



ANNUAL INFORMATION FORM

FEBRUARY 8, 2024

TABLE OF CONTENTS

Description.....	Page
Russel Metals Inc.	3
Forward-Looking Statements	3
History of the Company	3
Business	4
Description in Business	4
Properties	9
Employees.....	10
Legal Proceedings.....	10
Health and Safety.....	10
Environmental Regulation	11
Ethical, Privacy and Social Policies	12
Risk Management and Risks Affecting our Business	12
General Development of the Business.....	20
Ratings	20
Market for the Securities of Russel Metals.....	21
Description of Capital Structure	21
Material Contracts	22
Dividend Record	22
Major Subsidiaries	23
Trade Names.....	23
Directors and Senior Executive Officers	24
Additional Information.....	29
Charter of the Audit Committee.....	30

RUSSEL METALS INC.

Except as otherwise noted, the information contained herein is as of December 31, 2023. All references to "dollars" or "\$" are to Canadian dollars and all financial information contained herein is determined on the basis of, and prepared in accordance with, International Financial Reporting Standards ("GAAP"), unless otherwise indicated.

We believe Russel Metals Inc. ("Russel Metals" or the "Company") is one of the top five largest metals distribution companies in North America, with a growing focus on value-added processing. The Company conducts its business in three principal business segments: metals service centers; energy field stores; and steel distributors. For the year ended December 31, 2023, Russel Metals had consolidated revenues of \$4.5 billion. Our business includes operations in both Canada and the U.S. In 2023, approximately 61% of our consolidated revenues were generated by our Canadian operations and approximately 39% were 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. 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.sedarplus.ca.

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 subsidiary with Canadian service center operations, and three non-operating subsidiaries.

BUSINESS

OVERVIEW

Our metals service centers carry an extensive 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 process, package and sell them to end users in accordance with their specific needs. During 2023, we processed and distributed products to a broad base of approximately 34,000 customers through a network of 45 locations across Canada and 23 U.S. locations. We believe we are the largest metals service center business operating in Canada and we have a strong and growing presence in the U.S. Midwest and South. Our metals service centers operations accounted for \$3.0 billion, or 67%, of our total revenues in 2023.

Our energy field stores carry a specialized product line focused on the needs of energy industry customers. These operations distribute flanges, valves and fittings and other products and operate from 46 Canadian and 14 U.S. locations. We purchase products from North American steel mills, independent manufacturers of flanges and valves, fittings, pipe and other accessories, international steel mills or other distributors. Our energy field stores operations accounted for \$1.0 billion, or 22%, of our total revenues in 2023.

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. The main steel products sourced by this segment are carbon steel plate, flat rolled products, beams, channel and pipe. Our steel distributors operations accounted for \$0.5 billion, or 11%, of our total revenues in 2023.

DESCRIPTION IN 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 field stores ensure product is located in geographic proximity to the end users and provides exploration and production and oil service companies with the products required to complete oil and gas exploration, development and production projects. Distributors of energy products play a significant role in the efficient logistics of oil and gas exploration and production.

We estimate that the North American service center industry has annual revenues in excess of US\$330 billion. We believe that revenues for the top 50 service center companies are in excess of US\$84 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 processing, product selection, timely delivery, reliability and quality. There has been considerable consolidation in the industry in both the United States and Canada over the past three 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 within the customer base.

COMPETITIVE STRENGTHS

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

Leading Market Position

We believe we are the largest service center operator in Canada based on revenues and among the top five service center operators in North America. Our 45 Canadian service centers serve a broad base of customers across all regions of Canada, and we have 23 locations in the U.S. which support our strong and growing presence in the U.S. Midwest and South. Our geographic presence, large volume and leading market position enable us to successfully source steel at competitive prices. Our 46 energy field stores in Canada and 14 in the U.S. are strategically located close to the customers that they serve in the oil and gas basins in North America.

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 certain products which allows us to augment our product lines at our metals service centers when product is not available or in limited supply. This diversification of supply enables us to monitor global steel supply and assess its impact on 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 2023, we acquired Alliance Supply Ltd., a distributor of valves and fittings to oil and gas companies. Alliance Supply was complementary to, and was integrated with, our Apex Distribution energy field store operations. In 2021, we acquired a group of companies that operate as Boyd Metals. Boyd Metals operates five full line service centers located in Arkansas, Missouri, Oklahoma and Texas and expanded our geographic footprint in the Southern U.S.

Multiple Business Segments and Diversified Customer Base

We operate in three segments, each with a distinct customer base and business cycle: metals service centers; energy field stores; and steel distributors. Our metals service centers segment has a diversified customer base across a wide variety of industries, including machinery and equipment manufacturing, non-residential construction, shipbuilding and natural resources, such as mining and petroleum. Our segments are not significantly dependent on a single customer and in 2023, our largest customer accounted for less than 2% of our total revenues.

