



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

**TUESDAY, MAY 3, 2016**

**THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR  
SHAREHOLDERS**

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# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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



**Date:** Tuesday, May 3, 2016

**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, 2015, 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; and
5. 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, April 29, 2016 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 11, 2016

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**INFORMATION CIRCULAR**

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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, 2016. As a shareholder, you have the right to attend our annual meeting of shareholders on May 3, 2016 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, 2015 and all other information is current to March 11, 2016.

### **SHAREHOLDER PROPOSALS**

A shareholder who will be entitled to vote at the annual meeting of shareholders of the Company to be held in 2017 and who intends to raise a proposal at such meeting must deliver the proposal to the Company not later than December 12, 2016.

### **FINANCIAL STATEMENT REQUESTS**

Financial information for the most recently completed financial year 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; and
- (v) any material documents and / or material change reports (other than confidential reports) which we have filed with the various securities regulatory authorities.

## 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 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, 2015, 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 10 nominees for election to the Board of Directors. Nine of the nominees are currently Directors of the Company. Detailed information regarding each nominee commences on page 10 of this Circular, including Director attendance at meetings in 2015. If elected, each nominee will serve for a term of one year, until the 2017 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 57 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 2015 and 2014 fiscal years:

Service	Fiscal Year 2015	Fiscal Year 2014
Audit Services	\$1,499,000	\$1,454,000
Audit Related Services	110,000	100,000
Tax Services	135,000	200,000
<b>Total</b>	<b>\$1,744,000</b>	<b>\$1,754,000</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 for audit related services 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 2015 and 2014, 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 Meeting of Shareholders to be held on May 3, 2016.*

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. For information regarding the Company's approach to executive compensation please see "Compensation Discussion and Analysis" commencing on page 27 of

this Circular and "Executive Compensation" commencing on page 40 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.**



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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 11, 2016, Franklin Resources, Inc. through one or more of its mutual funds or other managed accounts, exercises control of or direction over approximately 7,921,191 common shares of the Company, representing approximately 12.84% 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 11, 2016, the date of this Circular, there were 61,702,560 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, 2016, 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, April 29, 2016 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 of the Board of Directors ("Chair") and failing him, the 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, April 29, 2016 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 the shareholder specifies a choice with respect to any other matter to be acted upon, the shares will be voted accordingly.

**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 and if you have authorized our Chair or our 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.**

## **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 be 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 10 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 current Directors are being nominated for reelection. In addition Barbara S. Jeremiah is being nominated for election as a Director of the Company.

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 2015, previous voting results and the number of common shares and deferred share units ("DSUs") 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 2015:

Board	5 of 5
Audit	* 2 of 2
Environmental Management and Health & Safety	3 of 3
Management Resources and Compensation	*1 of 1

\* Mr. Benedetti was appointed as a member of the Audit Committee on May 5, 2015 and the number of meetings reflects those meetings held after this date. Mr. Benedetti served as a member of the Management Resources & Compensation Committee until May 5, 2015 and the number of meeting reflects those meetings held on or before this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	99.59%	0.41%
2014	99.73%	0.27%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	9,350	\$179,894
DSUs <sup>(2)(3)</sup>	36,502	702,298
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>45,852</b>	<b>\$882,192</b>



Age 67  
Sainte-Anne-des-Lacs, Québec,  
Canada  
Director since 23/Feb/2006  
Independent<sup>(6)</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., Thornbury Village Cidery Inc., Wine Insights Pty Ltd., Eglinton Investments Ltd., Investment and Technical Management Corp. and Hutton Investments B.V.

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	5 of 5
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 Environmental Management and Health & Safety Committee until May 5, 2015 and the number of meetings reflects those meetings held on or before this date. Mr. Clark was appointed as a member of the Management Resources & Compensation Committee on May 5, 2015 and the number of meetings reflects those meetings held after this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	97.33%	2.67%
2014	95.85%	4.15%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	-	\$ -
DSUs <sup>(2)(3)</sup>	18,717	360,115
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>18,717</b>	<b>\$360,115</b>



Age 60  
Etobicoke, Ontario, Canada  
Director since 03/May/2012  
Independent<sup>(6)</sup>

**Public Board Memberships:**  
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 The Western Investment Company of Canada.



Age 63  
Calgary, Alberta, Canada  
Chair of the Board since  
06/May/2014  
Director since 17/Feb/2003  
Independent<sup>(6)</sup>

### Public Board Memberships:

Liquor Stores N.A. Ltd.  
The Western Investment Company  
of Canada

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	5 of 5
Audit	* 2 of 2
Nominating and Corporate Governance	7 of 7

\* Mr. Dinning served as a member of the Audit Committee until May 5, 2015 and the number of meetings reflects those meetings held on or before this date.

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	99.01%	0.99%
2014	98.32%	1.68%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	20,500	\$394,420
DSUs <sup>(2)(3)</sup>	23,058	443,636
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>43,558</b>	<b>\$838,056</b>

## 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 Global Affairs Canada (formerly Foreign Affairs, Trade and Development Canada).



Age 73  
Toronto, Ontario, Canada  
Director since 03/May/2012  
Independent<sup>(6)</sup>

### Public Board Memberships:

None

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	5 of 5
Audit	4 of 4
Environmental Management and Health & Safety (Chair)	3 of 3

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	97.25%	2.75%
2014	97.39%	2.61%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	-	\$ -
DSUs <sup>(2)(3)</sup>	18,657	358,961
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>18,657</b>	<b>\$358,961</b>

## BRIAN R. HEDGES

Mr. Hedges is currently the 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. In 2009, Mr. Hedges was appointed President and CEO of Russel Metals and as of January 1, 2016, Mr. Hedges continues to lead the Company as CEO. Prior to joining Russel Metals, Mr. Hedges held the positions of CFO, President and CEO at Gandalf Technologies and CFO at Teleglobe Inc.



Age 63  
Toronto, Ontario, Canada  
Director and CEO  
since 12/May/2009  
Not independent

**Public Board Memberships:**  
None

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board 5 of 5  
No committee membership

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	99.67%	0.33%
2014	99.84%	0.16%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	122,998	\$2,366,482
RSUs <sup>(2)(4)</sup>	90,560	1,742,374
<b>Total Common Shares &amp; RSUs<sup>(2)(4)</sup></b>	<b>213,558</b>	<b>\$4,108,856</b>
Unexercised Common Share Options <sup>(5)</sup>	660,526	

## BARBARA S. JEREMIAH

Prior to her retirement in 2009, Ms. Jeremiah served as Executive Vice President of Alcoa, Inc. a leading aluminum producer, from 2002 until 2008, when she also assumed the position of Chairman's Counsel. Ms. Jeremiah was elected to the board of directors of Allegheny Technologies Incorporated in 2008 and currently serves on each of the Finance Committee and Technology Committee. Ms. Jeremiah served on the Board of Directors of Boart Longyear Limited from 2011 until March 2015, EQT Corporation from 2003 to 2012 and First Niagara Financial Group, Inc. from 2010 to 2013.



Age 64  
Pittsburgh, Pennsylvania  
New Nominee  
Independent

**Public Board Memberships:**  
Allegheny Technologies  
Incorporated

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Ms. Jeremiah is a new nominee Director for the Board, and accordingly, has not attended prior meetings.

