



MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE CHARTER

GENERAL

1. Purpose and Responsibility

The Committee's purpose is to assist Board oversight of executive compensation, management succession planning and talent management, including with respect to:

- a) reviewing and making recommendations to the Board concerning compensation of Russel's CEO;
- b) reviewing and making recommendations to the Board concerning compensation of other executive officers, incentive-based plans and equity-based plans;
- c) reviewing and making recommendations to the Board concerning the development and implementation of an effective succession plan for Russel's CEO and other senior management positions;
- d) reviewing the development and training of key employees who are potential successors to the CEO or to other senior management positions;
- e) approving and monitoring share ownership policies;
- f) overseeing any compensation related changes to the design of Russel's pension plans and 401k plans;
- g) reviewing and considering the implications of the risks associated with Russel's compensation policies and practices, specifically, situations that could potentially encourage an executive to expose Russel to inappropriate or excessive risks;
- h) reviewing compensation disclosure in public documents, including Russel's annual Compensation Discussion Analysis for inclusion in the company's information (proxy) circular, in accordance with applicable rules and regulations; and
- i) performing any other activities consistent with this Charter, or 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) "CEO" means chief executive officer;
- c) "Chair" means the chair of the Committee;
- d) "Committee" means the management resources and compensation committee of the Board; and
- e) "Director" means a member of the Board; and
- f) "Russel" means Russel Metals Inc.

2.2. Interpretation

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

3. Continuation and Composition of Committee

3.1. Continuation of the Management Resources and Compensation 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. 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.

4. Committee Chair

4.1. Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee (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 Committee shall meet at least three times per year. 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.

5.4. Right to Vote

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

5.5. 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.

5.6. Regular Reporting

The Committee shall report to the Board at each quarterly Board meeting concerning the proceedings at the meetings of the Committee and any recommendations adopted by the Committee since its most recent report to the Board.

6. Authority of Committee

6.1. Retaining and Compensating Advisors

The Committee shall have the sole authority to retain and terminate any firm engaged to assist in the evaluation of director, CEO or senior executive compensation and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms of any such firm and other advisors.

6.2. Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

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

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.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. Compensation Matters

8.1. Compensation of the Chief Executive Officer

The Committee shall:

- a) review and make recommendations to the Board concerning corporate goals and objectives relevant to CEO compensation;
- b) evaluate the CEO's performance in light of those corporate goals and objectives;
- c) either as a Committee or together with other independent directors (as directed by the Board), determine and approve the CEO's compensation level (considering all elements of the compensation package) based on this evaluation; and
- d) in determining the long-term incentive component of the CEO's compensation, consider:
 - i. Russel's performance and relative shareholder return;
 - ii. the value of similar incentive awards to CEOs at comparable companies; and
 - iii. the awards given to the CEO of Russel in past years.

8.2. Non-CEO Compensation Matters

The Committee shall review and make recommendations to the Board with respect to:

- a) other executive officer compensation;
- b) incentive compensation plans; and
- c) equity-based plans.

8.3. Review of Bonuses Paid

The Committee will monitor the administration of the Corporation's executive officer incentive and other compensation related plans and shall report to the Board annually on whether incentives and bonuses awarded or paid to the CEO and each of the other executive officers have been awarded or paid in accordance with the applicable plans.

9. Succession Planning and Talent Management

The Committee shall make recommendations to the Board with respect to succession and talent management including:

- a) policies and principles for CEO selection and performance review with respect to potential successors to the CEO;

- b) policies regarding succession in the event of an emergency or the retirement of the CEO;
- c) the development and implementation of an effective succession plan for the position of CEO and other senior management positions; and
- d) the development and training of potential successors to the CEO and other senior management positions.

10. Share Ownership Policy

The Committee shall review, approve and receive regular reports from management with respect to Russel's share ownership policy.

11. 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).

12. Charter Review

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