

Core-Mark Holding Company, Inc.  
Form DEF 14A  
April 08, 2019  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Schedule 14A

Proxy Statement Pursuant to Section 14(a) of  
The Securities Exchange Act of 1934

(Amendment No.     )  
Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

Core-Mark Holding Company, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required
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(1) Title of each class of securities to which transaction applies:

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(5) Total fee paid:



Core-Mark Holding Company, Inc.  
395 Oyster Point Blvd., Suite 415  
South San Francisco, California 94080  
www.Core-Mark.com

April 8, 2019

Dear Fellow Stockholders:

The Board of Directors of Core-Mark Holding Company, Inc. (“Core-Mark”) invites you to attend Core-Mark’s 2019 Annual Meeting of Stockholders (the “Annual Meeting”) to be held at 10:00 a.m. CDT on Tuesday, May 21, 2019 at the Dallas/Fort Worth Marriott Solana, Building 3, 1301 Solana Boulevard, Westlake, Texas 76262. Directions to the Annual Meeting are included in this Proxy Statement.

The Notice of Annual Meeting and Proxy Statement describe the matters to be acted upon at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, we encourage you to vote so that your shares will be represented and voted at the Annual Meeting. You may vote by telephone, over the internet or by completing and mailing the enclosed proxy card in the return envelope provided. If you do not vote by mail, telephone or via the internet, you still may attend the Annual Meeting and vote in person.

Thank you for your continued support of Core-Mark.

Sincerely,

Randolph I. Thornton	Scott E. McPherson
Director and Chairman of the Board	President, Chief Executive Officer and Director

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Core-Mark Holding Company, Inc.  
395 Oyster Point Blvd., Suite 415  
South San Francisco, California 94080  
April 8, 2019

The 2019 Annual Meeting of Stockholders of Core-Mark Holding Company, Inc. (“Core-Mark”) will be held as follows:

DATE: Tuesday, May 21, 2019

TIME: 10:00 a.m. CDT

LOCATION: Dallas/Fort Worth Marriott Solana, Building 3, 1301 Solana Boulevard, Westlake, Texas 76262

PURPOSE: To consider and act upon the following proposals:

1. The election of ten directors;
2. The approval of an advisory resolution to approve named executive officer compensation;
3. The approval of the Core-Mark Holding Company, Inc. 2019 Long-Term Incentive Plan; and
4. The ratification of the selection of Deloitte & Touche LLP as Core-Mark’s independent registered public accounting firm for the fiscal year ending December 31, 2019.

In addition, we will consider the transaction of such other business that may properly come before the Annual Meeting. Shares represented by properly executed proxies that are hereby solicited by the Board of Directors of Core-Mark will be voted in accordance with the instructions specified therein. Shares represented by proxies that are not limited to the contrary will be voted in favor of the election as directors of the persons nominated in the accompanying Proxy Statement (Proposal 1) and in favor of Proposals 2, 3 and 4.

Stockholders of record at the close of business on March 22, 2019 are entitled to vote at the Annual Meeting.

By order of the Board of Directors,

Matthew J. Tachouet  
Vice President, Chief Accounting Officer and Secretary

It is important that your shares be represented and voted, whether or not you plan to attend the Annual Meeting.

### YOU CAN CAST YOUR VOTE BY ANY OF THE FOLLOWING METHODS:

#### 1. BY USING THE INTERNET:

You may vote via the internet at [www.proxypush.com/core](http://www.proxypush.com/core).

#### 2. BY TELEPHONE:

You may vote by telephone by calling 1-866-883-3382.

#### 3. BY MAIL:

Request a paper copy of the 2018 Annual Report and 2019 proxy materials by following the instructions on the notice mailed to you on April 8, 2019 (the “Notice of Internet Availability of Proxy Materials”) and promptly return your signed and dated proxy/voting instruction card in the envelope provided.

4. IN PERSON:

You may attend the Annual Meeting and vote in person.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 21, 2019

As outlined on the Notice of Internet Availability of Proxy Materials, the Proxy Statement, Proxy Card and Annual Report on Form 10-K for the fiscal year ended December 31, 2018 are available on the internet at <http://www.proxydocs.com/core>.

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## PROXY STATEMENT

### 2019 ANNUAL MEETING OF STOCKHOLDERS

Tuesday, May 21, 2019

### CORE-MARK HOLDING COMPANY, INC.

395 Oyster Point Blvd., Suite 415

South San Francisco, California 94080

## GENERAL INFORMATION

### Proxy Solicitation

These proxy materials are being furnished to stockholders of Core-Mark Holding Company, Inc. (“Core-Mark,” the “Company,” “us,” “we” or “our”) on or about April 8, 2019 in connection with the solicitation of proxies by the Board of Directors for Core-Mark’s Annual Meeting of Stockholders to be held at 10:00 a.m. CDT on Tuesday, May 21, 2019 at the Dallas/Fort Worth Marriott Solana, Building 3, 1301 Solana Boulevard, Westlake, Texas 76262. Core-Mark pays the cost of soliciting your proxy. Directors, officers and other Core-Mark employees also may solicit proxies by telephone or otherwise, but will not receive compensation for such services.

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Meeting of Stockholders to be held on May 21, 2019:

As outlined on the notice we mailed to you on or about April 8, 2019 (the “Notice of Internet Availability of Proxy Materials”), the proxy statement, proxy card and Annual Report on Form 10-K for the fiscal year ended December 31, 2018 are available on the Internet at <http://www.proxydocs.com/core>. Pursuant to the rules adopted by the U.S. Securities and Exchange Commission (“SEC”), the Company is furnishing proxy materials to its stockholders primarily via the internet, rather than mailing paper copies of these materials to each stockholder. The Company believes that this process expedites stockholders’ receipt of the proxy materials, lowers the costs of the Annual Meeting and helps conserve natural resources. On or about April 8, 2019, the Company will mail to each stockholder (other than those stockholders who previously had requested electronic or paper delivery of the proxy materials) a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review the proxy materials, including the Company’s proxy statement and annual report, on the internet and how to access a proxy card to vote on the internet or by telephone. The Notice of Internet Availability of Proxy Materials also contains instructions on how to request a paper copy of the proxy materials. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a paper copy of the proxy materials unless you request one. If you would like to receive a paper copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. The Company may, at its discretion, voluntarily choose to mail or deliver a paper copy of the proxy materials, including its proxy statement and annual report, to one or more stockholders.

### Stockholders Entitled to Vote

Stockholders of record at the close of business on March 22, 2019 are entitled to notice of and to vote at the Annual Meeting. As of such date, there were 45,871,088 shares of Core-Mark common stock outstanding, each entitled to one vote.

### How to Vote

Stockholders of record described below may cast their votes by:

(1) accessing the internet at [www.proxypush.com/core](http://www.proxypush.com/core);

(2) calling 1-866-883-3382;

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(3) requesting a paper copy of the 2018 Annual Report and 2019 proxy materials by following the instructions on Notice of Internet Availability of Proxy Materials and promptly returning their signed and dated proxy/voting instruction card in the envelope provided; or

(4) attending the Annual Meeting and voting in person.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the “beneficial owner” of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instructions form included in the mailing. If you are a beneficial owner and you prefer to vote in person at the meeting, you will need to ask your broker, bank or other holder of record to furnish you with a legal proxy. You will need to bring the legal proxy with you to the meeting and hand it in with a signed ballot that will be provided to you at the meeting. You will not be able to vote your shares at the meeting without a legal proxy.

#### Revocation of Proxies

A proxy may be revoked at any time before it is voted by delivering written notice of revocation to the Director of Investor Relations of Core-Mark at the address set forth above, by delivering a proxy bearing a later date or by voting in person at the meeting.

#### Quorum

The holders of a majority of the shares entitled to vote at the meeting must be present in person or represented by proxy to constitute a quorum. Abstentions and broker non-votes (i.e. when a stockholder does not provide voting instructions to their broker or nominee as to one or more items to be voted upon) are treated as present for the purposes of determining a quorum.

#### Required Vote

Election of Directors - Our bylaws require that each director in an uncontested election be elected by the vote of the majority of the votes cast with respect to such director. A majority of the votes cast means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director. Abstentions and broker non-votes will not be counted as votes cast and, accordingly will have no effect on the outcome of the vote. If the stockholders do not elect a nominee who is serving as a director, Delaware law provides that the director will continue to serve on the Board as a “holdover director.” In accordance with our bylaws and our Policy Regarding Election of Directors, such a holdover director will be required to tender his or her resignation to the Board of Directors. Our Nominating and Corporate Governance Committee will then make a recommendation to our Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. Our Board of Directors will consider the Nominating and Corporate Governance Committee’s recommendation and all other relevant factors, act on the resignation and publicly disclose its decision and the reasons for its decision within 90 days of the date that the results of the election are certified.

Approval of Named Executive Officer Compensation - The advisory resolution to approve named executive officer compensation (Proposal 2) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Under Delaware law, in determining whether Proposal 2 has received the requisite number of affirmative votes, abstentions are treated as shares present or represented and entitled to vote, so abstaining has the same effect as a vote against Proposal 2. Broker non-votes on Proposal 2 are not counted or deemed present or represented for purposes of determining whether stockholders have approved that proposal.

Approval of the Core-Mark Holding Company, Inc. 2019 Long-Term Incentive Plan - Approval of the Core-Mark Holding Company, Inc. 2019 Long-Term Incentive Plan (Proposal 3) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Under Delaware law, in determining whether Proposal 3 has received the requisite number of affirmative votes, abstentions are treated as shares present or represented and entitled to vote, so abstaining has the same effect as a vote against Proposal 3. Broker non-votes on Proposal 3 are not counted or deemed present or represented for purposes of determining whether stockholders have approved that proposal.

Ratification of Appointment of Accountants - Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal 4) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Under Delaware law, in determining whether Proposal 4 has received the requisite number of affirmative votes, abstentions are treated as shares present or represented and entitled to vote, so abstaining has the same effect as a vote against Proposal 4. Under New York Stock Exchange (“NYSE”) rules, which govern brokers even if they hold NASDAQ securities, the ratification of the appointment of an independent registered accounting firm is considered a “routine” matter, and brokers generally may vote on behalf of beneficial owners who have not furnished voting instructions, subject to the rules of the NYSE concerning transmission of proxy materials to beneficial owners, and subject to any proxy voting policies and procedures of those brokerage firms.