### PREVIOUS VOTING RESULTS:

Ms. Jeremiah is a new nominee Director for the Board.

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

Ms. Jeremiah is a new nominee Director for the Board and does not own any common shares or DSUs of the Company at this time.

## 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 Limited for over 18 years and was Senior Vice President, Finance and CFO at MacMillan Bloedel from February 1998 to November 1999. Ms. Laberge is currently Chair of the Board of SilverBirch Holdings Inc.



Age 59  
Vancouver, BC, Canada  
Director since 30/Jul/2007  
Independent<sup>(6)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	5 of 5
Audit (Chair)	4 of 4
Nominating and Corporate Governance	7 of 7

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	97.43%	2.57%
2014	99.82%	0.18%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	6,000	\$115,440
DSUs <sup>(2)(3)</sup>	16,659	320,519
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>22,659</b>	<b>\$435,959</b>

### Public Board Memberships:

Potash Corporation of Saskatchewan  
Royal Bank of Canada

## 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 66  
Île-des-Soeurs, Québec, Canada  
Director since 15/May/1996  
Independent<sup>(6)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	5 of 5
Management Resources and Compensation	3 of 3
Nominating and Corporate Governance (Chair)	7 of 7

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	97.31%	2.69%
2014	97.43%	2.57%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	5,000	\$ 96,200
DSUs <sup>(2)(3)</sup>	23,058	443,636
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>28,058</b>	<b>\$539,836</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 67  
Toronto, Ontario, Canada  
Director since 12/May/2009  
Independent<sup>(6)</sup>

### Board and Committee Meetings Attended During 2015:

Board	5 of 5
Management Resources and Compensation (Chair)	3 of 3
Nominating and Corporate Governance	7 of 7

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	99.61%	0.39%
2014	99.84%	0.16%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	4,000	\$ 76,960
DSUs <sup>(2)(3)</sup>	18,056	347,397
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>22,056</b>	<b>\$424,357</b>

**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 68  
Naperville, Illinois, United States  
Director since 02/May/2013  
Independent<sup>(6)</sup>

### BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2015:

Board	4 of 5
Environmental Management and Health & Safety	3 of 3
Management Resources and Compensation	3 of 3

### PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2015	99.60%	0.40%
2014	99.78%	0.22%

### SECURITIES HELD AS AT MARCH 11, 2016<sup>(1)</sup>:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 11, 2016
Common Shares <sup>(2)</sup>	11,000	\$211,640
DSUs <sup>(2)(3)</sup>	6,420	123,521
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>17,420</b>	<b>\$335,161</b>

**Public Board Memberships:**  
SSAB AB



- (1) *Directors are required to own common shares and DSUs valued at not less than three times their current annual Board cash retainer and annual DSU allocation. The combined value of the common shares and DSUs is based on the higher of the closing price of a common share on the TSX or the value of such shares / DSUs at the time of acquisition / grant. The Directors are required to achieve the target value of share and DSU ownership within three years from their date of first election. See "Share Ownership of Non-Executive Directors" commencing on page 25 of this Circular. All Directors standing for reelection were in compliance with the current share ownership threshold as at December 31, 2015. Ms. Jeremiah is a new nominee and, if elected, will have until May 3, 2019 to reach the target value of share and DSU ownership.*
- (2) *The common share and the DSU values noted in the above table are based on the closing price of a common share on the TSX on March 11, 2016 of \$19.24.*
- (3) *For further information on DSUs, see "2015 Non-Executive Director Compensation" commencing on page 22 of this Circular, "Deferred Share Unit Plan" on page 23 of this Circular and "Deferred Share Units Held" on page 24 of this Circular.*
- (4) *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 11, 2016, including those which have yet to vest. For further information on the RSUs owned by Mr. Hedges, see "Restricted Share Unit Plan" commencing on page 44 of this Circular.*
- (5) *Mr. Hedges currently owns an aggregate of 660,526 unexercised common share options including options issued on February 16, 2016, of which 356,106 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 46 of this Circular.*
- (6) *"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**

During 2015, no 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 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
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 52 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 2015.

The following table summarizes the meetings of the Board and its committees held in 2015.

Board / Committee	No. of Meetings for 2015
Board of Directors	5
Audit Committee	4
Environmental Management and Health & Safety Committee	3
Management Resources and Compensation Committee	3
Nominating and Corporate Governance Committee	7

### 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 or committee 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 and its committees. 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 Director during 2015. The Directors' attendance records are also included in the Board nominee table commencing on page 10 of this Circular.

DIRECTORS	2015 BOARD MEETINGS REGULAR / QUARTERLY				2015 COMMITTEE MEETINGS				2015 BOARD & COMMITTEE MEETINGS			
	No. of Meetings		Attended		No. of Meetings		Attended		No. of Meetings		Attended	
A. Benedetti <sup>(1)</sup>	5	of	5	100%	6	of	6	100%	11	of	11	100%
J.M. Clark <sup>(2)</sup>	5	of	5	100%	7	of	7	100%	12	of	12	100%
J. F. Dinning <sup>(3)</sup>	5	of	5	100%	9	of	9	100%	14	of	14	100%
J.A. Hanna	5	of	5	100%	7	of	7	100%	12	of	12	100%
B.R. Hedges <sup>(4)</sup>	5	of	5	100%	n/a		n/a		5	of	5	100%
A.D. Laberge	5	of	5	100%	11	of	11	100%	16	of	16	100%
L. Lachapelle	5	of	5	100%	10	of	10	100%	15	of	15	100%
W.M. O'Reilly	5	of	5	100%	10	of	10	100%	15	of	15	100%
J.R. Tulloch	4	of	5	80%	6	of	6	100%	10	of	11	91%

<sup>(1)</sup> Mr. Benedetti was appointed as a member of the Audit Committee on May 5, 2015 and the number of meetings reflects those held after this date. Mr. Benedetti served as a member of the MR&C Committee until May 5, 2015 and the number of meetings reflects those held on or before this date.

<sup>(2)</sup> Mr. Clark was appointed as a member of the MR&C Committee on May 5, 2015 and the number of meetings reflects those held after this date. Mr. Clark served as a member of the EMH&S Committee until May 5, 2015 and the number of meetings reflects those held on or before this date.

<sup>(3)</sup> Mr. Dinning served as member of the Audit Committee until May 5, 2015 and the number of meetings reflects those held on or before this date.

<sup>(4)</sup> As an executive Director of the Company, Mr. Hedges is not a member of any committee of the Board of Directors.

## 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. Each director is required to indicate their level of proficiency for each of the skills and areas of expertise. The criteria for assessing directors' skills and experience is set out in the following table.

Skill/Experience Ranking				
Expert 5	Proficient 4	Some Proficiency 3	Limited Proficiency 2	No Proficiency 1
The director has had many years of experience that is directly applicable to the Corporation. This experience may stem from the director's role within industry or as an advisor. The director considers himself/herself to be (a) very proficient and an expert in the area and (b) current and up-to-date on developments relevant to the skill or experience.	While not necessarily an expert, the director considers himself/herself to be proficient with the skill, and has had many instances where he/she has had to demonstrate or rely on the skill in question. The director considers himself/herself to be current on relevant developments.	The director has previously had some experience with the specific skill, although the experience may no longer be current. The director is comfortable providing input and insight as it relates to the skill in question but does not consider (or no longer considers) himself/herself to have significant expertise in the area.	The director has some familiarity with the skill in question either through self-study, attendance at seminars or exposure in other capacities. The director has limited or no "real life" experience where he or she would personally have had to use the specific skill or rely on the specific experience.	The director has no/very limited experience in the area.

