ANNUAL INFORMATION FORM

FEBRUARY 14, 2018

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RUSSEL METALS INC.

Russel Metals Inc. ("Russel Metals", "the Company" or "we") is one of the largest metals distribution and processing companies in North America. The Company primarily distributes steel products and conducts its distribution business in three principal business segments: metals service centers; energy products and steel distributors. For the year ended December 31, 2017, Russel Metals had consolidated revenues of $3.3 billion. Our business includes operations in both Canada and the U.S. with approximately 70% of our consolidated revenue generated by our Canadian operations and approximately 30% generated by our U.S. operations.

The address of Russel Metals' head and registered office is 6600 Financial Drive, Mississauga, Ontario L5N 7J6, tel. no. (905) 819-7777, info@russelmetals.com. Unless the context otherwise requires, references to "Company", "we", "us" or "our" as used herein refers to Russel Metals Inc. and its subsidiaries. All dollar references are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form ("AIF") constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, the availability of future financing, our ability to pay dividends and the assessment of specific risk areas. Forward-looking statements relate to future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.

We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties described under the "Risk Management and Risks Affecting Our Business" section of this AIF, which are important factors in our business and the metals distribution industry.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" in our MD&A, and in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.

HISTORY OF THE COMPANY

Russel Metals Inc. is the successor corporation to Federal Grain Limited, which was incorporated under the laws of Canada in 1929 and subsequently amalgamated with Searle Grain Company Limited on August 1, 1967 to continue under the name Federal Grain Limited. The name was changed to Federal Industries Ltd. on April 16, 1973 and the Company was continued under the *Canada Business Corporations Act* on May 5, 1980. On June 1, 1995, the name was changed to Russel Metals Inc. On January 1, 2002, Russel Metals Inc. was formed upon the amalgamation of its predecessor of the same name with A. J. Forsyth and Company Limited, a subsidiary with Canadian service center operations, and three non-operating subsidiaries.

BUSINESS

OVERVIEW

We believe we are one of the two largest metals service centers operating in Canada. During 2017, we processed and distributed products to a broad base of approximately 46,000 customers through a network of 51 locations across Canada and 14 U.S. locations. Our network of metals service centers carries a broad line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel, aluminum and other non-ferrous specialty metals. We purchase these products primarily from North American steel producers, and package and sell them to end users in accordance with their specific needs. Our metals service centers operations accounted for $1.6 billion, or 50%, of our total revenues in 2017.

Our energy products operations carry a specialized product line focused on the needs of energy industry customers. These operations distribute oil country tubular goods ("OCTG"), line pipe, tubes, flanges, valves and fittings from 48 Canadian and 20 U.S. locations. We purchase these products either from the pipe processing divisions of North American steel mills, independent manufacturers of pipe and pipe accessories, manufacturers of flanges, valves and fittings, international steel mills or other distributors. Our energy products operations accounted for $1.3 billion, or 39%, of our total revenues in 2017.

Our steel distributors operations act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis. The main steel products sourced by this segment are carbon steel plate, beams, channel, flat rolled products, rails and pipe products. Our steel distributors operations accounted for $0.4 billion, or 11%, of our total revenues in 2017.

DESCRIPTION OF THE BUSINESS

INDUSTRY OVERVIEW

Metals service centers and distributors bridge the gap between the capabilities of large metal producers and end users. Metals producers manufacture large volumes of steel, aluminum and specialty metals in standard sizes and configurations and require long lead times. Metals service centers and distributors meet the specific needs of end users by acquiring large volumes of metal from producers and package and process the metal in accordance with end user specifications. Many end users purchase metal products from service centers or distributors because their requirements are smaller than the minimum order quantities required by producers, or because such end users require specialized metal processing services, a commitment to reliable just-in-time delivery and flexibility to meet their changing product and manufacturing requirements that large producers are either unwilling or unable to provide. Service centers also allow end users to reduce their total production cost by shifting the responsibility for pre-production processing to service centers, which through economies of scale, can achieve greater operational efficiency from the processing equipment. Energy products distributors allow oil and gas producers to ensure product is where they need it when they need it. Distributors of energy products play a significant role in the efficient logistics of oil and gas production.

We estimate that the North American service center industry has annual revenues in excess of US$150 billion. We believe that revenues for the top 50 service center companies are in excess of US$50 billion.

The metals distribution industry is highly competitive. Generally, the metals distribution industry competes on price and the ability to provide customers with value-added services such as processing, product selection, timely delivery, reliability and quality. There has been significant consolidation in the industry in both the United States and Canada over the past two decades; however, the industry remains highly fragmented. Many of our competitors are small companies, often owner-operated serving a specific geographic customer base, with limited product lines, inventory and processing capabilities. The metals distribution industry is cyclical and mainly impacted by volatility in steel prices and the level of activity in the oil and gas industry.

COMPETITIVE STRENGTHS

We believe that the following strengths give us a competitive advantage in the metals distribution industry:

Leading Market Position - We are one of the two largest service center operators in Canada based on revenues. Our 51 Canadian service centers serve a broad base of approximately 29,000 customers across all regions of Canada. Our geographic presence, large volume and leading market position enable us to successfully source steel at competitive prices. Our oilfield stores in Canada are strategically located geographically close to the customers that they serve. Their network allows them to source most materials within 24 hours if required.

Strong Supplier Relationships and Unique Market Insight - We are one of the largest purchasers of steel in North America and have well-established relationships with North America's steel producers, which enable us to ensure multiple sources for steel products and services. We believe that our steel distributors operation is one of the largest independent steel importers in North America. Our steel distributors purchase steel from international sources when a particular product is in short supply domestically or when North American mills do not produce the particular product allowing us to augment our product lines at our metals service centers when product is not available. We purchase steel from multiple suppliers around the world. This enables us to monitor global steel supply and assess its impact on North American steel demand and pricing trends. This timely access to market information and global outlook allows us to proactively manage inventory levels and prices in our metals service center operations.

Successful Acquisition Strategy - We have successfully integrated a number of acquisitions. In 2017, we acquired Color Steels Inc, specializing in the processing and distribution of pre-painted metal products, as part of to our Canadian metal service centers operations. In 2016, we acquired the operating assets of Jackson Pipe & Steel to augment our JMS Russel Metals service center operations. In 2015, we acquired Western Fiberglass Pipe Sales a distributor of fiberglass pipe to expand our energy products segment product line.

Multiple Business Segments and Diversified Service Center Customer Base - We operate in three segments of the metals distribution business, each with a distinct customer base and business cycle: metals service centers; energy products; and steel distributors. Our metals service centers segment has a diversified customer base across a wide variety of industries, including machinery and equipment manufacturing, construction, shipbuilding and natural resources, such as mining and petroleum. None of our segments is significantly dependent on a single customer and in 2017, our largest customer accounted for less than 3% of our total revenues.

Superior Service and Product Selection - We believe that we have a reputation for superior and timely service, and diverse product selection. Most of our metals service centers and oilfield stores have the ability to offer one stop shopping to our customers. We also provide customized processing services and offer just-in-time delivery to quickly satisfy end user specifications. We strive to continue to grow our value-added processing capabilities in the markets that we serve. We have developed strong relationships with our customers and are able to anticipate their needs so that we can respond to short lead times or just-in-time delivery requirements, which are common in the industry. Because local managers have significant operational autonomy, our operations can react quickly to changes in local markets and customer demands.

Prudent Inventory Management - We manage our inventory to avoid unnecessary commitments of working capital while maintaining sufficient supply to respond quickly to customer orders. We tailor our inventory and services at each location to the needs of that particular market. The negotiation of supplier purchase arrangements for metals service centers is centralized to leverage our buying power and global market insights; however, the branch management team determines actual supply of inventory at each of our locations. Local monitoring allows us to more accurately assess inventory requirements at each metals service center. We believe our decentralized inventory management, combined with our global market insights have allowed us to react more quickly than many of our competitors to changing metals prices and customer needs, and to optimize our use of working capital.

As a result of our prudent inventory management, our metals service centers have consistently turned their inventory at higher rates than the industry average. Our energy products segment has reacted to changes in our customer requirements from conventional vertical drilling activity to horizontal drilling and fracking. We monitor our inventory aging to ensure we stock the products our customers need and make the appropriate adjustments when product is slow moving.

Experienced Management Team - Our senior executives and other key members of our management team have an average of 30 years of experience in the metals distribution business. To facilitate an entrepreneurial culture, our compensation policies, at both senior and local management levels, are based on the profitability and asset utilization of our business units.

BUSINESS STRATEGY

Our primary goals are to continue to be a leading metals distribution company, increase our market share, expand services to customers and improve operating profits and cash flows. Our business strategies, aimed at achieving our goals, consist of the following:

Managing Capital Utilization - We aggressively manage our balance sheet to enable us to fund acquisitions, capital expenditures, trade letters of credit and working capital requirements. We continue to manage inventory based on our expected customer demands rather than speculate on market pricing, which enables us to maximize our inventory turns. We believe that we need to continue to add value added processing equipment and thus we anticipate capital expenditures slightly above depreciation.

Expansion through Select Acquisitions - We continue to strengthen our metals service center franchise through acquisitions. In 2017, we acquired Color Steels Inc, specializing in the slitting and cut-to-length of pre-painted metal products, as an addition to our Canadian metal service centers segment. In 2016, we acquired the operating assets of Jackson Pipe & Steel to augment our JMS Russel Metals operations. We have a major presence in all of the Canadian regions. Maintaining and growing our metals service centers in Canada and in the U.S. is one of the primary goals of our acquisition strategy.

In 2015, we acquired Western Fiberglass Pipe Sales to expand our Apex Distribution operations. In our energy products segment, we continue to look for additions to the Apex Distribution store network, product niche players and strong regional operations.

Decentralizing Operating Management Combined with Economies of Scale - We manage our businesses on a decentralized basis, with local management accountable for day-to-day operations, profitability and growth of the business, which we believe fosters an entrepreneurial culture across our operations. Our localized operating management allows us to capitalize on end user relationships of our businesses and the local and regional market knowledge of the operations' staff. In addition, management oversight through centralized purchasing, management information systems and cash management enables us to benefit from economies of scale and lower purchasing costs.

