

DANIER LEATHER INC.

CHARTER GOVERNANCE, COMPENSATION, HUMAN RESOURCES AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS

(As Adopted on June 12, 2006 and Amended and Restated on January 25, 2012)

I. PURPOSE

The governance, compensation, human resources and nominating committee (the "Committee") has been appointed by the board of directors (the "Board") of Danier Leather Inc. (the "Corporation") and is responsible for performing the duties set out in this Charter to enable the Board to fulfill its oversight responsibilities in relation to:

- (a) identifying qualified candidates for membership on the Board, consistent with criteria established by the Board and the Committee;
- (b) determining and assessing on an ongoing basis the number of directors and composition to each of the committees of the Board;
- (c) assisting in orienting and educating new directors and educating and assessing the performance of existing directors on an ongoing basis;
- (d) shaping and assessing on an ongoing basis the Corporation's approach to corporate governance and recommending to the Board corporate governance principles to be followed by the Corporation;
- (e) reviewing and recommending to the Board from time to time, and at least annually, the remuneration to be paid by the Corporation to its directors;
- (f) discharging the Board's responsibilities relating to performance evaluation and compensation of the Corporation's senior executives, including reviewing for approval by the Board the adoption of or any changes to any of the Corporation's executive compensation plans;
- (g) reporting to the shareholders of the Corporation on executive compensation and the Corporation's corporate governance policies and practices, as required by public disclosure requirements;
- (h) overseeing the Corporation's succession planning for senior executives; and
- (i) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

This Charter is subject to the provisions of the *Business Corporations Act* (Ontario) and the Corporation's articles and by-laws, as each may be amended, supplemented or replaced from time to time.

II. MEMBERS

The Committee shall consist of three or more directors as determined by the Board. Each member of the Committee shall be "independent" (as defined under applicable Canadian securities legislation). The members of the Committee shall serve at the pleasure of the Board.

Annually, the Board shall appoint the members of the Committee and the chairman of the Committee following the annual meeting of the shareholders of the Corporation at which directors are elected. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office. Any member of the Committee may be removed or replaced at any time by a resolution of the Board. If, in any year, the Board does not appoint a chairman of the Committee, the incumbent chairman of the Committee shall continue in office until a successor is appointed.

III. MEETINGS

The Committee shall meet at least once per year, or more frequently as it determines necessary to accomplish the goals of this Charter. Meetings of the Committee may be held at such time and place and in person, telephonically or by video conference, as may be determined by the chairman or the Committee. A quorum of the Committee shall be two members. Each member shall have the right to vote on all matters that come before the Committee.

The chairman of the Committee shall preside at all meetings of the Committee at which he or she is present and shall develop the agenda for each Committee meeting. The chairman of the Committee 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. Minutes shall be kept of all meetings of the Committee.

The Committee may invite any of the Corporation's directors, officers, employees, advisors or consultants 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.

IV. REPORTS

The Committee shall report to the Board on the proceedings of each meeting and all recommendations made by the Committee at such meeting.

V. RESPONSIBILITIES AND DUTIES

The Committee shall perform the duties set out in this Charter and shall perform such other duties as may be necessary or appropriate under applicable laws or the rules of the Toronto Stock Exchange, or as may be delegated to the Committee by the Board from time to time. The Committee may from time to time appoint a subcommittee or one or more individual Committee member or members to consider any matter which falls within the mandate of the Committee and to make recommendations to the Committee.

The Committee may establish such rules as it deems necessary or appropriate to conduct the Committee's business. The following responsibilities are set forth as a guide for fulfilling the Committee's purposes, with the understanding that the Committee's activities may diverge as appropriate given the circumstances.