Following receipt of the director self-assessment, the NCG Committee reviews the assessments and discusses and analyzes the results. The skill assessment ranking is also a tool in developing programs for continuing Director education. The following matrix summarizes the number of Directors with expert or proficient skills and experience in the areas which the NCG Committee believes are relevant to the business and governance of the Company.

<b>Skills / Experience</b>	<b>No. of Directors with Experience</b>	<b>Name of Directors with Experience</b>
<b>Managing or Leading Growth</b> experience driving strategic direction and leading growth of an organization	9	Benedetti, Clark, Dinning, Hanna, Hedges, Jeremiah, Laberge, O'Reilly and Tulloch
<b>Business Climate</b> familiarity with the geographic regions in which the Company carries on its business	10	Benedetti, Clark, Dinning, Hanna, Hedges, Jeremiah, Laberge, Lachapelle, O'Reilly and Tulloch
<b>CEO Experience</b> experience as a CEO of a publicly listed company or major organization	5	Benedetti, Hanna, Hedges, Laberge and O'Reilly
<b>Industry Experience</b> experience in the steel industry, combined with a knowledge of market participants and key customer markets	7	Benedetti, Dinning, Hanna, Hedges, Jeremiah, Lachapelle and Tulloch
<b>Human Resources</b> expertise in executive compensation programs including compensation, benefit and pension programs	8	Benedetti, Clark, Hanna, Hedges, Jeremiah, Laberge, O'Reilly and Tulloch
<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)	8	Benedetti, Clark, Dinning, Hanna, Hedges, Jeremiah, Laberge and Lachapelle
<b>Environmental and Health &amp; Safety</b> understanding of the requirements and leading practices of workplace safety, health and environmental practices	4	Hanna, Hedges, Jeremiah and Tulloch
<b>Operations Experience</b> understanding of the plant operations, including quality	6	Benedetti, Dinning, Hanna, Hedges, Jeremiah and Tulloch
<b>Governance</b> knowledge of best practices in public companies	9	Benedetti, Clark, Dinning, Hanna, Hedges, Jeremiah, Laberge, Lachapelle and O'Reilly

## **REPRESENTATION OF WOMEN**

### **Representation of Women on the Board of Directors**

Two of the nine (22%) of the Company's current Directors, both of whom are standing for reelection, are women. Three of the 10 (30%) of the nominees to the Board of Directors are women. Ms. Laberge and Mrs. Lachapelle have been Directors of the Company since 2007 and 1996, respectively and Ms. Jeremiah is being nominated for election to the Board.

### **Representation of Women in Executive Officer Positions**

In addition to our two female Directors, five of seventeen (29%) 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 27 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 Company believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance, performance and effective decision-making. 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. 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.

## BOARD EDUCATION

The NCG Committee is responsible for reviewing the Company's director education program. In 2015, 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 2015 and the directors in attendance is set out below.

Board Educational Sessions Held in 2015		Participating Directors								
Date	Educational Session	Benedetti	Clark	Dimming	Hanna	Hedges	Laberge	Lachapelle	O'Reilly	Tulloch
Feb. 18, 2015	COO Presentation on Operations	✓	✓	✓	✓	✓	✓	✓	✓	✓
May 5, 2015	CEO / COO Presentation on Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aug. 11, 2015	Health and Safety Training Session for EMH&S Committee by COO and Health and Safety Manager	✓	✓	✓	✓					✓
Aug. 11, 2015	Presentation by Saskatchewan/Manitoba Regional Manager on regional operations.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aug. 12, 2015	COO Presentation on Operations	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aug. 12, 2015	CEO Presentation on Market Conditions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oct. 29, 2015	Presentation by Raymond James Analyst on Oil & Gas Industry	✓	✓	✓	✓	✓	✓	✓		✓
Oct. 30, 2015	COO Presentation on Industry and Operation Conditions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oct. 30, 2015	CEO Presentation on Market Conditions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oct. 30, 2015	Operations Presentation by senior management of Fedmet Tubulars and Triumph Tubulars & Supply	✓	✓	✓	✓	✓	✓	✓	✓	✓
Throughout the year	Received and reviewed articles on steel, oil and gas markets serviced by the Company	✓	✓	✓	✓	✓	✓	✓	✓	✓

## COMPENSATION OF NON-EXECUTIVE DIRECTORS

### Board and Committee Fees

Our non-executive Directors are compensated partly in cash and partly in DSUs. The fee schedule set out below describes the cash fees payable to non-executive Directors during 2015. Our Directors can choose to receive all or any portion of such cash fees in DSUs.

FEE SCHEDULE		
Fees	Cash Compensation	Comments
<b>Board of Directors</b>		
Annual Retainer Fees		
• Chair of the Board	\$175,000	The Chair of the Board is paid annual cash 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	14,000	Chair of the Audit Committee.
• MR&C Committee Chair	10,500	Chair of the MR&C Committee.
• Other Committee Chair	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.
<b>Deferred Share Units</b>		
Annual Retainer	72,000	Value of DSUs issued to all non-executive Directors, including the Chair of the Board.

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.

### 2015 Non-Executive Director Compensation

During the financial year ended December 31, 2015, we paid an aggregate of \$747,500 in compensation relating to annual Board and Committee retainers, meeting fees and travel fees to our non-executive Directors. In 2015, we also made quarterly allocations of DSUs with an aggregate value of \$576,000 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, 2015.



No additional compensation is paid to Mr. Hedges, our 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	\$ 10,000	\$ -	\$ 8,000	\$ 12,000	\$ 4,500	\$ 74,500	\$ 70,000	\$ 4,500	\$ 72,000	\$ 146,500
J.M. Clark	40,000	10,000	-	8,000	14,000	3,000	75,000	72,000	3,000	72,000	147,000
J.F. Dinning	175,000	-	-	-	-	-	175,000	-	175,000	72,000	247,000
J.A. Hanna	40,000	10,000	8,000	4,000	14,000	3,000	79,000	76,000	3,000	72,000	151,000
A.D. Laberge	40,000	10,000	14,000	4,000	22,000	7,500	97,500	-	97,500	72,000	169,500
L. Lachapelle	40,000	10,000	8,000	4,000	20,000	4,500	86,500	-	86,500	72,000	158,500
W.M. O'Reilly	40,000	10,000	10,500	4,000	20,000	1,500	86,000	-	86,000	72,000	158,000
J.R. Tulloch	40,000	8,000	-	8,000	12,000	6,000	74,000	-	74,000	72,000	146,000
<b>TOTALS</b>	<b>\$455,000</b>	<b>\$68,000</b>	<b>\$40,500</b>	<b>\$40,000</b>	<b>\$114,000</b>	<b>\$30,000</b>	<b>\$747,500</b>	<b>\$218,000</b>	<b>\$529,500</b>	<b>\$576,000</b>	<b>\$1,323,500</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. The "Market Price" for the purposes of grants, redemptions and dividend payments under the DSU Plan is calculated based on 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. DSUs are allocated on the last day of March, June, September and December in each year. In 2015, the number of DSUs credited quarterly to each Director's account was determined by dividing \$18,000 by the Market Price at the allocation date. 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 11, 2016, the non-executive Directors held an aggregate of 161,127 DSUs, which were valued at an aggregate of \$3,100,083 as of such date. The number of DSUs held by each non-executive Director and their value as at March 11, 2016 is provided in the following table.