#### Other Matters

The Board of Directors is not aware of any matters to be presented at the meeting other than those set forth in the accompanying notice. If any other matters properly come before the meeting, the persons designated in the proxy will vote on such matters in accordance with their best judgment.

#### Additional Information

Additional information regarding the Company appears in our Annual Report on Form 10-K for the year ended December 31, 2018, which is available on our corporate website, [www.core-mark.com](http://www.core-mark.com), under “Investors.”



## OWNERSHIP OF CORE-MARK COMMON STOCK

## Securities Owned by Certain Beneficial Owners

The following table sets forth certain information as of March 22, 2019, regarding the beneficial ownership of shares of our common stock by: (i) each person or entity known to us to be the beneficial owner of more than 5% of our common stock; (ii) each of our Named Executive Officers; (iii) each member of our Board of Directors; and (iv) all members of our Board of Directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock issuable upon the exercise of stock options or warrants or the conversion of other securities held by that person that are currently exercisable or convertible, or are exercisable or convertible within 60 days of March 22, 2019, are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for the purposes of computing percentage ownership of each other stockholder. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned.

Except as otherwise noted below, each of the following individuals' current address of record is c/o Core-Mark Holding Company, Inc., 395 Oyster Point Boulevard, Suite 415, South San Francisco, California 94080. Effective on or before July 1, 2019, these individuals' address of record will be c/o Core-Mark Holding Company, Inc., 1500 Solana Boulevard, Suite 3400, Westlake, Texas 76262. Refer to the Contact page of our website at <https://www.core-mark.com/distribution-centers> for the current address of our corporate headquarters.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percentage of Common Stock Outstanding
Principal Security Holders:		
Blackrock, Inc. <sup>(1)</sup>	7,066,227	15.4%
The Vanguard Group <sup>(2)</sup>	4,761,467	10.4%
ClearBridge Investments, LLC <sup>(3)</sup>	2,968,751	6.5%
Dimensional Fund Advisors, LP <sup>(4)</sup>	2,664,401	5.8%
Directors and Named Executive Officers:		
Scott E. McPherson	165,453	*
Randolph I. Thornton <sup>(5)</sup>	119,473	*
Thomas B. Perkins	95,892	*
Stuart W. Booth	83,713	*
William G. Stein	82,206	*
Robert G. Gross	80,309	*
Christopher K. Hobson	65,944	*
J. Michael Walsh	63,697	*
Robert A. Allen	51,097	*
Harvey L. Tepner	49,370	*
Gary F. Colter	37,493	*
Christopher M. Miller <sup>(6)</sup>	23,868	*
Jordana D. Kammerud	12,116	*
Laura J. Flanagan	8,147	*
Rocky Dewbre	—	*
All directors and executive officers as a group (18 persons)	961,585	2.1%

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\*Represents beneficial ownership of less than 1%.

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- (1) The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055. Share amounts listed are derived from BlackRock, Inc.’s Schedule 13G/A filing with the SEC on January 24, 2019.
- (2) The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. Share amounts listed are derived from The Vanguard Group’s Schedule 13G/A filing with the SEC on February 11, 2019.
- (3) The address of ClearBridge Investments, LLC is 620 8th Avenue, New York, New York 10018. Share amounts listed are derived from ClearBridge Investments, LLC’s Schedule 13G/A filing with the SEC on February 14, 2019. The address of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, Texas 78746. Share amounts listed are derived from Dimensional Fund Advisors LP’s Schedule 13G filing with the SEC on February 8, 2019.
- (5) Includes 1,624 deferred but vested RSUs held by Mr. Thornton.
- (6) Includes 1,734 RSUs that vest within 60 days of March 22, 2019.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and beneficial owners of more than 10% of Core-Mark’s common stock (“10% owners”) to file initial reports of their ownership of Core-Mark’s equity securities and reports of changes in such ownership with the SEC. The Company prepares and files the Section 16(a) reports for its directors and executive officers.

We believe that for 2018, all of our directors, executive officers and 10% owners were in compliance with the disclosure requirements of Section 16(a), except for the following reports that were not filed on a timely basis: one report disclosing one transaction on behalf of each of Mr. Perkins and Mr. Hobson and one report disclosing two transactions on behalf of Mr. Rolheiser.

#### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information regarding equity compensation plans as of December 31, 2018:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders <sup>(1)</sup>	597,531	\$ 0.01	2,225,364
Equity compensation plans not approved by security holders	—	—	—
Total	597,531	\$ 0.01	2,225,364

<sup>(1)</sup> Consists of 595,907 shares subject to restricted stock units (“RSUs”) outstanding under our Core-Mark Holding Company, Inc. 2010 Long-Term Incentive Plan (“2010 LTIP”) and 1,624 RSUs outstanding under our Core-Mark Holding Company, Inc. 2007 Long-Term Incentive Plan.



## PROPOSAL 1. ELECTION OF DIRECTORS

The current Board of Directors is made up of ten directors, each of whose term expires at the 2019 Annual Meeting. The following ten directors have been nominated for re-election to serve for a term of approximately one year until the 2020 Annual Meeting or until their successors have been duly elected and qualified:

Robert A. Allen  
Stuart W. Booth  
Gary F. Colter  
Rocky Dewbre  
Laura J. Flanagan  
Robert G. Gross  
Scott E. McPherson  
Harvey L. Tepner  
Randolph I. Thornton  
J. Michael Walsh

All of the nominees for election have consented to being named in this Proxy Statement and to serving if elected. Presented below is biographical information for each of the nominees.

The Board of Directors recommends that stockholders vote FOR the election of all the directors listed above.

### NOMINEES FOR DIRECTOR

Robert A. Allen, 69, has served as a Director of Core-Mark since August 2004. Mr. Allen was Acting Chief Operating Officer of the Fleming Companies, Inc. from March 2003 to April 2003. From 1998 to 2003, Mr. Allen served as the President and Chief Executive Officer of Core-Mark International, Inc. and President and Chief Operating Officer of Core-Mark International, Inc. from 1996 to 1998. Mr. Allen received a Bachelor of Arts degree from the University of California at Berkeley. Mr. Allen was nominated to serve on the Board of Core-Mark principally based upon his extensive experience in the wholesale distribution industry and his significant knowledge of the Company, its operations and its history due to his prior service as Chief Executive Officer of Core-Mark International, Inc.

Stuart W. Booth, 68, has served as a Director of Core-Mark since August 2005. Mr. Booth is a retired financial executive. Mr. Booth was Chief Financial Officer of Central Garden & Pet Company from January 2002 to September 2009 and from January 2010 to December 2010. During 2001, Mr. Booth served as the Chief Financial Officer of Respond TV, Inc., an interactive television infrastructure and services company. From 1998 to 2000, Mr. Booth was Principal Vice President and Treasurer of Bechtel Group, Inc., an engineering, construction and project management firm. From 1975 to 1998, Mr. Booth served in various financial positions at Pacific Gas & Electric Company and related entities, including as a principal financial officer for financial operations, acquisitions and divestitures at PG&E Enterprises. Mr. Booth received a Bachelor of Arts degree in economics from California State University, Chico, and a Masters of Business Administration degree from California State University, San Francisco. Mr. Booth was nominated to serve on the Board of Core-Mark principally based upon his significant financial and accounting knowledge and his experience as a Chief Financial Officer of both public and private companies.

Gary F. Colter, 73, has served as a Director of Core-Mark since August 2004. Mr. Colter has been employed principally by CRS Inc., a corporate restructuring and strategy management consulting company since 2002 and currently serves as its President. Prior to that time, Mr. Colter was employed by KPMG, serving as: Vice Chairman of KPMG Canada from 2001 to 2002; Managing Partner - Global Financial Advisory Services and Member International Executive Team of KPMG International from 1998 to 2000; Vice Chairman - Financial Advisory Services, Chairman and Chief Executive Officer of KPMG Inc. and on the Management Committee of KPMG Canada from 1989 to 1998; and Partner of KPMG Canada and its predecessor, Peat Marwick, from 1975 to 2002. Mr. Colter is a member of the

Board of Directors of Revera, Inc. In addition, Mr. Colter is a member of the Audit Committee, the Governance and Compensation Committee and the Investment Committee of Revera, Inc. Mr. Colter received a Bachelor of Arts degree in business administration from the Ivey Business School of the University of Western Ontario. Mr. Colter is a Fellow Chartered Accountant (“FCA”) (Canada). Mr. Colter was nominated to serve on the Board of Core-Mark principally based upon his significant financial and accounting knowledge, the insight he provides from his experience as a restructuring and strategy management consultant and his long and distinguished experience as a partner in a Big 4 accounting firm.

Rocky Dewbre, 53, has served as a Director of Core-Mark since January 2019. Mr. Dewbre is currently the Chief Executive Officer of Empire Petroleum Partners, LLC in Dallas, Texas, and served as a Board member for CST Brands, Inc. from 2016 until 2017 when it was acquired by Alimentation Couche-Tard. Prior to CST Brands' Board, Mr. Dewbre served as Executive Vice President at SUNOCO LP from 2014 to 2015. From 1992 until 2014, Mr. Dewbre served in a variety of leadership positions at Susser Holdings Corporation ("Susser"). Prior to Susser, he worked for Atlantic Richfield as an internal auditor and Deloitte & Touche as an auditor. Mr. Dewbre has a B.B.A. from Texas Tech University in Accounting and Management Information Systems and an MBA from the University of Texas at Austin. He also completed the Authentic Leadership Development program at Harvard University. Mr. Dewbre was nominated to serve on the Board of Core-Mark based on his extensive experience in the convenience retail industry, including his current leadership role as Chief Executive Officer of Empire Petroleum, and his financial expertise.

Laura J. Flanagan, 51, has served as a Director of Core-Mark since June 2016. Ms. Flanagan served as the Chief Executive Officer of Foster Farms, the West Coast leader in branded and private label poultry, headquartered in Livingston, California, from August 2016 to February 2019. She was previously the President of the Snacks Division of ConAgra Foods, Inc., a packaged foods company headquartered in Omaha, Nebraska, from 2011 until 2014, and served as President of ConAgra's Convenient Meals Division from 2008 until 2011. Prior to joining ConAgra in 2008, Ms. Flanagan was Vice President and Chief Marketing Officer for Tropicana® Shelf Stable Juices at PepsiCo Inc. from 2005 to 2007. Ms. Flanagan also held various marketing leadership positions at General Mills, Inc. and PepsiCo Inc. from 1996 to 2005. In November 2018, Ms. Flanagan was appointed to serve on the Board of Directors of Callaway Golf Company. Ms. Flanagan was nominated to serve on the Board of Core-Mark based on her valuable experience in and knowledge of marketing and the retail industry.