(a) System of Corporate Governance

The Committee shall:

- (i) develop and recommend to the Board for approval corporate governance principles and guidelines applicable to the Corporation;
- (ii) review the Corporation's corporate governance principles and guidelines at least annually and recommend to the Board such changes as the Committee considers necessary or desirable;
- (iii) review annually the Corporation's compliance with the listing requirements of the Toronto Stock Exchange and the rules and regulations of the Canadian Securities Regulatory Authorities;
- (iv) develop or review periodically, and at least annually, the mandate and charters of the Board and committees of the Board and recommend to the Board the adoption of or amendments to such mandate and charters, if required or appropriate;
- (v) if the Corporation's governance practices differ from those recommended by Canadian securities regulators or the Toronto Stock Exchange, consider these differences and make appropriate recommendations to the Board as to why it considers such differences to be appropriate;
- (vi) examine the size and composition of the Board and each committee thereof on an annual basis and recommend Board and committee sizes and compositions to the Board that facilitates effective decision-making;
- (vii) study and recommend the implementation of structures and procedures to ensure that the Board can function independently of management and without conflicts of interest, including scheduling, at regular intervals, meetings of the Board exclusively for "independent" directors (as defined under applicable Canadian securities legislation) ("Independent Directors") of the Corporation without management present;
- (viii) monitor the relationship between officers and the Board, and recommend a process whereby the directors will have access to, and have an effective relationship with, management of the Corporation; and
- (ix) be available as a forum for addressing the concerns of individual directors of the Corporation.

(b) Performance Assessment of the Board and Individual Directors

The Committee shall on an annual basis review and assess the size, composition, roles, responsibilities, performance and effectiveness of the Board as a whole and the contributions of each individual director and make recommendations to the Board in respect thereof. As part of the evaluation process, the Committee shall consider:

- (i) the detailed and thorough feedback received from each director in his or her self-evaluation form;
- (ii) the Board's written mandate;
- (iii) the other policies and procedures of the Corporation;
- (iv) with the assistance of the Corporation's counsel and the Audit Committee, where appropriate, each director's "independence" to satisfy the independence requirements under applicable Canadian securities laws and ensure that a majority of directors are "independent"; and
- (v) the competencies and skills each individual director is expected to bring to the Board.

The Committee shall report annually to the full Board with its assessment. The Committee shall evaluate directors on an ongoing basis and, in any event, at least annually, to assess their suitability for re-election to the Board.

(c) Performance Assessment of Board Committees

The Committee shall on an annual basis review and assess the size, composition, roles, responsibilities, performance and effectiveness of each of the Board's committees (other than the Committee) and the contributions of each individual member thereof, and recommend to the Board any changes it considers necessary or desirable with respect to such committees. As part of the evaluation process, the Committee shall consider:

- (i) the detailed and thorough feedback received from each committee member in his or her self-evaluation form;
- (ii) the written charters of each committee;
- (iii) the other policies and procedures of the Corporation;
- (iv) the criteria for membership on any committee;
- (v) the size and composition of each committee;

- (vi) the appointment and removal of members from any committee, including any "independence" requirements applicable to membership on any such committee;
- (vii) the roles, responsibilities and operations of each committee, including the ability of any committee to delegate any or all of its responsibilities to a sub-committee of that committee; and
- (viii) the process by which each committee reports to the Board.

The Committee shall report annually to the full Board with its assessment. The effectiveness of the Committee will be reviewed by the Board.

(d) Process for Nominating Directors

With respect to director nominations to the Board, the Committee shall:

- (i) recommend for approval by the Board and implement a selection and screening process to ensure that suitable director candidates are identified and recommended to the Board in a timely manner, which process should consider:
 - (A) the competencies and skills the Board as a whole should possess;
 - (B) the competencies and skills each existing director possesses;
 - (C) succession planning for the Board;
 - (D) the competencies and skills each candidate will bring to the Board; and
 - (E) whether or not each candidate can devote sufficient time and resources to his duties as a member of the Board and its committees;
- (ii) review with, and make recommendations to, the Board of the desired experience, mix of skills and other qualities for prospective candidates to assure appropriate Board and committee composition;
- (iii) identify director candidates who meet the selection criteria approved by the Board from time to time with a view to the independence and quality of nominees;
- (iv) with the assistance of the CEO, identify and, if appropriate, approach candidates for membership on the Board to:
 - (A) explore the candidate's interest in joining the Board and seek their consent to act as a director of the Corporation;

- (B) assess the candidate's skills and competencies, including conducting appropriate inquiries into the background and qualifications of candidates; and
- (C) confirm that the interested candidates understand the role of a director and the contribution a director is expected to make, including the commitment of time and energy that the Corporation expects of its directors;
- (v) recommend to the Board the candidates to stand for election as directors at each annual meeting of shareholders of the Corporation or otherwise to be appointed by the Board to fill any vacancy on the Board from time to time; and
- (vi) recommend to the Board those directors the Committee considers qualified for appointment to the Audit Committee, the Committee or any other committee of the Board, and, where a vacancy occurs at any time of any committee of the Board, recommending to the Board a director to fill such vacancy.