<b>NON-EXECUTIVE DIRECTORS</b>	<b>NUMBER OF DSUs HELD AS AT MARCH 11, 2016</b>	<b>VALUE OF DSUs AS AT MARCH 11, 2016<sup>(1)</sup></b>
A. Benedetti	36,502	\$702,298
J.M. Clark	18,717	360,115
J.F. Dinning	23,058	443,636
J.A. Hanna	18,657	358,961
A.D. Laberge	16,659	320,519
L. Lachapelle	23,058	443,636
W.M. O'Reilly	18,056	347,397
J.R. Tulloch	6,420	123,521
<b>TOTAL</b>	<b>161,127</b>	<b>\$3,100,083</b>

<sup>(1)</sup> Based on the closing price of a common share on the TSX on March 11, 2016 of \$19.24.

## SHARE OWNERSHIP OF NON-EXECUTIVE DIRECTORS

The target value of share ownership is three times the value of the aggregate of the annual Board 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. All Directors have met the current share ownership threshold.

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 Price 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, 2015.

NON-EXECUTIVE DIRECTORS	ANNUAL CASH PLUS EQUITY RETAINER	MULTIPLE	TARGET VALUE OF SHARE OWNERSHIP	NUMBER OF SHARES	NUMBER OF DSUs	COMBINED VALUE OF SHARES AND DSUs <sup>(1)</sup>	MEETS GUIDELINES
A. Benedetti	\$112,000	x3	\$336,000	9,350	36,502	1,092,054	yes
J.M. Clark	112,000	x3	336,000	-	18,717	469,710	yes
J. F. Dinning	247,000	x3	741,000	19,000	23,058	938,006	yes
J.A. Hanna	112,000	x3	336,000	-	18,657	466,612	yes
A.D. Laberge	112,000	x3	336,000	6,000	16,659	528,006	yes
L. Lachapelle	112,000	x3	336,000	5,000	23,058	595,106	yes
W.M. O'Reilly	112,000	x3	336,000	4,000	18,056	493,891	yes
J.R. Tulloch	112,000	x3	336,000	11,000	6,420	391,933	yes

<sup>(1)</sup> Based on the higher of the closing price of a common share on the TSX on December 31, 2015 of \$16.07 or the market value of such shares at the time of acquisition and Market Price of such DSUs at the time of grant.

As at March 11, 2016, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 178,848 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 11, 2016 has increased 39% from the combined number of common shares and DSUs owned by these non-executive Directors as at March 9, 2015 (the disclosure date used in our Information Circular for our meeting held in 2014). The common share and DSU ownership as at March 9, 2015 and March 11, 2016 is summarized in the following table.

NON-EXECUTIVE DIRECTORS	COMMON SHARES		DSUs		TOTAL COMMON SHARES & DSUs	
	Mar. 9, 2015	Mar. 11, 2016	Mar. 9, 2015	Mar. 11, 2016	Mar.9, 2015	Mar. 11, 2016
A. Benedetti	9,350	9,350	27,336	36,502	36,686	45,852
J.M. Clark	-	-	10,727	18,717	10,727	18,717
J.F. Dinning	17,000	20,500	18,112	23,058	35,112	43,558
J.A. Hanna	-	-	10,487	18,657	10,487	18,657
A.D. Laberge	5,000	6,000	12,166	16,659	17,166	22,659
L. Lachapelle	5,000	5,000	18,112	23,058	23,112	28,058
W.M. O'Reilly	4,000	4,000	13,464	18,056	17,464	22,056
J.R. Tulloch	3,000	11,000	2,652	6,420	5,652	17,420
<b>TOTALS</b>	<b>43,350</b>	<b>55,850</b>	<b>113,056</b>	<b>161,127</b>	<b>156,406</b>	<b>216,977</b>

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In December 2015, 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 \$300,000. 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 and U.S. employment practices liability 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) our compensation philosophy; (b) the decision making process relating to our compensation policy; (c) the significant elements of compensation awarded to, earned by, paid to or payable to the CEO, the Executive Vice President and 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, 2015; (d) compensation governance; and (e) our 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 President and 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 our 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.

Our compensation structure consists of three main elements: (i) base salary; (ii) cash bonus; and (iii) equity incentives, 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 level of RSU grants is conditional on the past financial performance of the Company. The value of RSU payments is conditional on future price performance of the Company's outstanding shares, which is tied to the future financial performance of the Company.

Our RSU grants and cash bonuses (for all executives and a large percentage of other employees) are tied to the Company's earnings per share in a given year. We believe that earnings per share is the most appropriate metric for assessing the Company's performance and incentivizing management and aligns well with a pay for performance model.

We are a collection of businesses with common characteristics; however the customers, suppliers, industries served and goods and services offered by the various business units can vary widely from region to region and business unit to business unit. It is for that reason we have a decentralized management structure, which places significant control and decision making authority and accountability in the hands of local management and has enabled us to remain responsive to opportunities and customers' needs in each region in which we operate.

The profitability of the Company and its various business units is highly dependent upon the price of steel. It is also highly dependent upon the price of crude oil and the corresponding level of activity in the oil and

gas industry and the impact of that industry on general levels of consumer activity in the regions in which we operate. We are focused on maintaining profitability throughout the economic cycle by stressing financial discipline. Accordingly, we incentivize and reward each business unit based on its return on net assets, while the corporate executive team and senior management are incentivized and rewarded based on the Company's earnings per share, which is an appropriate proxy for an aggregation of the return on net assets of each of the business units.

The Company's earnings per share performance thresholds ensure that significant bonuses will not be paid to senior management in a year when the Company does not do well for its shareholders. In a cyclical business, linking incentive compensation to performance relative to a defined industry comparator group, for example, could result in such an incongruity. The Company's industry peers are also impacted by volatility in metals prices and variations in oil and gas activity, and we do not believe that incentive compensation should be paid simply because the Company out-performs its peers in a declining market, unless the shareholders also profit through the Company's earnings. Additionally, as described in more detail below, there are a limited number of public Canadian companies operating in the metals industry with whom we can compare ourselves. Performance of US comparators, while instructive, may not be an appropriate benchmark for measuring the performance of our senior management team as approximately 70% of our business and revenues are generated in Canada.

The Company also has caps in place on incentive compensation to protect against outsized compensation rewards resulting primarily from cyclical increases in commodity prices or levels of oil and gas activity.

The Company has been consistent in its approach and application of the incentive compensation structure throughout the economic cycle so as to link pay with performance. We have not in past economic cycles lowered our targets or performance thresholds to make the incentive compensation more generous or more easily achieved during a down cycle. Named Executive Officers did not receive a cash bonus for 2015 and, as a result of the Company's financial performance in 2015, will not receive an RSU grant in 2016. Over the course of the economic cycle, we believe senior management will be appropriately incentivized and compensated, but believe such compensation should be linked to Company performance.

