

DANIER LEATHER INC.

CODE OF BUSINESS CONDUCT AND ETHICS

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

This code of business conduct and ethics (the "Code") is designed to promote honest, ethical and lawful conduct of all employees, officers and directors of Danier Leather Inc. (the "Corporation").

All employees, officers and directors of the Corporation are expected to:

- (a) comply with applicable laws, rules, regulations and Corporation policies and procedures;
- (b) avoid conflicts between personal and professional interests;
- (c) protect the Corporation's assets and opportunities and use such assets and opportunities in a proper manner;
- (d) maintain the confidentiality of corporate information of the Corporation;
- (e) treat the Corporation's shareholders, customers, suppliers and employees with dignity, respect and fairness at all times; and
- (f) promptly report to a responsible supervisor or, in the case of the chief executive officer (the "CEO"), the chief financial officer (the "CFO") and members of the Board, the chairman (the "Chairman") of the governance, compensation, human resources and nominating committee of the board of directors (the "Board") of the Corporation, any violations of this Code.

It is not possible to anticipate every decision or action that an employee, officer or director may face or consider. **Whenever there is doubt about the right ethical or legal choice to make, fully disclose the circumstances and seek guidance about the right thing to do.** An employee should make full disclosure to, and seek guidance from, a responsible supervisor. The CEO, the CFO and members of the Board should make full disclosure to, and seek guidance from, the Chairman. **Those who violate the standards set out in the Code will be subject to disciplinary action. If you are in a situation that you believe may involve or lead to a violation of the Code, you have an affirmative duty to make full disclosure to, and seek guidance from, a responsible supervisor or, in the case of the CEO, the CFO and members of the Board, the Chairman. Failure to follow the Code, as well as to comply with applicable laws, rules and regulations, and the Corporation's policies and procedures, may result in termination of employment or termination of Board service.**

It is the Corporation's policy to encourage the communication of concerns relating to the lawful and ethical conduct of business and audit and accounting procedures and related matters. It is also the policy of the Corporation to protect those who communicate concerns from any retaliation for such reporting. Confidential and anonymous

mechanisms for reporting concerns are available as set out in this Code and more fully described in the Corporation's whistleblower protection policy (the "Whistleblower Policy").

I. COMPLIANCE WITH LAWS, RULES & REGULATIONS

Employees, officers and directors of the Corporation must comply with all applicable laws, rules and regulations. The Corporation will not condone the activities of any employee, officer or director who violates the law or engages in unethical business practices. If the application or interpretation of any legal requirement is unclear, advice must be sought from a responsible supervisor or, in the case of the CEO, the CFO and members of the Board, the Chairman.

II. CONFLICTS OF INTEREST

(a) General

Every employee, officer and director of the Corporation must take necessary measures to avoid any real, potential or appearance of conflict of interest. A conflict of interest occurs when an employee, officer or director of the Corporation is in a business situation that may result in personal gain or profit which conflicts with the interests of the Corporation. Both the actual conflict of interest and the perception of a conflict of interest must be avoided.

Any employee or officer of the Corporation that could be in a real, potential or perceived conflict of interest situation should immediately notify, in the case of an employee, a responsible supervisor and, in the case of the CEO or the CFO, the Chairman. Any member of the Board who finds himself in a real or potential conflict of interest situation should immediately declare his interest to the Board and refrain from participating in any discussion about the conflicting issue or from voting thereon in accordance with applicable laws and the Corporation's by-laws.

While it is not possible to describe or anticipate all of the circumstances and situations that might involve a conflict of interest, such a conflict can arise whenever an employee, officer or director takes action or has interests that may make it difficult to perform his or her responsibilities objectively or effectively or when he or she (or a family member) receives improper personal benefits as a result of his or her position in the Corporation. Some examples of a conflict of interest might include:

- (i) employment by a competitor or potential competitor, regardless of the nature of employment, while employed by the Corporation;
- (ii) passing confidential information to competitors;
- (iii) investment activity using insider information;
- (iv) ownership of, or a material interest in, a company which is a competitor or supplier of the Corporation; or
- (v) acting as a consultant to a customer or supplier of the Corporation.

Notwithstanding the foregoing, the Code does not prohibit business or social exchanges that occur in the ordinary course of business relations. The Corporation recognizes the importance of good business relations and encourages networking with business associates, provided that the extent of such activities cannot reasonably be perceived to negatively impinge upon the fulfillment of a person's duty to the Corporation.