PRODUCTS, SERVICES AND CUSTOMERS

Metals Service Centers

Our metals service centers sell plate, flat rolled carbon and other general line carbon steel products, as well as stainless steel, aluminum and other non-ferrous specialty metal products in a wide range of sizes, shapes and specifications. General line steel products consisting of plate, structurals, bars, sheet, pipe, tubing and hollow structural steel tubing, are used by end users in a wide variety of industries. Within Canada, our metals service centers operate from coast to coast under the names Russel Metals, Métaux Russel, A. J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, B&T Steel, Color Steels, Leroux Steel, Mégantic Métal, Métaux Russel Produits Spécialisés, Russel Metals Processing, Russel Metals Specialty Products, McCabe Steel and York-Ennis. Our U.S. service center operations are conducted under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International. The Russel Metals Williams Bahcall operation focuses primarily on the distribution of general line carbon products through three facilities in Wisconsin. The JMS Russel Metals operations distribute full-line carbon steel and non-ferrous products from its facilities located in Alabama, Arkansas, Georgia, Kentucky, Tennessee and Texas. Baldwin International distributes specialty alloy products throughout the U.S. from its facility in Ohio.

Our metals service centers also provide customized value added processing services to specifications established by our customers. By providing these services, as well as by offering inventory management and just-in-time delivery, we enable our customers to reduce their overall production costs and decrease capital required for raw materials and metals processing equipment. Our value-added processes include but are not limited to:

- shearing, slitting and cutting to length: the cutting of metal into smaller pieces or into narrower coils;
- laser, oxy-fuel, and plasma cutting: the cutting of metal to produce various shapes, holes, beveling or parts according to end user supplied drawings;
- stretcher leveling and traditional leveling: the flattening of metal to uniform tolerances for proper machining;
- tee-splitting: the splitting of metal beams;
- tube laser processing and saw cutting: the cutting of long products to precise lengths both square cut and mitre;
- edge trimming: removing a portion of the edges of coiled metal to produce uniform width and round or smooth edges; and
- cambering: the bending of structural steel to improve load-bearing capabilities.

In 2017, our metals service centers segment handled an average of approximately 3,514 (2016: 3,405) transactions per day with an average revenue of approximately $1,846 (2016: $1,603) per transaction. Our metals service centers sales are predominantly transactional in nature and primarily made on an individual purchase order basis.

Our metals service centers operations provide products and services to customers in a wide variety of industries, including machinery and equipment manufacturing, construction, shipbuilding and natural resources, such as mining and petroleum. During 2017, no individual metals service center customer accounted for more than 1% of our total revenues.

Energy Products

Our energy products operations distribute oil country tubular goods, line pipe, tubes, flanges, valves and fittings primarily to the energy industry. This segment consists of six businesses, each of which sells a distinct line of products. These businesses are:

Apex Distribution, Apex Remington, Apex Monarch and Apex Western Fiberglass - distributors of valves, fittings, flanges, pipe and related products through oil service stores for use in the oil and gas, industrial and resource markets. These products are distributed through 41 retail distribution locations in Manitoba, Saskatchewan, Alberta and British Columbia in Canada and through 14 locations in North Dakota, Oklahoma, Texas and West Virginia in the United States.

Comco Pipe and Supply Company - a distributor of pipe, flanges, fittings, and valves. Comco Pipe and Supply specializes in the supply and distribution of pipe and fluid handling products to the energy, construction, manufacturing, pulp and paper and mining industries. These products are distributed throughout Canada from its facilities in Edmonton, Alberta; Stonewall, Manitoba; and Guelph and Sarnia, Ontario.

Fedmet Tubulars - a distributor of oil country tubular goods (which includes casing and tubing), line pipe and related products for use in oil and gas production and distribution. Fedmet Tubulars' sales office is located in Calgary, Alberta. Inventory is stocked in third party yards in Alberta, Saskatchewan, Manitoba and British Columbia.

Triumph Tubular & Supply - a distributor of oil country tubular goods and line pipe for use in oil and gas production and distribution. Triumph's sales office is located in Calgary, Alberta. Inventory is stocked in third party yards in Alberta, Saskatchewan and British Columbia.

Pioneer Pipe - a distributor and processor of steel pipe products, valves and fittings for use in the construction, oil and gas and ski industries in the United States. Pioneer Pipe has facilities in Colorado, California, Texas and Utah, and utilizes multiple third party yards in the United States.

Spartan Energy Tubulars - a distributor of domestic and imported oil country tubular goods and pipe piling products. Spartan maintains stock in a third party facility in Texas in the United States.

The energy products businesses sell a range of products to customers located primarily in Western Canada and the United States. Comco Pipe and Supply Company and Apex Distribution maintain their own facilities and the other operations in this segment mainly locate their inventory in third party yards. During 2017, no individual energy product segment customer accounted for more than 3% of our total revenues.

Steel Distributors

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis. Our steel distributors source their steel domestically and off shore.

We source carbon steel, plate, beams, channel, flat rolled products, rail and pipe products. Sales commitments for a portion of these products are obtained prior to their purchase or while the product is in production and transit. Products for which sales commitments have not been obtained are held in public warehouses for resale to North American service centers and other customers.

Our steel distributors operations are conducted through Wirth Steel located in Canada and the Sunbelt Group located in the United States. Arrow Steel, a division of the Sunbelt Group, processes coil through their cut-to-length facility.

In 2017, no individual customer of the steel distributors segment accounted for more than 2% of our total revenues.

Revenues by Product

The following table sets out our revenues by product for the fiscal years ended December 31, 2017, and 2016.

Years Ended December 31 *(in millions, except percentages)*	**2017**	**% of Total**	2016	% of Total
Carbon:				
Tubing/Pipe (Standard, Oil Country Tubular Goods)	**$ 834.5**	**25.3%**	$ 601.9	23.3%
Plate (Discrete & Plate in Coil)	**587.5**	**17.8%**	461.4	17.9%
Structurals (WF & I Beam, Angles, Channels, Hollow Tubes)	**626.2**	**19.0%**	560.5	21.7%
Flanges, Valves, Fittings and other Energy Products	**558.2**	**16.9%**	405.3	15.7%
Bars (Hot Rolled and Cold Finished)	**160.1**	**4.9%**	154.8	6.0%
Flat Rolled (Sheet & Coil)	**260.0**	**7.9%**	169.6	6.6%
Grating/Expanded/Rails	**32.7**	**1.0%**	27.6	1.1%
Total Carbon	**3,059.2**	**92.8%**	2,381.1	92.3%
Total Non-Ferrous (Sheet, Extrusion, Tubes, etc.)	**114.4**	**3.5%**	94.6	3.7%
Other	**122.4**	**3.7%**	102.9	4.0%
Total	**$ 3,296.0**	**100.0%**	$ 2,578.6	100.0%

Metal Suppliers

Our largest supplier represents approximately 6% of our metal purchases. We purchase approximately 19% of our metal from our four largest suppliers.

North American steel mills are the primary source of supply for our metals service centers. Many North American steel mills are foreign-owned due to previous consolidation. In addition, we purchase steel from international sources when a particular product is in short supply domestically, when international pricing is attractive or when North American mills do not produce the particular product. We have developed an effective coordinated purchasing program that allows us to derive economies of scale through volume purchases, and also allows us to access metal supplies globally. We have no material long-term fixed price metal supply contracts. We believe that alternate suppliers are available with respect to all of our product lines and our metals service centers operations generally maintain multiple suppliers for all product lines. Our metals service centers operations have over 280 suppliers.

The primary sources of supply for the energy products segment are the pipe divisions of North American steel mills, independent manufacturers of pipe and accessories, manufacturers of flanges and fittings, international steel mills and other distributors. The steel distributors sector deals on a regular basis with multiple suppliers in 22 countries around the world.

Competition

Our Canadian and U.S. service centers compete with other service centers that are national, regional and local in their respective countries. The service center industry is highly competitive with competition focused on price, product availability and quality, processing capability and on-time delivery.

We believe that our service center operations are favourably positioned with respect to our competitors. The geographic scope and diversity of our Canadian operations and the breadth of our product line allow us to service national and regional end users throughout Canada. We believe that we provide our Canadian customers with a wider range of products and more value-added services than many of our regional or local competitors.

The energy products distribution industry has undergone consolidation, resulting in several large distributors both privately and publicly held. There remain many small private companies each having a unique product offering. These companies typically carry a broad product line and competition is focused on price, product availability, quality and on-time delivery. Our oilfield distribution stores are strategically located to service the needs of their customers. We compete against other large public companies and small private owners. Our store network allows us to service most customer needs within 24 hours.

Our steel distributors compete with other steel importers, as well as steel producers in North America. Competition focuses on price, product quality and availability. The business is highly dependent on global economic conditions and on the relationships we have with our international network of suppliers.

PROPERTIES

We have 65 warehouse facilities for our metals service centers operations, 51 in Canada and 14 in the United States. Set forth below is certain information, as of December 31, 2017, with respect to these facilities.

	Number of Facilities		Approximate Square Feet		
	Owned	**Leased**	**Owned**	**Leased**	**Total**
Metals Service Centers					
Canada					
British Columbia	7	1	289,531	22,399	311,930
Alberta	6	2	244,192	39,369	283,561
Saskatchewan	4	1	145,935	14,893	160,828
Manitoba	2	1	214,896	29,579	244,475
Ontario	5	5	541,415	211,359	752,774
Quebec	9	3	750,200	39,842	790,042
New Brunswick	3	-	74,200	-	74,200
Nova Scotia	1	-	59,740	-	59,740
Newfoundland	1	-	22,640	-	22,640
Total	38	13	2,342,749	357,441	2,700,190
United States					
Wisconsin	2	1	85,021	128,972	213,993
Ohio	1	-	41,040	-	41,040
Kentucky	1	-	78,900	-	78,900
Arkansas	2	1	155,000	202,000	357,000
Tennessee	2	-	97,100	-	97,100
Texas	2	-	234,490	-	234,490
Alabama	1	-	76,000	-	76,000
Georgia	1	-	90,000	-	90,000
Total	12	2	857,551	330,972	1,188,523

Energy Products

Our energy products operations utilize a combination of third party yards and their own facilities. Fedmet Tubulars and Triumph Tubulars operate from offices in Alberta and utilize third party yards. Spartan Energy Tubulars operates from an office in Texas and uses third party yards. Pioneer Pipe operates from an office in Colorado, manages its own yards in California, Colorado, Texas and Utah and utilizes third party yards. Comco Pipe and Supply Company is predominately focused in Alberta and manages its own yards in Edmonton, Alberta, Stonewall, Manitoba and Guelph and Sarnia, Ontario. Apex Distribution, including Apex Monarch and Apex Western Fiberglass, is headquartered in Calgary, Alberta and operates from 41 retail distribution locations. They have 26 locations throughout Alberta, 10 locations in Saskatchewan, three locations in British Columbia and two locations in Manitoba. Apex Remington is headquartered in Tulsa, Oklahoma and operates from 14 locations. They have six locations in Oklahoma, five locations in Texas, two locations in North Dakota and one location in West Virginia.

