveness in accordance with the process established by the Nominating and Corporate Governance Committee.



