POWER & PERFORMANCE

GOVERNANCE AND CONFLICT OF INTEREST CONCERNS

WITH

POWER CORPORATION HAVING TIES TO BOARD SEATS AT BOTH PARENTS OF CCM AND BAUER

AND

HOW PERFORMANCE SPORTS GROUP GAVE AWAY ACCESS TO INSIDE THE BOARDROOM

By W. GRAEME ROUSTAN, ICD.D

WHITE PAPER

AUGUST 20, 2016

POWER CORPORATION

POWER CORPORATION - OVERVIEW

Power Corporation of Canada (POWER) was founded by Paul Desmarais Sr., (1927-2013), now headed by his son, Paul Desmarais Jr.. Paul Desmarais III is a VP at POWER and also a Director of POWER's jointly-controlled company Pargesa Holding and a Director at its controlled company, Groupe Bruxelles Lambert (GBL), the largest shareholder of Adidas (owner of CCM), valued at **2.3 Billion Euros** (8-15-2016). He is also Executive Chairman of POWER's subsidiary Sagard Capital (named after the 21,000 acre, 75 square km, Desmarais estate in Sagard, Quebec), the largest shareholder of Performance Sports Group (PSG), (owner of Bauer), valued at about **$15 million USD** (8-15-2016).

POWER has all of the rights to buy stock in any publicly traded company it wants subject to any and all laws where the issuer resides. POWER, in this respect, seems to be fully within its rights. The conflict to some arises when Paul Desmarais III and or any POWER related employees have seats on the Boards of GBL, Adidas (CCM) and PSG (Bauer).

POWER is listed on the Toronto Stock Exchange and has public shareholders and it must follow any and all of the rules of the Ontario Securities Commission while producing returns satisfactory to each shareholder and following best practices when it comes to corporate governance.

POWER controls, jointly controls or owns outright or invests in a maze of companies including a media company that owns Lapresse. Over the past ten years, POWER's stock price has decreased by approximately **-11%**. It's negative stock price performance over the past ten years combined with its multi and unrelated segmentation into insurance, financial, energy and media may be forced to divest assets in order to unlock and enhance shareholder value which could lead to a separation of their related interests in CCM and Bauer, but until then, a connection exists.

POWER's tentacles to Bauer and CCM potentially gives them conflicted and and possibly dangerous access to each of these competitors' confidential and non-public information. PSG knew or should have known that someone might point out the potential conflict of interest and if they knew, why did PSG not disclosed this to the public?