(b) Corporate Opportunities

Directors, officers and employees of the Corporation are prohibited from (a) taking for themselves personally corporate opportunities that are discovered through the use of the Corporation's property, information or position; (b) using the Corporation's property, information or position for personal gain; and (c) competing with the Corporation. Directors, officers and employees owe a duty to the Corporation to advance its legitimate interests when the opportunity to do so arises.

III. INSIDER TRADING

The Corporation proactively promotes compliance with laws, rules and regulations, including insider trading laws. The Corporation views insider trading as both unethical and illegal and will deal with it decisively. To this end, the Corporation has adopted a disclosure and trading policy (the "Disclosure and Trading Policy") which imposes trading restrictions and blackout periods, among other things. Employees, officers and directors of the Corporation should be familiar with and must abide by the terms of the Disclosure and Trading Policy.

IV. PROTECTION AND PROPER USE OF CORPORATION ASSETS

Every employee, officer and director of the Corporation is responsible for protecting the assets of the Corporation from misuse or misappropriation. The assets of the Corporation include tangible assets, such as products, equipment, supplies and facilities, as well as intangible assets, such as corporate opportunities, intellectual property, trade secrets and business information (including any non-public information learned as an employee, officer or director of the Corporation).

V. INTELLECTUAL PROPERTY

Through the course of your employment or other involvement with the Corporation or through the use of the Corporation's resources, you may develop or create new designs, inventions, systems or processes. The Corporation shall have the exclusive right to and ownership of these designs, inventions, discoveries and improvements relating to its business, including any patents, copyrights, trade-marks or industrial designs that may result therefrom, and creators may be required to provide assignments or other documents necessary to confirm the Corporation's ownership rights.

VI. USE OF EMAIL AND INTERNET SERVICES

E-mail and internet services are provided by the Corporation to assist its personnel in carrying out their work. Incidental and occasional personal use is permitted, but never for personal gain or any improper or illegal purpose. All information transmitted through or stored on the Corporation's computer systems remains the property of the Corporation and, except as prohibited by law, the Corporation reserves the right to access and disclose such information as necessary for its legitimate business purposes. Directors, officers and employees of the Corporation should exercise good judgment and common sense, and not access or transmit messages or store any information that they would not want to be seen or heard by others.

The Corporation's Disclosure and Trading Policy also contains additional restrictions concerning the transmission and disclosure of information, which should be strictly adhered to.

VII. CONFIDENTIAL INFORMATION

No employee, officer or director of the Corporation shall disclose any confidential or proprietary information about the Corporation, or any person or organization with which the Corporation has a current or potential business relationship, to any person, either during or after service with the Corporation, except (i) with the written authorization of the Chairman, (ii) in the normal course of business of the Corporation, or (iii) as may be required by law. Efforts should be made to limit access to confidential information to only those who need to know the information and such persons should be advised that the information is to be kept confidential. Employees, officers and directors of the Corporation should be familiar with and must abide by the terms of the Disclosure and Trading Policy, which discusses the treatment of confidential information in greater detail.

VIII. BUSINESS RELATIONSHIPS

(a) Fair Dealing & Privacy

Every employee, officer and director of the Corporation must deal fairly with competitors, security holders, customers, suppliers and fellow employees of the Corporation. This means employees, officers and directors will not, directly or indirectly, offer bribes or kickbacks, nor promise any other improper benefit for the purpose of influencing any customer, supplier, public official or any other person, nor will they, directly or indirectly, accept bribes, kickbacks or any other improper benefit which could influence them in the performance of their duties.

The Corporation respects the confidentiality and privacy of its shareholders, employees, customers and the individuals and organizations with which the Corporation has a current or potential business relationship and information about such individuals and organizations must be collected, stored and used in compliance with applicable laws, rules and regulations.

(b) Documentation

Employees, officers and directors who are authorized to make expenditures or enter into transactions on behalf of the Corporation must ensure that the applicable records comply with the Corporation's accounting and purchasing policies and that all transactions are recorded properly.

IX. FINANCIAL REPORTING

It is the policy of the Corporation to fully and fairly disclose the financial condition of the Corporation in compliance with applicable accounting principles, laws, rules and regulations. The Corporation requires honest and accurate recording and reporting of information to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for our management, directors, shareholders, governmental agencies and persons with whom the Corporation does business. All of the Corporation's financial statements and the books, records and accounts on which they are based must appropriately reflect such activities and conform to all applicable accounting standards and practices and to the Corporation's system of internal controls. All employees, officers and directors have a responsibility, within the scope of their positions, to ensure that the Corporation's accounting records do not contain any false or misleading entries.