Superior Service and Product Selection

Most of our metals service centers and energy field stores have the ability to offer one stop shopping to our customers. We believe that we have a reputation for superior and timely service, diverse product selection and customized value-added processing capabilities. 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. Our strategic initiative to grow our value-added processing capabilities is expected to further strengthen our customer relationships and expand our commercial opportunities across our various end markets.

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 the unique market that they serve. 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 procurement 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 quickly to changing metals prices and customer needs, and to optimize our use of working capital throughout the cycle.

As a result of our prudent inventory management, our metals service centers have consistently turned their inventory at higher rates than the industry average.

Experienced Management Team and Performance-Based Compensation

Our senior executives and other key members of our management team have an average of 27 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 value-added processing services to customers, tightly manage working capital and provide our shareholders with superior returns over the cycle. Our business strategies, aimed at achieving our goals, consist of the following:

Manage Capital Utilization

We conservatively manage our balance sheet to enable us to allocate capital to value creating opportunities. We increase invested capital in operations with attractive economics and repatriate capital from operations that do not meet our required returns. In 2023, we sold our equity interest in TriMark to our venture partner for \$60 million which included a \$10 million gain. This was the final step in our staged exit from the OCTG/line pipe business. We repatriated approximately \$375 million in capital from the OCTG/line pipe business.

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 maintain a disciplined approach to accounts receivable through an actively managed credit process.

Expand through Select Acquisitions

On December 4, 2023, we announced an agreement to acquire seven metals service centers in Western Canada and the Northeastern U.S. The estimated purchase price of this acquisition is \$225 million, and it is expected to close in the second quarter of 2024.

We continue to strengthen our energy field stores franchise through acquisitions. In 2023, we utilized \$7 million of capital and expanded our presence in our Canadian energy field stores with the acquisition of Alliance Supply.

In 2021, we expanded our presence in the southern U.S. with the acquisition of Boyd Metals, a full line service center. Maintaining and growing our metals service centers in Canada and in the U.S. is one of the primary goals of our acquisition strategy.

Grow through Value-Added Processing and Facility Modernizations

We continue to invest in value-added processing equipment throughout our metals service center franchise. This growth initiative is part of our overall strategy to diversify our business model, grow our market share, expand our margins and generate a strong return on capital over the cycle. We continue to invest in our facilities modernization initiative and have projects in process in Saskatoon (Saskatchewan), Joplin (Missouri), Little Rock (Arkansas), Green Bay (Wisconsin) and Texarkana (Texas). Since 2021, we invested \$143 million in capital expenditures including a series of value-added equipment and facility modernization initiatives in both Canada and the U.S. We currently have a multi-year pipeline of internal investment projects that totals over \$200 million.

Maintain a Balance Between Decentralized Operating Management and Economies of Scale

We manage our businesses on a decentralized basis, with local management accountable for day-to-day operations, profitability and organic 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. In addition, management oversight through centralized information systems, treasury services and human resource programs enable us to benefit from economies of scale.

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, structural shapes, 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. Our U.S. service center operations are in Alabama, Arkansas, Georgia, Kentucky, Missouri, North Carolina, Ohio, Oklahoma, Tennessee, Texas and Wisconsin.

Our metals service centers provide customized value-added processing services to specifications established by our customers. By providing these services, as well as 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:

- ◆ fiber tube and flat laser processing: cutting of tubular, structural shapes and flat sheet and plate according to customer specifications;
- ◆ multi-dimensional press braking and rolling: bending and rolling of flat metal into multiple shapes according to customers specifications;
- ◆ 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 specifications;
- ◆ stretcher leveling and traditional leveling: the flattening of metal to uniform tolerances;
- ◆ beam drilling, notching and coping and tee-splitting: the drilling of holes and notches at various points on a beam and the splitting of metal beams;
- ◆ saw cutting: the cutting of long products to precise lengths both square cut and mitre cut;
- ◆ 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 2023, our metals service centers segment handled an average of approximately 3,308 (2022: 3,301) transactions per day with an average revenue of approximately \$3,670 (2022: \$4,269) per transaction. The number of transactions and average revenue per transaction are non-GAAP measures. Refer to page 2 of our MD&A for a discussion of non-GAAP measures and ratios. 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, non-residential construction, shipbuilding and natural resources. During 2023, no individual metals service center customer accounted for more than 1% of our total revenues.

Energy Field Stores

Our energy field stores distribute flanges, valves, fittings and tubular goods primarily to the energy industry. Field stores are strategically located close to the end users through 46 Canadian locations in Alberta, Saskatchewan, Manitoba, British Columbia and Ontario and 14 U.S. locations in Texas, North Dakota, Oklahoma and New Mexico.

The energy field stores sell a range of products to customers located primarily in the energy basins in Western Canada and the United States. During 2023, no individual energy product segment customer accounted for more than 2% 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 and offer cut-to-length applications through its processing facility. Our steel distributors source their steel domestically and offshore.

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 primarily in public warehouses for resale to North American service centers and other customers.

Our steel distributors operations are conducted in Canada and the United States.

