



Russel Metals

**Sustainability Accounting
Standards Board (SASB)
Disclosure for
Iron & Steel Producers**

INTRODUCTION

Russel Metals Inc. ("**Russel Metals**" or the "**Company**") is one of the largest metals distribution companies in North America, with a growing focus on value-added processing. The Company conducts its distribution business in three principal business segments: metals service centers; energy products; and steel distributors. For the year ended December 31, 2021, Russel Metals had consolidated revenues of \$4.2 billion (CAD). Our business includes operations in both Canada and the U.S. In 2021, approximately 64% of our consolidated revenues were generated by our Canadian operations and approximately 36% were generated by our U.S. operations.

Under the Sustainability Accounting Standards Board ("**SASB**") sustainable industry classification system, Russel Metals falls within the Iron & Steel Producers industry classification. The SASB standards describe the industry as follows:

The Iron & Steel Producers industry consists of steel producers with iron and steel mills and companies with iron and steel foundries. The steel producers segment consists of companies that produce iron and steel products from their own mills. These products include flat-rolled sheets, tin plates, pipes, tubes, and products made of stainless steel, titanium, and high alloy steels. Iron and steel foundries, which cast various products, typically purchase iron and steel from other firms. The industry also includes metal service centers and other metal merchant wholesalers, which distribute, import, or export ferrous products. Steel production occurs via two primary methods: the Basic Oxygen Furnace (BOF), which uses iron ore as an input, and the Electric Arc Furnace (EAF), which uses scrap steel. Many companies in the industry operate on an international scale.

We are included within the Iron & Steel Producers category on the basis of the SASB standards inclusion of metal service centers and wholesalers. It is important to note that while included in this categorization, Russel Metals does not produce iron or steel, nor do we operate a Basic Oxygen Furnace or an Electric Arc Furnace. While we do operate certain value-added processing equipment which can, among other things, shear, slit, cut, bevel, drill, notch or flatten metal prior to the metal being fabricated or machined, we do not produce metals nor do we alter the metallurgical properties or composition of the metals. In addition, our operations are limited to Canada and the United States.

Our operations have a light environmental impact. We believe this context is necessary and significant as the Iron & Steel Producers standard is geared towards addressing the type and scale of environmental issues which are encountered by iron and steel producers who operate furnaces, smelters or foundries on an international scale. Accordingly, much of the requested disclosure will be inapplicable to a distributor and wholesaler of metals, or where applicable, the quantities generated are negligible and immaterial such that we are unable to provide an exact number. We focus our energy and efforts on matters which are material, as we believe such focus yields the widest benefit. We also believe this is consistent with the ESG movement, and the feedback we have received from ESG focused stakeholders, who have encouraged the Company to focus on the areas which are material.

We recognize that our activities and operations have the potential to impact the environment and the communities in which we operate; accordingly, we have made ESG management a priority. We have adopted both environmental and health & safety policies applicable to all our business segments, which guides and directs our actions, to ensure that our operations comply with applicable environmental and health & safety laws in the jurisdictions in which they operate, and to minimize the impact of our operations upon the environment and to safeguard our employees. In addition, we have a committee of our Board of Directors, the Environmental Management and Health & Safety Committee whose mandate is to review and evaluate our environmental and health & safety performance. In 2021, we established a Corporate Giving Campaign to augment our local efforts and to support vulnerable people with an emphasis on diversity.

We have prepared this disclosure in accordance with the SASB standards to inform stakeholders as to our environmental impact and our mitigation efforts.

MATERIALITY MAP

We have included the SASB material map where it identifies material areas for those in the Extractive & Minerals Processing Sector and material areas from our classification category, the Iron & Steel Products Industry level.

In the third column, we have included a risk assessment of the materiality of each item with respect to our operations. As a distributor and processor, whose operations are located solely in Canada and the United States where there are significant regulations with respect to environmental emissions, human rights, labour standards and long standing history of the rule of law, many of the items that are material for a company in the extractive & mineral processing sector or for an iron and steel producer with international operations, are not applicable or not material with respect to Russel Metals' business activities.