Robert G. Gross, 61, has served as a Director of Core-Mark since October 2011. Mr. Gross served as the Executive Chairman of Monro Muffler Brake, Inc., an undercar service provider headquartered in Rochester, New York, from his appointment in October 2012 until his retirement in May 2017. Mr. Gross had served as Chief Executive Officer of Monro Muffler Brake, Inc. since January 1999 and was elected Chairman in August 2007. Prior to joining Monro Muffler Brake, Inc. in 1999, Mr. Gross was Chairman and Chief Executive Officer of Tops Appliance City, Inc., a consumer electronics and appliance retailer based in Edison, New Jersey, from 1995 to 1998. Mr. Gross also held various management positions at Eye Care Centers of America, Inc., a San Antonio, Texas, based optometry company owned by Sears, Roebuck & Co., including President and Chief Operating Officer from 1992 through 1994, Executive Vice President and Chief Operating Officer from 1991 through 1992 and Senior Vice President from 1990 through 1991. Since November 2012, Mr. Gross also serves as a Trustee of the Boyd Group Income Fund (TSX: BYD.UN). Mr. Gross has a B.S. in Finance and a Masters in Business Administration from the University of Buffalo. Mr. Gross was nominated to serve on the Board because he brings more than twenty years of multi-retail experience, an outstanding record in successful capital allocation and proven experience at creating shareholder value.

Scott E. McPherson, 49, has served as our President, Chief Executive Officer and Director since June 2018. Previously he served as our President and Chief Operating Officer from October 2017 to June 2018. He previously served as Senior Vice President – Business Operations and Development from January 2015 to October 2017. From December 2009 to December 2014, Mr. McPherson served as our Senior Vice President – Corporate Development and from July 2007 to December 2009, he served as Senior Vice President – U.S. Distribution (East). From January 2003 to June 2007, Mr. McPherson served as Vice President – U.S. Divisions and from June 2001 to January 2003, he served as President of our Fort Worth distribution center. From June 2000 to June 2001, Mr. McPherson served as our Director of Corporate Marketing, and from September 1992 to June 2000, he served as General/Area Sales Manager of our Portland distribution center. Mr. McPherson received a Bachelor of Science degree in Business Administration from Lewis & Clark College and a Master of Business Administration degree from the University of Portland. Mr. McPherson was nominated to serve on the Board of Core-Mark principally based upon the Board's belief that management should have a direct voice on the Board and due to Mr. McPherson's long experience with the Company

and the distribution industry.

Harvey L. Tepner, 62, has served as a Director of Core-Mark since August 2004. From 2008 to 2015, Mr. Tepner was a senior executive of WL Ross & Co. LLC, a private equity and alternative investment fund manager (and a subsidiary of Invesco Ltd., a public mutual fund and asset management company). From 2002 to 2008, Mr. Tepner was a Partner at Compass Advisers, LLP in charge of its investment banking restructuring practice. Prior to that time, Mr. Tepner was a Managing Director of Loeb Partners Corporation from 1995 to 2002, and prior to Loeb, served as an officer in the corporate finance departments of Dillon, Read & Co. Inc. and Rothschild Inc. Mr. Tepner began his career with Price Waterhouse in Canada and is a Chartered Accountant and Chartered Professional Accountant (Canada). Mr. Tepner serves on the board of Contura Energy, Inc. Mr. Tepner served on the board of Alpha Natural Resources Holdings, Inc. from July 2016 until its merger with Contura Energy in November 2018. Mr. Tepner is also a member of the board of Village Roadshow Entertainment Group (BVI) Limited. Mr. Tepner was previously a board member of Clear Channel Outdoor Holdings, Inc. from February 2018 until May 2019, Nine West Holdings, Inc. from August 2017 until March 2019 (a chapter 11 debtor beginning in April 2018) and Zochem Inc., the Canadian subsidiary of Horsehead Holding Corp., a chapter 11 debtor, from February 2016 until its emergence in September 2016. Mr. Tepner received a Bachelor of Arts degree from Carleton University and a Masters of Business Administration degree from Cornell University. Mr. Tepner

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was nominated to serve on the Board of Core-Mark based upon his knowledge of the Company and the wholesale distribution industry, his overall expertise regarding business strategy and development, finance, mergers and acquisitions, corporate governance and the strategic and financial insight he provides from his experience restructuring and advising companies as an investment banker and a private equity investor.

Randolph I. Thornton, 73, has served as a Director and Chairman of the Board of Directors since August 2004. Mr. Thornton has served as the President and Chief Executive Officer of Comdisco Holding Company, Inc. from August 2004 to October 2016. From May 1970 to February 2004, Mr. Thornton was employed by Citigroup, Inc., most recently serving as a Managing Director until his retirement from Citigroup, Inc. in February 2004. Mr. Thornton received a Bachelor of Arts degree in history from Lafayette College and a Master of Business Administration degree from Columbia Business School. Mr. Thornton was nominated to serve on the Board of Core-Mark principally based upon his extensive financial and accounting knowledge gained from his time with Citigroup and his experience both as a chief executive and as a member of the board of other companies.

J. Michael Walsh, 71, has served as a Director of Core-Mark since August 2004. From March 2003 to January 2013, Mr. Walsh served as our President and Chief Executive Officer and was our Executive Vice President – Sales from October 1999 to March 2003. From January 1996 to October 1999, Mr. Walsh served as the Senior Vice President – U.S. Distribution and was Senior Vice President – Operations from April 1991 to January 1996. Before joining Core-Mark, Mr. Walsh served as the Senior Vice President – Operations of Food Services of America. Mr. Walsh received a Bachelor of Science degree in industrial engineering from Texas Tech University and a Master of Business Administration degree from Texas A&M at West Texas. Mr. Walsh was nominated to serve on the Board of Core-Mark principally based upon his deep understanding of the wholesale distribution industry and his significant knowledge of the Company, its operations and its history due to his prior service as Core-Mark's President and Chief Executive Officer.

## BOARD OF DIRECTORS

### Board of Directors

Our bylaws provide that the size of the Board of Directors shall be determined from time to time by our Board of Directors. Our Board of Directors currently consists of ten members. Two of our Board of Directors members are former employees and one is a current employee of the Company. Each of our executive officers and directors, other than non-employee directors, devotes his or her full time to our affairs. Our non-employee directors devote the amount of time to our affairs as necessary to discharge their duties. All of our non-employee directors are independent within the meaning of the rules of the NASDAQ Global Market and collectively constitute a majority of our Board of Directors. J. Michael Walsh has been independent within the meaning of the rules of the NASDAQ Global Market since January 18, 2016.

### Committees of the Board of Directors

Pursuant to our bylaws, our Board of Directors is permitted to establish committees from time to time as it deems appropriate. To facilitate independent director review and to make the most effective use of our directors' time and capabilities, our Board of Directors has established the following committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The charter of each such committee is available on the Corporate Governance page of our website (<https://coremark.gcs-web.com/corporate-governance>). Printed copies of these charters may be obtained, without charge, by contacting the Director of Investor Relations, Core-Mark Holding Company, Inc., 395 Oyster Point Boulevard, Suite 415, South San Francisco, California 94080, telephone (650) 589-9445. Effective on or before July 1, 2019, our corporate headquarters will be relocated to 1500 Solana Boulevard, Suite 3400, Westlake, Texas

76262, telephone number (800) 622-1713, and after such date, requests for printed copies of these charters should be addressed to the Director of Investor Relations at our new corporate headquarters. Refer to the Contact page of our website at <https://www.core-mark.com/distribution-centers> for the current address of our corporate headquarters.

The following table summarizes the current membership of the Board and each of its committees:

	Board of Directors	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Director				
Robert A. Allen	X		X	X
Stuart W. Booth	X	Chairman	X	
Gary F. Colter	X	X		Chairman
Rocky Dewbre	X	X		
Laura J. Flanagan	X		X	X
Robert G. Gross	X	X	Chairman	
Scott E. McPherson	X			
Harvey L. Tepner	X	X		X
Randolph I. Thornton	Chairman		X	X
J. Michael Walsh	X			

The current membership and functions of each committee are described below.

#### Audit Committee

The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions. The Audit Committee reviews our financial statements, our filings with the SEC and the effectiveness of our internal control functions and prepares the Audit Committee report required under the rules of the SEC. In addition, the Audit Committee approves the services performed by our independent accountants and reviews their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee also oversees the audit efforts of our independent accountants and takes those actions as it deems necessary to satisfy itself that the accountants are independent of management. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and currently consists of Stuart W. Booth, Gary F. Colter, Rocky Dewbre, Robert G. Gross and Harvey L. Tepner, each of whom is a non-employee member of our Board of Directors and is independent within the meaning of the rules of the NASDAQ Global Market and relevant federal securities laws and regulations. Mr. Booth is currently the Chairman of the Audit Committee, and he, Mr. Colter, Mr. Dewbre, Mr. Gross and Mr. Tepner qualify as audit committee financial experts as defined under SEC rules. We believe the composition of our Audit Committee meets the criteria for independence under, and the functioning of our Audit Committee complies with the applicable requirements of, the Sarbanes-Oxley Act of 2002, the relevant federal securities laws and regulations and the current rules of the NASDAQ Global Market.

#### Compensation Committee

The Compensation Committee reviews and approves the Company's overall management compensation philosophy, objectives and policies. The Compensation Committee establishes and reports to the Board of Directors regarding performance goals, including annual and long-term goals, for our Chief Executive Officer ("CEO") and other executive officers. The Compensation Committee also reviews and determines salaries, bonuses, and all other compensation incentive programs annually for our CEO and executive officers and makes recommendations to the Board of Directors regarding such programs. In addition, the Compensation Committee administers our long-term incentive plans, reviews and determines equity-based compensation for our directors, executive officers and employees, and prepares the Compensation Committee report required under the rules of the SEC. Under its charter, the Compensation Committee may delegate any such responsibilities to one or more subcommittees of the Compensation

Committee to the extent permitted by applicable law and the applicable rules of the NASDAQ Global Market. The current members of the Compensation Committee are Robert G. Gross, Robert A. Allen, Stuart W. Booth, Laura J. Flanagan, and Randolph I. Thornton, each of whom is a non-employee member of our Board of Directors and independent within the meaning of the rules of the NASDAQ Global Market. Mr. Gross is currently the Chairman of the Compensation Committee. In addition to meeting the independence requirements, we believe the functions of our Compensation Committee comply with all other applicable rules and requirements of the NASDAQ Global Market.