In 2023, no individual steel distributor customer accounted for more than 1% of our total revenues.

Revenues by Product

The following table sets out our revenues by product for the fiscal years ended December 31, 2023, and 2022.

Years Ended December 31 (in millions, except percentages)	2023	% of Total	2022	% of Total
Carbon:				
Structurals and Pipe (WF & I Beam, Angles, Channels, Hollow Tubes)	\$ 1,803.6	40.0%	\$ 2,046.8	40.4%
Plate (Discrete & Plate in Coil)	912.0	20.2%	1,125.8	22.2%
Flanges, Valves, Fittings and other Energy Products	647.4	14.4%	590.7	11.6%
Bars (Hot Rolled and Cold Finished)	221.5	4.9%	256.7	5.1%
Flat Rolled (Sheet & Coil)	423.4	9.4%	498.0	9.8%
Grating/Expanded/Rails	44.2	1.0%	50.7	1.0%
Total Carbon	4,052.1	89.9%	4,568.7	90.1%
Total Non-Ferrous (Sheet, Extrusion, Tubes, etc.)	209.8	4.7%	230.6	4.5%
Other	243.2	5.4%	271.3	5.4%
Total	\$ 4,505.1	100.0%	\$ 5,070.6	100.0%

Metal Suppliers

Our operations have over 750 suppliers and our largest supplier represents approximately 10% of our purchases. We purchase approximately 23% from our four largest suppliers.

North American steel mills are the primary source of supply for our metals service centers. 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 centrally negotiate volume rebates while maintaining local purchase decision making. 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.

The primary sources of supply for the energy field stores segment are the manufacturers of flanges, valves and fittings, pipe divisions of North American steel mills, independent manufacturers of tubular goods and accessories, international steel mills and other distributors. The steel distributors sector deals on a regular basis with multiple suppliers in 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 markets. 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 operations and the breadth of our product line allow us to service national and regional end users throughout North America. We believe that we provide our customers with a wider range of products and more value-added services than many of our regional or local competitors.

The energy field store industry has undergone consolidation, resulting in several large distributors. Our field stores are strategically located to service the needs of our customers, which allows us to service most customer needs within 24 hours.

Our steel distributors compete with other steel importers, as well as steel producers. Competition focuses on price, product quality and availability. These businesses are highly dependent on global economic conditions and on the relationships we have with our international network of suppliers.

PROPERTIES

Metals Service Centers

We have 68 warehouse facilities for our metals service centers operations, 45 in Canada and 23 in the United States. Set forth below is certain information, as of December 31, 2023, with respect to these facilities.

<i>Metals Service Centers</i>	Number of Facilities		Approximate Square Feet		
	Owned	Leased	Owned	Leased	Total
CANADA					
British Columbia	4	1	222,190	34,885	257,075
Alberta	7	2	254,692	71,000	325,692
Saskatchewan	3	1	144,135	23,760	167,895
Manitoba	2	1	214,896	42,430	257,326
Ontario	5	5	541,415	222,809	764,224
Quebec	9	1	750,200	12,800	763,000
New Brunswick	2	-	58,200	-	58,200
Nova Scotia	1	-	59,740	-	59,740
Newfoundland	1	-	22,640	-	22,640
Total	34	11	2,268,108	407,684	2,675,792
UNITED STATES					
Wisconsin	2	3	85,021	236,412	321,433
Ohio	1	-	41,040	-	41,040
North Carolina	1	-	380,617	-	380,617
Kentucky	1	-	78,900	-	78,900
Missouri	1	-	68,303	-	68,303
Arkansas	4	1	344,692	202,000	546,692
Oklahoma	1	-	45,200	-	45,200
Tennessee	3	-	128,100	-	128,100
Texas	3	-	276,507	-	276,507
Alabama	1	-	76,000	-	76,000
Georgia	1	-	114,000	-	114,000
Total	19	4	1,638,380	438,412	2,076,792

Energy Field Stores

Our field stores operate under the names of Comco Pipe & Supply Company and Apex Distribution in Canada and Elite Supply Partners and Pioneer Pipe in the U.S.

<i>Energy Field Stores</i>	Number of Facilities	
	Owned	Leased
CANADA		
British Columbia	-	4
Alberta	2	26
Saskatchewan	-	9
Manitoba	1	2
Ontario	-	2
Total	3	43
UNITED STATES		
Texas	6	5
Oklahoma	-	1
New Mexico	1	-
California	-	1
Total	7	7

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 owns a facility at the Port of Houston, which has cut-to-length capabilities and storage for coils that operates as Arrow Steel processing.

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 a ship loader and dock, to move bulk products from trains to vessels.

EMPLOYEES

On December 31, 2023, we had approximately 3,500 full-time and full-time equivalent employees. Approximately 1,265 of these employees are located in the United States. We have 28 collective bargaining agreements and two employee association agreements covering approximately 828 employees at 32 of our locations. In 2024, there are 10 collective bargaining agreements expiring. We have generally maintained favourable employee and labour relations with our employees. There was one non-material work stoppage in 2023, which has since been resolved, and no work stoppages in 2022. If we fail to successfully renegotiate 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 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 operations;
- ◆ 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 incidents 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 incidents 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.