All employees, officers and directors, as applicable in the context of the positions of such employees, officers and directors, have a responsibility to ensure that the Corporation's accounting records do not contain any false or intentionally misleading entries. Each employee, officer and director is responsible for promptly bringing to the attention of the compliance officer of the Corporation (the "Compliance Officer") or the chairman of the audit committee of the Board (the "Audit Committee"), in accordance with the procedures outlined in the Whistleblower Policy, any credible information of which he or she becomes aware that indicates any deficiency in the Corporation's internal control over financial reporting and/or the Corporation's disclosure controls and procedures for preparing reports or other public communication in accordance with Canadian securities legislation.

Business records and communications often become public through legal or regulatory proceedings or the media. Accordingly, employees, officers and directors should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations that can be misunderstood. This applies equally to communications of all kinds, including e-mail, informal notes, postings through social media, internal memos and formal reports.

If you become aware of any violation of this policy, you must report the matter immediately to the Compliance Officer or the chairman of the Audit Committee in accordance with the procedures outlined in the Whistleblower Policy.

X. SCOPE

No Corporation policy can provide definitive answers to all questions. If any employee, officer or director has questions regarding any of the standards discussed or policies referenced in this Code or are in doubt about the best course of action in a particular situation, the employee should consult a responsible supervisor. In the case of the CEO, the CFO and members of the Board, the Chairman should be consulted.

This Code is not intended to supersede or materially alter Corporation policies and procedures already in place and communicated to Corporation employees.

XI. COMPLIANCE PROCEDURES

All directors, officers and employees of the Corporation must work to ensure prompt and consistent action against violations of this Code. However, in some situations, it is difficult to know right from wrong. Since it is not possible to anticipate every situation that will arise, it is important that the Corporation has a way to approach a new question or problem. These are some of the steps to bear in mind:

- (i) Make sure you have all the facts. In order to reach the right solutions, the Corporation's management must be as fully informed as possible.
- (ii) Use your judgment and common sense. If something seems like it might possibly be unethical or improper, it probably is.
- (iii) Discuss the problem with a responsible supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process.
- (iv) Seek help from the Corporation's resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, you should contact, anonymously if necessary, the Compliance Officer or another member of the Corporation's human resources department.
- (v) Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

XII. DUTY TO REPORT VIOLATIONS

Each employee, officer and director is responsible for promptly reporting to the Corporation any circumstances that such person believes in good faith may constitute a violation of this Code. Suspected policy violations, including any complaint regarding accounting, internal accounting controls or auditing matters, should be reported to the Compliance Officer or the chairman of the Audit Committee in accordance with the procedures outlined in the Whistleblower Policy. No retribution against any individual who reports violations of this Code in good faith will be permitted, and mechanisms for reporting in a confidential and anonymous manner are outlined in the Whistleblower Policy.

All reports will be dealt with in accordance with the Whistleblower Policy.

XIII. AMENDMENTS TO AND WAIVERS OF THE CODE

Where an amendment to or waiver from the Code may be necessary or appropriate, in the case of an employee, such person shall submit a request for approval to the CFO, and in his absence, the CEO, and in the case of a director or an officer, such person shall submit a request for approval to the Board, through the Chairman. Only the Board, or a duly authorized committee of the Board, may make amendments to the Code.

If the CFO, the CEO or the Board, or a duly authorized committee of the Board, decides to grant a waiver from, or approve an amendment of, the Code, as appropriate, the Board or the CFO, as the case may be, will ensure that, if the circumstances warrant, the waiver or amendment is accompanied by appropriate controls designed to protect the Corporation from the risks of the circumstances for which the waiver or amendment is granted or approved, as applicable, and that there is prompt disclosure of the waiver or amendment and modification (if required) of the Corporation's disclosure controls or procedures in light of the waiver or amendment.

XIV. VIOLATIONS OF THE CODE

In the event of a violation of the Code by an employee, officer or director, the Board, or a duly authorized committee of the Board, will determine the appropriate actions to be taken after considering all relevant facts and circumstances.

Employees, officers and directors are reminded that violations of the Code may result in, among other actions, suspension of work duties, diminution of responsibilities or demotion, termination of employment or Board service and may also constitute violations of law that may result in civil and/or criminal penalties for the offending individual and/or the Corporation.