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors regarding candidates for directorship and the size and composition of the Board of Directors. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board of Directors concerning corporate governance matters. The current members of the Nominating and Governance Committee are Robert A. Allen, Gary F. Colter, Laura J. Flanagan, Harvey L. Tepner and Randolph I. Thornton and are each independent within the meaning of the rules of the NASDAQ Global Market. Mr. Colter is currently the Chairman of the Nominating and Corporate Governance Committee. In addition to meeting the independence requirements, we believe the functions of our Nominating and Corporate Governance Committee comply with all other applicable rules and requirements of the NASDAQ Global Market.

### Special Committees

From time to time, our Board of Directors forms special committees made up of one or more directors to aid the Board in carrying out its roles and responsibilities. Such committees often examine issues of interest to the Board and the Company and report their findings back to the full Board.

### Board, Committee and Annual Meeting Attendance

For the year ended December 31, 2018, the Board and its Audit, Compensation and Nominating and Corporate Governance Committees held the following aggregate number of meetings:

Meeting	Number of Meetings
Board of Directors	5
Audit Committee	8
Compensation Committee	4
Nominating and Corporate Governance Committee	4

Each of our directors attended 100% of the meetings of the Board and 100% of the meetings of the committees on which he or she served during the year, except for Mr. Allen, who attended 60% of the meetings of the Board and 50% of the meetings of the committees on which he served during the year. Mr. Allen's absences were attributable to conflicts due to medical treatment he was receiving.

The Board has adopted a policy pursuant to which directors are expected to attend the Annual Meeting of Stockholders in the absence of a scheduling conflict or other valid reason. All of the members of our Board at such time attended the 2018 Annual Meeting, other than Mr. Colter.

### Risk Assessment

The Audit Committee reviews the Company's policies with respect to risk assessment and risk management related to financial reporting matters. Such reviews include discussions with management and the independent auditor regarding any significant risks or exposures the Company faces and an assessment of the steps management has taken to minimize such risks. The Audit Committee reports any material findings or concerns to the full Board.

The Board of Directors reviews the Company's policies with respect to risk assessment and risk management for the Company as a whole on a bi-annual basis. Such reviews include discussions with management regarding any significant risks or exposures the Company faces and an assessment of the steps management has taken to minimize such risks. The Board reviews the identified risks and whether the recommended actions are appropriate, including but

not limited to further analysis, a change in Company policy or other appropriate response.

#### Sustainability

Core-Mark is committed to promoting environmental sustainability and is proud of its efforts to reduce its impact on the environment. These efforts include daily route sequencing and optimization, as well as use of Compressed Natural Gas by a significant portion of our fleet, thereby shrinking Core-Mark's carbon footprint and lowering transportation costs. In our divisional and corporate offices, we use energy efficient lighting and are moving toward a paperless environment. We maintain a comprehensive recycling program in all of our facilities.

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## Director Compensation

We reimburse the members of our Board of Directors for reasonable expenses incurred in connection with their attendance at Board and committee meetings. Standard annual compensation for our non-employee directors for 2018 was comprised of a cash component and an equity component. The cash component consisted of an annual retainer for board membership and additional retainers for the Chairman of the Board and the Chairman of each Committee. The equity component consisted of an annual grant of restricted stock units.

The following table lists the standard annual elements of non-employee director cash and equity compensation for 2018:

Compensation Component	2018 Compensation
Annual Board retainer <sup>(1)</sup>	\$80,000
	Board of Directors - \$60,000
	Audit Committee - \$30,000
Annual Chairman retainers <sup>(1)</sup>	Compensation Committee - \$15,000
	Nominating and Corporate Governance Committee - \$15,000
Restricted stock units	Annual grant with a fair market value of approximately \$80,000 <sup>(2)</sup>

(1) The annual Board retainer and annual Chairman retainers are paid in equal quarterly installments.

(2) During 2018, each non-employee director received a grant of 3,362 restricted stock units under our 2010 LTIP.

The following table summarizes all compensation awarded to our non-employee directors in 2018:

## Director Compensation Table

Name	Fees		Total
	Earned or Paid in Cash	Stock Awards <sup>(1)</sup>	
Robert A. Allen	\$87,500 <sup>(2)</sup>	\$ 79,982	\$ 167,482
Stuart W. Booth	110,000 <sup>(3)</sup>	79,982	189,982
Gary F. Colter	87,500 <sup>(2)</sup>	79,982	167,482
Laura J. Flanagan	80,000 <sup>(4)</sup>	79,982	159,982
Robert G. Gross	95,000 <sup>(5)</sup>	79,982	174,982
Harvey L. Tepner	80,000 <sup>(4)</sup>	79,982	159,982
Randolph I. Thornton	140,000 <sup>(6)</sup>	79,982	219,982
J. Michael Walsh	80,000 <sup>(4)</sup>	79,982	159,982

(1) The directors were each granted 3,362 restricted stock units on January 22, 2018, at an aggregate fair market value at date of grant of \$79,982. The restricted stock units fully vested on January 1, 2019.

Consists of: \$80,000 Board retainer and \$7,500 Nominating and Corporate Governance Committee Chair retainer.

(2) The \$15,000 Chair retainer was split between Mr. Allen and Mr. Colter, who each served as Governance Committee Chair for approximately half the year.

(3) Consists of: \$80,000 Board retainer and \$30,000 Audit Committee Chair retainer.

(4) Consists of: \$80,000 Board retainer.

(5) Consists of: \$80,000 Board retainer and \$15,000 Compensation Committee Chair retainer.

(6) Consists of: \$80,000 Board retainer and \$60,000 Board Chairman retainer.

## Certain Relationships and Related Transactions

## Transactions with Directors and Management

Under our Code of Business Conduct and Ethics, all transactions involving a conflict of interest (including transactions between the Company and an entity in which an officer, director, employee or family member has more than a 1% interest) must be disclosed to and discussed with the applicable Division President or our Chief Financial Officer. This policy specifically applies without limitation to purchases of goods or services by or from related parties or entities in which the related person has a material interest, indebtedness, or guarantee of indebtedness. Our Audit Committee Charter provides that the Audit Committee shall review,

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discuss and approve or disapprove any transactions or courses of dealing between the Company or its subsidiaries and related parties that exceed \$120,000 in any calendar year and any transactions or course of dealing, regardless of amount, between the Company or its subsidiaries and related parties who are executive officers, directors or significant stockholders. In determining whether to approve or ratify a related party transaction or relationship, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

#### Compensation Committee Interlocks and Insider Participation

Mr. Robert A. Allen, one of our directors and a member of the Compensation Committee, previously served as the Acting Chief Operating Officer of the Fleming Companies, Inc. (a predecessor entity) from March 2003 to April 2003. From 1998 to 2003, Mr. Allen served as the President and Chief Executive Officer of Core-Mark International, Inc. (subsidiary and predecessor entity) and President and Chief Operating Officer of Core-Mark International, Inc. from 1996 to 1998. Mr. Allen ended his employment with the Company in 2003 and the Board of Directors has determined Mr. Allen to be a non-employee director and independent within the meaning of the rules of the NASDAQ Global Market and relevant federal securities laws and regulations.

#### Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. We believe that these agreements are necessary to attract and retain qualified persons as directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

#### Family Relationships

There are no family relationships between any of the executive officers or directors.

#### Corporate Governance

Core-Mark regularly reviews its policies, processes and procedures in the area of corporate governance to ensure that it is in compliance with all applicable rules and regulations and that it has sound governance policies in place.

#### Corporate Governance Guidelines and Principles

The Board has adopted Corporate Governance Guidelines and Principles that are posted on our corporate website, [www.core-mark.com](http://www.core-mark.com), under "Investors." The Corporate Governance Guidelines set forth the practices the Board follows with respect to, among other things, director qualifications and nominations, director responsibilities, executive sessions of the Board, committee functions, director access to senior managers and independent advisors, director compensation, director orientation and continuing education, management succession and Board performance evaluations.

#### The Governance Committee's Role and Responsibilities

Primary responsibility for Core-Mark's corporate governance practices rests with the Nominating and Corporate Governance Committee (the "Governance Committee"). The Governance Committee is responsible for, among other

things, (i) identifying, screening and reviewing individuals qualified to serve as directors and recommending candidates for nomination for election or to fill vacancies; (ii) overseeing our policies and procedures for the receipt of stockholder suggestions regarding Board composition and recommendations of candidates or nomination of candidates by the Board; (iii) developing, recommending and overseeing implementation of our corporate governance guidelines and principles; and (iv) reviewing on a regular basis our overall corporate governance practices and procedures and recommending improvements when necessary. Described below are some of the significant corporate governance practices that have been instituted by our Board of Directors at the recommendation of the Governance Committee.

#### Director Independence

The Governance Committee reviews the independence of all Directors annually and reports its findings to the full Board. The Governance Committee has determined that as of January 23, 2019, each of the non-employee Directors is independent within the meaning of the rules of the NASDAQ Global Market and relevant federal securities laws and regulations.

#### Roles of the Chairman and the Chief Executive Officer

Although the Governance Committee has not adopted a formal policy regarding the separation of the roles of Chairman of the Board and Chief Executive Officer of the Company, the Governance Committee believes that the current separation of Chairman and CEO roles is beneficial to the Company as it helps to ensure an independent Board and allows management (including the CEO) to focus on the significant task of running the day-to-day operations of the Company. While the Governance Committee believes that the CEO should serve as a member of the Board to provide for a direct voice of management during Board deliberations and to serve as an important source of knowledge and experience regarding the Company's operations, the Governance Committee believes the combination of the role of CEO with Chairman could distract the CEO from his primary role as leader of the Company's business. In addition, the Governance Committee believes a non-management Chairman helps to ensure the independent operation of the Board when conflicts may occur between the interests of the overall Company and management.

#### Board Evaluation and Continuing Education

The Board of Directors has adopted a policy whereby the Governance Committee will assist the Board and its committees in evaluating their performance and effectiveness on an annual basis. During this annual review, the Company conducts individual interviews with each Director, which provide an opportunity to discuss the performance of other Directors and any feedback received is subsequently discussed with those individuals. As part of this evaluation, the Governance Committee assesses the progress in the areas targeted for improvement and develops recommendations to enhance the respective Board or committee effectiveness over the next year. The Governance Committee also assists the Board and its members regarding continuing education initiatives designed to help Board members stay current with developments in corporate governance and director best practices. The Governance Committee has established procedures for a formal orientation program and the continuing education of directors and the tracking of participation in such activities.