		Sector Level	Industry Level	Company Level
Materiality Map		Extractives & Minerals Processing	Iron & Steel Producers	Russel Metals
Dimension	General Issue Category			
Environment	GHG Emission			
	Air Quality			
	Energy Management			
	Water & Wastewater Management			
	Waste & Hazardous Materials Management			
	Ecological Impacts			
Social Capital	Human Rights & Community Relations			
	Customer Privacy			
	Data Security			
	Access & Affordability			
	Product Quality & Safety			
	Customer Welfare			
	Selling Practices & Product Labeling			
Human Capital	Labor Practices			
	Employee Health & Safety			
	Employee Engagement, Diversity & Inclusion			
Business Model & Innovation	Product Design & Lifecycle Management			
	Business Model Resilience			
	Supply Chain Management			
	Materials Sourcing & Efficiency			
	Physical Impacts of Climate Change			

Leadership & Governance	Business Ethics			
	Competitive Behavior			
	Management of the Legal & Regulatory Environment			
	Critical Incident Risk Management			
	Systemic Risk Management			

SASB

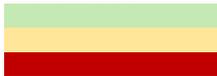


at sector level, more than 25% of companies are likely to have material issues

at sector level, more than 50% of companies are likely to have material issues

at industry level, material issues likely

Russel Metals



not applicable

relevant, but not material

material

GREENHOUSE GAS EMISSIONS

As a distributor, our operations are not energy intensive, and the bulk of our direct emissions arise through consumption of diesel fuel for the delivery of product to customers, and consumption of natural gas for the provision of comfort heat to our facilities (as opposed to through our processing operations).

EM-IS-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.

Our aggregate Scope 1 GHG emissions*, company-wide, were 37,127 tonnes CO_{2(e)} for 2021.

** reported GHG emissions are measured in accordance with and under the equity share approach described in the international standard "The Greenhouse Gas Protocol", published by the World Resources Institute.*

Of this total, none (0%) of our Scope 1 GHG emissions are covered by any emissions-limiting regulation or program, including cap-and-trade programs.

We have facilities in 9 Canadian Provinces, and 14 U.S. States. Legislation addressing climate change varies considerably among these jurisdictions and although the regulatory landscape dealing with GHG emissions continues to evolve, all our facilities remain well below the triggering criteria for any existing or proposed legislation imposing mandatory measurement, reporting or reduction programs, or mandatory participation in cap and trade programs. Among the jurisdictions we operate, the most stringent threshold triggering any regulatory compliance action is presently 10,000 tonnes per year of specified emissions. By comparison, none of our facilities generates more than 700 tonnes per year.

EM-IS-110a.1. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and analysis of performance against those targets.

We track and monitor our greenhouse gas (GHG) emissions at both an individual facility level, and an aggregate company-wide level, to ensure continued compliance with a changing body of regulatory requirements and to ensure that our emissions continue on a downward trajectory on a per dollar of revenue basis over time. In 2021, our Scope 1 emissions intensity represented 8.82 tonnes CO_{2(e)} per million dollars (CAD) of revenue.

We encourage our branches to operate in an energy-efficient manner, and many have implemented energy efficiency programs which not only reduce their GHG emissions, but also reduce costs and enhance profitability. We have not established quantitative reduction targets at time. Our emissions are highly correlated with the cyclical nature of the metals industry. Our overall consumption generally follows our business cycle increasing during times of heightened economic activity (while per dollar intensity decreases) and decreasing during times of lower economic activity (while the per dollar intensity increases).

As our value-added processing activities account for less than 3% of our Scope 1 GHG emissions, there are few opportunities for substantive reduction in that area. Therefore, energy efficiency efforts undertaken by the branches tend to involve either building infrastructure (heating & lighting) improvements such as upgrades to HVAC equipment, initiatives to minimize heat loss, the use of programmable thermostats to optimize comfort heat, and transportation improvements such as optimization of delivery routes, the use of lighter-weight aluminum trailers which allow more material to be carried with each load, and the periodic upgrading of our vehicle fleet with more fuel-efficient equipment.

