



# BOARD OF DIRECTORS CHARTER

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## GENERAL

### 1. Purpose and Responsibility of the Board

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

### 2. Review of Charter

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

### 3. Definitions and Interpretation

#### 3.1. Definitions

In this Charter:

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

#### 3.2. Interpretation

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

## CONSTITUTION OF THE BOARD

### 4. Election and Removal of Directors

#### 4.1. Number of Directors

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

#### 4.2. Election of Directors

Directors shall be elected by the shareholders annually for a one-year term, and subject to applicable law, shall hold office for a one-year term or until their successors are elected or appointed.

#### 4.3. Vacancies

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

#### 4.4. Ceasing to be a Director

A Director will cease to hold office upon:

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

#### 4.5. Resignation

Directors whose principal employment or other business or professional circumstances change significantly from that which they held when most recently elected to the Board (including, without limitation, retirement from their principal employment, or any new appointment or election to the board of a publicly traded company) must notify the Chair of the Nominating and Corporate Governance Committee (the "NCGC Chair") and provide reasonable particulars of the change. The Board is not of the view that Directors in such circumstances must always leave the Board; however, if the NCGC Chair so determines, after consultation with the other members of the Nominating and Corporate Governance Committee, opportunity should be given to the Board, prior to the change becoming effective, to review the appropriateness of continued Board membership of such Director under the revised circumstances and to consider whether such change may have an impact on the composition of the Board. For this reason, whenever practical, any such notice shall be given in advance of the change in question. Whether or not a Director has complied with the foregoing notice requirement in any particular circumstance, the Director shall, if requested by resolution of the Board as a result of any such change, tender his or her resignation as a Director, effective upon acceptance by the Board.

## **5. Criteria for Directors**

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

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

### **5.2. Residency**

At least 25% of the Directors shall be resident Canadians.

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

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

### **5.4. Share Ownership**

Subject as hereinafter provided, each Director shall beneficially own, directly or indirectly, common shares or deferred share units or a combination thereof valued at three times the annual board retainer and annual deferred share unit grant. The Chair shall beneficially own directly or indirectly, common shares or deferred share units or a combination thereof valued at three times the annual Chair retainer and annual deferred share unit grant. The values of the shares and deferred share units are based on the higher of (i) the closing price of a common share as at the date of valuation; and (ii) the values of such common shares and deferred share units as at the time of acquisition or grant, as applicable. Any new Director is required to achieve such ownership level within five years of the date of such Director joining the Board. In satisfying the share ownership requirements, each Director must own a minimum of 1,000 Common Shares, which each Director must acquire prior to their first anniversary as a Director of the Company.

### **5.5. Other Criteria**

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

## **6. Board Chair**

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

The Chair shall be an independent Director.

### **6.2. Chair to be Appointed Annually**

The appointment of 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 appointment of the 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 appoint a new Chair of the Board.

## **7. Remuneration of Directors and Retaining Advisors**

### **7.1. Remuneration**

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Nominating and Corporate Governance Committee of the Board

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

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

## **MEETINGS OF THE BOARD**

### **8. Meetings of the Board**

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

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

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

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

#### **8.3. Quorum**

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

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

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

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

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

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

### **8.6. Invitees**

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

### **9. In Camera Sessions of Independent Directors**

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

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

### **10. Delegation and Reliance**

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

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

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

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

- a) Audit Committee;
- b) Nominating and Corporate Governance Committee;
- c) Management Resources and Compensation Committee; and
- d) Environmental Management and Health & Safety Committee

#### **10.3. Composition of Committees**

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

#### **10.4. Review of Charters**

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

#### **10.5. Delegation to Management**

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

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

- a) Management shall exercise its authority in accordance with the documents approved by the Board, including as applicable, any approved, strategic plan, business plan and capital expenditure budget.
- b) Management may not take the following actions without the approval of the Board:
  - i. capital expenditures, acquisitions or dispositions in excess of CDN\$6.5 million or US\$4 million;
  - ii. the lease of property or building(s) where: (A) the lease commits the expenditure of more than \$5 million during the initial term of the lease, or (B) the average lease payments during the initial term exceed \$1.5 million per year, (in each case, in the local currency where the expenditure is being made);
  - iii. change in business focus;
  - iv. issuance of securities;
  - v. borrowing outside of the ordinary course of business.

#### **10.7. Reliance on Management**

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

#### **10.8. Reliance on Others**

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

### **10.9. Oversight**

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

## **DUTIES AND RESPONSIBILITIES**

### **11. Duties of Individual Directors**

#### **11.1. Fiduciary Duty and Duty of Care**

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

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

#### **11.2. Compliance with the CBCA and Constatng Documents**

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

#### **11.3. Compliance with Russel's Policies**

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

### **12. Responsibilities of Directors**

#### **12.1. Responsibilities set out in Charter**

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

#### **12.2. Orientation and Education**

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

#### **12.3. Meeting Preparation and Attendance**

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

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

#### **12.4. Assessment**

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

#### **12.5. Other Responsibilities**

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

### **13. Board Responsibility for Specific Matters**

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

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

#### **13.2. Delegation to Committees**

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

### **14. Corporate Governance Generally**

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

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

#### **14.2. Governance Principles**

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

#### **14.3. Governance Disclosure**

- a) **Approval of Disclosure.** The Board shall approve disclosure about Russel's governance practices in any document before it is delivered to Russel's shareholders or filed with securities regulators or with the Stock Exchanges.



- b) **Determination that Differences Are Appropriate.** If Russel's governance practices differ from those recommended by Canadian securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate.

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

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

### **15. Responsibilities Relating to Management**

#### **15.1. Integrity of Management**

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

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

#### **15.2. Succession Planning**

The Board shall be responsible for succession planning for the CEO and shall receive recommendations of the Management Resources and Compensation Committee and make such determinations as it considers appropriate with respect to oversight of senior management succession planning including appointing senior management and oversight of training and development programs.

#### **15.3. Executive Compensation Policy**

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

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

## **16. Oversight of the Operation of the Business**

### **16.1. Risk Management**

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

### **16.2. Strategic Planning Process**

The Board shall review Russel's strategic initiatives which take into account, among other things, the opportunities and risks of Russel's business.

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

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

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

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

### **16.5. Financial Statements**

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

### **16.6. Capital Management**

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

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

The Board shall receive and review reports from management and from the Audit Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters. The Board shall receive and review reports from management and the Management Resources and Compensation Committee concerning any compensation related changes to the design of Russel's pension plans.

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

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

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

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

## **17. Nomination of Directors**

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

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

## **18. Board Effectiveness**

### **18.1. Position Descriptions**

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

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

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

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

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

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

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

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

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