#### Policy Regarding Change in Principal Employment of Director

The Board has adopted a policy providing that when a Director's principal employment or business association changes substantially during his or her tenure as a Director, the Director must offer his or her resignation to the Chairman of the Governance Committee for consideration by the Governance Committee. The Governance Committee will review whether it would be appropriate for the Director to continue serving on the Board and recommend to the Board whether, in light of the circumstances, the Board should accept the proposed resignation or request that the Director continue to serve. In February 2019, Laura J. Flanagan submitted to the Chairman of the Governance Committee her resignation from the Board due to her resignation from Foster Farms. The Governance Committee discussed and considered Ms. Flanagan's resignation and recommended to the Board that Ms. Flanagan continue to serve as a Director. The full Board agreed with the Governance Committee's recommendation.

#### Mandatory Retirement for Directors

The Board has adopted a policy whereby a person may not be nominated or re-nominated to serve as a Director if such person is 75 years of age or older on the date of the proposed meeting for the election of directors. The policy expressly provides that it may be waived with respect to the re-nomination of a Director upon the recommendation of the Governance Committee and approval of the Board.

#### Director Nomination Process

The Governance Committee reviews the skills, characteristics and experience of potential candidates for election to the Board of Directors and recommends nominees to the full Board for approval. In addition, the Governance

Committee annually assesses the overall composition of the Board of Directors regarding factors such as size, composition, diversity, skills, significant experience and time commitment to Core-Mark to determine if the Board composition adequately meets the current needs of the Company.

It is the Governance Committee's policy to utilize a variety of means to identify prospective nominees for the Board, and it considers referrals from other Board members, management, stockholders and other external sources such as retained executive search firms. The Governance Committee utilizes the same criteria for evaluating candidates irrespective of their source.

The Governance Committee believes that any nominee must meet the following minimum qualifications:

Candidates should be persons of high integrity who possess independence, forthrightness, inquisitiveness, good judgment and strong analytical skills.

Candidates should demonstrate a commitment to devote the time required for Board duties including, but not limited to, attendance at meetings.

Candidates should possess a team-oriented ethic and be committed to the interests of all stockholders as opposed to those of any particular constituency.

In considering candidates for director nominee, the Governance Committee generally assembles all information regarding a candidate's background and qualifications, evaluates a candidate's mix of skills and qualifications and determines the contribution the candidate could be expected to make to the overall functioning of the Board, giving due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences. Candidates are also evaluated for "independence" in accordance with applicable rules of the Securities and Exchange Commission and the NASDAQ Stock Market. With respect to current directors, the Governance Committee considers past attendance at meetings and assesses participation in and contributions to the activities of the Board. The Governance Committee, in its discretion, may designate one or more of its members to interview any candidate. In addition, the Governance Committee may seek input from the Company's management or the Board, who may interview any candidate. The Governance Committee recommends director nominees to the Board based on its assessment of overall suitability to serve on the Board in accordance with the Company's policy regarding nominations and qualifications of directors. The Governance Committee has previously retained an executive search firm to assist it in its efforts to identify and evaluate potential director candidates. To recommend a candidate for consideration, a stockholder should submit a written statement of the qualifications of the proposed nominee, including full name and address, to the Nominating and Corporate Governance Committee Chairman, c/o Core-Mark Holding Company, Inc., 395 Oyster Point Blvd., Suite 415, South San Francisco, CA 94080. Effective on or before July 1, 2019, our corporate headquarters will be relocated to 1500 Solana Boulevard, Suite 3400, Westlake, Texas 76262, and after such date, a written statement of the qualifications of the proposed nominee should be submitted to the Nominating and Corporate Governance Committee Chairman at our new corporate headquarters. Refer to the Contact page of our website at <https://www.core-mark.com/distribution-centers> for the current address of our corporate headquarters.

#### Director Nominations by Stockholders

Our bylaws require that a stockholder making a proposal must be a holder of record at the time of giving the required notice and must comply with certain other requirements contained in Article II, Section 14 of the Bylaws. To be timely, any nomination or other business to be brought before the annual meeting must be in writing and delivered not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting, with certain exceptions.

Our bylaws require that a stockholder making a nomination or proposal must provide the Company with certain information, including the ownership interests in Core-Mark, both direct and indirect, of the stockholder and the beneficial owner, if any, on whose behalf the nomination or proposal is made.

For more information, see the "Stockholder Proposals for 2020 Annual Meeting" section in this Proxy Statement.

#### Business Conduct and Compliance

Core-Mark maintains a Code of Business Conduct and Ethics (the "Code") that is applicable to all directors, officers and employees of the Company. It sets forth Core-Mark's policies and expectations on a number of topics, including conflicts of interest, protection and proper use of company assets, relationships with customers and vendors (business ethics), accounting practices, and compliance with laws, rules and regulations. A copy of the Code is available on the Corporate Governance page of our website (<https://coremark.gcs-web.com/corporate-governance>).

Core-Mark also maintains policies regarding insider trading and communications with the public (the “Insider Trading Policy”) and procedures for the Audit Committee regarding complaints about accounting matters (the “Whistleblower Policy”). The Insider Trading Policy sets forth the Company’s limitations regarding trading in Company securities and the handling of non-public material information. The policy is applicable to directors, officers and employees of Core-Mark and is designed to help ensure compliance with federal securities laws. The policy also contains a prohibition on our directors, officers and employees from hedging any Company securities in a margin account or otherwise pledging Company securities as collateral for a loan. The Whistleblower Policy was established to set forth the Audit Committee’s procedures to receive, retain, investigate and act on complaints and concerns of employees and stockholders regarding accounting, internal accounting controls and auditing matters, including complaints regarding attempted or actual circumvention of internal accounting controls. Accounting complaints may be made directly to the Chairman of the Audit Committee in writing as follows: Audit Committee Chairman, c/o Core-Mark Holding Company, Inc., 395 Oyster Point Blvd., Suite 415, South San Francisco, CA 94080. Effective on or before July 1, 2019, our corporate headquarters will be relocated to 1500 Solana Boulevard, Suite 3400, Westlake, Texas 76262, and after such date,

accounting complaints may be made directly to the Audit Committee Chairman at our new corporate headquarters. Refer to the Contact page of our website at <https://www.core-mark.com/distribution-centers> for the current address of our corporate headquarters. Accounting complaints may also be made anonymously to the Core-Mark Financial Compliance Line toll-free at (877) 314-1738. A copy of the Audit Committee's Whistleblower Policy and procedures can be found on the Corporate Governance page of our website (<https://coremark.gcs-web.com/corporate-governance>).

#### Executive Sessions

The Board of Directors believes that regularly scheduled meetings at which only independent directors are present ("Executive Sessions") are an important element of "best practice" consideration for the corporate governance process. The use of Executive Sessions provides a forum for open dialogue and frank discussion among non-management directors on matters concerning the Company and its management and encourages and enhances communication among independent directors. The Board of Directors maintains a regular practice of meeting in Executive Session during its Board meetings.

#### Succession Planning

The Board of Directors recognizes that a sudden or unexpected change in leadership could cause the Company to experience management transition issues that could adversely affect the Company's operations, relations with employees and results. To alleviate this concern, in consultation with management, the Governance Committee has developed a succession plan for the Company's chief executive officer and other senior executive officers. The Governance Committee and the Board of Directors regularly evaluate and refine this plan.

#### Communication with Directors

Stockholders or other interested parties wishing to communicate with the Board, the non-management directors or any individual director may do so by contacting the Chairman of the Board by mail, addressed to Chairman of the Board, Core-Mark Holding Company, Inc., 395 Oyster Point Blvd., Suite 415, South San Francisco, California 94080. Effective on or before July 1, 2019, our corporate headquarters will be relocated to 1500 Solana Boulevard, Suite 3400, Westlake, Texas 76262, and after such date, communications should be addressed to the Chairman of the Board at our new corporate headquarters. Refer to the Contact page of our website at <https://www.core-mark.com/distribution-centers> for the current address of our corporate headquarters.

All communications to the Board will remain unopened and be promptly forwarded to the Chairman of the Board, who shall in turn forward them promptly to the appropriate director(s). Such items as are unrelated to a director's duties and responsibilities as a Board member may be excluded by the Chairman of the Board, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and material that is determined to be illegal or otherwise inappropriate. The director(s) to whom such information is addressed is informed that the information has been removed, and that it will be made available to such director(s) upon request.

#### Stock Ownership Guidelines

In order to continue to align the interests of our directors and executive officers with those of our stockholders, the Board has determined that our directors and our Named Executive Officers (each an "NEO") should be required to hold a meaningful amount of Core-Mark capital stock. The Company has implemented Stock Ownership Guidelines approved by the Board, which provide that our directors and NEOs must own shares of Core-Mark's common stock with an aggregate value equal to the following multiple of such director's annual cash retainer or officer's base salary,

as applicable:

Position	Multiple of Annual Cash Retainer or Base Salary
Directors	5x
CEO	6x
Other NEOs	3x

Each director and NEO is required to achieve such level of stock ownership within the later of one year after the adoption of the Stock Ownership Guidelines and five years following the date of such director's or officer's appointment to such position. Compliance is measured as of February 15<sup>th</sup> each year. Any director or NEO who fails to comply with the guidelines may be excluded from future grants of the Company's capital stock, at the discretion of the Board or the Compensation Committee.

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For purposes of the guidelines, the shares counted towards a director's or executive's ownership include (a) all shares of Core-Mark's common stock owned outright or held in trust for the director or NEO and his or her immediate family, (b) vested deferred stock, (c) restricted stock units, whether vested or unvested, and (d) performance shares, whether earned, unearned, vested or unvested. The number of shares represented by a performance share grant shall be deemed to be equal to (i) the middle achievement level when measured prior to the end of a performance period and (ii) the number of performance shares earned when measured after the end of the performance period. Unexercised stock options, whether vested or unvested, shall not be counted as owned capital stock for such calculations. The value of a share shall be equal to the greater of (a) the closing price of a share of Core-Mark's common stock on the last trading day prior to the date of calculation, or (b) the closing price of a share of the Core-Mark's common stock on the date on which such stock was granted or otherwise acquired.

If compliance with ownership guidelines would create severe hardship or prevent a NEO or director from complying with a court order the guidelines may be waived at the discretion of the Compensation Committee.