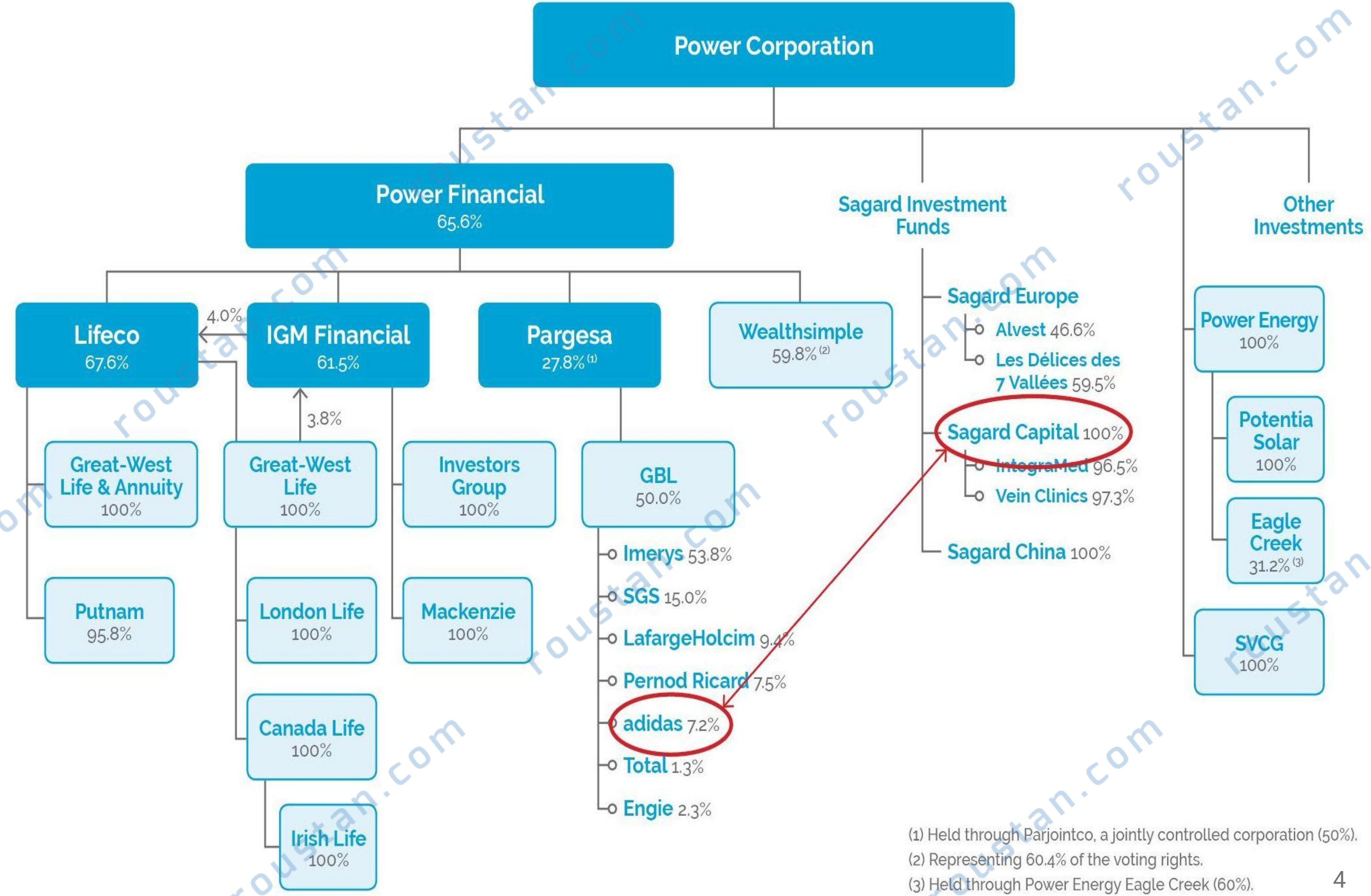
POWER ORG CHART

SOURCE:

POWER 2016

Q2 REPORT

Red Area Added



(1) Held through Parjointco, a jointly controlled corporation (50%).
(2) Representing 60.4% of the voting rights.
(3) Held through Power Energy Eagle Creek (60%).

POW SHARE PRICE

TEN YEARS - INDICES

POW	DOWN	(11%)
NASDAQ	UP	140%
S&P 500	UP	80%
TSX	UP	60%
NYSE	UP	50%

Relative Performance – Indices

Relative Share Price Performance

Entity Name	Performance
NASDAQ	140%
S&P 500	80%
TSX	60%
NYSE	50%
Power Corporation	(11%)

CANACCORD Genuity

POWER CORPORATION - CONFLICT OF INTEREST DISCUSSION (1)

Power Corporation of Canada's (POWER) VP Paul Desmarais III is a Director of Pargesa Holding SA, Groupe Bruxelles Lambert (GBL), Executive Chairman of Sagard Capital and is slated to become a Director of Performance Sports Group (PSG). POWER has joint control of Pargesa which has control of GBL. GBL is the largest shareholder of Adidas, owner of CCM and have a seat on the Adidas Board. Sagard Capital is the largest shareholder of PSG, owner of Bauer.

GBL's Managing Director has a seat on the Board of Adidas giving it access to all non-public information on CCM. Sagard Capital has a seat on the Board of PSG, giving it access to all non-public information on Bauer. All confidential information including strategic plans for both CCM and Bauer could be available to POWER and Paul Desmarais III.

Sagard Capital signed a "Shareholder Nomination Agreement" on March 28, 2016, with PSG that gave POWER's wholly owned Sagard Capital one Director seat on the Board of PSG.

The PSG Board invited Sagard Capital, a POWER subsidiary with a direct connection to Adidas's largest shareholder (with a "Supervisory" Board seat at Adidas) into the boardroom of Bauer with access to all of its R&D, which is the heart and soul of and the future of Bauer. Clearly this is not best practices in corporate governance.

If PSG were aware of this, why would Chairman Bernie McDonell, Chairman of the Corporate Governance and Nominating Committee, C. Michael Jacobi and the entire Board enter into the Shareholder Nomination Agreement with Sagard Capital?

A conflict of interest could have a negative effect on competition. Combined, Bauer and CCM control about 90% of the global hockey equipment market. There are about two thousand dealers/retail accounts including Canadian Tire Corporation (CTC) that are customers of both Bauer and CCM in Canada and the US. Someone may file a complaint.

POWER CORPORATION - CONFLICT OF INTEREST DISCUSSION (2)

As of the March 28, 2016 date, Sagard Capital and its wholly owned parent, POWER received confidential information on the strategic direction and financial condition of PSG while Dan Friedberg was CEO. This non-public PSG information was in addition to possibly confidential non-public information POWER had access to from its jointly controlled Pargesa's interest in GBL and its Managing Director Ian Gallienne who also sits on the Board of Adidas.