The Committee shall at least annually review the attendance record of each director and any director who, in two consecutive years, has attended less than 75% of the regularly scheduled meetings of the Board and the committees of the Board to which he or she is assigned, must tender a written offer to resign to the chairman of the Committee who, in consultation with the Committee, will make a recommendation for acceptance or rejection by the Board.

(e) Education and Orientation

The Committee shall take steps to satisfy itself that new directors are given a proper orientation and the Corporation provides appropriate continuing education opportunities for all directors. In doing so, the Committee shall, among other things:

- (i) ensure that there is a comprehensive orientation program for new directors with respect to, among other things, the role and duties of the Board, its committees and directors, as well as the contribution individual directors are expected to make and the nature and operation of the Corporation's business;
- (ii) provide relevant continuing education for all directors so that directors may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current, including by providing directors the opportunity, at the Corporation's expense to:

- (A) attend any conference, seminar, course or other educational experience which is intended to expand corporate directors' knowledge and skills and which is approved by the chairman of the Committee and, where the expense could be significant, the chairman of the Board;
 - (B) visit competitors of the Corporation and the Corporation's principal operating locations; and
 - (C) meet with the President and Chief Executive Officer, Chief Financial Officer and other senior officers of the Corporation for the purpose of discussing the nature and operation of the Corporation's business and affairs; and
- (iii) ensure the chairman of the Board and each committee chairman meets with each proposed new director.

The Committee shall ensure that each new director of the Corporation is provided with written materials (which shall be updated by management of the Corporation from time to time as required or requested), covering topics including, but not necessarily limited to:

- (i) the Corporation's director's and officer's insurance coverage and copy of a standard director's and officer's indemnification agreement;
- (ii) copies of the Corporation's articles, by-laws, the Board mandate, the charters of each committee of the Board and a copy of the Corporation's current strategic and financial plans;
- (iii) copies of the position descriptions for the chairman of the Board, the CEO and the chairman of each committee of the Board;
- (iv) the Corporation's share structure and significant shareholders;
- (v) copies of the Corporation's Annual Report, Annual Information Form, Annual and Interim Financial Statements, Management's Discussion & Analyses and Management Information Circulars for the most recent financial year of the Corporation preceding such new director's election or appointment to the Board;
- (vi) copies of the Corporation's key policies and plans, such as the Code (as defined below), the disclosure and trading policy, the whistleblower protection policy and each of the Corporation's long-term incentive plans, such as the stock option plan, the deferred share unit plan and the restricted share unit plan, each as amended from time to time; and
- (vii) any other materials such new director may reasonably request, or that the Committee may determine necessary or advisable to provide, in order for

the new director to effectively perform his or her functions as a member of the Board.

(f) Delineating Board and Management Responsibilities

The Committee shall:

- (i) develop, review and recommend to the Board position descriptions and changes thereto for directors, including the chairman of the Board and the chair of each committee of the Board; and
- (ii) develop, review and recommend to the Board a position description and changes thereto for the CEO, including defining on an ongoing basis the limits of management's responsibilities and overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration goals and objectives relevant to CEO compensation.

(g) Code of Business Conduct and Ethics

The Committee shall develop and present to the Board for approval a code of business conduct and ethics (the "Code") that addresses, among other things, conflicts of interest, confidentiality of corporate information, fair dealing with the Corporation's security holders, customers, suppliers, and employees, protection and proper use of corporate assets and opportunities, compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behaviour, and also establish mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code.