As of February 15, 2019, all of our Named Executive Officers and directors were in compliance with our Stock Ownership Guidelines.

## OUR EXECUTIVE OFFICERS

The following table sets forth names, ages and positions of the persons who are our executive officers as of April 8, 2019:

Name	Age	Position
Scott E. McPherson	49	President, Chief Executive Officer and Director
Christopher M. Miller	58	Senior Vice President and Chief Financial Officer
William G. Stein	49	Senior Vice President - Enterprise Growth
Christopher K. Hobson	50	Senior Vice President - Eastern Divisions
Eric J. Rolheiser	48	Senior Vice President - Northern Divisions and President of Canada
Alan T. Thomas	43	Senior Vice President - Western Divisions
Jordana D. Kammerud	42	Senior Vice President and Chief Human Resources Officer
Matthew J. Tachouet	43	Vice President, Chief Accounting Officer and Secretary

Scott E. McPherson has served as our President, Chief Executive Officer and Director since June 2018. Previously he served as our President and Chief Operating Officer from October 2017 to June 2018. He previously served as Senior Vice President – Business Operations and Development from January 2015 to October 2017. From December 2009 to December 2014, Mr. McPherson served as our Senior Vice President – Corporate Development and from July 2007 to December 2009, he served as Senior Vice President – U.S. Distribution (East). From January 2003 to June 2007, Mr. McPherson served as Vice President – U.S. Divisions, and from June 2001 to January 2003, he served as President of our Fort Worth distribution center. From June 2000 to June 2001, Mr. McPherson served as our Director of Corporate Marketing, and from September 1992 to June 2000, he served as General/Area Sales Manager of our Portland distribution center. Mr. McPherson received a Bachelor of Science degree in Business Administration from Lewis & Clark College and a Master of Business Administration degree from the University of Portland.

Christopher M. Miller has served as our Senior Vice President and Chief Financial Officer since May 2016. Previously, he served as our Vice President and Chief Accounting Officer since January 2007. Prior to joining Core-Mark, Mr. Miller was employed by Cost Plus World Market, a specialty retailer, where he served as Vice President and Controller since 2002. Prior to his time with Cost Plus, Mr. Miller served as Chief Financial Officer of Echo Outsourcing, now part of The Superior Group, from 2000 to 2002 and in various financial roles at Levi Strauss & Co. from 1996 to 2000. Mr. Miller received a Bachelor of Business Administration degree in accounting from Dowling College and is a Certified Public Accountant.

William G. Stein has served as our Senior Vice President – Enterprise Growth since January 2019 and from January 2013 to December 2018, Mr. Stein served as our Senior Vice President – Eastern Divisions. From June 2012 to December 2012, Mr. Stein served as our Vice President – U.S. Distribution (East), and from February 2008 to June 2012, Mr. Stein served as our President of the Fort Worth Division. Mr. Stein served as the General Sales Manager for the Fort Worth Division from September 2002 to February 2008. Mr. Stein held the positions of Corporate Merchandising Manager, Food Service Manager and Area Sales Manager from 1993 to 2002. Prior to joining Core-Mark, Mr. Stein served in sales positions for McLane/Sandy’s Fast ‘n Fresh.

Christopher K. Hobson has served as our Senior Vice President – Eastern Divisions since January 2019 and from October 2017 to December 2018, Mr. Hobson served as our Senior Vice President – Western Divisions. Before that, he served as Senior Vice President – Sales and Marketing from January 2015 to September 2017. From January 2013 to December 2014, Mr. Hobson served as our Senior Vice President – Marketing, and from December 2009 until December 2012, Mr. Hobson served as Vice President of Marketing responsible for the Company’s “Fresh” & “Vendor Consolidation Initiatives.” From August 2007 until December 2009, Mr. Hobson was Division President of our Corona Division, and from January 2005 to July 2007, Mr. Hobson served as our Hayward Division President. From 2000 to

2005, Mr. Hobson served as General/Area Sales Manager. Prior to joining Core-Mark in 2000, Mr. Hobson worked as a Market Manager for 7-Eleven, Inc. Mr. Hobson received a Bachelor of Science degree from Humboldt State University.

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Eric J. Rolheiser has served as our Senior Vice President – Northern Divisions, President of Canada since January 2009, following his promotion from the position of Vice President of Canada Operations. From 2004 through 2007, Mr. Rolheiser served as a Division President in our Canadian operations where he was responsible for the overall management of all facets of the business at the divisional level. Mr. Rolheiser joined Core-Mark in 1992 and has served as Sales Supervisor, Food Service Manager, Divisional General Sales Manager and Corporate Director of Sales and Marketing for our Canadian operations. Mr. Rolheiser received a diploma in Business Administration – Accounting from the Northern Alberta Institute of Technology.

Alan T. Thomas has served as our Senior Vice President – Western Divisions since January 2019. Prior to this role, Mr. Thomas served as a Division President in three of our U.S. Divisions, most recently in our Corona, California Division, starting in January 2014. From September 2016 through December 2017, he served as Division President for both Corona, California and Los Angeles, California. Prior to his role at these two Divisions, he served as our Division President in Albuquerque, New Mexico from March 2008 to January 2014. From 2002 to 2008, Mr. Thomas served as General/Area Sales Manager. Prior to joining Core-Mark in 2002, Mr. Thomas worked as a Market Manager for 7-Eleven Inc. Mr. Thomas received a Bachelor of Arts degree in Business from California State University of San Bernardino.

Jordana D. Kammerud has served as our Senior Vice President and Chief Human Resources Officer since May 2017. Prior to joining Core-Mark, Ms. Kammerud was employed by S.C. Johnson & Son, Inc. (consumer products company), where she held the position of Vice President, Human Resources, Global Commercial from August 2014 through May 2017. From July 2013 to August 2014, Ms. Kammerud served as Vice President, Human Resources, North America, S.C. Johnson & Son, Inc., and from June 2012 to July 2013 Ms. Kammerud served as Senior Director, Human Resources, North America, S.C. Johnson & Son, Inc. Prior to her time with S.C. Johnson & Son, Inc., Ms. Kammerud served in various global human resources roles at the American Express Company and at DaimlerChrysler Corporation. Ms. Kammerud holds a Master of Science degree in Industrial Relations from the University of Wisconsin-Madison, and a Bachelor of Science degree in Sociology from the University of Wisconsin-La Crosse.

Matthew J. Tachouet has served as our Secretary since March 2018 and our Vice President and Chief Accounting Officer since May 2017. Previously, he served as Vice President and Controller since joining Core-Mark in February 2016. Prior to joining the Company, Mr. Tachouet was employed by UTi Worldwide Inc., a publicly traded global third-party logistics provider operating in 60 countries worldwide. Mr. Tachouet had served as Global Vice President and Corporate Controller at UTi Worldwide Inc., beginning in 2007. Prior to that, he was CFO and Corporate Controller of Market Transport Services, a national transportation and truckload brokerage firm based in Portland, Oregon. Mr. Tachouet has a Bachelor of Science in Accounting from the University of Oregon and is a Certified Public Accountant.

## PROPOSAL 2. ADVISORY RESOLUTION TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with Section 14A of the Securities Exchange Act we are providing our stockholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement in accordance with the SEC's rules.

As described in detail under the heading "Compensation Discussion and Analysis," our executive compensation program is designed to attract, motivate and retain our executive officers, who are critical to our success. Under this program our executive officers are rewarded for the achievement of specific short-term, long-term and strategic goals, as well as increased stockholder value. Conversely, our executives face reduced compensation when performance goals are not met. We believe our compensation program achieves the important goal of attracting and retaining talented professionals, while at the same time tying a substantial portion of potential compensation for such executives to the achievement of Company objectives. In addition, we believe that through the use of a blend of different elements of compensation, such as an annual performance bonus and equity incentive awards, our compensation program balances incentives for both short-term and long-term Company performance. Overall, we believe our compensation program is fair to both the Company and our executives, appropriate for our industry and competitive with what our executives could otherwise receive elsewhere. Please read the "Compensation Discussion and Analysis" section in this Proxy Statement for additional details about our executive compensation program, including information about the fiscal year 2018 compensation of our Named Executive Officers.

The Board of Directors recommends that stockholders vote FOR the approval of the compensation of our Named Executive Officers.

We are asking our stockholders to indicate their support for our executive officer compensation as described in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our executive officers' compensation. This vote is not intended to address any specific item of compensation or any single compensation philosophy, policy or practice, but rather the overall compensation of our executive officers as described in this Proxy Statement. Accordingly, we are asking our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to Item 02 of Regulation S-K, including the Compensation Discussion and Analysis, the 2018 Summary Compensation Table and the other related compensation tables and disclosure."

The say-on-pay vote is advisory, and therefore not binding on Core-Mark, the Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the Named Executive Officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Our last annual advisory vote on executive compensation was held on May 22, 2018 at the Company's 2018 Annual Meeting of Stockholders.

## COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis provides an overview and analysis of our executive compensation policies and practices and the major factors that shape the creation and implementation of our executive compensation program. This Compensation Discussion and Analysis, and the more detailed tables and narrative that follow, also describe the material components of our 2018 executive compensation program for our current and former principal executive officer, our principal financial officer, and our three other most highly-compensated executive officers (other than our current and former principal executive officer and principal financial officer) who served as executive officers during fiscal year 2018. We refer to these individuals as our “Named Executive Officers”:

• Scott E. McPherson, our President and Chief Executive Officer (our “CEO”);

• Thomas B. Perkins, our former CEO;

• Christopher M. Miller, our Senior Vice President and Chief Financial Officer (our “CFO”);

• Christopher K. Hobson, our Senior Vice President – Western Divisions;

• William G. Stein, our Senior Vice President – Eastern Divisions; and

• Jordana D. Kammerud, our Senior Vice President and Chief Human Resources Officer (our “CHRO”).

Effective June 30, 2018, Mr. Perkins retired as our Chief Executive Officer and was succeeded by Mr. McPherson.

### Executive Summary

In 2018, the Company achieved the following significant accomplishments:

• Record net sales of \$16.4 billion, representing a 4.5% increase over 2017.

• Adjusted EBITDA<sup>(1)</sup> of \$164.7 million, an increase of 21.4% over 2017.

• Generated free cash flow<sup>(2)</sup> of \$189.1 million, an increase of \$148.1 million over 2017.

• Reduced debt leverage from 3.8x Adjusted EBITDA in 2017 to 2.1x at the end of 2018.