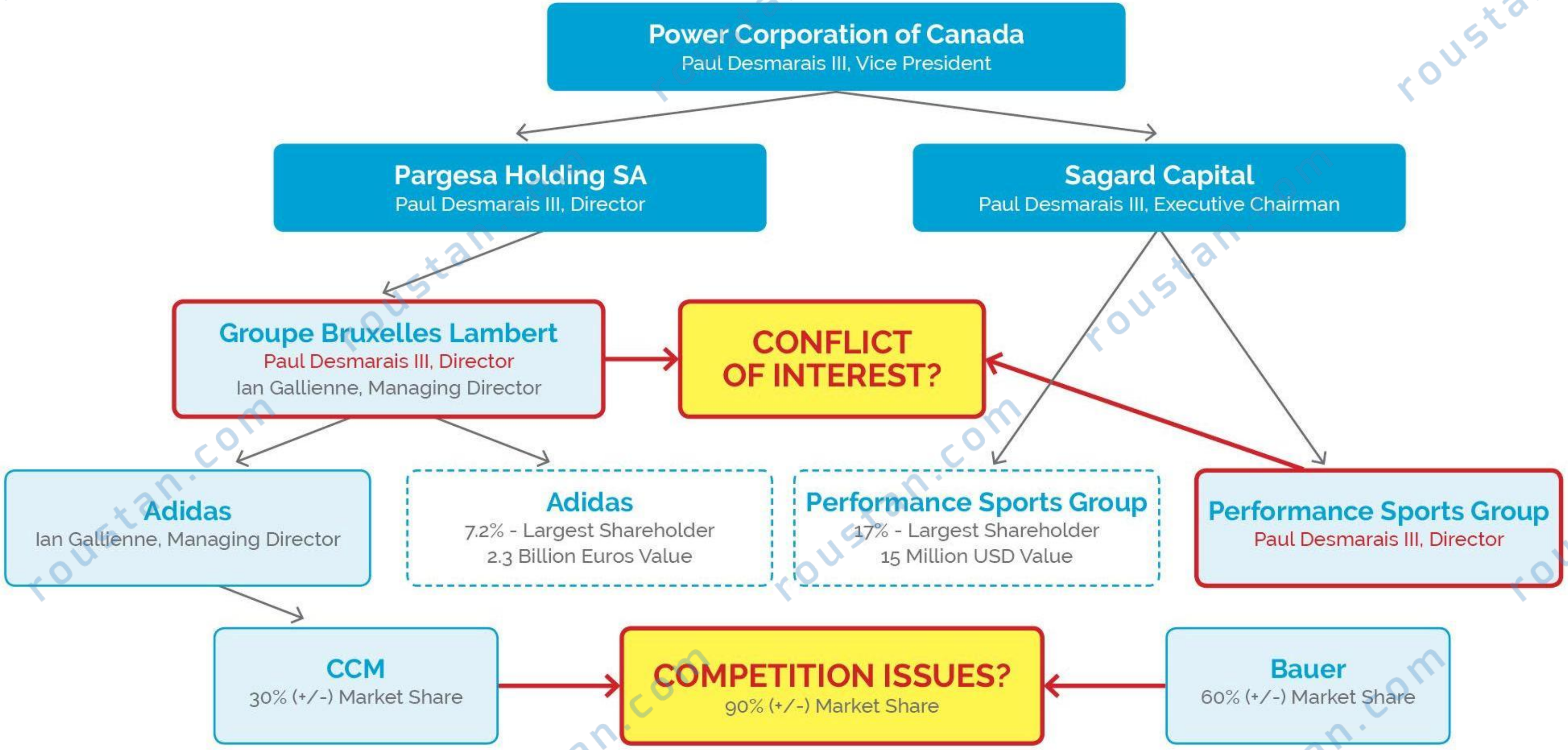
POWER, had with Dan Friedberg and would once again have when its VP Paul Desmarais III joins the Board of PSG, zero degrees of separation between the Board of GBL (largest shareholder of Adidas which owns CCM) and PSG (which owns Bauer) as Paul Desmarais would be a Director on both Boards. Another GBL Director, Ian Gallienne is on the Adidas Board and see's all the secret strategies and R&D of CCM, as does Paul Desmarais III would for Bauer.

Each day, Paul Desmarais III would put on the hat of a Director of both GBL and PSG. The conflict of interest may arise when he evaluates whose success is more important to POWER's bottom line, GBL's **2.3 Billion Euro** (8-15-2016) investment in Adidas (CCM) or its approximate **$15 million USD** (8-15-2016) in Performance Sports Group (Bauer).

POWER's two related employees, Paul Desmarais III and Ian Gallienne would have all of the non-public and secret business strategies and R&D materials covering 90% of the global hockey equipment in their hands under the one POWER organization. When they meet with or communicate with their respective CEO's of PSG and Adidas, what, if anything would they inadvertently share with them about their competitors' businesses?

Open questions are: Should any company have employees serving on Boards of companies that have a combined global market share of approximate 90%? Does this trigger Canadian Competition Bureau and /or Department of Justice Antitrust Division action? Does the U.S. Securities Exchange Commission (SEC) or the Ontario Securities Commission (OSC) investigate? Should this potential conflict of interest have been disclosed by Performance Sports Group to the public? Did any of this come up during negotiations between POWER and PSG?