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

	2023	2022	2021
Number of Employees	3,501	3,350	3,300
Number of Lost Time Accidents	7	8	10
Number of Lost Time Days	201	289	613
Frequency ¹	0.20	0.24	0.33
Severity ²	5.80	8.65	19.93
Medical Aids ³	116	101	111
First Aids ⁴	170	136	110

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. Our management teams 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 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 2022 and 2023, the number of audits that corporate health and safety completed were 51 and 47 audits respectively. Our internal auditors conduct a high-level compliance audit to identify open matters that have not been resolved.

ENVIRONMENTAL REGULATION

As a distributor we are not a significant generator of greenhouse gases, but we monitor our emissions and take actions to reduce these emissions. Although legislation pertaining to climate change continues to evolve, we operate well below the thresholds at which such legislation applies. Our exit from OCTG/line pipe reduced our exposure to customers in the energy sector. Our manufacturing and energy 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.

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

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.

reports to our Board on applicable changes to the environmental laws and regulations and provides an update on our activities relating to environmental matters.

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. We could be responsible for cleanup of or damages from releases of hazardous materials on or emanating from the properties where our operations were conducted. 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 aggregate annual expenditures of approximately \$200,000.

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.

Further information on our environmental management policies can be found on our web site at www.russelmetals.com/environment.

ETHICAL, PRIVACY AND SOCIAL POLICIES

We have adopted several policies that focus on ethical, privacy or social matters. Our primary policy in this area is our *Code of Business Conduct and Ethics Policy for Employees* (the "Code"). This Code covers all our employees, including our Board of Directors, and requires honest and responsible behavior in our relationships with all stakeholders. This policy includes an outline of our whistleblower hotline which provides a mechanism for employees and other stakeholders to report instances of potential violations of the Code. We periodically provide training to our employee group to ensure that the policies are well understood by our entire team. A copy of the Code can be found on our website www.russelmetals.com/policies.

Protecting the privacy and confidentiality of personal information of all stakeholders is critical to how we conduct business. We have adopted a *Privacy Policy Statement* which outlines the appropriate use of private information, implied consent, and the appointment of a Privacy Officer to manage compliance, complaints and inquiries. Our social responsibility policies include *Diversity Policy*, *Discrimination*, *Harassment and Bullying*, the *Accessibility for Persons with Disabilities Employment* and various COVID-19 protocols as we aim to provide a safe, inclusive work environment for all employees and other stakeholders. These and other policies can be found by our employees on our intranet site.

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 value, 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 OPERATIONS

Volatile Metal Prices

The price and availability of steel and specialty products 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 and political sanctions, tariffs, provisional safeguards, labour costs, competition, capacity utilization rates of steel producers in North America and internationally, price surcharges and other factors. The global pandemic initially caused a reduction in demand and led to reduced metal prices and subsequent supply chain issues led to higher metal prices that were more volatile than historical norms.

A large portion of our revenues are derived from the sale of steel and specialty products. As a result, fluctuations in availability and cost of steel and specialty products 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 do not enter into long-term purchase agreements. Accordingly, we purchase materials 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 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 product prices decline, end user demands for lower prices and responses by our competitors to those demands can result in lower sales prices and consequently, lower margins and inventory write-downs as we sell existing inventory.

Cyclicalities of the Metals Industry

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 and factors beyond our control. Some of our Canadian customers generate a portion of their revenues through exporting goods to the United States. If the ability of our Canadian customers to export their products to the United States is reduced, due to cross border trade constraints, 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. In addition, 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 more than 2% in 2023 and depreciated 6% in 2022 and appreciated by approximately 1% in 2021 relative to the year prior.

Future Acquisitions

A part of our growth has come from acquisitions and we expect to continue to pursue complementary acquisitions. In the event we are unable to successfully identify and execute acquisitions, it could adversely impact our growth.

Any future acquisitions could involve a number of risks including: our inability to integrate the acquired business and generate synergies, 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. Significant 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.

Facilities Modernization

Part of our strategy is to expend capital to modernize certain of our facilities. These projects take significant management time and resources and may involve project delays due to equipment and engineering availability, start-up issues and other factors. The inability to execute these modernization projects may result in our failure to service our customers, recruit and retain qualified employees, and adversely affect our financial condition, results of operations or cash flow.

Volatility in the Energy Industry

A portion of our revenues depend upon the level of capital and operating expenditures of our customers 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 capital and other expenditures by oil and natural gas companies. A material decline in oil or natural gas prices or an increase in the Western Canadian Select discount could lead to a decrease in our customers' capital and other expenditures. If customer expenditures decline, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our 2023 exit from OCTG/line pipe business reduced our exposure to, and the volatility from, the oil and natural gas sector.