• Return of value to stockholders through a regular quarterly dividend on our common stock, which increased in value by 11% in 2018 over 2017.

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(1) Adjusted EBITDA is a non-GAAP financial measure and should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles (“GAAP”). Adjusted EBITDA is equal to net income adding back net interest expense, provision (benefit) for income taxes, depreciation and amortization, LIFO expense, stock-based compensation expense, net foreign currency transaction gains or losses and pension termination settlement expenses. See Annex I for the

reconciliation of net income to Adjusted EBITDA.

Free cash flow is a non-GAAP financial measure and should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Free cash flow is equal to (2) net cash flow provided by operating activities less additions to property and equipment, net and capitalization of software and related development costs. See Annex I for the reconciliation of net cash flow provided by operating activities to free cash flow.

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### Key Executive Compensation Decisions for 2018

In line with our performance and compensation objectives, which favor incentive compensation over fixed compensation, the Compensation Committee approved the following compensation actions for our executive officers, including the Named Executive Officers, for 2018:

• **Base Salary.** Assessed and set executive officer base salaries, factoring in total compensation compared to the competitive market, with adjustments for most of our executive officers.

• **Annual Cash Incentives.** Approved annual cash incentives for our executive officers contingent upon the achievement of various performance objectives.

• **Long-Term Incentives.** Granted long-term incentive compensation, in the form of time-based restricted stock unit awards (“RSUs”) and performance share awards for shares of the Company’s common stock, tied to our actual performance as measured against specific corporate objectives.

### 2018 Executive Compensation Policies and Practices

We endeavor to maintain sound governance standards consistent with our executive compensation policies and practices. The Compensation Committee evaluates our executive compensation program on an ongoing basis to ensure that it is consistent with the Company’s short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. The following policies and practices were in effect during 2018:

• **Independent Compensation Committee.** The Compensation Committee is comprised solely of independent directors and each member is appointed by our Board of Directors.

• **Annual Executive Compensation Review.** The Compensation Committee conducts periodic reviews of our compensation strategy, including a review of our compensation-related risk profile to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.

• **Key Program Features.** Our compensation practices are designed to align our executive compensation with long-term stockholder interests.



## What We Do

- **Compensation At Risk.** Our executive compensation program is designed so that a significant portion of compensation is “at risk” based on corporate and individual performance. In addition, a portion of “at risk” compensation is equity-based to align the interests of our executive officers and stockholders.

- **“Double-Trigger” Change-in-Control Arrangements.** All change-in-control severance payments and benefits are based on a “double-trigger” arrangement (that is, they require both a change-in-control of the Company plus a qualifying termination of employment before severance payments and benefits are paid).

- **Performance-Based Incentives.** We use performance-based short-term and long-term incentives.

- **Multi-Year Vesting Requirements.** Equity awards granted to our executive officers vest or are earned over multi-year periods, generally three years, consistent with current market practice and our retention objectives.

- **Stock Ownership Guidelines.** Our Named Executive Officers and directors maintain meaningful stock ownership positions in the Company by following our Stock Ownership Guidelines.

- **Hedging and Pledging Prohibited.** We prohibit our officers and directors from hedging any Company securities and from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.

- **Succession Planning.** We review the risks associated with key executive officer positions to ensure adequate succession plans are in place.

- **Clawback Policy.** We maintain a clawback policy pursuant to which each Section 16 Officer, including each Named Executive Officer, may be required to reimburse or forfeit all or a portion of any incentive based compensation received, whether payable in cash or equity, if our financial statements are required to be restated as a result of material non-compliance with any financial reporting requirements. Additionally, our incentive plans contain provisions providing for the recovery of gains made by any executive officer from the exercise of options within one year prior to the executive officer’s termination for Cause, as defined in the plans.

## What We Don’t Do

- **No Retirement Plans.** We do not currently offer pension arrangements, retirement plans or non-qualified deferred compensation plans or arrangements to our executive officers, other than our Section 401(k) plan which is offered to all our other full-time salaried employees.

- **No Perquisites.** We do not provide any significant perquisites or other personal benefits to our executive officers.

- **No Tax Reimbursements.** We do not provide any tax reimbursement payments (including “gross-ups”) on any perquisites or other personal benefits, other than standard relocation benefits, including tax gross ups, for executive officers.

- **No Special Health or Welfare Benefits.** Our executive officers participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees.

- **No Post-Employment Tax Reimbursements.** We do not provide any tax reimbursement payments (including “gross-ups”) on any severance or change-in-control payments or benefits.

- **No Option Repricing.** Our stock plan prohibits us from repricing stock options without stockholder approval.

The Compensation Committee carefully considers feedback from our stockholders regarding our executive compensation policies and practices, including the results of the “say-on-pay” advisory vote on Named Executive Officer compensation that we hold at each annual meeting of stockholders. Based on the results of a stockholder advisory vote on the frequency of future say-on-pay votes conducted at our 2017 Annual Meeting of Stockholders, our Board of Directors determined that we will continue to hold a say-on-pay vote on an annual basis. At the 2018 Annual Meeting of Stockholders, over 96% of the votes cast approved our say-on-pay proposal. The Compensation Committee views the level of stockholder support for our executive compensation program as an indication that our stockholders support the Compensation Committee’s approach to executive compensation. Accordingly, no significant design changes were made to the executive compensation program in response to the vote.

Our 2018 executive compensation program, described below, reflects similar objectives and incentives that we had in place for our 2017 executive compensation program.

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We value the opinions of our stockholders and will continue to consider the outcome of future say-on-pay votes, as well as feedback received throughout the year. Because we value the input we receive from our stockholders concerning the compensation of the Named Executive Officers, we have conversations with our key stockholders from time to time and the Compensation Committee will continue to consider their views in determining our compensation policies and practices.

#### Philosophy and Objectives of Our Compensation Program / What We Reward

Our approach to compensating our executive officers, including the Named Executive Officers, is to tie total compensation to the creation of long-term stockholder value by incentivizing our executive officers to implement key strategies designed to achieve our goals and objectives. We attempt to maximize value to our stockholders by adhering to the following principles and objectives when determining the compensation packages for our executive officers:

Improve Company performance and long-term value through a compensation structure that directly links rewards to results achieved. We believe it is essential that our compensation program base a significant portion of our executive officers' compensation on Company and individual performance and be "at risk." We believe tying a significant portion of compensation to Company and individual performance motivates our executive officers to strive to improve the Company's financial and operational position, which in turn increases long-term stockholder value.

Attract and retain talented professionals, while emphasizing the challenges and rewards associated with a fast-paced, stimulating and entrepreneurial environment. We believe that it is primarily the dedication, creativity, competence, and experience of our executive officers and employees that enable us to compete effectively in the markets and industry in which we operate. It is important to us that we try to retain our experienced, long-term employees, avoid employee turnover, and create a cadre of dedicated professionals focused on improving the Company's performance and long-term value.

Integrate strategic goals and objectives into our annual incentive bonus and performance share programs that incentivize our executive officers to execute on key strategic corporate objectives. In addition, our ability to modify and tailor the components of our annual incentive bonus plan allows us to revise these components as our strategic goals evolve.

Align executive officer and stockholder long-term interests by providing a substantial portion of our executive officers' compensation in the form of equity and encouraging equity ownership. The Compensation Committee believes that having a significant portion of executive compensation tied to equity with both time-based vesting and performance criteria directly aligns the interests of our executive officers and our stockholders. The performance criteria that the Compensation Committee has established ties executive compensation to the underlying value of the Company's common stock, and focuses our executive officers' attention on those financial measures that correlate closely with total stockholders' return, such as Adjusted EBITDA (non-GAAP) growth. We also believe that equity awards in the form of time-based restricted stock unit awards help to foster an ownership mentality in our executive officers. We encourage stock ownership by our executive officers and have Stock Ownership Guidelines in place with respect to our senior executive officers to further align their interests with those of our stockholders.

Make proportionality and common sense the rule. We do not believe in a strictly formulaic approach to compensation based solely on job classification, but rather, that compensation should be proportionate to the impact that an executive officer can have on the Company, and that equal contributors should be incentivized and compensated equally. In turn, we respect the low margin nature of our business by linking pay to performance, and we avoid excessive disparity between the compensation of our CEO or other senior executive officers and the compensation of

the rest of our management team.

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## Elements of Executive Compensation

The total compensation for our executive officers, including the Named Executive Officers, consists of the following pay elements:

**Base salary.** Our base salaries, when combined with variable pay opportunities, are designed to attract and retain qualified and dedicated professionals by providing a base standard that is competitive in the markets in which we operate and to compensate for performing the basic functions of an executive position.

**Annual incentive bonus.** Our annual incentive bonuses are conditioned on our financial performance and achievement of strategic goals and objectives. The annual incentive bonus plan allows us to tailor individual incentives each year to support our strategic goals at not only a Company-wide level, but also a regional, departmental, or individual level. We consider the achievement of these objectives to be above and beyond the basic functions of each executive officer and set targets to complement the Company's overall business objectives. The annual incentive bonuses to the Named Executive Officers are 100% "at risk," and are forfeited unless the executive officer attains specified goals.

**Long-term equity incentive compensation.** Our executive officers receive time-based and performance-based equity awards. Generally, restricted stock unit awards vest over a three-year period which not only helps to retain our executive officers over time, but also aligns their compensation with the long-term appreciation of shares of the Company's common stock and the interests of our stockholders. Performance share awards serve similar purposes, but also tie the receipt of such compensation to the achievement of additional specific organizational goals. The long-term performance-based equity incentive compensation for the Named Executive Officers is 100% "at risk," and will be forfeited unless the Company attains specified goals.

**Executive severance benefits.** Our executive officers are eligible to receive severance payments and benefits upon an involuntary termination of employment other than for cause, the amount of which is determined on the basis of the affected officer's base salary. We believe that job security is an important factor in attracting and retaining talented executives. While we do not generally enter into employment agreements with our executive officers, we believe it is important to provide them with a level of job security through the use of an executive severance policy.

**Health and welfare benefits.** We provide our executive officers, as well as our non-executive employees, with health, life and disability insurance. Our executive officers, other senior officers, and managers are also provided with additional group life insurance, determined as a percentage of base salary, subject to a cap. We view these benefits as industry standard and necessary to attract and retain talented professionals.

The compensation mix for our CEO and the Other Named Executive Officers for 2018 was as follows:

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(1) Mr. McPherson became our CEO effective June 30, 2018. The amounts in the CEO table above include his compensation for the entire year.