Steel Distributors

The majority of the inventories in our steel distributor segment are held in public warehouses or third party yards. Wirth Steel has two sales offices in Canada located in Quebec and British Columbia. Sunbelt Group has its main sales office in Texas and a facility in the Port of Houston, which has cut-to-length lines and storage for coils.

Non-Metals Operations

Our non-metals operation, Thunder Bay Terminals, covers an area of approximately 225 acres of land at its location in Thunder Bay, Ontario, which is under long-term lease. The terminal is comprised of the necessary infrastructure including a shiploader and dock, to move bulk products from trains to vessels.

EMPLOYEES

As at December 31, 2017, we had approximately 3,150 full-time and full-time equivalent employees. Approximately 780 of these employees are located in the United States. We have 28 collective bargaining agreements and two employee association agreements covering approximately 917 employees at 33 of our locations. In 2018, there are nine collective bargaining agreements expiring. We have generally maintained favourable employee and labour relations with our employees. There were no work stoppages in 2016 and 2017 and we do not anticipate any in 2018. However, if we fail to successfully renegotiate any of our collective agreements we could face work stoppages.

LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings relating to claims arising out of our operations in the ordinary course of business. We do not believe that there are any material proceedings, pending or threatened against us or any of our properties or assets.

HEALTH AND SAFETY

Health and Safety Program

We are committed to a safe and injury free work environment for all of our employees, contractors, customers, vendors and visitors. We have implemented policies and procedures to aid in the prevention of occupational injuries, illnesses and accidents, such as:

- A comprehensive health and safety policy setting out standard operating procedures geared toward hazards present in our specific operation;
- Extensive in person pre-employment training and continued ongoing training, both in person and through our health and safety portal;
- Prompt reporting of lost time accidents and other leading indicators, to the management team;
- Corporate, regional and local health and safety professionals who have advanced health and safety training;
- Benchmarking of our performance versus industry and competitor data;
- Engage independent third party experts to advise on health and safety matters where appropriate; and
- Engage with governmental agencies to review our program.

Management continuously monitors our health and safety performance. We focus on monitoring and reducing the number of loss time accidents and their severity. We also carefully monitor leading indicators such as first aids and medical aids, and dedicate additional resources and attention to any operation with above average incident rates or indicators. During 2017, we reinforced our health and safety practices at all of our operations following a fatality at our Williams Bahcall facility in Milwaukee.

The table below shows our primary health and safety metrics and the number of employees over the last three years.

	2017	**2016**	**2015**
Number of Employees	3,150	2,960	3,000
Number of Lost Time Accidents	48	40	70
Number of Lost Time Days	1,250	1,431	1,547
Frequency [1]	1.42	1.18	2.08
Severity [2]	37.02	42.28	45.88
Medical Aids [3]	170	190	232
First Aids [4]	160	157	243

[1] Frequency is calculated using the American National Standards Institute (ANSI) Z16.4 Code, *Method of Recording and Measuring Work Injury Experience*. The calculation is an industrial standard and is obtained by multiplying the number of lost time injury cases by 200,000, and then dividing that number by the number of hours worked by employees of the company in such year.

[2] Severity is calculated using the ANSI standard as is obtained by multiplying the number of lost time days by 200,000, and then dividing that number by the number of hours worked by employees in such year.

[3] Medical Aid is defined as treatment by a medical professional for illness or injury.

[4] First Aid is defined as any assistance given to any person for illness or injury, where professional assistance is not required.

Our health and safety program is overseen and directed by our President and Chief Operating Officer who reports on health and safety directly to the Environmental Management and Health & Safety Committee of our Board. Senior management and Directors have received specific health and safety training. In addition, each operation and health and safety managers has had extensive training and all employees have a responsibility for a safe workplace and to report any items which may lead to an unsafe environment. Our health and safety performance is reviewed quarterly by our Environmental Management and Health & Safety Committee. Once per year our Board meeting is held at one of our locations to provide our directors with the opportunity to familiarize themselves with the potential hazards of our workplace environment.

Our legislated occupational health and safety requirements fall under provincial jurisdiction in Canada and federal jurisdiction in the U.S. We believe that we are in compliance with all legislated occupational health and safety reporting requirements. Management assurance that these requirements are met, is accomplished by internal audits of our facilities on a rotational basis. Our facilities are required to achieve a minimum score of 80% on the audit, failing which a remediation plan is developed and they are re-audited within 60 days. Any deficiencies identified, pass or fail, are followed up until the items are closed. In 2017, corporate health and safety completed 12 audits, with an average score of 95%. Our auditors conduct a high level compliance audit to identify open matters that have not been resolved. In 2018, we anticipate auditing approximately 25 locations.

ENVIRONMENTAL REGULATION

We are subject to a variety of federal, provincial, territorial, state and local environmental laws and regulations in Canada and the United States. Such laws and regulations relate to, among other things, the discharge of contaminants into water and air and into and onto land, the disposal of waste, the handling, storage and transportation of hazardous materials and the storage of materials in underground tanks. In addition, operations divested between 1991 and 1997 included chrome plating facilities and the transportation and storage of petroleum products. We have certain on-going obligations relating to two previously discontinued operations with estimated annual expenditures of approximately $200,000. We could be responsible for cleanup of or damages from releases of hazardous materials on or emanating from the properties where these operations were conducted.

In Canada, while there are federal environmental statutes such as the *Canadian Environmental Protection Act, 1999*, the *Fisheries Act,* and the *Transportation of Dangerous Goods Act, 1992* which apply to us, each Canadian province and territory and most municipalities in which we operate also enact and enforce their own environmental laws. In the United States, the primary federal regulatory laws to which we are subject include the *Resource Conservation and Recovery Act ("RCRA"),* the *Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"),* the *Clean Water Act,* and the *Clean Air Act*. We are also subject to environmental regulation at the state and local levels in the United States.

Environmental Policy

We have adopted an environmental policy, applicable to all of our business segments, to ensure that our operations comply with applicable environmental laws in the jurisdictions in which they operate, and to minimize the impact of our operations on the environment. Our policy is supported by an environmental management system, which clearly defines and communicates lines of responsibility for environmental matters within our organization, provides assistance and support to our operating units in addressing their individual environmental needs, and reports the environmental performance of our operations to senior management. Standard operating procedures have been developed to encourage uniformity and consistency in the handling of environmental matters, where such matters are common to multiple operating locations. On a quarterly basis, management reports to our Board on applicable changes to the environmental laws and regulations and provides an update on our activities relating to environmental matters.

From 2008 to 2016, we advanced our environmental reporting by participating in the Carbon Disclosure Project. As a distributor, we are not a significant generator of greenhouse gases, but we are monitoring our emissions and taking actions to ensure we reduce our emissions. Although legislation pertaining to climate change continues to evolve, we operate well below the thresholds at which such legislation applies. Our manufacturing customer base could be impacted by environmental issues; however, the financial impact on us, if any, cannot be quantified at this time.

We believe that our current operating facilities are in material compliance with applicable environmental laws, regulations and our environmental policy.

RISK MANAGEMENT AND RISKS AFFECTING OUR BUSINESS

RISK MANAGEMENT

We recognize that Russel Metals is exposed to, and accept that there are, uncertainties which are inherent in the metals and energy industries. In the course of creating wealth, it is imperative that risk evaluation be an integral part of our business and decision making process such that we understand risks taken and minimize risk where practicable. To achieve this, we have developed an enterprise risk management ("ERM") program and framework modeled after the International Organization for Standardization (ISO) 31000 – *Risk Management Principles and Guidelines* standard.

We believe that our formal ERM program enables us to:

- proactively manage opportunities and threats;
- identify mitigation strategies, make risk-informed decisions, enhance outcomes and promote accountability;
- provide better disclosure of key risk factors to our shareholders;
- define for all employees their roles, responsibilities and authorities for managing risk; and
- promote a risk responsive culture through enhanced communication and reporting of risk.

RISKS AFFECTING OUR BUSINESS

RISKS RELATED TO METALS DISTRIBUTION

Volatile metal prices can cause significant fluctuations in our operating results.

The price and availability of steel and specialty metals that we purchase, and the prices we can charge our customers for such products, fluctuate due to numerous factors beyond our control including: Canadian, U.S. and international economic conditions, currency exchange rates, global demand for steel and other metal products, trade sanctions, tariffs, labor costs, competition, over capacity of steel producers in North America and internationally, price surcharges and other factors.

A large portion of our revenues are derived from the sale of steel and specialty metals. As a result, fluctuations in availability and cost of steel and specialty metals and the prices we can charge can materially adversely affect our business, financial condition, results of operations and cash flows. We have no material long-term fixed price purchase contracts.

We maintain inventories to accommodate the short lead times and delivery requirements of our customers. Our customers typically purchase our products through purchase orders and typically do not enter into long-term purchase agreements. Accordingly, we purchase metal in quantities we believe to be appropriate to satisfy the anticipated needs of our customers based on information derived from customers, market conditions, historic usage and industry research. Our commitments for metal purchases are generally at prevailing market prices in effect at the time that we place our orders. During periods of rising raw material pricing, we may be unable to pass on such increases to end users. To the extent we are not able to pass increases on to our customers, our business, financial condition, results of operations and cash flows can be materially adversely affected. When metal prices decline, end user demands for lower prices and competitors' responses to those demands can result in inventory write-downs, lower sales prices and consequently, lower margins as we sell existing inventory.

Our business is affected by the cyclicality of the metals industry and the industries that purchase our products. A change in the economic conditions can reduce demand for our products.

We operate businesses that are affected by changes in economic cycles and whose revenues and earnings vary with the level of general economic activity in the markets they serve. Periods of economic slowdown in Canada, the United States or other countries can decrease the demand for our products, affect the availability and cost of our products and adversely affect our revenues and operating profits.

Some of our customers operate in industries that experience significant fluctuations in demand based on economic conditions, oil and gas prices and other factors beyond our control. Many of our customers generate a significant portion of their revenues through exporting goods to the United States. If the ability of our customers to export their products to the United States is reduced, including through changes to the North American Free Trade Agreement, the demand for our products could decline, which could have a material adverse effect on our business, financial conditions, results of operations and cash flows. Thus, a strengthening in the Canadian dollar relative to the U.S. dollar can adversely affect the competitiveness of these customers. The Canadian dollar appreciated relative to the U.S. dollar by approximately 7% in 2017 and 3% in 2016 and depreciated by approximately 16% in 2015 relative to the year prior.