POWER CORPORATION - DIRECTOR CONFLICT OF INTEREST DISCUSSION



POWER CORPORATION - ROUSTAN ATTEMPTED COMMUNICATION

In March 2016, Performance Sports Group (PSG) announced it entered into a Shareholder Nomination Agreement with Sagard Capital, a wholly owned subsidiary of Power Corporation (POWER). In it, they were handed one Director seat on the PSG Board, giving them full access to all non-public information, including the future strategic plan.

In May 2016, Roustan wrote to a Director on POWER's Board that he has personally known since 2009 asking that they divest its investment in PSG. No reply was received.

In June 2016, Roustan again wrote that same Director, adding a second POWER Director, asking them to divest their ownership stake in PSG and even offering to purchase the stake after Sagard Capital's CEO of 12 years suddenly departed, 20 days after Roustan's previous email. Roustan also informed POWER's two Directors of his intention to call for the resignation of Sagard Capital's former CEO who was still a Director on the PSG Board. No reply was received.

Also in June 2016, Roustan left a voicemail for and wrote to Paul Desmarais III directly asking for a meeting to discuss POWER's ownership stake through Sagard Capital in PSG which generated a response from POWER's General Counsel stating in part *"Power and Sagard do not propose to have this dialogue with you and we believe further communication from you to individuals at Power and/or Sagard would not serve any useful purpose at this time."*

In July 2016, Roustan again wrote to Paul Desmarais III directly asking for a meeting to discuss POWER's ownership stake in PSG which again generated a response from POWER's General Counsel stating in part: *"We suggest that you contact PSG directly if you wish to meet with members of the board or management of that company."*

In August 2016, Roustan contacted two famous Quebec lawyers who are also former high level public servants with connections to the Desmarais family asking for their assistance to set up a meeting without success.

PERFORMANCE SPORTS GROUP

PERFORMANCE SPORTS GROUP - ROUSTAN HISTORY

Nike sold Bauer in April 2008 to a group led by W. Graeme Roustan who became the Chairman of what is today Performance Sports Group Ltd., A British Columbia Canada corporation (PSG). As Chairman, Roustan took the company public on the Toronto Stock Exchange in March 2011. After five years of success, Roustan departed as Chairman in 2012.

In January 2015, PSG announced that it was departing its 87 year successful core strategy as a designer, manufacturer and supplier of high performance hockey equipment by opening its own retail big box stores. PSG's announcement included that these retail stores would lose money for some period of time in addition to sinking a major capital expense into each store which was later disclosed to be an average of $4 million USD per store.

In May 2015, Roustan engaged Grant Thornton to conduct a blind survey of retailers to learn how they felt about PSG being a supplier, becoming a retail competitor and PSG's business practices. After Grant Thornton completed Roustan's survey, PSG sent a lawyer's letter and an email from Chairman Bernie McDonell to Grant Thornton, blocking delivery of the Grant Thornton survey results to Roustan. In January 2016, Roustan filed suit against Grant Thornton in Ontario.

In January 2016, Roustan called for the removal of the CEO of PSG and on March 22nd the CEO resigned. On March 28th, PSG announced they entered into a Shareholder Nomination Agreement with Sagard Capital which included one seat on the PSG Board.

Since PSG persuaded Grant Thornton to withhold the results of Roustan's commissioned survey to him, PSG's stock has declined approximately **-90%** and **-$1 Billion CDN** of shareholder value has been wiped out and then investigations by Canadian and US authorities have been acknowledged by PSG in the media.

On August 15, 2016, an Amended Complaint for a shareholder Class Action lawsuit was filed against PSG, its former CEO, its President and its CFO in the United States District Court, Southern District of New York [1:16-cv-03591-GHW].

PSG
SHARE PRICE

SINCE 2015 HIGH

PSG ON TSX

DOWN (89%)