The charts below summarize the short-term, mid-term and long-term incentives of our compensation programs.

<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>	Combined with base salary, the target level of performance driven cash bonus provides market competitive cash compensation.  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.  For many employees in the Company's operating units, the cash bonus is driven by return on net assets of their operations.	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.

## MID AND LONG-TERM INCENTIVES

Compensation Element / Eligibility	Description	Linkage to Compensation Objectives
<p><b>Equity Bonus – RSUs</b> <i>(CEO, COO and CFO)</i></p>	<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 "2015 – Incentive Compensation Tables" commencing on page 31 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 of common shares. See "Restricted Share Unit Plan" commencing on page 44 of the Circular.</p>	<p>Align employee and shareholder interests.</p> <p>Attract and retain highly qualified leaders.</p> <p>Motivate strong business performance.</p> <p>Encourage sustained growth by linking a portion of compensation to mid-term Company performance.</p>
<p><b>Equity Bonus – RSUs</b> <i>(Other Employees)</i></p>	<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 of common shares.</p>	
<p><b>Options</b> <i>(CEO, COO and CFO)</i></p>	<p>Annual equity grants are based on specified values for each of the CEO, COO and CFO. See "2015 - Incentive Compensation Tables" commencing on page 31 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.</p> <p>Attract and retain highly qualified leaders.</p> <p>Motivate strong business performance.</p> <p>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 and COO 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 and no changes were made to the comparator group in 2015. The comparator group 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.

**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 2015.

There were no increases in the salaries of the CEO, COO or CFO for 2016: Mr. Hedges' annual salary remained at \$755,000; Mr. Reid's annual salary remained at US\$615,000 and Ms. Britton's annual salary remained at \$369,500.

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. No RSUs will be issued to the CEO, COO or CFO in 2016 as the Company did not meet the earnings per share threshold in 2015.

**2015 – Incentive Compensation Tables**

The following tables summarize the incentive compensation structure for the CEO, the COO and the CFO for 2015.

<b>CEO – 2015</b>					
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

<b>COO – 2015</b>					
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

<b>CFO – 2015</b>					
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 dollar values of option grants made to Mr. Hedges, Mr. Reid and Ms. Britton for 2015 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 \$300,000 in 2015. Mr. Halcrow, our Vice President, Purchasing and Inventory Management earned an annual salary of \$175,000 in 2015. 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 2015, 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. 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. No cash incentive will be paid to Ms. Kelly or Mr. Halcrow for 2015 as the Company did not meet the earnings per share threshold under the cash incentive plan.

## 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. Clark, 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>                                  |
| J.M. Clark    | <ul style="list-style-type: none"><li>• chair of Compensation Committee of Vista Gold Corp.</li><li>• member of Compensation Committee of Aizan Technologies Inc. and Wine Insights Pty Ltd.</li><li>• Director of Zephyr Minerals Ltd., Clearpoint Resorts Ltd., Eglinton Investments B.V., Investments and Technical Management Corp. and Hutton Investments B.V.</li><li>• former director of Crown Point Energy Inc.</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., AbitibiBowater Inc., BNP Paribas (Canada) and Mirabaud Canada 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  | <ul style="list-style-type: none"><li>• member of SSAB AB Compensation Committee</li><li>• former President of SSAB North America</li><li>• formerly had direct responsibility for human resource function at IPSCO Inc. and SSAB North America</li></ul>  |

### **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) overseeing any changes to the design of the Company's pension plans and 401k plans; (v) reviewing the risk implications of the Company's compensation policies and practices; (vi) 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 (vii) 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 27 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. There were no changes to the composition of the components of the executive's pay structure in 2015.

### **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, 19 corporate and support services senior managers and 19 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.

We have 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 our pay for performance, pension and other compensation programs to ensure their ongoing effectiveness.

Our culture stresses developing our 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; however, Hugessen's services were not retained during 2015 given Hugessen had completed an extensive analysis of non-executive director and executive compensation in late 2014.

The following table summarizes the executive compensation consulting and other fees charged by Hugessen for their services during each of the 2014 and 2015 fiscal years:

<b>SERVICE</b>	<b>FISCAL YEAR 2015</b>	<b>FISCAL YEAR 2014</b>
Executive Compensation	-	\$109,591
Other Fees	-	-
<b>TOTAL</b>	-	\$109,591

### **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 2015 and 2014, no additional services were undertaken by Hugessen.

## RISK MANAGEMENT AND RISKS RELATED TO COMPENSATION POLICIES & PRACTICES

We have implemented an enterprise risk management ("ERM") program which is discussed in our most recent Annual Information Form under the heading "Risk Management and Risks Affecting Our Business". A formal enterprise risk management assessment and report including mitigation strategies is presented to the Board and the executive team regularly updates the Board during and in between quarterly Board Meetings on market conditions, our operations and of any other material changes in the business or risks impacting the Company.

Our committees also monitor risk across the organization and the allocation of responsibility amongst the Board and its committees is as follows:

Board or Committee	Areas of Responsibility
Board of Directors	Overall responsibility to risk oversight at Russel Metals and specific responsibility for strategic business risks.
Audit Committee	Oversees financial risks including hedging, tax and accuracy of financial reporting.
Environmental Management and Health & Safety Committee	Oversees health, safety and environmental risk and related operational risks.
Management Resources and Compensation Committee	Oversees compensation risk, talent management risk and succession risk.
Nominating and Corporate Governance Committee	Oversees governance and management to ensure appropriate risk management processes and procedures are in place.

We have 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 our compensation policy and a description of how these components serve to safeguard against the taking of undue risk.

### EXECUTIVE OFFICER COMPENSATION PLANS – RISK SAFEGUARDS

Key Component	Description
<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.

**Share ownership requirements help align executive officer interests with those of the shareholders**

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.

**Role of MR&C Committee and the Board of Directors in Risk Assessment**

The MR&C Committee is composed of independent Directors. It reviews and evaluates the appropriateness of performance objectives and their alignment with compensation. The MR&C Committee annually reviews the compensation of the 50 top executives, managers and sales staff.

The Board of Directors gives final approval for executive compensation.