Product Claims

As a distributor, we purchase our products from a number of domestic and international producers and resell them 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 judgement and enforcing against assets outside of North America. We carry insurance in order to mitigate some 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

We face significant competition in our metals service centers and energy field stores operations. In both Canada and the United States, our primary competitors are other service centers and energy product distributors, which are national, regional and local in geographic coverage. We also compete with steel producers some of 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 or lower 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 downturn 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 may vary). The imposition of trade sanctions by governments on the import of steel products such as the U.S. Department of Commerce section 232 tariffs and the Canadian Department of Finance safeguards, can place us at a competitive disadvantage compared to domestic steel producers. In addition, the imposition of trade sanctions can prohibit or limit the import of steel products from countries where our suppliers are located, which can adversely affect our financial performance.

Sources of Supply and Supply Chain Disruptions

We purchase our products on a frequent basis from a number of producers, primarily in North America. 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, tariffs and other safeguards initiated by governments in response to non-trade related concerns might interrupt shipments from certain countries. Supply chain disruptions, like those experienced in 2021, may adversely affect our ability to source product on a timely basis. If we are unable to obtain sufficient steel or other 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 have a material adverse effect on 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.

Manufacturers Sell Directly

Our customers have historically purchased 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

If steel prices compared to certain substitute materials or technological innovations render our products obsolete, 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 flows. In certain applications, steel competes with other materials, such as aluminum, cement, wood, composites, glass and plastics. Prices of all 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 cost of steel relative to other materials may make material substitution more attractive for certain uses.

Failure of our Key Computer-Based Systems

We depend to a significant degree on our computer-based systems in the operation of our business. Certain of the computer-based operating 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 have a material adverse effect on 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. 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

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 which we continuously revise 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.

FINANCIAL AND CREDIT RISKS

Credit Risk

Global economic conditions, including tightening of the credit markets, higher interest costs 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 professionals, 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 have a material adverse effect on our business, financial condition, results of operations and cash flows.

In times of global financial and banking restrictions and higher capital costs, 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.

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.

Currency Exchange Risk

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 on specific cash flows; however, such activities provide only short-term protection against a limited portion of our currency exposure.

Restrictive Debt Covenants

Our credit facility and the trust indentures governing our 5 ¾% Senior Unsecured Note due October 27, 2025, and our 6.0% Senior Unsecured Notes due March 16, 2026, 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.

Goodwill or Long-term Asset Impairment

We are required to assess our goodwill balance for impairment at least annually, and our long-term assets when indicated by certain factors. We calculate impairment based on estimates and assumptions. In preparing these estimates, we consider several factors, including expected 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

Unexpected Loss of Key Individuals

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 have a material adverse effect on our business, financial condition, results of operations and cash flows. We have implemented a succession planning strategy to mitigate the effect of attrition, but 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.

Decentralized Operating Structure

While we believe our decentralized structure has enabled us to remain responsive to opportunities and to customer needs, it 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.

Labour Interruptions

On December 31, 2023, we had 28 collective bargaining agreements and two employee association agreements covering approximately 828 employees belonging to a variety of unions at 32 of our locations. In 2024, there are 10 collective bargaining agreements expiring. If we fail to successfully renegotiate 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

Laws and Governmental Regulations

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 Buy America initiative could adversely impact the ability of certain of our Canadian 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 Canadian 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 flows.

Litigious Environment

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

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 our operations have been 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 *RCRA*, *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. 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 have a material adverse effect on 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 our 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.

Some of 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 and pollution of groundwater. Several provinces, states and 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 business in this area.

Climate Change

Climate change could exacerbate certain threats facing our business including the frequency and severity of extreme weather conditions and natural disasters, which may disrupt operations and have a material adverse effect on our financial position.

The level of activity in the Canadian oilfield industry is influenced by seasonal weather patterns and the financial performance of certain of our Canadian field stores operations depend, in part, on the severity and duration of the Canadian winter. Global climate change could impact the weather patterns in the jurisdictions in which we operate. At this time, we cannot estimate the degree to which climate change could impact our business and operating results.

Concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during transportation and indigenous rights, have affected public sentiments towards the steel and oil and gas industries and have made it more challenging to construct critical infrastructure such as pipelines. Protests, court challenges and negative sentiment may negatively impact oil and gas exploration which may have a material adverse effect on our financial performance.

Carbon Emissions

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 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 which may result in a decline in revenues from our energy field stores which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Health and Safety Laws and Regulations

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.

RISKS RELATED TO OWNERSHIP OF OUR COMMON SHARES

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, speculation about our financial condition or results of operations and changing investor sentiment towards the prospects of the industries we serve. 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.

We may issue additional common shares in the future to fund our needs 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. The issuance of additional shares could be dilutive. The issuance of additional shares may cause our share price to deteriorate.

The cash flow available for share buy backs and 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 steel, crude oil or 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. 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. Share buy backs involve a normal course issuer bid which is approved by our Board of Directors as required.