Volatile oil and gas prices can cause significant fluctuations in our operating results.

Prices for oil and natural gas are subject to fluctuations in response to changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of other factors that are beyond our control. Many factors affect the energy supply and demand and therefore, influence energy prices, including: the level of oil and natural gas production and inventories, the level of drilling activity, the actual cost of finding and producing oil and natural gas, environmental regulation, technological advances and other factors. We have experienced in the past, and we will likely experience in the future, significant fluctuations in operating results based on these changes. In particular, volatility in the oil and natural gas sectors could adversely affect our business, financial condition, results of operations and cash flows.

Decreased capital and other expenditures in the energy industry, which can result from decreased oil and natural gas prices, can adversely impact demand for our products.

A large portion of our revenues depend upon the level of capital and operating expenditures in the oil and natural gas industry, including capital and other expenditures in connection with exploration, drilling, production, gathering, transportation, refining and processing operations. Demand for the products we distribute and services we provide are sensitive to the level of exploration, development and production activity of, and the corresponding capital and other expenditures by, oil and natural gas companies. A material decline in oil or natural gas prices could depress levels of exploration, development and production activity and therefore, could lead to a decrease in our customers' capital and other expenditures. If expenditures of our customers decline, it could have a material adverse effect on our business, financial conditions, results of operations and cash flows.

Product claims by customers might not be successfully recovered from the manufacturer.

As a distributor, we purchase our products from a number of domestic and international producers and resell to our customers. We rely on mill or supplier certifications to attest to the physical and chemical specifications of the metals received from our suppliers and, consistent with industry practice, we do not undertake independent testing of materials unless requested by customers. We rely on our customers to notify us of any product that does not conform to the specification certified by the manufacturer. As a result, we are exposed to potential claims for defective products that we distribute. Any obligations that we have to our customer for defective products need to be recovered from our suppliers as they are the product manufacturers. Our suppliers might not be willing, or have the financial ability, to honour these claims. We believe this risk is greater with foreign manufacturers as it may require seeking a judgment and enforcing against assets outside of North America. We carry insurance in order to mitigate this risk where available, but there is no assurance that this insurance will be adequate. Claims that are not honoured by the manufacturers might have a material adverse effect on our business, financial condition, results of operations and cash flows.

Significant competition could reduce our market share and harm our financial performance.

We face significant competition in our metals service centers and energy products operations. In both Canada and the United States, our primary competitors are other service centers and energy products distributors, which are national, regional and local in geographic coverage. We also compete with steel producers which are larger than we are and that typically sell to very large end users requiring regular shipments of large volumes of metals. Competition is based on price, product availability, quality, processing capability and on-time delivery. Some of our competitors may have lower steel costs and fewer environmental and government regulations, as well as lower or no public company regulatory compliance obligations and related costs, than we do. Increased competition could reduce our profitability by forcing us to lower our prices or to offer increased services at a cost to us. A prolonged economic slump or slower than anticipated recovery in metals and energy markets may adversely impact one of our competitors resulting in their selling of goods below market prices to generate cash flow. In such circumstances, our price and gross margins can be adversely impacted in an effort to protect market share and retain customers, which can adversely affect our financial performance.

Our steel distributors compete with other steel importers and exporters as well as North American steel producers. Competition is principally based on price, product quality and availability, and terms of shipment (including freight costs, which vary and can be as much as 15% of the landed cost of a product). The imposition of trade sanctions by governments on the import of steel products and the outcome of the U.S. Department of Commerce investigations under section 232 of the Trade Expansion Act, can place us at a competitive disadvantage compared to domestic steel producers. In addition, the imposition of trade sanctions can prohibit the import of steel products from countries where our suppliers are located.

An interruption in sources of metals supply could have a material adverse effect on our operating results.

We purchase carbon steel, stainless steel, alloy steel, aluminum and a variety of other metals, on a frequent basis from a number of producers, primarily in North America, to keep our inventory levels to a minimum. We have no material long-term fixed price contracts. The number of available suppliers has been reduced by industry consolidation and further consolidation may occur in the future impacting availability of certain products. In addition, sanctions initiated by governments in response to non-trade related concerns might interrupt shipments from certain countries. If we are unable to obtain sufficient amounts of steel or other metal products at competitive prices in the future or on a timely basis from our traditional suppliers, we may not be able to obtain such products from alternative sources at competitive prices to meet our delivery schedules, which could materially adversely affect our business, financial condition, results of operations and cash flows. Lead times and the cost of our products could increase if we were to lose one of our primary suppliers. Any interruption or reduction in the supply of any of these products may make it difficult or impossible to satisfy the just-in-time delivery requirements of our customers, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Demand for the products we distribute could decrease if the manufacturers of those products were to sell a substantial amount of goods directly to the end users in the sectors we serve.

End users of our products have historically purchased these goods through distributors and not directly from manufacturers. If customers were to begin purchasing the products we sell directly from manufacturers, or if manufacturers sought to increase their efforts to sell directly to end users, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Material substitution may reduce demand for our carbon steel-based products.

If steel prices increase compared to certain substitute materials, the demand for our products could be negatively impacted, which could have a material adverse effect on our business, financial condition, results of operations and cash flow. In certain applications, steel competes with other materials, such as aluminum, cement, wood, composites, glass and plastics. Prices of all of these materials fluctuate widely, and differences between the prices of these materials and the price of steel may adversely affect demand for our products and/or encourage material substitution, which could adversely affect prices and demand for steel products. The high cost of steel relative to other materials may make material substitution more attractive for certain uses.

FINANCIAL AND CREDIT RISK

Our revenues, cash flows and net earnings are subject to credit risk on accounts receivable balances.

Global economic conditions, including tightening of the credit markets and reductions in commodity prices, heighten our credit risk, as our customers may experience reduced cash flows and reduced access to credit. We manage credit risk through dedicated credit resources, ongoing monitoring and follow up of balances owing, liens, and tightening or restriction of credit terms as required. In addition, our customer base is geographically diverse and in different industries. A greater incidence of default or bankruptcies among our customers or suppliers may materially adversely affect our business, financial condition, results of operations and cash flows.

Global financial and banking restrictions may cause a lack of credit availability.

In times of global financial and banking restrictions, the ability of our customers to maintain credit availability becomes more challenging. In particular, the financial stability of many of our customers may impact their ability to pay us amounts due, affecting our financial condition, results of operations and cash flows. Additionally, we rely on access to credit facilities and access to debt capital markets, to meet our obligations and finance our operating activities.

Our credit ratings could change.

Credit ratings affect our financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of long-term debt. Credit ratings affect our ability to obtain short and long-term financing and the cost of this financing, and our ability to engage in certain business activities cost-effectively. If a rating agency reduces its current rating on our debt or the Company, or we experience a negative change in our ratings outlook, it could have an adverse effect on our financing costs and access to capital.

We are exposed to currency exchange risk, which could have a material adverse effect on our operating results.

Although our financial results are reported in Canadian dollars, a portion of our sales and operating costs are denominated in U.S. dollars. In addition, we are exposed to currency exchange risk on our assets denominated in U.S. dollars. A change in the value of the Canadian dollar relative to the U.S. dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of our U.S. dollar denominated assets into Canadian dollars. We may, from time to time, enter into hedging arrangements, such as forward contracts to partially hedge against short-term fluctuations in currency; however, such activities provide only short-term protection against a limited portion of our currency exposure.

Our debt facilities contain restrictive covenants.

Our credit facility and the trust indenture governing our 6.0% Senior Unsecured Notes contain a number of financial covenants, which, among other things, restrict us from conducting certain activities. In addition, we must satisfy and maintain certain financial ratio tests under our credit facility. Events beyond our control could affect our ability to meet these tests. If we breach any of the covenants, it could result in a default under our debt facilities and the applicable lenders or note holders could decide to declare all amounts outstanding due and payable immediately and terminate any commitments to extend further credit.

Our assessment of goodwill or capital assets for impairment can result in non-cash charges against our net earnings.

We are required to assess our goodwill balance for impairment at least annually, and our long-term assets when certain factors indicate. We calculate impairment based on management's estimates and assumptions. In preparing these estimates, we consider several factors, including lower future cash flow and earnings estimates, significantly reduced or depressed markets in our industry, and general economic conditions, among other things. Any impairment write-down to goodwill or long-term assets can result in a non-cash charge against net earnings.

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE AND OPERATIONS

The unexpected loss of key individuals could adversely affect our ability to implement our business strategy.

Our success is dependent in large part on the management and leadership skills of our senior management team. In addition, because of our decentralized operating structure, the unexpected loss of any senior managers or key employees could materially adversely affect our business, financial condition, results of operations and cash flows. We cannot provide assurance that we will be able to attract and retain equally qualified personnel when needed. If we lose any of these executives or senior management or fail to attract and retain equally qualified personnel, we may not be able to implement our business strategy.

Our decentralized operating structure presents certain risks.

While we believe our decentralized structure has enabled us to remain responsive to opportunities and to customer needs, and places significant control and decision making authority and accountability in the hands of local management. As a result, we may be slower to detect compliance related problems that are prohibited by our internal policies and company-wide initiatives and their risk of failure is higher than they would be in a more centralized environment. Any such failure could have a material adverse effect on our business, financial conditions, results of operations and cash flows.

Availability of future acquisitions and any such acquisitions could be difficult to integrate and could adversely affect our operating results.

A substantial part of our growth in profitability has come from acquisitions, which we have successfully integrated. As part of our strategy, we expect to continue to pursue complementary acquisitions and investments. Acquisitions may involve debt incurrence, operating losses, dilutive issuances of equity securities and significant cash expenditures that could have a material adverse effect on our business, financial condition, results of operations and cash flows. In the event we are unable to successfully identify and execute on acquisitions, it could adversely impact the Company's growth in profitability and ability to expand into new geographies or product lines.

Any future acquisitions could involve a number of risks including: our inability to integrate the acquired business, diversion of management attention, our inability to retain the management or other key employees of the acquired business, our inability to establish uniform procedures and policies, our inability to retain customers of our acquired companies, exposure to legal claims for activities of the acquired business prior to the acquisition, damage to our reputation as a result of performance or customer satisfaction problems relating to an acquired business and the performance of any acquired business being lower than we anticipated.

The failure of our key computer-based systems could have a material adverse effect on our business.