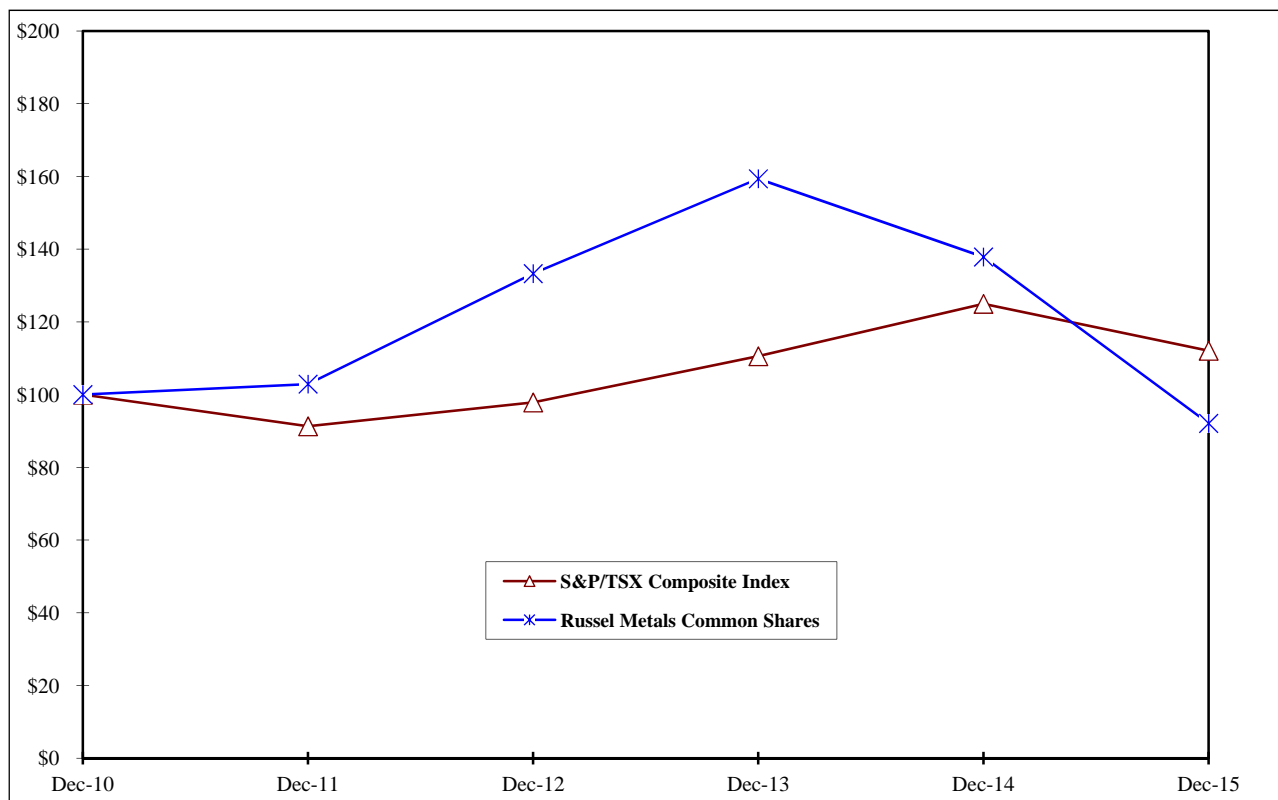
Communication is achieved, in part, by cross-committee membership. The MR&C Committee also reports regularly to the full Board of Directors.

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Management and the Board of Directors have also implemented a number of policies which mitigate undue risk taking by executive officers. 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, 2015 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-10	DEC-11	DEC-12	DEC-13	DEC-14	DEC-15
S&P/TSX Composite Index	\$100.00	\$91.29	\$97.85	\$110.56	\$124.97	\$112.06
Russel Metals Common Shares	\$100.00	\$102.89	\$133.29	\$159.36	\$137.85	\$92.10

At December 31, 2015 the total return for the Company's shareholders since January 1, 2011 was approximately -7.90%.

The total compensation paid to NEOs for 2013, 2014 and 2015 was \$6,284,981, \$9,497,158 and \$4,062,819, respectively. Compensation to NEOs increased in 2014 as a result of increased earnings compared to 2013; however, as a result of the Company's financial performance in 2015, the aggregate dollar value of total compensation awarded to the Named Executive Officers decreased by 57.22% for 2015 compared to 2014, while variable compensation decreased 100% for the same period. Our corporate incentive plans are earnings per share based and thus track changes in earnings.



One of the principles of our compensation philosophy is to align executive compensation with shareholder interests. Deferred compensation, in addition to other Company policies such as minimum share ownership requirements, is one way to achieve this objective. The table below shows Mr. Hedges' total direct compensation over the five year period from 2010 to 2014 and its value as at December 31, 2015.

<b>Fiscal Year</b>	<b>Value at Time of the Award</b>	<b>Value on December 31, 2015<sup>(1)</sup></b>	<b>Increase or Decrease as Percentage</b>
2014	\$4,116,811	\$3,289,379	-20.1%
2013	2,789,468	2,218,280	-20.5%
2012	2,924,297	2,291,541	-21.6%
2011	3,480,218	3,190,353	-8.3%
2010	1,647,186	2,034,115	23.5%

<sup>(1)</sup> Mr. Hedges' total direct compensation as measured on December 31, 2015 includes: (a) actual salary, cash incentive, pension and other compensation received or relating to the year of award; (b) actual value received from redeemed RSUs and share options exercised that were granted during or relate to the measurement period; (c) December 31, 2015 value of RSUs which have not been redeemed, including reinvested dividends; and (d) December 31, 2015 in-the-money value of any unexercised share options awarded during the measurement period.

# EXECUTIVE COMPENSATION

## SUMMARY COMPENSATION TABLE OF NAMED EXECUTIVE OFFICERS

The following table provides a summary of annual compensation for the last three fiscal years by the CEO, COO, CFO and other Named Executive Officers of the Company. The amounts shown in the table below are in Canadian dollars. John G. Reid is resident in the United States and is compensated in US dollars. The amounts in the table for Mr. Reid have been converted to Canadian dollars on the basis outlined in Note 2 to the table.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	SHARE BASED AWARDS <sup>(3)</sup>	SHARE OPTIONS <sup>(4)</sup>	NON-EQUITY INCENTIVE PLAN <sup>(5)</sup>	PENSION VALUE	ALL OTHER COMP. <sup>(6)</sup>	TOTAL COMPENSATION
B.R. Hedges <i>CEO</i>	2015	\$755,000	\$ -	\$350,000	\$ -	\$270,000	\$22,314	\$1,397,314
	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	22,454	2,789,468
J. G. Reid <sup>(1)(2)</sup> <i>President and COO</i>	2015	786,462	-	250,000	-	12,276	311,194	1,359,932
	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
M.E. Britton <i>Executive Vice President, CFO and Secretary</i>	2015	369,500	-	210,001	-	186,237	8,259	773,997
	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
M.A. Kelly <i>Vice President, Information Systems</i>	2015	300,000	-	-	-	11,277	6,696	317,973
	2014	275,023	100,000	-	291,844	5,501	6,479	678,847
	2013	269,623	50,000	-	164,865	5,933	6,350	496,771
D.J. Halcrow <i>Vice President, Purchasing and Inventory Management</i>	2015	175,000	-	-	-	10,000	28,603	213,603
	2014	156,611	100,000	-	291,844	10,000	28,394	586,849
	2013	152,969	50,000	-	164,865	10,000	27,384	405,218

<sup>(1)</sup> Mr. Reid was promoted to President on January 1, 2016

<sup>(2)</sup> In U.S. dollars Mr. Reid's salary was: 2015 – US\$615,000; 2014 - US\$548,539; 2013 - US\$498,077 and his total compensation was 2015 – US\$867,949; 2014 -US\$2,279,743 and 2013 - US\$1,367,015. These amounts have been converted to Canadian dollars using the U.S. dollar published average exchange rates for 2015, US\$1.00 = Cdn\$1.2788; 2014, US\$1.00 = Cdn\$1.1047 and 2013, US\$1.00 = Cdn\$1.0301.

<sup>(3)</sup> No RSUs will be issued to the NEOs in 2016 under the equity incentive plan, as the Company did not achieve its 2015 earnings per share target. 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, Mr. Reid's grant is further 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", commencing on page 44 of this Circular.