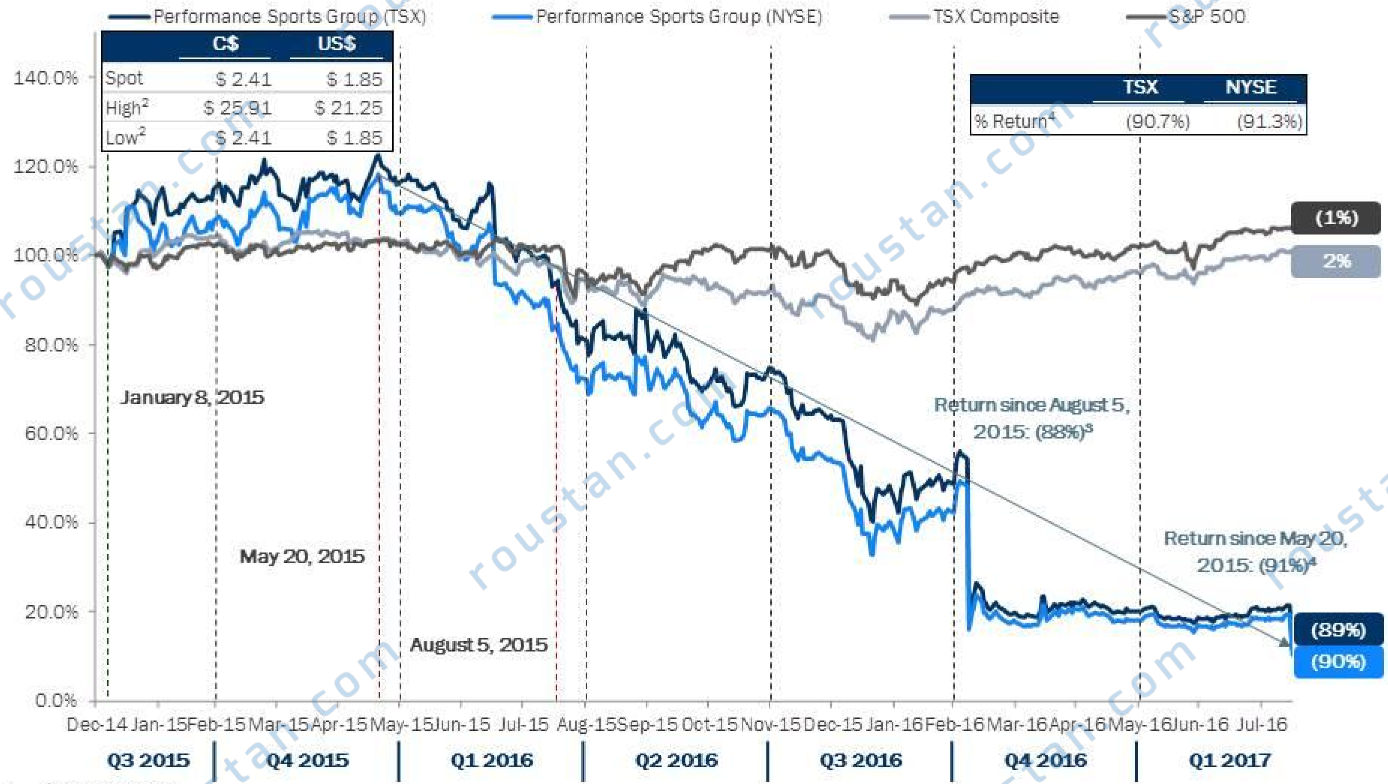
PSG ON NYSE

DOWN (90%)

As of 08/15/2016 close

Performance Sports Group Relative Performance

Relative Share Price Performance[1]



1. Since January 8, 2015
2. High/low since January 8, 2015
3. Return since August 5, 2015 of (89%) on TSX
4. Return since May 20, 2015