The Company defines three incentive plan payout levels for our performance-based equity awards and our non-equity incentive plan compensation. The performance levels are "Threshold," "Target" and "Exceptional." For the performance based awards granted in 2018, the maximum aggregate grant date fair value that would have been (2) received if the Exceptional level of performance were to be achieved was \$678,110 for the Chief Executive Officer and an average of \$430,233 for the Other Named Executive Officers. Refer to the section titled "How We Determined and What We Paid Our Named Executive Officers" for a more detailed description of these payout levels.



## Compensation-Setting Process

### Role of Compensation Committee

The Compensation Committee is responsible for administering our executive compensation program. The Compensation Committee conducts an annual review of our executive compensation program to ensure that it is appropriately aligned with our business strategy and is achieving our desired objectives and reviews market trends and changes in competitive compensation practices. Based on its review and assessment, the Compensation Committee from time to time recommends changes in our executive compensation program to our Board of Directors.

In setting, reviewing, and adjusting compensation levels for our executive officers, the Compensation Committee considers a number of factors, including both external factors such as market conditions, as well as other factors that are not readily measured by performance goals including:

- Specific expertise, capabilities, and potential of the individual;
- Our perception of market wage conditions and the amounts required to attract and retain capable executives; and
- Our experience in attracting and retaining executives with similar responsibilities.

The Compensation Committee's authority, duties, and responsibilities are described in its charter, which is reviewed annually and revised and updated as warranted. The charter is available on our website at <https://coremark.gcs-web.com/corporate-governance>.

### Role of Executive Officers

In making compensation decisions, the Compensation Committee meets with our CEO and CHRO to obtain their feedback and recommendations with respect to the structure of our executive compensation program, as well as an assessment of the performance of each individual executive officer and recommendations on the compensation for each individual executive officer. In addition, our CEO, CFO, and CHRO develop recommendations for performance measures for the executive officers (other than the CEO) and target award opportunities for executive officers (other than the CEO) under our annual incentive bonus plan based on management's business forecast. Those recommendations are reviewed and approved first by the Compensation Committee and then by our Board of Directors. The CEO is not involved in any deliberations or decisions with respect to his own compensation.

### Role of Compensation Consultant

In 2018, the Compensation Committee retained Korn/Ferry International ("Korn Ferry"), a global organizational consulting firm that provides management consulting, leadership development and executive search services. Korn Ferry was retained for a consulting fee of \$50,000, of which approximately \$39,000 was paid during 2018, to establish a relevant peer group for purposes of executive compensation review, to evaluate the compensation to market of our Section 16(A) officers, and to evaluate the structure of our short- and long-term compensation vehicles. This review is part of the regular process of the Compensation Committee. The Compensation Committee has considered the independence of Korn Ferry in light of the listing standards of NASDAQ on compensation committee independence and the rules of the SEC. Based on these standards and rules, the Compensation Committee concluded that the work to be performed by Korn Ferry will not raise any conflict of interest.

### Competitive Positioning

Although it is difficult to compare compensation levels and amounts against a true peer group in our industry, the Compensation Committee periodically reviews or discusses our compensation levels and amounts using market data

based on a compensation peer group developed with the assistance of an external compensation consultant and approved by the Compensation Committee. No such review by an external compensation consultant was conducted in 2017 in determining the 2018 compensation packages for our executive officers, but the Compensation Committee did review selected market data.

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## How We Determined and What We Paid Our Named Executive Officers in 2018

## Base Salary

We do not apply rigid, formulaic, mandated salary brackets. The Compensation Committee evaluates and establishes the base salary of our CEO on an annual basis by taking into consideration his overall performance and contribution to the organization. Our CEO and CHRO recommend base salaries for our other executive officers, based on their evaluation of each individual's general level of performance and contribution to the Company over the prior year. These recommendations are then evaluated, discussed, modified as appropriate and ultimately approved by the Compensation Committee. The Compensation Committee's review and approval occurs at its regularly scheduled meeting held in January or early February of each year.

In January 2018, the Compensation Committee approved the 2018 base salaries for our executive officers. Increases to base salaries were attributable to cost-of-living, executive performance and, in some cases, higher levels of responsibility. In connection with his appointment as the CEO of the Company effective June 30, 2018, the Compensation Committee approved an increase in Mr. McPherson's base salary.

The base salaries of the Named Executive Officers for 2017 and 2018 were as follows:

Officer	2017 Base	2018 Base
Scott E. McPherson <sup>(1)</sup>	\$333,604	\$450,000
Thomas B. Perkins <sup>(2)</sup>	541,183	270,592
Christopher M. Miller	341,250	351,488
Christopher K. Hobson	296,669	311,502
William G. Stein	280,068	288,470
Jordana D. Kammerud <sup>(3)</sup>	193,315	330,000

Mr. McPherson became our CEO effective June 30, 2018. His 2018 base salary reflects six months' base salary as CEO and six months' base salary in his former position. Effective October 1, 2017, Mr. McPherson became our (1) President and Chief Operating Officer ("COO"). His 2017 base salary reflects three months' base salary as President and COO and nine months' base salary in his former position.

(2) Mr. Perkins retired as Chief Executive Officer effective June 30, 2018. His 2018 base salary in the table above represents a prorated amount through his retirement date.

(3) Ms. Kammerud joined the Company on May 22, 2017. Her 2017 base salary in the table above represents a prorated amount from her date of hire.

## Annual Incentive Bonus

A substantial portion of each executive officer's potential short-term compensation is in the form of a cash incentive bonus tied to pre-established goals. The annual incentive bonus plan is designed as an "at risk" bonus compensation plan to promote greater focus on the growth and profitability of the Company. This means an executive officer's bonus potential is contingent and depends on the actual performance of the Company overall or within a specific region, in each case against specified financial goals. The bonus is also contingent upon the executive officer achieving certain individual objectives that are above and beyond the basic functions of the job or that complement the Company's overall business objectives. Overall Company-wide bonus levels are designed to provide an appropriate level of results-based incentives to our executive officers, taking into consideration that the Company is a low-margin business that must control costs.

Annual bonus objectives for our CEO are established based on the performance of the Company and discussions between the CEO and the Compensation Committee. The applicable bonus criteria changes to some degree each year to fit the current needs of the Company. Annual bonus objectives for our executive officers (other than our CEO) are generally developed through discussions between our CEO and the executive officers in conjunction with the annual business planning process and are set near the beginning of the fiscal year to support the CEO and Company objectives approved by the Compensation Committee. Our CEO has the discretion, subject to approval by the Compensation Committee, to consider additional individual bonus objectives for the other Named Executive Officers related to significant unplanned opportunities. The final bonus payouts for both our CEO and the other Named Executive Officers are approved by the Compensation Committee following the annual performance period. The level of an executive officer's total maximum bonus opportunity is structured as a percentage of base salary and is approved by the Compensation Committee.

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### Minimum Performance Requirement for Funding of Annual Incentive Bonus Plan

There is a minimum performance requirement that must be satisfied each year as a precondition to the payment of any annual cash incentive awards to executive officers. To satisfy this minimum performance requirement, a certain percentage of the predetermined target Adjusted Pre-Tax Net Profit (“PTNP”) on a Company-wide basis (for corporate level executive officers) or a similar financial measure for a particular region (for executives whose responsibilities related primarily to a certain region) must be achieved. Adjusted PTNP is defined as pre-tax net profit, and excludes LIFO expense, impacts of acquisitions made in the current year and certain other non-recurring events. For 2018, the applicable minimum performance requirement was 80% of target Adjusted PTNP for corporate level executive officers. For regional roles, the 2018 minimum performance requirement was set at the discretion of the CEO and approved by the Compensation Committee. In 2018, the Company met the minimum performance level required to pay bonuses to those executive officers measured on a Company-wide basis. In addition, Mr. Hobson and Mr. Stein met the minimum performance levels required for the Western and Eastern regions, respectively.

### Company and Individual Objectives for Annual Incentive Bonus

#### Bonus Objectives and Requirements for 2018

In 2018, total maximum bonus opportunities for the Named Executive Officers were 150% of base salary for our CEOs, 125% of base salary for our COO and 100% of base salary for all other named executive officers. Effective June 30, 2018, Mr. McPherson became our CEO and his maximum bonus was increased to 150% from 125%.

The total maximum annual incentive bonus award for each executive officer was allocated among several objectives. Each executive officer was given a set of Company and individual objectives, each of which was assigned a weight, or percentage of the maximum available bonus (based on the importance of the objective for the year and the ability of the executive officer to influence the result). Specific bonus objectives and relative weights for the Named Executive Officers were as follows:

**Adjusted PTNP** - This objective is based on Company-wide results, except for Mr. Hobson and Mr. Stein, whose objectives were based on Adjusted PTNP for the Western and Eastern Regions, respectively. PTNP has been adjusted for items that are not within the direct control of management including cigarette price increases in excess of projections, foreign exchange gains and losses, and certain expenses related to acquisitions.

**Total Sales** - This component is based on specific targets for the Company’s total revenues in 2018.

**Return on Net Assets (“RONA”)** - This component is based on the Company’s RONA percentage (excluding the impact of acquisitions and certain other adjustments) in 2018. RONA is defined as Adjusted PTNP divided by the sum of: average levels of receivables, inventory and fixed assets; less the sum of average levels of payables and accrued liabilities. This objective is based on Company-wide results, except for Mr. Hobson and Mr. Stein, whose objectives are based upon the Western and Eastern Regions, respectively.

**Key Metrics** - This component is primarily based on increasing sales of our “Fresh” food products, growth in cigarette gross profit and leveraging our operating costs. This objective is based on the Named Executive Officer’s specific region.

**Individual Objectives (“MBOs”)** - Our Named Executive Officers have MBOs tailored to their individual responsibilities or regions. For fiscal 2018, Mr. Miller’s MBOs included fulfilling public company compliance and reporting requirements and the enhancement of financial systems and processes. Mr. Hobson’s individual MBO was focused on operational improvements at two distribution centers in the Western region. Mr. Stein’s individual MBO

was focused on operational improvements in the Eastern region and the systems conversion of the Northern New England distribution center. Ms. Kammerud's MBOs included improving employee engagement, enhancing training and development and cost control.

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In 2018, the annual incentive plan metrics and their respective weightings for each of our Named Executive Officers were as follows:

Officer	Adjusted PTNP	Total Sales	RONA	Key Metrics	MBOs
Scott E. McPherson (CEO) <sup>(1)</sup>	70%				