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GENERAL

1. PURPOSE AND RESPONSIBILITIES

The Committee's purpose is to assist Board oversight of executive and Director compensation, 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 and directors, incentive-based plans and equity-based plans;
- (c) approving and monitoring share ownership policies;
- (d) 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
- (e) performing any other activities consistent with this Charter.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

- (a) "Russel" means Russel Metals Inc.;
- (b) "Board" means the board of directors of Russel;
- (c) "CEO" means chief executive officer;
- (d) "Chair" means the chair of the Committee;
- (e) "Committee" means the management resources and compensation committee of the Board; and

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- (f) "Director" means a member of the Board.

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 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 annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) Vacancies. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors.
- (d) Removal of Member. Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

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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 Retirement and Term

- (a) **Rotation of Membership.** The Nominating and Corporate Governance Committee shall recommend to the Board a process for ensuring that at least every three years, unless otherwise expressly determined by the Board, at least one member of the Committee will retire from the Committee and at least one new member will be appointed to the Committee who has not been a member of the Committee for at least three years.
- (b) **Six Year Term Limit.** No person shall serve on the Committee for a period of more than six consecutive years unless the Board shall, in any particular case, specifically determine to make an exception from such limitation.

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 annually at the first meeting of the Board after a meeting of the members 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.

5. COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be two members.

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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 twice annually. 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.


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.

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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 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.

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8.2 Non-CEO Compensation Matters

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

- (i) other executive officer and director compensation;
- (ii) incentive compensation plans; and
- (iii) 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

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

- (a) policies and principles for CEO selection and performance review with respect to potential successors to the CEO; and
- (b) policies regarding succession in the event of an emergency or the retirement of the CEO.

10. SHARE OWNERSHIP POLICY

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

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11. **DISCLOSURE AND REPORTING TO THE BOARD**

11.1 **Executive Compensation Disclosure**

The Committee shall review and recommend to the Board for approval, any public disclosure of information relating to Russel's executive compensation, including the disclosure to be included in Russel's information circular.

11.2 **Report**

The Committee shall prepare and recommend to the Board for approval, the Compensation Discussion and Analysis to be included in Russel's information circular.

11.3 **Regular Reporting**

The Committee shall report to the Board at each Board meeting, following a committee 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.

12. **ANNUAL PERFORMANCE EVALUATION**

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