GENERAL DEVELOPMENT OF THE BUSINESS

On October 2, 2023, we acquired Alliance Supply Ltd. For approximately \$7 million in cash.

On September 1, 2023, we sold our equity interest in TriMark to our venture partner, Marubeni-Itochu Tubulars America Inc. for \$60 million.

On August 11, 2023, we announced that we renewed our Normal Course Issuer Bid to purchase up to 6,076,625 common shares commencing August 16, 2023, and ending on August 15, 2024. On August 11, 2022, we announced a Normal Course Issuer Bid to purchase up to 3,155,611 common shares commencing of August 16, 2022, and ending on August 15, 2023.

On May 8, 2023, we declared an increase in our quarterly dividend to \$0.40 per share.

On March 31, 2022, we divested Apex Western Fiberglass for cash consideration of \$10 million.

On December 15, 2021, we extended our \$450 million credit agreement with a syndicate of banks for borrowings and letters of credit to September 21, 2025.

On November 30, 2021, we acquired a group of companies that operate as Boyd Metals for US\$125 million.

On July 6, 2021, we completed the merger of our Canadian OCTG/line pipe operations with Marubeni-Itochu Tubulars America Inc.'s Canadian OCTG/line pipe business to form the TriMark Tubulars Inc. joint venture.

RATINGS

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

	DBRS	S&P
Corporate rating	BBB Low	BB+
Senior unsecured notes	NR	BB+
Ratings outlook	Stable	Stable

DBRS Morningstar Rating Service

DBRS credit ratings are on a long-term obligations scale that ranges from AAH to D, which represents the range from the highest to lowest quality. According to DBRS, the BBB rating is the fourth highest of the ten major rating categories. The ratings from AA to CCC may be modified by the addition of a high or low designation to show relative standing in the major rating categories. The rating outlook is stable.

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; our BB rating includes a plus (+) sign. 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 2023 fiscal year is set out in the following table:

The Toronto Stock Exchange Share Price Trading Range and Share Volume

Month - 2023	High	Low	Close	Share Volume
December	\$ 45.44	\$ 38.01	\$ 45.03	4,591,017
November	39.00	34.31	38.28	2,563,902
October	38.04	33.38	34.55	2,367,776
September	40.49	37.06	38.02	3,495,208
August	40.52	36.38	40.19	3,698,365
July	39.18	35.42	38.81	2,963,044
June	37.85	35.04	36.70	5,710,573
May	36.90	33.62	35.62	6,171,355
April	34.70	31.24	34.50	4,379,590
March	36.78	33.27	34.33	8,347,098
February	37.28	32.05	35.57	9,994,963
January	32.84	28.63	32.41	5,201,271

The transfer agent and registrar for our common shares is TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario M5H 4H1.

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. On December 31, 2023, 60,388,426 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, 2025, 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 March 16, 2018, for the \$150 million of 6.0% Senior Unsecured Notes due March 16, 2026.
3. Trust Indenture between Russel Metals Inc. and BNY Trust Company of Canada dated October 27, 2020, for the \$150 million of 5 ¾% Senior Unsecured Notes due October 27, 2025.

DIVIDEND RECORD

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

<i>Years Ended December 31</i>	2023	2022	2021
Common shares	\$ 1.58	\$ 1.52	\$ 1.52

In 2023, we declared an increase in our quarterly dividend to \$0.40 per share. It had been \$0.38 per share since the 2014 third quarter. The Board of Directors regularly reviews the dividend policy based on the anticipated cash requirements of the Company combined with its current and projected financial position. Although the Company has, since 2003, 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. Dividends on common shares in excess of certain thresholds and the repurchase of common shares are considered to be restricted payments under the notes indenture associated with these notes. Our current dividend rate is permitted under these indentures without reducing the restricted payment basket.

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 on December 31, 2023, all of which are wholly owned.

Jurisdiction of Incorporation:	
Apex Distribution Inc.	Alberta
Boyd Metals Inc.	State of Delaware
Elite Supply Partners 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
Wirth Steel, a General Partnership	Quebec

TRADE NAMES

The following is a list of our business names as of December 31, 2023:

RUSSEL METALS		
A.J. Forsyth	Color Steels	Norton Metals
Acier Leroux	Comco Pipe & Supply	Pemco Steel
Acier Wirth	Couleur Aciers	Pioneer Pipe
Alliance Supply	DuBose Steel	Russel Metals Processing
Apex Distribution	Elite Supply Partners	Russel Metals Williams Bahcall
Apex Monarch	JMS Russel Metals	Sanborn Tube Sales
Apex Valve Service	Leroux Steel	Spartan Energy Tubulars
Arrow Steel Processors	Mégantic Métal	Sunbelt Group
B&T Steel	Métaux Russel	Wirth Steel
Baldwin International	Métaux Russel Produits Spécialisés	York-Ennis
Boyd Metals	Milspec	

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, 2023 (except as noted ⁽⁵⁾). Information relating to our senior executive officers follows.