AIR EMISSIONS

As a distributor, air emissions are not material in our operations.

Some of our steel service center facilities have cutting operations (oxy-fuel, plasma, or laser) that produce a limited amount of smoke and/or fume. These potential emissions are controlled using dust collectors to control and mitigate any emissions. Most jurisdictions in which we operate do not require any permit or approval for such control systems; however, where approvals are required, our facilities have the necessary permits and approvals in place.

EM-IS-120a.1. Air emissions of the following pollutants: (1) CO, (2) NO_x, (excluding N₂O), (3) SO_x, (4) particulate matter (PM₁₀), (5) manganese (Mn), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons. (PAHs)

As our operations only generate negligible air emissions, we have not specifically quantified each of these pollutants. We understand these items are material matters to a steel and iron producer who operates a BOF or EAF as the production of steel and iron generates air pollutants, volatile organic compounds and hazardous air pollutants which can have localized public health impacts.

The same is not true for Russel Metals' business operations which predominantly involve the wholesale of metal materials on an as-is basis with a value-added processing component in our Service Center business where air emissions are minimal.

ENERGY MANAGEMENT

As a distributor, our operations are not energy intensive. We consume more energy providing comfort heat to our facilities in winter than we do in all of our processing operations. Our largest energy use, at roughly 45%, pertains to transportation. This primarily reflects the delivery of product to our customers as well as transportation to and from customer sites. Infrastructure uses are the next largest energy use category, reflecting the provision of comfort heat to our facilities, and hot water and electrical power to our offices. Our value-added processing operations consume the least energy.

EM-IS-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable

In 2021, our total measured energy consumption was 768,201 GJ*, which was 5.0% lower than 2020. Of this total, 23.3% or 179,306 GJ was electricity. Prior to 2022, we did not generate our own electricity; therefore, all electricity was purchased from the grid. However, near the end of 2021, Russel acquired a business that generates a portion of its electrical power needs through a rooftop solar system. Therefore, going forward, a portion of our electricity consumed will be self-generated, through net metering arrangements with the supplier.

** Our energy consumption is measured according to the equity share approach, defined by the GHG Protocol.*

None of our electricity consumed in 2021 was from sources considered to be renewable under the SASB definition. However, much of the grid-supplied electricity we purchase is in fact renewable energy. For example, in Canada, over 43% of our aggregate electricity use comes from renewable sources, and in the Provinces of Quebec, Manitoba, Newfoundland and British Columbia, over 95% of the electricity consumed by our operations in those Provinces, and supplied through the grid, comes from renewable sources.

EM-IS-130a.2. (1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, (4) percentage renewable

In 2021, our total measured fuel consumption was 588,895 GJ, which was 5.8% lower than 2020. This breaks down as follows:

diesel fuel	314,978 GJ
natural gas	218,882 GJ
gasoline	31,413 GJ
propane	23,428 GJ
other	194 GJ

None (0%) of our fuel consumed was coal.

37.4% of our fuel consumed was natural gas. Our use of natural gas, in processing activities, is negligible. Approximately, 99.9% of our natural gas consumed was used for the provision of comfort heat, and office-related hot water.

A minimal portion of our fuel consumed is renewable, for instance, the ethanol component of gasoline is produced from biomass and is used to reduce the quantity of fossil fuel present in a transportation fuel; however, as it is not material we are unable to precisely quantify the amount.

WATER MANAGEMENT

We recognize water as a valuable and sensitive resource. As a distributor of metals, our operations are not water intensive. Very few of our locations use any significant quantity of water in their activities, and our company-wide discharges of industrial wastewater are negligible.

EM-IS-140a.1. (1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress

While steel production requires a substantial amount of water which is why this question is asked of steel and iron producers, water consumption is not material in our operations.

We use water in facility kitchens, coffee-rooms, washrooms and showers, and for general cleaning and maintenance. Some locations also use water for their lawns or landscaping. The use of water in our operations is infrequent and small-scale, and where there is water used, it is drawn in batches. There are no operations that require a continuous flow of water. 20% of our operating facilities are located in an area of high or extremely high baseline water stress. However, none of those facilities consume material quantities of water.