We depend to a significant degree on our computer-based systems in the operation of our business. Certain of the computer-based systems are dated and require, or are in the process of, modernization. The destruction, breach of security, inability to modernize or the failure of any such computer-based systems for any significant period of time could materially adversely affect our business, financial condition, results of operations and cash flows.

We have a disaster recovery plan established and tested for our main computer system servicing our Canadian and U.S. service centers and two of our U.S. energy products operations. There is no certainty that our plan will be successful in an actual disaster. Despite our preventative efforts, our systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses, power outages and other technical malfunctions.

Cybersecurity attacks are increasing in frequency and sophistication. Cybersecurity attacks can range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced threats. These threats pose a risk to the security of our information technology systems and networks and the confidentiality, availability and integrity of our data. We believe that we have adopted appropriate measures to mitigate potential risks to our technology and our operations from these information technology-related and other potential disruptions. However, given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to: downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, misappropriation, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we fail to renegotiate any of our collective agreements or if we or our principal customers or suppliers experience work stoppages, our financial condition may be harmed.

As at December 31, 2017, we had 28 collective bargaining agreements and two employee association agreements covering approximately 917 employees belonging to a variety of unions at 33 of our locations. In 2018, there are nine collective bargaining agreements expiring. If we fail to successfully renegotiate any of these contracts, we could face work stoppages.

Renegotiated agreements could result in higher wages or benefits to union members. We cannot provide assurance that there will not be any labour disruptions, or higher ongoing labour costs, either of which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, many of our customers and suppliers have unionized work forces. If one or more of our customers or suppliers experiences a lengthy work stoppage or slowdown, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

LEGAL AND REGULATORY RISK

The increasingly litigious environment associated with the metals and energy markets can have a material adverse effect on our business.

We have been and are from time to time involved in litigation. Although litigation claims may ultimately prove to be without merit, they can be time consuming and expensive to defend. There can be no assurance that third parties will not assert claims against us in the future or that any such assertion will not result in costly litigation, or a requirement that we enter into costly settlement arrangements. There can be no assurance that such arrangements will be available on reasonable terms, or at all. Due to the inherent uncertainties of litigation, it is not possible to predict the outcome or determine the amount of any potential losses of any other claims to which we may be subject. In addition, there is no assurance that we will be successful in a litigation matter. Any of these events can have a material adverse effect on our business, financial condition, results of operations and cash flows.

Environmental liabilities could have a material adverse effect on our results of operations and financial position.

We are subject to a variety of federal, provincial, territorial, state and local environmental laws and regulations in Canada and the United States. Such laws and regulations relate to, among other things, the discharge of contaminants into water and air and into and onto land, the disposal of waste, the handling, storage and transportation of hazardous materials, and the storage of materials in underground tanks. In particular, our divested non-metal operations included chrome plating facilities. We could be responsible for cleanup of, or damages from, releases of hazardous materials on or emanating from the properties where these operations were conducted. We are required by environmental laws and regulations to conduct our operations in compliance with permits issued by governmental authorities. The failure to have such permits or to comply with their terms could result in fines or penalties.

In Canada, there are federal environmental statutes such as the *Canadian Environmental Protection Act, 1999*, the *Fisheries Act,* and the *Transportation of Dangerous Goods Act, 1992*, which apply to us. In addition, each Canadian province and territory and most municipalities in which we operate also enact and enforce their own environmental laws. In the United States, the primary federal regulatory laws to which we are subject include the *Resource Conservation and Recovery Act, CERCLA,* the *Clean Water Act,* and the *Clean Air Act*. We are also subject to environmental regulation at the state and local levels in the United States.

We are currently undergoing remediation and/or investigation activities at two former non-metals facilities where soil and/or groundwater contamination is present. Financial costs with respect to those activities cannot be predicted at this time. In addition, some of our current properties are located in industrial areas with histories of heavy industrial use, which may require us to incur expenditures and to become subject to environmental liabilities for contamination that arises from our current or former operations or from causes other than our operations. Such environmental costs could materially adversely affect our business, financial condition, results of operations and cash flows. We do not carry environmental insurance coverage to offset the effects of such potential losses. We may be required as a matter of law to satisfy, with respect to the government or third parties, the environmental liabilities related to divested businesses should the acquirers of our divested businesses fail to fulfill any environmental obligations for events prior to divestiture. Because of the potential existence of currently unknown environmental issues and frequent changes to environmental laws and regulations and the interpretation and enforcement of these laws and regulations, there can be no assurance that compliance with environmental laws, or remediation obligations under such laws, will not have a material adverse effect on us in the future.

Environmental concerns, changes in government regulations related to oil sands production, shale fracking or oil distribution or product liability claims may have a material adverse effect on our operating results.

Our customers and their markets are subject to on-going concerns and possible oversight and regulations relating to the potential environmental issues in such areas as carbon emissions, pollution of groundwater, use of toxic chemicals in fracking and earthquakes. Several provinces, states and countries have limited or banned fracking due to potential environmental concerns. Other jurisdictions have sought to limit pipeline construction or the purchase of oil from the Alberta oil sands. Because of this changing landscape, there can be no assurance that new laws or regulations will not severely limit this business growth area.

Legislation aimed at regulating and taxing carbon emissions may impact both the prices we pay for materials and the volume of business from our customers.

We purchase large quantities of metal from mills whose production costs may increase because of taxation on carbon emissions as a byproduct of the steelmaking process. Such regulation may result in significantly higher prices charged to us by the mills for most every type of metal that we sell. The price that we pay for utilities such as electricity to run our service centers, equipment and fuel to run our delivery trucks and forklifts may rise as well due to increased taxation on the companies who produce and supply these commodities. We may not be able to fully pass on these costs to our customers without a resulting decline in order volumes, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Carbon-related regulation may also negatively impact North American oil and gas exploration efforts. Should such a reduction in domestic exploration occur, we would expect to see a resulting slowdown in our energy products segment revenues.

We are subject to strict workplace health and safety laws and regulations that could result in significant liabilities.

Our operations are subject to laws and regulations relating to workplace safety and worker health and related regulations. We recognize that we must conduct our business operations in a manner to ensure the health and safety of our workforce and have developed a comprehensive health and safety program. Nevertheless, accidents can, and sometimes do, occur which may give rise to fines, penalties, enforcement actions or third party claims. While we believe that we are in material compliance with currently applicable laws and regulations, future events such as any changes in laws and regulations, may give rise to additional expenditures or liabilities. We cannot ensure that compliance with such government regulations will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Significant changes in laws and governmental regulations could have a material adverse effect on our financial condition or profitability.

A significant change in the regulatory environment in which we currently carry on business including new legislation or regulations, a differing interpretation of existing laws and regulations, changes in tax law or taxation rates or the imposition of, or an increase in the quantum of royalty payments or other expense on our customers could adversely affect our financial condition, demand for our products or our profitability. Significant changes in the United States with respect to the use of foreign produced steel, including actions by the U.S. Department of Commerce under section 232 of the Trade Expansion Act, could adversely impact certain of our U.S. operations who source material internationally and maintain inventories of imported steel. Additionally, the elimination of, or changes to, the North American Free Trade Agreement could adversely impact the ability of certain of our customers to export to the United States or to manufacture their goods with steel or other materials purchased from Canada. If the ability of our operations to sell their imported materials or the ability of our customers to export their products to the United States is reduced, the demand for our products could decline, which could have a material adverse effect on our business, financial conditions, results of operations and cash flow.

RISKS RELATED TO OWNERSHIP OF OUR COMMON SHARES

Trading prices of our common shares can fluctuate significantly due to a variety of factors, many of which are outside our control.

Several factors can cause volatility in our share price including: changes in revenues or earnings, changes in revenues or earnings estimates by the investment community and speculation about our financial condition or results of operations. General market conditions, the price of steel, crude oil, or natural gas, or Canadian, U.S. and international economic factors and events can also affect the price of our common shares. The market value of our common shares can deteriorate if we are unable to meet dividend expectations in the future and that deterioration may be material.

Selling additional common shares could affect share value.

We may issue additional common shares in the future to fund our needs or those of other entities owned directly or indirectly by us, as authorized by the Board of Directors. We do not need shareholder approval to issue additional common shares, and shareholders do not have any pre-emptive rights related to share issues and the issuance of additional shares could be dilutive.

Dividends may be variable.

The cash flow available for the payment of dividends to shareholders is a function of our financial performance, debt covenants and obligations, working capital requirements, capital expenditure requirements, tax obligations, the impact of interest rates or foreign exchange rates, the growth of the general economy, the price of crude oil and natural gas and number of common shares outstanding. Dividends are reviewed quarterly by our Board of Directors and may be increased, reduced, or eliminated entirely depending on our operations and the performance of our assets.

GENERAL DEVELOPMENT OF THE BUSINESS

On February 6, 2018, we amended our credit agreement with a syndicate of banks and increased the facility to $450 million available for borrowings and letters of credit and the term extended to September 21, 2021.

On September 1, 2017, we acquired Color Steels Inc. for $25.6 million.

On December 12, 2016, we acquired the operating assets of Jackson Pipe & Steel for US$3.6 million in cash.

On May 15, 2015, we acquired the operating assets of Western Fiberglass Pipe Sales Ltd. for $27.3 million.

On November 4, 2015, we redeemed all of the issued and outstanding 7.75% convertible unsecured subordinated debentures.

On September 21, 2015, we amended our credit agreement with a syndicate of banks and increased the facility to $400 million available for borrowings and letters of credit, certain bank charges were reduced and the term extended to September 21, 2019.

RATINGS

We have received the following credit ratings from each of Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P") (each a credit agency).

	Moody's	S&P
Corporate rating	Ba3	BB+
Senior unsecured notes	B1	N/A
Ratings outlook	Positive	Stable

Moody's Investors Service

Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. According to Moody's, a rating of Ba is the fifth highest of nine major categories. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa to Caa in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category. The rating outlook is positive.

Standard & Poor's Rating Service

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from the highest to lowest quality of such securities rated. According to S&P, the BB+ rating is the fifth highest of ten major rating categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The rating outlook is stable.

We understand that the ratings are based on, among other things, information furnished to the Ratings Agencies by us and information obtained by the Ratings Agencies from publicly available sources. The credit ratings given by the Ratings Agencies are not recommendations to buy, hold or sell any of our securities since such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future.

What the ratings address:

Unsecured Debt: Credit ratings are the current opinion of the rating agency on creditworthiness of an obligor with respect to a specific financial obligation and a specific class of financial obligation for a specific financial program. Ratings take into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and take into account the currency in which the obligation is denominated.