The Committee shall periodically and, at least annually, review and, if necessary, update the Code with a view to complying with all applicable rules and regulations and to ensure the Code remains responsive to the Corporation's business and needs. The Committee shall also:

- (i) ensure that management has established a system to enforce the Code;
- (ii) review, approve and receive regular reports from management with respect to compliance with the Code and the review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy all legal requirements; and
- (iii) ensure that management has established a system to disclose the Code, any amendments thereto and any waivers therefrom granted by the Board for the benefit of a director or senior officer of the Corporation, as required by applicable rules and regulations and receive regular reports from management with respect to compliance with this system.

(h) Disclosure and Trading Policy

The Committee shall monitor and, at least annually, report to the Board on the effectiveness of the Corporation's disclosure and trading policy, addressing the timely disclosure of material information, the confidentiality and reporting of material information and the prohibitions against trading in securities of the Corporation while in possession of material undisclosed information, including making recommendations concerning any changes that are necessary or appropriate to such disclosure and trading policy.

(i) Succession Planning

The Committee shall annually review the Corporation's succession planning for the President and Chief Executive Officer and other senior executives and recommend policies and principles for the selection and performance review of all senior executives, provided that the implementation of a succession plan for the non-CEO officers will be the primary responsibility of the President and Chief Executive Officer and the implementation of a succession plan for the President and Chief Executive Officer shall ultimately be the responsibility of the full Board.

The President and Chief Executive Officer shall have the authority to implement the approved succession planning process and select suitable executive officers that are his direct reports, with oversight provided by the Committee, as requested by the President and Chief Executive Officer, provided, however, that the appointment of any executive officer is subject to Board approval.

(j) Incentive Compensation Plans, Equity-Based Plans and Pension Plans

The Committee shall:

- (i) review and periodically make recommendations to the Board with respect to executive incentive compensation plans or equity-based plans of the Corporation with respect to executive officers and the directors, provided that no equity-based plans shall be approved or amended without the approval of the Committee, the Board and, to the extent required, the shareholders of the Corporation;
- (ii) review and periodically make recommendations to the Board with respect to the Corporation's stock option plan, deferred share unit plan and restricted share unit plan;
- (iii) oversee the administration of such policies, plans and programs for executive officers and directors and, on an ongoing basis, monitor them to ensure that they are legally compliant and remain competitive and aligned with the Corporation's compensation objectives;

- (iv) at least annually, review the Corporation's compensation arrangements to determine whether there are risks associated with the Corporation's compensation practices for its executive officers or directors and whether such arrangements encourage unnecessary or excessive risk-taking and report to the Board on any such risks; and
- (v) if the Corporation puts in place any pension plans, develop, review and make recommendations to the Board with respect to administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters.

(k) Assessment and Compensation of the Chief Executive Officer

Annually, the Committee shall:

- (i) review and approve the corporate goals and objectives that are relevant to the CEO's compensation;
- (ii) evaluate the CEO's performance in meeting his goals and objectives; and
- (iii) make recommendations to the Board with respect to the compensation of the CEO.

(l) Compensation of Senior Executives

The Committee shall recommend to the Board the compensation of senior executives of the Corporation and review and approve the employment agreements entered into between the Corporation and senior executives. The Committee shall also review the disclosure relating to executive compensation before such disclosure is submitted to the Board for its approval and/or is disclosed to the public to ensure it complies with the rules of the Toronto Stock Exchange and all applicable securities laws.

(m) Compensation of Directors

The Committee shall make recommendations to the Board with respect to the compensation to be paid to directors, including members and chairs of the committees of the Board, and with respect to the Corporation's deferred share unit plan and restricted share unit plan.

VI. ACCESS TO OUTSIDE ADVISORS

The Committee has the authority to engage outside advisors with respect to any issue or to assist it in fulfilling its responsibilities including, without limitation, external legal counsel and compensation consultants. The retention of outside advisors by the Committee shall be approved by the chairman of the Committee. The Committee has the authority to approve related fees and retention terms of any such advisors.

VII. REVIEW AND ASSESSMENT

The Committee shall annually conduct a review and assessment of its performance and the adequacy of this Charter and recommend to the Board any changes it deems necessary or appropriate.

VIII. MISCELLANEOUS

Nothing contained in this Charter is intended to expand the applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.