<sup>(4)</sup> These amounts represent the Black-Scholes valuation of share options granted using the following assumptions: dividend yield: 5% for 2015, 2014 and 2013; expected volatility (based on historical volatility over the last 5 years): 21% for 2015, 32% for 2014 and 40% for 2013; expected life: 5 years; risk free rate of return: 2% for 2015, 2.75% for 2014 and 3.5% for 2013; and weighted average fair value of options granted: \$2.67 for 2015, \$5.43 for 2014 and \$7.21 for 2013. 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 42 of this Circular.

<sup>(5)</sup> Non-equity incentive plan compensation is paid to the NEOs annually in February after approval by the Board based on earnings per share achieved during the year. No amounts were paid in 2016 under the non-equity incentive plan compensation as the Company did not achieve its 2015 earnings per share target.

<sup>(6)</sup> The amounts shown represent the Company's contributions to the Value Sharing Plan (as defined on page 42 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 50 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 2015, 2014 and 2013; 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.

## SHARE OWNERSHIP POLICY – CEO, COO AND CFO

We have a policy for our CEO, COO and CFO requiring them to own a specified value of common shares and RSUs combined. 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, COO and CFO meet the new ownership requirements, although the future redemption of RSUs will decrease the total value held. The CEO, COO and CFO would have until August 12, 2019 to achieve this increased share ownership requirement if, as a result of (i) RSU redemptions or, (ii) a change in the conversion rate of US dollars to Canadian dollars in the case of Mr. Reid, their ownership level falls below the prescribed amounts. New individuals appointed to these positions will have five years from the date of 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 value thereof and the Market Price at the time of grant (see "Restricted Share Unit Plan" commencing on page 44 of this circular).

The table below shows the number and value of shares and RSUs owned, as of December 31, 2015, by the Company's three senior executives.

Name	2015 Base Salary	Multiple	Target Value of Share Ownership <sup>(1)</sup>	Number of Shares	Number of RSUs <sup>(2)</sup>	Combined Value of Shares and RSUs Held	Meets Guidelines
B.R. Hedges	\$755,000	x5	\$3,775,000	122,998	124,268	\$7,098,554	yes
J.G. Reid	786,462	x3	2,359,386	34,991	56,002	2,667,206	yes
M.E. Britton	369,500	x2	739,000	89,821	28,105	2,934,544	yes

<sup>(1)</sup> On August 12, 2014, the board increased the share ownership requirements of Mr. Hedges from three times his base salary to five times his base salary; Mr. Reid from two times his base salary to three times his base salary; and Ms. Britton from one time her base salary to two times her base salary. Each of Mr. Hedges, Mr. Reid and Ms. Britton were allowed five years to achieve the increase in share ownership threshold.

<sup>(2)</sup> The values of the shares and RSUs reflected above are based on the higher of the closing price of a common share on the Toronto Stock Exchange on December 31, 2015 of \$16.07, or the market value of such shares at the time of acquisition and the Market Price of such RSUs at the time of grant.

### 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 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 and Restricted Share Unit 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 of 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 then current share prices. Contributions made by the Company 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. Starting in 2014 employees were granted RSUs in lieu of participation in the share option plan. Approximately 3% of our employees currently hold options issued prior to 2014. The share option plan has been maintained to offer long-term incentives to the CEO, COO and CFO and allow us to attract and retain new candidates to these positions.

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, 2015, there were 639,578 common shares available for issuance under the Plan. On February 16, 2016, an aggregate of 375,000 options were granted to the CEO, COO and CFO based on the values in the "2015 – Incentive Compensation Tables", commencing on page 31 of this Circular.

Options vest in accordance with terms determined by the Board. Options granted vest on the first anniversary of the date of grant at a rate of 25% per year for four years. Options granted are not transferable and have a maximum term of ten years.

The exercise price of an option is not less than 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: (a) the closing price of a common share on the TSX for the business day immediately preceding the grant date; and (b) the closing price on the TSX 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 2015 and 2014 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
2015	61,674,228	303,371	0.49%
2014	60,949,528	149,172	0.24%

<sup>(1)</sup> Number of shares outstanding as at February 19, 2014 and February 18, 2015 being the grant date of the options.

### 2015 Options Granted

The following table sets forth information relating to share options for 2015. As at December 31, 2015, an aggregate 2,226,728 common shares would be issued if all the outstanding options were exercised. An additional 639,578 common share options were available for grant as at December 31, 2015.

	NUMBER OF OPTIONED SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF ADDITIONAL SHARE OPTIONS AVAILABLE FOR GRANT AT DEC. 31, 2015
Balance, January 1, 2015	2,019,307	\$27.70	
Granted	303,371	25.36	
Exercised	-27,400	15.85	
Expired or Forfeited	-68,550	28.71	
<b>BALANCE, DECEMBER 31, 2015</b>	<b>2,226,728</b>	<b>\$27.49</b>	<b>639,578</b>

## 2015 & 2014 Year-End Dilution Levels

The following table sets forth information concerning share options outstanding as at December 31 for 2014 and 2015.

YEAR END DILUTION LEVELS			
Year	No. of Shares Outstanding	No. of Optioned Shares	Percentage
2015	61,702,560	2,226,728	3.61%
2014	61,674,228	2,019,307	3.27%

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

## Gain by Named Executive Officers from the Exercise of Share Options

In 2015, Ms. Kelly was the only Named Executive Officer to exercise share options. Ms. Kelly exercised 25,000 share options which resulted in a gain upon exercise to Ms. Kelly of \$215,250 before applicable taxes.

## 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.

An RSU is a unit equivalent in value to one common share based on the Market Price. 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 grants, redemptions and dividend payments under 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 "2015 - Incentive Compensation Tables", commencing on page 31 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.

## 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, 2015.

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	-
	52,474	26.18	15-Feb-22	-
	47,361	28.99	12-Feb-23	-
	64,457	30.00	19-Feb-24	-
	131,086	25.36	18-Feb-25	-
<b>Total</b>	<b>498,489</b>			<b>\$ 0</b>
J.G. Reid	5,000	\$ 25.70	17-Feb-21	\$ -
	18,740	26.18	15-Feb-22	-
	25,372	28.99	12-Feb-23	-
	46,041	30.00	19-Feb-24	-
	93,633	25.36	18-Feb-25	-
	<b>188,786</b>			<b>\$ 0</b>
M.E. Britton	20,000	\$ 25.75	23-Feb-16	\$ -
	35,000	33.81	03-May-17	-
	50,753	26.70	18-Feb-18	-
	46,850	16.58	05-Aug-19	-
	39,548	19.84	12-May-20	-
	31,866	25.70	17-Feb-21	-
	31,484	26.18	15-Feb-22	-
	28,417	28.99	12-Feb-23	-
	38,674	30.00	19-Feb-24	-
	78,652	25.36	18-Feb-25	-
<b>401,244</b>			<b>\$ 0</b>	
M.A. Kelly	25,000	\$ 25.75	23-Feb-16	\$ -
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	-
	10,000	16.58	05-Aug-19	-
	10,000	19.84	12-May-20	-
	10,000	25.70	17-Feb-21	-
	11,000	26.18	15-Feb-22	-
	11,000	28.99	12-Feb-23	-
	<b>127,000</b>			<b>\$ 0</b>
D.J. Halcrow	25,000	\$ 25.75	23-Feb-16	\$ -
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	-
	10,000	19.84	12-May-20	-
	10,000	25.70	17-Feb-21	-
	11,000	26.18	15-Feb-22	-
	11,000	28.99	12-Feb-23	-
	<b>Total</b>	<b>117,000</b>		

<sup>(1)</sup> Based on the closing price of a common share on the TSX on December 31, 2015 of \$16.07.