Source: Capital IQ

PSG MARKET CAP

SINCE 2015 HIGH

PSG ON TSX

DOWN ($1.06 Billion) C$

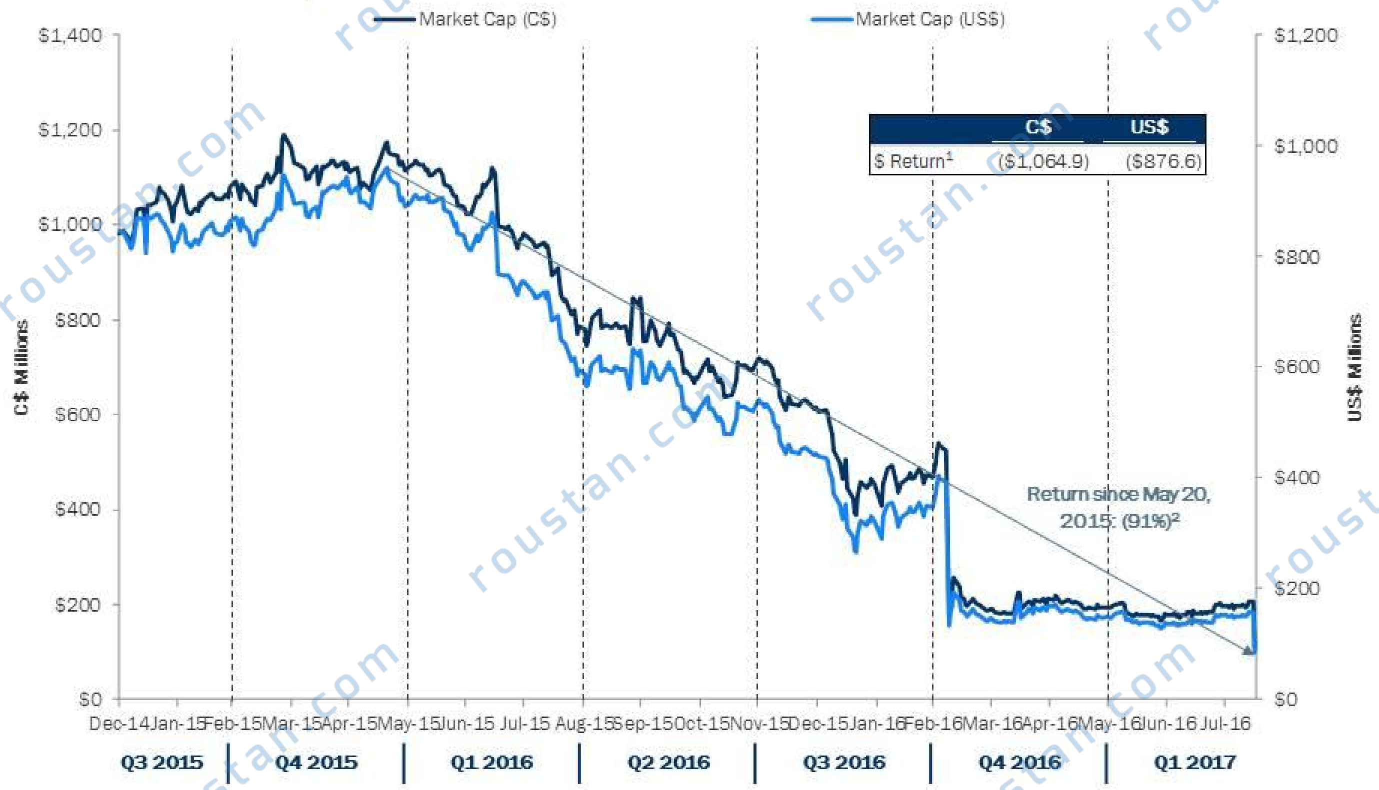
PSG ON NYSE

DOWN ($876 Million) US$

As of 08/15/2016 close

Performance Sports Group Relative Performance

Historical Market Capitalization



1. Dollar return in millions since May 20, 2016
2. Return since May 20, 2015 of (91%) on TSX

Source: Capital IQ

PERFORMANCE SPORTS GROUP - GOVERNANCE - CONFLICT ISSUE (1)

Performance Sports Group's (PSG) C. Michael Jacobi, Director and Chairman of the Corporate Governance and Nominating Committee, is responsible for the nomination process for the Director named by Sagard Capital. Bernie McDonell, Chairman of PSG, was responsible for approving the Shareholder Nomination Agreement with POWER's subsidiary Sagard Capital, that gave Sagard one seat on the Board of Directors which was signed on March 28, 2016.

Both McDonell and Jacobi have a fiduciary duty of care to conduct the required due diligence of any candidate for a seat on the Board. This duty usually includes the hiring of outside experts like the firm of Spencer Stuart which PSG has engaged previously. Although a candidate perhaps should disclose any known potential relationships that may even be remotely relevant to PSG, it is the duty of the Board and specifically Chairman Jacobi and Directors on the Corporate Governance and Nominating Committee which also include Matthew Mannelly and Bob Nicholson, to vet the candidate.

Once a seat on the Board was discussed, Sagard Capital should have and probably did, disclose to PSG, POWER's investment in related entities that have a stake in Adidas or POWER's related, jointly or wholly controlled companies' Directors that also serve on the Board of Adidas to PSG.

If POWER's disclosure to PSG took place, Chairman Bernie McDonell should never have executed a Shareholder Nomination Agreement with POWER's Sagard Capital.

As a second line in defense of best practices in governance, C. Michael Jacobi, Chairman of the Corporate Governance and Nominating Committee should have done the proper level of due diligence which should have disqualified Sagard Capital being awarded a seat on the Board. If PSG was aware, no public disclosure took place of POWER's possible conflict of interest.

PERFORMANCE SPORTS GROUP - GOVERNANCE - CONFLICT ISSUE (2)

Whether or not POWER disclosed, the PSG Board of Directors failed best practices in corporate governance by surrendering a Director seat to POWER's subsidiary, Sagard Capital and expose PSG's inner non-public information.

If POWER's did NOT disclose to PSG then why didn't they disclose? Did PSG conduct the required due diligence? PSG's Board may have failed to conduct even the basic due diligence where a ten minute Google search would have uncovered POWER's financial and Director's connections to Adidas and CCM, Bauer's largest competitor.

If PSG was aware of POWER's connection to CCM, Roustan believes that it should have been disclosed to the public. Now that POWER and its subsidiary Sagard Capital may have already had access to confidential non-public information on Bauer since March 28, 2016, via Dan Friedberg, what information has been transferred and who has seen it?