WASTE MANAGEMENT

Steel and other metal products that we distribute are among the most widely recycled materials on earth. Most of our product lines, present minimal end-of-product-life environmental impact as they are recyclable. Our processing facilities segregate scrap material and return this material to scrap recyclers for use in the production of steel products. Furthermore, as a distributor, our packaging materials are minimal. Our operations generate relatively little landfill waste. Our branches are encouraged to participate in separation and recycling activities consistent with the programs available in their local communities. Production of other non-hazardous waste is not material.

EM-IS-150a.1. Amount of waste generated, percentage hazardous, percentage recycled

Most of our operating locations do not generate any hazardous or controlled waste. There are some that do generate small amounts which are predominantly related to equipment maintenance activities, as opposed to our steel distribution and processing operations. In such cases, those facilities have appropriate handling and disposal procedures in place and are properly registered with applicable authorities. Hazardous wastes are not material in quantity or cost.

We appreciate why this question is asked of steel and iron producers where slag, sludges and electric arc furnace dust are significant and constitute hazardous material. This is not the case for a distributor of metals; accordingly, we are unable precisely quantify the de minimis amounts of waste generated across approximately 134 North American locations.

The largest component of our operational wastes are scrap metals. Scrap metals have significant economic value and are fully recycled by the Company.

WORKFORCE HEALTH & SAFETY

We are committed to a safe and injury free work environment for all 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;
- ◆ Engagement of independent third-party experts to advise on health and safety matters where appropriate; and
- ◆ Engagement 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 and lagging 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 2020 and 2021, the conditions experienced as a result of the global COVID-19 pandemic caused us to further develop health and safety protocols to protect our employees and our other stakeholders. As the pandemic lingers these protocols remain in place and are expected to remain in place for the foreseeable future. In addition, we added the newly created position, Director of Fleet Safety and Compliance, which will further strengthen our team and provide additional focus in the areas of fleet safety, driver training and transportation compliance. We implemented several Health and Safety improvement initiatives such as Dashcam and ELD Technology, Critical Incident Tracking and mandatory chin straps for hard hats. Our key initiative for 2022 will be Trailer Fall Arrest systems at all locations.

Our health and safety program is overseen and directed jointly by our President and Chief Executive Officer and Vice President, Service Center Operations who report 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 manager 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 Board and our Environmental Management and Health & Safety Committee meets a minimum of three times a year. Our Board of Directors visits operating 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 and we believe that we are in compliance with all such requirements. Management assurance that these requirements are met is accomplished by audits of our facilities on a rotational basis and continuous monitoring of safety performance. 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 2020 and 2021, COVID-19 protocols reduced the number of audits and corporate health and safety completed 34 and 47 audits respectively. Our internal auditors conduct a high-level compliance audit to identify open matters that have not been resolved. In 2022, we anticipate auditing approximately 92 locations.

Of all the items in the SASB standard, health and safety is the reporting item which is material to our operations. 124 out of our 134 locations (93%) did not record a lost time incident in 2021.

EM-IS-320a.1. (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees

	Full – Time Employees	Contract Employees
Total Recordable Incident Rate	4.53	6.03
Fatality Rate	0	0
Near Miss	9.19	9.48

The following table provides additional information which we believe is relevant to assess our health and safety performance in 2021.

	2021
Number of Employees	3,300
Number of Lost Time Incidents	10
Number of Lost Time Days	613
Frequency ¹	0.33
Severity ²	19.93
Medical Aids ³	111
First Aids ⁴	110

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.

SUPPLY CHAIN MANAGEMENT

EM-IS-430a.1. Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.

As a distributor, we do not use iron ore or coking coal in our operations, and do not face such sourcing risks. Therefore, we do not evaluate or manage the environmental or social risks associated with such mining operations, nor is that expected of distributors.

Our suppliers are providers of finished product, not of raw materials. Given the range of products that we distribute, we purchase inventory from over 750 suppliers. There is no single supplier that, if its operations were interrupted by environmental or social issues, would materially affect our ability to continue operating.