The following table summarizes for all Named Executive Officers (i) all RSUs that have not vested and their market value as at December 31, 2015; and (ii) the market value of all RSUs that have vested but have not been paid out as at December 31, 2015.

Name	No. of Not Vested RSUs	Value of Not Vested RSUs <sup>(1)</sup>	2015 Value of Vested (Not Paid Out) <sup>(1)</sup> RSUs
B.R. Hedges	94,562	\$1,519,611	\$477,380
J.G. Reid	42,630	685,064	214,877
M.E. Britton	19,981	321,095	130,550
M.A. Kelly	5,476	87,999	9,069
D.J. Halcrow	5,476	87,999	9,069

<sup>(1)</sup> The value of the RSUs not vested and the value of the RSUs vested (but not paid out) are based on the closing price of a common share on the TSX on December 31, 2015 of \$16.07

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

The following table summarizes all equity incentive plan awards (common share options and RSUs) vested during 2015 and all cash bonuses earned during 2015, in each case, for all Named Executive Officers.

Name	Options Based Awards - Value Vested During 2015 <sup>(1)</sup>	RSUs – Value Vested During 2015 <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During 2015
B.R. Hedges	\$1,806	\$831,277	\$ -
J.G. Reid	850	205,631	-
M.E. Britton	1,084	227,080	-
M.A. Kelly	340	14,774	-
D.J. Halcrow	340	14,774	-

<sup>(1)</sup> The option value vested is the aggregate dollar value that would have been realized if the options had been exercised on their vesting date. It is calculated by determining the difference between the closing price of a common share on the TSX on the vesting date and the exercise price of the share option.

<sup>(2)</sup> The RSUs value vested is based on the market value on the date the RSUs vested during 2015.

## 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 2015 was \$2,819 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 2015	COMPENSATORY CHANGE <sup>(1)</sup>	NON-COMPENSATORY CHANGE <sup>(2)</sup>	CLOSING PRESENT VALUE OF OBLIGATION AT END OF 2015
		AT YEAR END	AT AGE 65				
B.R. Hedges	21.5	\$399,000	\$417,000	\$5,329,000	\$270,000	\$212,000	\$5,811,000
M.E. Britton	31.0	87,000	102,000	1,476,000	51,000	59,000	1,586,000

<sup>(1)</sup> Compensatory change represents the service cost for 2015 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 15 of the 2015 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 2015. The respective plans are described in more detail below the table:

NAME	ACCUMULATED VALUE AT START OF 2015	COMPENSATORY <sup>(1)</sup>	ACCUMULATED VALUE AT END OF 2015
M.E. Britton	\$961,032	\$135,237	\$1,119,991
M.A. Kelly	49,019	11,277	74,389

<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 \$11,277 was made in 2015. All contributions vest immediately.

#### 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 2015 was US\$9,600 (Cdn\$12,276). 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 2015.

### **LIFE INSURANCE POLICY**

In 2015, 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 has entered into change of control agreements with each of Mr. Hedges, Ms. Britton and Mr. Reid described below.

### DOUBLE TRIGGER CHANGE OF CONTROL AGREEMENTS

We have entered into change of control 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 two years of a change of control. 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, 2015 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 and Life Insurance</b>	<b>Immediate Vesting of Options</b>	<b>Immediate Vesting of RSUs<sup>(1)</sup></b>
B.R. Hedges	\$5,091,498	\$540,000	\$ -	\$1,519,612
J.R. Reid	4,101,661	324,552	-	685,072
M.E. Britton	2,069,444	360,474	-	321,093

<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").

<b>CORPORATE GOVERNANCE</b>	
<b>Disclosure Requirement</b>	<b>Practices of Russel Metals</b>
<b>Independence of the Board</b>	<p>A Majority (89%) of our current Directors and a majority (90%) 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 CEO of the Company.</p>
<b>Other Board Positions held by the Company's Directors</b>	<p>Mr. Benedetti, Mr. Clark, Mr. Dinning, Ms. Laberge, Mrs. Lachapelle and Mr. Tulloch are directors of other public companies which companies are identified on pages 10-14 (inclusive) of this Circular.</p> <p>No Directors are 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 2015, 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 position 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 2015, all of the Directors, with the exception of Mr. Tulloch, attended 100% of the Board and applicable Committee meetings. Mr. Tulloch missed one special board meeting; he attended 91% of the Board and applicable Committee meetings. For further information on attendance at the 2015 Board and Committee meetings see "Attendance of Board and Committee Meetings Held" on page 17 of this Circular.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<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, business plan and capital expenditure budget annually. The Board and management also discuss the Company's goals and objectives over the next five years, look back at the previous five years to assess performance, successes and failures and consider the opportunities and risks of the Company's business.</p> <p>The cyclical and dynamic nature of the Company's business requires that the Company be proactive and agile to respond and react to rapid market changes. Management presents and discusses with the Board changes in conditions and the operating environment quarterly and management also reports to the Board on performance and financial results in writing between meetings.</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 A to this Circular, commencing on page 59.</p>
<b>Size of Board</b>	<p>The number of Directors to be elected at the Meeting is set at 10.</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 and Retirement Policy</b>	<p>The Company has not set director term limits nor has the Company set a mandatory retirement age for directors. 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 or a mandatory retirement age 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 or a director being required to resign due to age 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 16 of this Circular.</p> <p>The Board has adopted charters for each of these committees.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<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>
<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 2015 and attendance of Directors at these sessions, see "Board Education" on page 21 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>



## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<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. The Company has a confidential and anonymous reporting system that allows all employees to raise concerns free of discrimination, retaliation or harassment. 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. The CEO and CFO investigate all reports submitted to the Whistleblower Hotline. The Audit Committee Chair, COO 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. 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. The Audit Committee meets quarterly with our external auditors and with Internal Audit without management being present. All members of the Audit Committee are independent Directors. The Board annually appoints the Audit Committee and its Chair. 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>
<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. The Board annually appoints the NCG Committee and its Chair. As part of each meeting, members of the NCG Committee meet without any member of management present.</p>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<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 commencing 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>We believe 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 our needs. 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 and 30% of the nominees to the Board of Directors. 29% of the Company's executive officers (including executive officers of the Company's major subsidiaries) and 40% of the Company's Named Executive Officers are women. For further details relating to the "Representation of Women" see page 20 of this Circular.</p>
<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>• overseeing any changes to the design of the Company's pension plans and 401k plans</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. 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>

## CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
<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>
<b>Board, Committee and Individual Director Assessment</b>	<p>Each Director completes a questionnaire annually assessing the performance of the Board and its committees. Bi-annually, the Directors also complete a peer review questionnaire in which each Director evaluates the performance of the other Directors. 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>

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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 11th day of March, 2016.

*/s/ M. E. Britton*

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

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# **SCHEDULE A – 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 and annual deferred share unit grant. 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 and annual deferred share unit grant. 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.