Roustan believes that PSG Directors would be held responsible for failure to protect confidential information (as should any Director of a corporation) by nominating and seating a Director on the Board that has employee ties to PSG's biggest competitor, which Roustan believes is a clear conflict of interest.

The mere chance that damage to PSG's future has occurred, there is absolutely no reason or defense for keeping Chairman Bernie McDonell or any Directors serving on the Corporate Governance and Nominating Committee past the October 2016 Annual General Meeting. They should all withdraw their names from re-nomination. The potential governance lapse is not defendable and a change of Directors is needed to better ensure the future of PSG and to properly serve the company, its shareholders, its employees and customers.

Prior to giving POWER control via a subsidiary over a Director's seat on the Board, the PSG Board either knew or should have known of POWER's connection to CCM. Roustan believes that a failure in best practices in governance took place.

PERFORMANCE SPORTS GROUP - GOVERNANCE - OVERBOARDING ISSUE (1)

If POWER's conflict of interest were not concerning enough, Performance Sports Group's (PSG) Corporate Governance and Nominating Committee Chairman C. Michael Jacobi and the Committee recommended to the entire Board and Chairman Bernie McDonell put on the full Board's agenda, the consideration of Paul Desmarais III as a Director of PSG.

When choosing a Director, it is the fiduciary duty of of the Chairman to ensure that all Directors have the appropriate amount of time available to serve the company well and to not select a Director candidate who are considered to be overboarded.

Overboarding as published by the Institutional Shareholder Services (ISS) in the US, is described in part as;

The concept of "overboarded" or "overboarding", which refers to a director who sits on an excessive number of boards, is long-standing. Directors are considered overboarded if they sit on a number of boards which could result in excessive time commitments and an inability to fulfill their duties. Increasingly, companies consider concerns about over-committed directors and some have adopted policies limiting the number of boards on which their directors may serve.

The ISS in the US is revising their guidelines as it pertains to the number of Boards a Director should sit on. They write;

We propose to revise the ISS US policy on overboarded directors to lower the acceptable numbers of board positions as follows: 1. For CEOs with outside directorships, a limit of one outside public company directorship besides their own – still to withhold only at their outside boards. 2. For directors who are not the CEO, we are evaluating two options: To lower the acceptable number of total public boards from the current six (the board under consideration plus five others) to a total of either: a. Five (the board under consideration plus four others), or b. Four (the board under consideration plus three others).

PERFORMANCE SPORTS GROUP - GOVERNANCE - OVERBOARDING ISSUE (2)

Paul Desmarais III is by most accounts, overboarded, even before offering him a Director seat on the PSG Board. Again with a simple Google search, Paul Desmarais III currently sits on the following **EIGHT** Boards. They are:

Sagard Capital	Director	Executive Chairman	Public Company Division
Great-West Life	Director		Public Company Division
Investors Group	Director		Public Company Division
Mackenzie	Director		Public Company Division
Pargesa	Director		Public Company Joint Controlled
Groupe Bruxelles Lambert	Director	(Adidas Largest Shareholder)	Public Company Joint Controlled
Wealthsimple	Director	Chairman	Public Company Funded
Imerys	Director	Vice Chairman	Public Company

Performance Sports Group would be his **NINTH** Director seat. ISS wrote; "*A review of NACD's annual surveys reveals the average director time commitment has grown by 46 percent, from 190 hours in 2005 to 278 hours in 2014*". Assuming a person can be effective working forty (40) hours per week of dedicated work time outside of phone calls, distracted travel and electronic communications for fifty (50) weeks per year, that comes to two thousand (2,000) hours per year.

If Paul Desmarais III serves on **NINE** Boards and using NACD's "278 hours in 2014" average, that comes to 2,502 hours per year (50.4 hours per week) assuming that he only takes two weeks of vacation per year. Roustan as Chairman of PSG would have never placed Paul Desmarais III's name on an Agenda for approval due to overboarding concerns. As a credentialled governance professional from both the Institute of Corporate Directors in Canada (ICD) and the National Association of Corporate Directors (NACD) in the U.S., Roustan does not believe that Paul Desmarais III should serve as a Director at PSG.

CONCLUSION

Has anyone at Power Corporation (POWER) or its subsidiary Sagard Capital or Performance Sports Group (PSG) considered even the optics that a potential conflict of interest could tarnish the goal of best practices when it comes to governance at PSG?

Bauer employees in Blainville, Quebec or the CCM employes in St. Laurent, Quebec may have concerns and questions about how POWER can have tentacles into both entities whether or not the entities are publicly traded or privately held.

Corporations and their management often lose sight of how people are affected by the decisions that are made in boardrooms in undisclosed locations. People like employees, shareholders, retailers and mom's and dad's that buy gear for their boy's and girl's who love the game are affected by every decision made in the boardrooms. Employees think about job security, shareholders think about their return on investment, retailers are concerned about competitive pricing and parents are upset at the ever increasing cost to provide equipment to their children.