Rating Outlook: Rating outlook assesses the potential direction of a long-term credit rating over the intermediate to longer-term. In determining a rating outlook, consideration is given to any changes in the economic and fundamental business conditions. An outlook is not necessarily a precursor of a rating change.

MARKET FOR THE SECURITIES OF RUSSEL METALS

Our common shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "RUS". Information concerning the trading prices and volumes during the 2017 fiscal year is set out in the following table:

The Toronto Stock Exchange Share Price Trading Range and Share Volume

Month	High	Low	Close	Share Volume
December 2017	$ 29.51	$ 28.27	$ 29.17	2,912,606
November 2017	29.34	27.16	28.90	4,233,785
October 2017	28.96	27.35	28.84	2,666,574
September 2017	28.47	26.00	27.58	3,601,013
August 2017	27.50	24.61	26.02	4,205,031
July 2017	26.15	24.63	24.94	2,797,295
June 2017	26.78	23.67	25.96	4,617,887
May 2017	28.65	24.91	25.19	5,157,613
April 2017	27.75	25.19	26.18	3,176,078
March 2017	27.25	25.36	26.02	5,874,984
February 2017	29.78	26.32	26.53	4,684,783
January 2017	27.55	25.13	27.00	6,586,869

The transfer agent and registrar for our common shares is AST Trust Company, 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares, an unlimited number of Class I preferred shares issuable in series and an unlimited number of Class II preferred shares issuable in series, in each case without nominal or par value. As at December 31, 2017, 61,890,197 common shares were issued and outstanding and no Class I or Class II preferred shares were issued and outstanding.

Each holder of common shares is entitled to receive notice of, attend and vote at, any meeting of shareholders of the Company and is entitled to one vote in respect of each common share held at such meetings. Holders of common shares are entitled to receive dividends when declared by the Board of Directors of the Company. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of common shares are entitled to share equally the remaining property and assets of the Company, subject to the preference of the Class I and Class II preferred shares if applicable.

MATERIAL CONTRACTS

The following are the material contracts, other than contracts entered into in the ordinary course of business, which we have entered into and are still in effect:

1. Credit facility between Russel Metals Inc. and its subsidiary FIL (US) Inc. as Borrowers and a syndicate of Canadian and US banks, including Royal Bank of Canada, The Bank of Nova Scotia, JP Morgan Chase Bank, N.A., Laurentian Bank of Canada, Comerica Bank, Wells Fargo Bank, N.A. and ATB Financial dated August 1, 2013, as may be amended from time to time. The agreement, which expires September 21, 2021, entitles us to borrow at rates that vary based on our credit rating, on a revolving basis, up to $400 million to be utilized for borrowings and letters of credit and $50 million for letters of credit only.

2. Trust Indenture between Russel Metals Inc. and BNY Trust Company of Canada dated April 19, 2012 for the $300 million of 6.0% Senior Unsecured Notes due April 19, 2022.

DIVIDEND RECORD

The following table shows the total common share dividends paid for the year on a per share basis.

Years Ended December 31	**2017**	**2016**	**2015**
Common shares	$ 1.52	$ 1.52	$ 1.52

The quarterly dividend has been $0.38 per share since the 2014 third quarter. The Board of Directors reviews the dividend policy quarterly based on the anticipated cash requirements of the Company combined with its current and projected financial position. Although the Company has, since 2002, declared a quarterly cash dividend on the common shares, dividends are declared at the discretion of the Board of Directors who may reduce, defer or eliminate our common share dividend in the future.

Our ability to pay dividends on common shares is impacted by restrictions associated with the senior unsecured notes due April 19, 2022. Dividends on common shares in excess of $0.35 per share per quarter and the repurchase of common shares are considered to be restricted payments under the Note Indenture. Our ability to make restricted payments is adjusted quarterly by 50% of the quarterly net income or loss if our cumulative net income from December 31, 2011 is positive, or 100% of the quarterly net income or loss if our cumulative net income from December 31, 2011 is negative.

Our ability to pay dividends is also impacted by covenants in our syndicated bank facility. The payment of any dividend will be subject to our having excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay a dividend as our borrowing base, which is based on our levels of accounts receivable and inventories, has traditionally been in excess of borrowings.

MAJOR SUBSIDIARIES

The following is a list of our major subsidiaries at December 31, 2017, all of which are wholly owned.

	Jurisdiction of incorporation
Apex Distribution Inc.	Alberta
Apex Remington Holdings, Inc.	State of Delaware
Apex Remington, Inc.	State of Texas
Fedmet Enterprises Corporation	State of Delaware
FIL (US) Inc.	State of Alaska
JMS Russel Metals Corp.	State of Delaware
Pioneer Steel & Tube Corp.	State of Delaware
Russel Metals Williams Bahcall Inc.	State of Delaware
Sunbelt Group L.P.	State of Delaware
Triumph Tubular & Supply Ltd.	Alberta
Wirth Steel, a General Partnership	Quebec

DIRECTORS AND SENIOR EXECUTIVE OFFICERS

The following table sets out the name, municipality of residence and the principal occupation of each of our directors. Each individual was a director on December 31, 2017, except as noted below. Information relating to our senior executive officers follows.

DIRECTORS

Name, Municipality of Residence and Position Held	Date Became Director	Principal Occupation
ALAIN BENEDETTI (1)(4) Dorel, Quebec, Canada	February 23, 2006	Corporate Director
JOHN M. CLARK (1)(3) Etobicoke, Ontario, Canada	May 3, 2012	President Investment & Technical Management Corp. (finance and merchant banking)
JAMES F. DINNING (2) Calgary, Alberta, Canada	February 17, 2003	Corporate Director
JOHN A. HANNA (1)(4) Toronto, Ontario, Canada	May 3, 2012	Corporate Director
BRIAN R. HEDGES Toronto, Ontario, Canada	May 12, 2009	CEO of the Company
BARBARA JEREMIAH (1)(3) Allison Park, Pennsylvania, United States	May 3, 2016	Corporate Director
ALICE D. LABERGE (1)(2) Vancouver, British Columbia, Canada	July 30, 2007	Corporate Director
LISE LACHAPELLE (2)(3) Ile-des-Soeurs, Quebec, Canada	May 15, 1996	Corporate Director
WILLIAM M. O'REILLY (2)(3) Scarborough, Ontario, Canada	May 12, 2009	Corporate Director
ANNIE THABET (5) Ile-des-Soeurs, Quebec, Canada	January 1, 2018	Partner at Celtis Capital (investment banking services)
JOHN R. TULLOCH (3)(4) Naperville, Illinois, United States	May 2, 2013	Corporate Director

(1) Member of the Audit Committee
(2) Member of the Nominating and Corporate Governance Committee
(3) Member of the Management Resources and Compensation Committee
(4) Member of the Environmental Management and Health & Safety Committee
(5) Member as of January 1, 2018

Mr. Benedetti is a Corporate Director. He was Chair of the Canadian Institute of Chartered Accountants from 2007 to 2008. From 1998 to his retirement in June 2004 he was Vice Chair and Canadian Area Managing Partner of Ernst & Young LLP. Mr. Benedetti is currently a director of Dorel Industries Inc.

Mr. Clark has been a Director and President of Investment and Technical Management Corp., a company engaged in corporate finance and merchant banking since 1999. Mr. Clark was Chief Financial Officer and a director of Polaris Geothermal Inc. from June 2004 to October 2009. Mr. Clark 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 Estate Wines Inc., Eglinton Investments B.V., Hutton Investments B.V., Investment & Technology Management Corp., Maree Investment Inc., Wine Insights Pty Ltd., Zephyr Minerals Ltd. and Chair of the compensation committee of Vista Gold Corp.

Mr. Dinning is a corporate director and was appointed Chair of the Board of the Company on May 6, 2014. Mr. Dinning serves as Board Chair of Western Investment Company and as a director of various other private companies, foundations and trusts. He was Chair of the Board of Western Financial Group Inc., a company engaged in insurance and investment from 2005 to 2017, was Chair of the Board of Liquor Stores N.A. from 2011 to 2017 and was a Senior Executive of TransAlta Corporation from 1997 to 2004. Prior to that 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. He is a Member of the Order of Canada and a Fellow of the Institute of Corporate Directors. He is Chancellor Emeritus of the University of Calgary.

Mr. Hanna is a Corporate Director. Mr. Hanna was Chief Executive Officer of Rexel Canada Electrical Inc. (formerly Westburne Industrial Enterprises, Ltd.), from 2003 until 2005 and Executive Vice President and Chief Financial Officer from 1992 to 2003. Prior to 1992 Mr. Hanna had been Chief Financial Officer of Hydro-Quebec and Via Rail Canada Inc. Mr. Hanna is currently the Chair of the audit committee of Global Affairs Canada.

Mr. Hedges is the Chief Executive Officer of the Company. On May 12, 2009, Mr. Hedges was appointed President and Chief Executive Officer and remained Chief Executive Officer on the appointment of John Reid as President on January 1, 2016. Mr. Hedges is a Chartered Professional Accountant and a Chartered Accountant. Mr. Hedges was Chief Financial Officer of the Company from 1994 until his appointment as Chief Operating Officer on February 18, 2008. His business career encompassed the positions of Chief Financial Officer, President and Chief Executive Officer of Gandalf Technologies, as well as Chief Financial Officer of Teleglobe Inc. Both companies were TSX listed and involved in the Canadian international telecommunications industry.

Ms. Jeremiah is a Corporate Director. Prior to her retirement in 2009, she 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 served on the Board of Directors of Boart Longyear Limited from 2011 until May 2015, EQT Corporation from 2003 to 2012 and First Niagara Financial Group, Inc. from 2010 to 2013. Ms. Jeremiah is currently a director of Allegheny Technologies Incorporated and Aggrekko plc and and serves on the Finance Committee and Technology Committee and the Ethics, Nomination and Remuneration Committee, respectively. She is also a director of the Weir Group plc.

Ms. Laberge is a Corporate Director. She was President and Chief Executive Officer of Fincentric Corporation, a global provider of software solutions to financial institutions, from 2003 to 2005 and was its Chief Financial Officer from 2000 to 2003. Prior to joining Fincentric, Ms. Laberge was with MacMillan Bloedel Limited in a number of financial positions including Senior Vice President, Finance and Chief Financial Officer. Ms. Laberge is currently a director of Royal Bank of Canada and Nutrien Ltd. Ms. Laberge is also a director of the Canadian Public Accountability Board.