DIRECTORS

Name, Municipality of Residence and Position Held	Date Became Director	Principal Occupation
Stewart C. Burton ⁽¹⁾⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	January 1, 2024	Corporate Director
John M. Clark ⁽¹⁾⁽²⁾ Etobicoke, Ontario, Canada	May 3, 2012	President Investment & Technical Management Corp. (finance and merchant banking)
James F. Dinning ⁽²⁾⁽³⁾ Calgary, Alberta, Canada	February 17, 2003	Corporate Director
Brian R. Hedges ⁽²⁾⁽⁴⁾ Toronto, Ontario, Canada	May 12, 2009	Corporate Director
Cynthia Johnston ⁽¹⁾⁽⁴⁾ Victoria, British Columbia, Canada	May 5, 2021	Corporate Director
Alice D. Laberge ⁽²⁾⁽³⁾ Vancouver, British Columbia, Canada	July 30, 2007	Corporate Director
William M. O'Reilly ⁽¹⁾⁽²⁾ Scarborough, Ontario, Canada	May 12, 2009	Corporate Director
Roger D. Paiva ⁽³⁾⁽⁴⁾ Bowmanville, Ontario, Canada	October 1, 2020	Corporate Director
John G. Reid Soddy Daisy, Tennessee, United States	May 2, 2018	President and CEO of the Company
Annie Thabet ⁽¹⁾⁽³⁾ Ile-des-Soeurs, Quebec, Canada	January 1, 2018	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) Mr. Burton joined the Board effective January 1, 2024. Mr. Austin retired from the Board effective January 1, 2024.

Mr. Burton is a Corporate Director. He was Vice Chairman of RBC Dominion Securities Inc. / RBC Capital Markets, from 2009 until his retirement in 2022. Between 2001 to 2009 Mr. Burton held various executive leadership positions with RBC Dominion Securities Inc. / RBC Capital Markets. Prior to joining RBC Dominion Securities Inc., Mr. Burton was a chartered accountant with Ernst & Young from 1981 to 1984.

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 Vista Gold Corp., Zephyr Minerals Ltd. and several privately held companies.

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 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. Hedges is a Corporate Director. He was Chief Executive Officer of Russel Metals Inc. from May 12, 2009, to his retirement on May 2, 2018. Mr. Hedges was Chief Financial Officer of the Company from 1994 until his appointment to 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 involved in the Canadian international telecommunications industry. Mr. Hedges is currently a director of Black Diamond Group Limited.

Ms. Johnston is a Corporate Director. She was Executive Vice President, Gas, Renewables and Operations Services at TransAlta Corporation from 2015 until her retirement in 2017. Between 2011 and 2015, she held various positions at TransAlta, including Executive Vice President Enterprise Risk and Corporate Services and Executive Vice President Corporate Services. From 2013 until her retirement, she was Chief Operating Officer and served as a non-independent Director of TransAlta Renewables. Prior thereto, Ms. Johnston held various executive leadership positions with TransAlta and Fortis Alberta. She is currently a director of AltaGas Ltd. and a privately held company.

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 served as a director of Royal Bank of Canada from 2005 to the start of 2021. She is currently a director of Mercer International Inc., Nutrien Ltd. and the Canadian Public Accountability Board.

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. He is currently a director of Premium Nickel Resources Ltd.

Mr. Paiva is a Corporate Director. He was the Vice President Operations – North Region of Gerdau Steel Company from 2017 until his retirement in 2019. He started with Gerdau Steel in 1982 and held many senior positions at Gerdau Steel throughout his career including Vice President Operations, Merchant Mills from 2011 to 2017. Mr. Paiva was a member of the Board of Directors of the Canadian Steel Producers Association from 2011 to 2019, during his last two years he held the position of Co-Chair of the Board of Directors.

Mr. Reid is the Chief Executive Officer and President of the Company. On May 2, 2018, he was appointed Chief Executive Officer. Mr. Reid was Chief Operating Officer of the Company from 2013 to 2016 until his appointment to 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 field stores units. Mr. Reid is also a director and Chair of the Board of the Metals Service Centre Institute.

Mrs. Thabet is a Corporate Director. From 2003 to 2023 she was 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 currently a director of Transcontinental Inc., Héroux-Devtek and Manac Inc. and served as a director of The Jean Coutu Group from 2010 to 2018. She is also a member of the Board of the Institute for Governance and Center of Advanced Technologies BRP - Sherbrooke University and past Chair of the Board of the Institute of Corporate Directors - Quebec.

SENIOR EXECUTIVE OFFICERS

Name and Municipality of Residence	Position Held
John G. Reid Soddy Daisy, Tennessee, United States	President and Chief Executive Officer
Martin L. Juravsky Toronto, Ontario, Canada	Executive Vice President Chief Financial Officer and Secretary

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

Mr. Juravsky is an executive officer of the Company. On May 4, 2020, Mr. Juravsky was appointed Executive Vice President. On July 15, 2020, Mr. Juravsky was appointed Chief Financial Officer and Secretary. Prior to joining the Company, Mr. Juravsky was with Interfor Corporation in a number of senior positions including Senior Vice President and Chief Financial Officer. Prior to joining Interfor, Mr. Juravsky was an investment banker for approximately 20 years.