Governments want an economy with proper competition in place and well paid jobs available to its citizens. When best practices in governance at the Board level are not properly followed, agencies like the Ontario Securities Commission, Securities and Exchange Commission and the US Department of Justice are there to step in.

Every public and private company through its Board of Directors has a fiduciary duty to always act in the best interest of respective country's designated group whether it be corporations or shareholders.

In the instance discussed in this White Paper regarding POWER CORPORATION and PERFORMANCE SPORTS GROUP, it is the opinion and conclusion of W. Graeme Roustan that a conflict of interest exists and it must be remedied immediately. Roustan proposes remedies for both POWER and PSG to adhere to on the following page.

REMEDIES CALLED FOR BY ROUSTAN

POWER CORPORATION

- Paul Desmarais III not sit as a Director of Performance Sports Group (PSG) for conflict of interest optics and overboarding reasons
- Sagard Capital to terminate the Shareholder Nomination Agreement signed with PSG on March 28, 2016
- Return all confidential materials back to PSG
- Provide a list of all people that received any confidential information from PSG
- Sagard Capital to sell its entire stake in PSG within sixty days

PERFORMANCE SPORTS GROUP

- Chairman Bernie McDonell to withdraw his name for re-nomination to the Board of Performance Sports Group for the October 2016 Annual General Meeting (AGM)
- Chairman of the Corporate Governance and Nominating Committee C. Michael Jacobi and Committee Directors Matthew Mannelly and Bob Nicholson, to withdraw their names for re-nomination to the Board of Performance Sports Group for the October 2016 AGM
- Directors McDonell and Jacobi return their Director compensation since the 2015 AGM
- Board publically disclose what due diligence, if any, was done in regards to Sagard Capital and POWER

PERFORMANCE SPORTS GROUP - DIRECTORS CALLED UPON TO WITHDRAW

CHAIRMAN OF THE BOARD
Bernie McDonell

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

DIRECTOR & COMMITTEE CHAIRMAN
C. Michael Jacobi

DIRECTOR & COMMITTEE MEMBER
Matthew Mannelly

DIRECTOR & COMMITTEE MEMBER
Bob Nicholson

W. GRAEME ROUSTAN, ICD.D

As Chairman, Mr. Roustan led the Board in Bauer's acquisition of Mission-Itech Hockey in 2008. Additional bolt-on acquisitions followed including Cascade Lacrosse and Maverik Lacrosse.

In 2011, while Mr. Roustan led the Board as its Chairman, Bauer Performance Sports Ltd. completed its IPO on the Toronto Stock Exchange. By October 2012, Bauer's market cap approached $400 Million, and its worldwide market share grew to over 50% of hockey equipment sales.

Born in Sherbrooke, Quebec, Mr. Roustan grew up in Montreal playing hockey on outdoor park rinks from the age of three, and continues playing today while wearing his familiar jersey number 44. In 1988, he began his financial career at a Wall Street firm before launching his own firm in 1991.

Mr. Roustan is a graduate of the Institute of Corporate Directors (ICD), Directors Education Program at the University of Toronto's Rotman School of Business, and was class Valedictorian. He received its coveted and world recognized ICD.D accreditation.

In addition, Mr. Roustan is a graduate of the National Association of Corporate Directors (NACD), Masters Class, and has become an accredited NACD Board Leadership Fellow.

The ICD program in Canada and the NACD program in the USA are the top two corporate governance programs in North America and are both recognized and respected around the world.

RESEARCH AND OPINION

All of the information pertaining to the ownership positions and Board of Director seats held by POWER CORPORATION OF CANADA (POWER) were obtained through POWER's related entities' websites, public filings and Bloomberg.

All of the information pertaining to the ownership positions and Board of Director seats of ADIDAS-GROUP (Adidas) were obtained though the Adidas's website, public filings and discussions with the Investor Relations department at Adidas in Germany.

All of the information pertaining to the ownership positions and Board of Director seats of PERFORMANCE SPORTS GROUP (PSG) were obtained through PSG's website and public filings.

POWER's entity organizational chart states its direct ownership stakes in each of its related entities. Being that it is a publically traded company on the Toronto Stock Exchange, it does not include any stakes in any of these entities by individual members of the Desmarais family and/or any Trust that may or may not exist.

Understanding any Desmarais family ownership stakes in POWER and/or any of its related companies (if any) would be helpful in determining whether or not there are increased financial benefits to individual members of the Desmarais family (in addition to their shares in POWER) and potential ties to Adidas (owner of CCM) and potential ties to Performance Sports Group (owner of Bauer).

Opinions are those of W. Graeme Roustan, former Chairman of Performance Sports Group from early 2008 to late 2012 and current Chairman and CEO of Roustan Capital.

Financial information contained within is current as of the end of day on Monday, August 15th, 2016.

CONTACT

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