Mrs. Lachapelle is a Corporate Director and a consultant in corporate strategy. She was the President and Chief Executive Officer of The Forest Products Association of Canada and a consultant in corporate strategy from September 1994 to 2001. Prior to September 1994, she was President of Strategico Inc., a consulting firm specializing in public policies, for one year and a consultant with Strategico for three years. Mrs. Lachapelle is currently a director of TMX Group Limited.

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

Mrs. Thabet is a partner at Celtis Capital, a firm specialized in transactional services related to mergers and acquisitions, divestitures, corporate finance and asset management, which she co-founded in 2003. From 1998 to 2003, Mrs. Thabet worked at AT Capital, an investment management company she founded and from 1987 to 1998, she was at Société générale de financement du Québec, a crown corporation specialized in private equity investment. She is a director of The Jean Coutu Group Inc., Transcontinental Inc., Manac Inc, and Chair of the Board of the Institute of Corporate Directors - Quebec.

Mr. Tulloch is a Corporate Director. Mr. Tulloch was Executive Vice President of SSAB AB 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 Mr. Tulloch held various senior executive positions at IPSCO, including Vice President and General Manager of the Tubular Division. Mr. Tulloch is currently a director of SSAB AB.

SENIOR EXECUTIVE OFFICERS

Name and Municipality of Residence	Position Held
BRIAN R. HEDGES Toronto, Ontario, Canada	Chief Executive Officer
JOHN G. REID Jackson, Tennessee, United States	President and Chief Operating Officer
MARION E. BRITTON Mississauga, Ontario, Canada	Executive Vice President, Chief Financial Officer and Secretary

Mr. Hedges is a director and executive officer of the Company. Mr. Hedges' biography can be found under the directors table.

Mr. Reid is an executive officer of the Company. On February 21, 2013, Mr. Reid was appointed to Chief Operating Officer, on May 2, 2013, Mr. Reid was appointed Executive Vice President and on January 1, 2016, Mr. Reid was appointed President. Mr. Reid started with JMS Metals Services, Inc. and related companies ("JMS") in 1991, was promoted to President of JMS in 1994 and served as President of the Company's JMS Russel Metals operations since the Company's purchase of JMS in 2007. From 2009 to 2013, Mr. Reid held the position of Vice President Operations, Service Centers and took on increased responsibility for the energy products units.

Ms. Britton is an executive officer of the Company. On February 18, 2008, Ms. Britton was appointed Chief Financial Officer, on May 12, 2009, Ms. Britton was appointed Secretary and on May 2, 2013, Ms. Britton was appointed Executive Vice President. Ms. Britton is a Chartered Professional Accountant and a Chartered Accountant. In 1984, Ms. Britton joined Marshall Drummond McCall, which was acquired by Russel Metals in 1987. From 1987 to 1994, Ms. Britton was responsible for financial management for the Metals Operations. In 1994, Ms. Britton assumed the role of Vice President and Corporate Controller and in 2004 Ms. Britton was appointed to Vice President and Chief Accounting Officer responsible for our internal control systems and financial reporting.

During the last five years, all of the directors and officers have had the principal occupations indicated opposite their respective names.

All directors serve one-year terms and are elected at the annual meeting of shareholders. The term of office of each of the current directors will expire at the annual meeting of shareholders to be held on May 2, 2018.

Mr. Hedges, the Company's Chief Executive Officer, is the only director who is not independent [(1)], as he is a member of management. Mr. Hedges was elected as a director on May 12, 2009. None of the other directors has any material business or professional relationship with the Company.

(1) The Toronto Stock Exchange Company Manual provides that: "An independent director is defined as a person who: (a) is not a member of management and is free from any interest and any business or other relationship which in the opinion of the Exchange could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company; and (b) is a beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the applicant".

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors delegates certain of its functions to four independent committees of the Board to facilitate more detailed consideration of certain issues. These committees bring recommendations to the Board for consideration and approval as appropriate.

The Audit Committee meets quarterly to review our financial statements, management's discussion and analysis of financial conditions and results of operations and press releases. The Audit Committee monitors the integrity of internal control and management information through discussions with management, oversight of the internal audit function and regular meetings with the external auditors. In addition, the Committee reviews other public disclosure documents, including the annual report to shareholders, the annual information form, registrations and prospectuses. All directors on this Committee are independent.

The Nominating and Corporate Governance Committee develops comprehensive written mandates for each of the Board committees, monitors and evaluates the corporate governance system, recommends candidates for election to the Board and serves as a forum for concerns of directors which may not be appropriate for discussion in full Board meetings. In addition, the Committee overseas the Board and Director assessments. The Committee meets quarterly and all directors on this Committee are independent.

The Management Resources and Compensation Committee reviews compensation policies for our executive officers and directors, and is responsible for succession planning for the most senior members of management. The Committee meets at least twice per year.

We have an Environmental Management and Health & Safety Committee, which meets at least twice per year, for the purpose of reviewing compliance policies and procedures in accordance with legislative and regulatory requirements with regard to environmental and health and safety issues. The committee receives quarterly reports from management.

As at the date hereof, our directors and executive officers as a group beneficially own, directly or indirectly, or exercise control or direction over 329,966 common shares representing approximately 0.5% of the outstanding common shares of the Company.

Except as stated below, no director or executive officer of the Company, or (in the case of paragraphs (ii) and (iii) only) shareholder holding a sufficient number of securities of the Company to affect materially the control of Russel Metals, is or within ten (10) years before the date of the Annual Information Form has been,

(i) a director, chief executive officer or chief financial officer of any company (including Russel Metals) that:

(a) while that person was acting in such capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days (collectively, and for purposes of this and the following paragraphs, an "order"); or

(b) was subject to an order that was issued after that person ceased to be a director chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in their capacity as a director, chief executive officer or chief financial officer of such company;

(ii) a director or executive officer of any company (including Russel Metals) that, while that person was acting in such capacity, or within a year of that person ceasing to so act, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(iii) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

To our knowledge, the only director in respect of whom any such disclosure is required is Mrs. Lachapelle. In relation to paragraph (b), 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 Companies' Creditors Arrangement Act with the Superior Court of Quebec in Canada. In December 2010, AbitibiBowater Inc. emerged from Chapter 11 Bankruptcy protection.

AUDIT COMMITTEE INFORMATION

The members of the audit committee are J.M. Clark (Chair), A. Benedetti, J.A. Hanna, B.S. Jeremiah and A.D. Laberge. The audit committee has direct communication with our finance department to review issues as appropriate and meets with the external auditors on a quarterly basis without management in attendance.

Each member of the Audit Committee is independent and financially literate. Each member of the Audit Committee has the ability to perform their responsibilities as an Audit Committee member based on their education and/or experience as summarized below:

J.M. Clark (Chair)	• Chartered Professional Accountant and Chartered Accountant • Former Chief Financial Officer and director of Polaris Geothermal Inc. • Former President and/or Executive Chairman of Laurasia Resources Limited • Audit Committee member Aizan Technologies Inc. and Vista Gold Corp. • Former Audit Committee member of APIC Petroleum Corporation, Alberta Clipper Inc., Crown Point Energy Inc., Impact Energy Inc., Polaris Geothermal Inc., Startech Energy Inc., Thunder Energy Inc. and Thunder Energy Trust
A. Benedetti	• Fellow Chartered Professional Accountant and Fellow Chartered Accountant • Former Chair of the Canadian Institute of Chartered Accountants • Former Vice Chair and Canadian Area Managing Partner for Ernst & Young LLP • Chair of the Audit Committee of Dorel Industries Inc. • Former Chair of the Audit Committee of Birks & Mayors Inc., Discovery Air Inc., Dynamic Mutual Funds and Imperial Tobacco Canada Limited
J.A. Hanna	• Fellow Chartered Professional Accountant and Fellow Certified General Accountant • Former CEO and CFO of Rexel Canada Electrical Inc. (formerly Westburne Industrial Enterprises, Ltd.) • Former CFO of Hydro-Quebec and Via Rail Canada Inc. • Chair of Audit Committee of Global Affairs Canada • Former Chair of Audit Committee of Innergex Energy Renewal Inc. and Uni-Select Inc. • Former Audit Committee member of Transport Canada and Infrastructure Canada
B.S. Jeremiah	• Audit Committee member of The Weir Group plc • Finance Committee member of Allegheny Technologies Incorporated • Former Chair of Audit Committee of EQT Corporation • Former Audit Committee member of Allegheny Technologies Incorporated and Boart Longyear Limited • Former Executive Vice President and Chairman's Counsel of Alcoa, Inc.
A.D. Laberge	• Former President and CEO and CFO of Fincentic Corporation • Former Senior Vice President of Finance and CFO of MacMillan Bloedel Limited • Audit Committee member of Nutrien Ltd. • Former Audit Committee member of Royal Bank of Canada and Catalyst Paper Corporation • Former Chair of the Audit Committee of Potash Corporation of Saskatchewan and B.C. Hydro • Master of Business Administration

Interests of Experts

Our independent auditors for the 2017 fiscal year were Deloitte LLP. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario and applicable securities laws and regulations.

Audit Fees

The aggregate fees charged by Deloitte LLP for audit services including work on acquisitions for the year ended December 31, 2017 were $1.5 million (2016: $1.4 million).

Audit-Related Fees

The aggregate fees charged by Deloitte LLP for the year ended December 31, 2017 for assurance and related services that are reasonably related to the performance of the audit and are not reported above were $0.1 million (2016: $0.1 million). Such services included audits of our employee benefit plans.

Tax Fees

The aggregate fees charged by Deloitte LLP for U.S. tax compliance, tax advice and planning work for the fiscal year ended December 31, 2017 were $0.1 million (2016: $0.1 million).

Other Fees

Other than noted above, no other fees were charged by Deloitte LLP during 2017 and 2016 for any projects or services.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and securities authorized for issuance under the Company's Share Option Plan, is contained in our Management Proxy Circular.

Additional financial information is provided in our consolidated financial statements and accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2017.

A copy of the foregoing documents together with a copy of this annual information form and any interim financial statements issued by us subsequent to December 31, 2017 may be obtained on request to the Assistant Secretary, Russel Metals Inc., 6600 Financial Drive, Mississauga, Ontario L5N 7J6. These documents are also posted regularly to our web site located at www.russelmetals.com. (See Investor Relations and Financial Reports.) These documents, together with other additional information relating to our Company may be found on SEDAR at www.sedar.com.