During the last five years all of the directors and officers have had the principal occupations indicated opposite their respective names, except Mr. Hedges who was CEO of the Company until May 2, 2018, Mr. Reid who was COO of the Company until May 2, 2018, and Mr. Juravsky who was Senior Vice President and CFO of Interfor Corporation prior to joining the Company on May 4, 2020.

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, 2024.

Mr. Reid, the Company's Chief Executive Officer and President is a director who is not independent ¹, as he is a member of management. Mr. Reid was elected as a director on May 2, 2018.

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. The Committee meets at least quarterly and all directors on this Committee are independent.

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."

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, oversees director compensation and serves as a forum for concerns of directors which may not be appropriate for discussion in full Board meetings. In addition, the Committee oversees the Board and Director assessments. The Committee meets at least quarterly and all directors on this Committee are independent.

The Management Resources and Compensation Committee oversees executive compensation and succession planning, and talent management including incentive-based and equity compensation plans. The Committee meets at least three times per year and all directors on this Committee are independent.

We have an Environmental Management and Health & Safety Committee, which meets at least three times 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 493,058 common shares representing approximately 0.8% of the outstanding common shares of the Company.

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.

AUDIT COMMITTEE INFORMATION

The members of the audit committee are A. Thabet (Chair), S.C. Burton, J.M. Clark, C. Johnston and W.M. O'Reilly. 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:

S. C. Burton	<ul style="list-style-type: none"> Chartered Professional Accountant and Chartered Accountant Former Vice Chairman RBC Capital Markets LLC Former Audit Committee member of RBC Dominion Securities Master of Business Administration
J.M. Clark	<ul style="list-style-type: none"> 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 Chair of the Audit Committee of Zephyr Minerals Ltd. 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
C. Johnston	<ul style="list-style-type: none"> Audit Committee member of AltaGas Ltd. Chair of Audit Committee of Corix Infrastructure Inc. Former Executive Vice President, TransAlta Corporation Former Chief Operating Officer of TransAlta Renewables Inc. Master of Applied Economics
W.M. O'Reilly	<ul style="list-style-type: none"> Former Audit Committee member of Premium Nickel Resources Ltd. Former Managing Partner and member of the Management Committee of Davies Ward Phillips & Vineberg LLP Former legal advisor to the Company's Board of Directors, Management Resources Committee and its Chair
A. Thabet (Chair)	<ul style="list-style-type: none"> Chartered Professional Accountant and Chartered Accountant Audit Committee member of Transcontinental Inc. Chair of Audit Committee of Manac Inc. Former Partner and Co-Founder of Celtis Capital Former Audit Committee member of The Jean Coutu Group Inc.

Interests of Experts

Our independent auditors for the 2023 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 for the year ended December 31, 2023, were \$1.6 million (2022: \$1.4 million).

Audit-Related Fees

The aggregate fees charged by Deloitte LLP for the year ended December 31, 2023, for assurance and related services that are reasonably related to the performance of the audit and are not reported above were \$nil (2022: \$0.1 million).

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, 2023, were \$0.1million (2022: \$0.1 million).

Other Fees

Other than noted above, no other fees were charged by Deloitte LLP during 2023 and 2022 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, 2023.

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, 2023, 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.sedarplus.ca.

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

GENERAL

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.
- (b) *Annual Appointments* – The appointment of members of the Committee shall take place not less frequently than annually, with effect immediately following 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, and provided further that the Board may from time to time and at any time appoint any director to a Committee or remove any Director from a Committee.
- (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 Rotation of Membership*

The Nominating and Corporate Governance Committee shall review the Committee's membership annually and recommend to the Board any changes to the Committee's membership. In making its recommendations, the Nominating and Corporate Governance Committee shall consider the tenure of its existing members and shall endeavour to rotate membership as reasonably practicable with regard to, among other things, the composition of the Board, the skill set of current Directors and Russel's business requirements.

3.7. *Board Approval Required*

No member of the Committee shall serve contemporaneously 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 not less frequently than annually, with effect immediately following a meeting of the shareholders at which Directors are elected; provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed; and provided further that the Board may from time to time and at any time designate a new Committee Chair. The Board shall endeavour to rotate the position of Chair as reasonably practicable with regard to, among other things, the composition of the Board, the skill set of current Directors and Russel's business requirements.

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*

Non 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 judgements 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 the 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 representative 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, Risk Management and Insurance

- (a) The Committee shall discuss Russel's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (b) The Committee shall discuss Russel's business insurance program.

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. Whistle Blowing

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. IN CAMERA SESSIONS

At the conclusion of each meeting of the Committee, the members of the Committee shall meet without any member of management being present (including any Director who is a member of management).

16. CHARTER REVIEW

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