When the securities of Russel Metals are in the course of a distribution pursuant to a short-form prospectus or when a preliminary short-form prospectus has been filed in respect of a distribution of our securities, we will provide to any person, upon request to our Assistant Secretary at the address noted above, one copy of this annual information form, our Annual Report, any interim financial statements, our Management Proxy Circular and any other document that is incorporated by reference into the preliminary prospectus or prospectus.

CHARTER OF THE AUDIT COMMITTEE

1. PURPOSE AND RESPONSIBILITIES

The primary purpose of the Committee is to assist Board oversight of:

(a) the integrity of Russel's financial statements;
(b) Russel's compliance with legal and regulatory requirements;
(c) the External Auditor's qualifications and independence;
(d) the performance of Russel's internal audit function and the External Auditor; and
(e) such other matters as may otherwise be assigned to the Committee by the Board.

2. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

In this Charter:

(a) "Board" means the board of directors of Russel;
(b) "Chair" means the chair of the Committee;
(c) "Committee" means the audit committee of the Board;
(d) "Director" means a member of the Board;
(e) "External Auditor" means Russel's independent auditor; and
(f) "Russel" means Russel Metals Inc.

2.2 *Interpretation*

The provisions of this Charter are subject to the provisions of Russel's by-laws and to the applicable provisions of the *Canada Business Corporations Act* (the "Act"), and any other applicable legislation.

3. ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE

3.1 *Establishment of the Audit Committee*

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 *Appointment and Removal of Members of the Committee*

(a) *Board Appoints Members* - The members of the Committee shall be appointed by the Board, having considered the recommendation of the Nominating and Corporate Governance Committee of the Board.

(b) *Annual Appointments* - The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

(c) *Vacancies* - The Board may appoint a member to fill a vacancy, which occurs in the Committee between annual elections of Directors.

(d) *Removal of Member* - Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 *Number of Members*

The Committee shall consist of three or more Directors.

3.4 *Independence of Members*

Each member of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

3.5 *Financial Literacy*

(a) *Financial Literacy Requirement* - Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

(b) *Definition of Financial Literacy* - "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Russel's financial statements.

3.6 *Retirement and Term*

(a) *Rotation of Membership* - The Nominating and Corporate Governance Committee shall recommend to the Board a process for ensuring that at least every three years, unless otherwise expressly determined by the Board, at least one member of the Committee will retire from the Committee and at least one new member will be appointed to the Committee who has not been a member of the Committee for at least three years.

(b) *Six Year Term Limit* - No person shall serve on the Committee for a period of more than six consecutive years unless the Board shall, in any particular case, specifically determine to make an exception from such limitation.

3.7 *Board Approval Required*

No member of the Committee shall serve on more than three other public company audit committees without the approval of the Board.

4. COMMITTEE CHAIR

4.1 *Board to Appoint Chair*

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

4.2 *Chair to be Appointed Annually*

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of Shareholders at which Directors are elected provided that if the designation of Chair is not made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

4.3 *Term*

The position of Chair shall be rotated not less frequently than every four years; provided however, the Board may specifically determine to make an exception from such limitation.

5. COMMITTEE MEETINGS

5.1 *Quorum*

A quorum of the Committee shall be a majority of the Committee members.

5.2 *Secretary*

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

5.3 *Time and Place of Meetings*

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly.

5.4 *In Camera Meetings*

The Committee shall meet separately, periodically, with each of:

(a) management;

(b) the External Auditor;

(c) the internal auditor; and

(d) committee members only.

5.5 *Right to Vote*

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

5.6 *Invitees*

The Committee may invite Directors, officers and employees of Russel or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at Russel's expense.

5.7 *Regular Reporting*

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6. AUTHORITY OF COMMITTEE

6.1 *Retaining and Compensating Advisors*

The Committee shall have the authority to engage independent counsel and other advisors as the Committee may deem appropriate in its sole discretion and to set and pay the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 *Other Expenses*

The Committee shall determine, and Russel shall pay, the ordinary expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 *Recommendations to the Board*

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

7. REMUNERATION OF COMMITTEE MEMBERS

7.1 *Remuneration of Committee Members*

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 *Directors' Fees*

No member of the Committee may earn fees from Russel or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from Russel.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. INTEGRITY OF FINANCIAL STATEMENTS

8.1 *Review and Approval of Financial Information*

(a) *Annual Financial Statements* - The Committee shall review and discuss with management and the External Auditor, Russel's audited annual financial statements and related MD&A together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.

(b) *Interim Financial Statements* - The Committee shall review and discuss the report of the External Auditor, together with management and the External Auditor and approve Russel's interim unaudited financial statements (including, without limitation, its quarterly unaudited financial statements and any other unaudited special purpose financial statements intended for publication) and related MD&A.

(c) *Material Public Financial Disclosure* - The Committee shall discuss with management and the External Auditor:

(i) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases;

(ii) financial information and earnings guidance (if any) provided to analysts and rating agencies; and

(iii) press releases containing financial information (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information).

(d) *Procedures for Review* - The Committee shall be satisfied that adequate procedures are in place for the review of Russel's disclosure of financial information extracted or derived from Russel's financial statements (other than financial statements, MD&A and earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.

(e) *Accounting Treatment* - The Committee shall review and discuss with management and the External Auditor:

(i) major issues regarding accounting principles and financial statement presentation, including any significant changes in Russel's selection or application of accounting principles and major issues as to the adequacy of Russel's internal controls and any special audit steps adopted in light of material control deficiencies;

(ii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and

(iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on Russel's financial statements.

(f) The Committee should review and discuss with management and, if appropriate, with the External Auditor or legal counsel, the management certifications of the financial statements as required by National Instrument 52-109.

9. EXTERNAL AUDITOR

9.1 *External Auditor*

(a) *Authority with Respect to External Auditor* - As a representative of Russel's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Russel. In the discharge of this responsibility, the Committee shall:

(i) have sole responsibility for recommending to the Board the person to be proposed to Russel's shareholders for appointment as External Auditor for the above-described purposes as well as the responsibility for recommending such External Auditor's compensation and determining at any time whether the Board should recommend to Russel's shareholders whether the incumbent External Auditor should be removed from office;

(ii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and

(iii) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.

(b) *Independence* - The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:

(i) assure the regular rotation of the lead audit partner as required by law and consider whether, in order to ensure continuing independence of the External Auditor, Russel should rotate periodically, the audit firm that serves as External Auditor;

(ii) require the External Auditor to submit on a periodic basis to the Committee, a formal written statement delineating all relationships between the External Auditor and Russel and that the Committee is responsible for actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and for recommending that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;

(iii) unless the Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor and may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and

(iv) review and approve the policy setting out the restrictions on Russel hiring partners, employees and former partners and employees of Russel's current or former External Auditor.

(c) *Issues Between External Auditor and Management* - The Committee shall:

(i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or an access to requested information;

(ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor; and

(iii) review with the External Auditor:

- any accounting adjustments that were proposed by the External Auditor, but were not made by management;
- any communications between the audit team and audit firm's national office respecting auditing or accounting issues presented by the engagement;
- any management or internal control letter issued, or proposed to be issued by the External Auditor to Russel; and
- the performance of Russel's internal audit function and internal auditors.

(d) *Non-Audit Services*.

(i) The Committee shall either:

- approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of Russel to Russel (including its subsidiaries); or
- adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

(ii) The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.

(iii) The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by Russel at the time of the engagement as being non-audit services.

(e) *Evaluation of External Auditor* - The Committee shall evaluate the External Auditor each year, and present its conclusions to the Board. In connection with this evaluation, the Committee shall:

(i) review and evaluate the performance of the lead partner of the External Auditor;

(ii) obtain the opinions of management with respect to the performance of the External Auditor; and;

(iii) obtain and review a report by the External Auditor describing:

- the External Auditor's internal quality-control procedures;
- any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues; and
- all relationships between the External Auditor and Russel (for the purposes of assessing the External Auditor's independence).

(f) *Review of Management's Evaluation and Response* - The Committee shall:

(i) review management's evaluation of the External Auditor's audit performance;

(ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses;

(iii) review management's response to significant internal control recommendations of the internal audit staff and the External Auditor;

(iv) receive regular reports from management and receive comments from the External Auditor, if any, on:

- Russel's principal financial risks;
- the systems implemented to monitor those risks; and
- the strategies (including hedging strategies) in place to manage those risks; and

(v) recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

10. INTERNAL CONTROL

10.1 *Review by Audit Committee*

The Committee shall review any internal control report prepared by management, including management's assessment of the effectiveness of Russel's internal control structure and procedures for financial reporting.

11. INTERNAL AUDIT FUNCTION

11.1 *Internal Auditor*

In connection with Russel's internal audit function, the Committee shall:

(a) review and approve the Internal Audit Charter;

(b) review and approve the Internal Audit risk based plan;

(c) review and approve the Internal Audit budget and resource plan;

(d) review and approve the appointment and/or removal of the most senior internal audit position;

(e) review the terms of reference of the internal auditor and meet with the internal auditor as the Committee may consider appropriate to discuss any concerns or issues;

(f) in consultation with the External Auditor and the internal audit group, review the adequacy of Russel's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;

(g) review the periodic reports of activities of the internal auditor; and

(h) periodically review with the internal auditor any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

The most senior internal audit position shall have dual reporting to the Chair of the Audit Committee and to the Chief Executive Officer of Russel.

12. PENSION PLAN OVERSIGHT

12.1 *Investment Policy Review*

On an annual basis, the Committee shall review and, if deemed advisable recommend amendments to the Investment Policy for all Russel pension and retirement plans.

12.2 *Pension Plan Funding*

The Committee shall have general oversight of the funding of Russel's pension plans and 401k plans. Any funding that is outside of the normal funding requirements prescribed by such plans or actuarial valuation shall be approved by the Committee.

13. COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

13.1 *Risk Assessment and Risk Management*

The Committee shall discuss Russel's major financial risk exposures and the steps management has taken to monitor and control such exposures.

13.2 *Related Party Transactions*

The Committee shall review and approve all related party transactions in which Russel is involved or which Russel proposes to enter into.

13.3 *WhistleBlowing*

The Committee shall put in place procedures for:

(a) the receipt, retention and treatment of complaints received by Russel regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of Russel of concerns regarding questionable accounting or auditing matters.

14. ANNUAL PERFORMANCE EVALUATION

On an annual basis, the Committee shall follow the process established by the Board and overseen by the Nominating and Corporate Governance Committee for assessing the performance of the Committee.

15. CHARTER REVIEW

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.