

## FORMAL RECORD OF ACTION

The following is a formal record of action taken by the governing body of Dermalogica, LLC (the "Company").

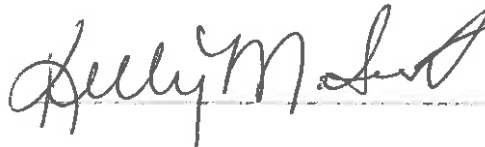
With respect to the amendment of the Dermalogica, LLC Group Employee Benefit Plans (the "Plan"), the following resolutions are hereby adopted:

**RESOLVED:** That the Plan be amended in the form attached hereto, which amendment is hereby adopted and approved;

**RESOLVED FURTHER:** That the appropriate officers of the Company be, and they hereby are, authorized and directed to execute said amendment on behalf of the Company;

**RESOLVED FURTHER:** That the officers of the Company be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports documents or other information as may be required under applicable law.

Dated this 18 day of July, 2016.



Vice President, Human Resources

**DERMALOGICA, LLC GROUP EMPLOYEE BENEFIT PLANS**  
**NOTICE OF ACA ELIGIBILITY PROVISIONS AMENDMENT**  
**and**  
**SUMMARY OF MATERIAL MODIFICATIONS**

**WHEREAS, Dermalogica, LLC** (the "Company") maintains the **Dermalogica, LLC Group Employee Benefit Plans** (collectively, the "Plan") for the benefit of certain of its employees; and

**WHEREAS,** pursuant to Section 6.01 of the Plan, the Company desires to amend the Plan;

**NOW, THEREFORE,** the Plan is hereby amended as follows, effective as provided therein:

1. Effective 01-01-2015, the following Medical Benefits Eligibility section is added to the Plan to state as follows:

**MEDICAL BENEFITS ELIGIBILITY**

The following provisions apply only with respect to eligibility for medical benefits under the Plan. To the extent that this Section conflicts with any provision in the Plan or a subsidiary Contract, the terms of this Section shall control.

**Applicable Definitions**

"Administrative Period" means the time allowed during which employees can enroll or disenroll from medical benefits coverage under the Plan. The Standard Administrative Period starts on 11/1 and ends on 12/31.

"Break in Service" means, following an employee's termination of employment, a period of thirteen (13) or more consecutive weeks during which the employee did not have an hour of service. If the employee had not been employed for at least thirteen (13) weeks prior to his termination of employment, a Break in Service means a period of four (4) or more consecutive weeks during which the employee did not have an hour of service, where such period is greater than the employee's period of employment.

"Full-time Employee" is an Employee who is reasonably expected to work, on average, at least thirty (30) hours per week or one hundred thirty (130) hours per calendar month.

"Initial Measurement Period" means the period of time during which a new employee's hours of service are measured to determine whether the employee is a Full-time Employee. The Initial Measurement Period lasts **eleven (11) consecutive months**. The Initial Measurement Period starts on **the first of the month following employee's start date**.

"Ongoing Employee" means an employee who has been employed by the Company for at least one complete Standard Measurement Period.

"Part-time Employee" means a new employee who the Company reasonably expects to work, on average, less than thirty (30) hours per week during the Initial Measurement Period.

"Seasonal Employee" means an employee who is hired into a position for which the customary annual employment period is six (6) months or less and which begins at approximately the same time of each calendar year.

"Stability Period" means the period of time during which an employee is treated as a Full-time Employee for purposes of determining eligibility for medical benefits under the Plan. The Stability Period is **twelve calendar months**.

"Standard Measurement Period" means the period during which the Company counts an employee's hours of service. The Standard Measurement Period lasts **twelve (12)** consecutive months. The Standard Measurement Period starts on 11/1 and ends on 10/31.

"Variable Hour Employee" means an employee for whom the Company cannot determine, at the employee's hire date, whether the employee is reasonably expected to work an average of at least thirty (30) hours per week.

### Eligibility

The Company offers medical benefits coverage to Full-time Employees, their dependent children and/or spouses. Dependent children and spouses are defined in the separate subsidiary Contracts for medical benefits.

Effective 1/1/2015, the Company will use a look-back measurement period to determine whether an employee is a Full-time Employee for purposes of medical benefits coverage under the Plan.

### Look-Back Measurement Period

The Company intends to follow IRS regulations and any subsequent guidance when administering the Look-Back Measurement Period.

### *Ongoing Employees*

For Ongoing Employees, the Company will determine whether an individual is a Full-time Employee by looking at the employee's hours of service during the Standard Measurement Period. If an Ongoing Employee is a Full-time Employee during the Standard Measurement Period, he or she will be eligible for medical benefits under the Plan during the entire Stability Period. The employee will remain eligible for medical benefits during the entire Stability Period, regardless of the employee's actual number of hours of service

during the Stability Period, as long as he remains an employee of the Company. Similarly, if an employee is not a Full-time Employee during the Standard Measurement Period, he will not be eligible for medical benefits during the entire Stability Period.

#### *New Employees Expected to Work Full Time*

If the Company reasonably expects a new employee to be a Full-time Employee as of the employee's hire date, the Company will determine the employee's status as a Full-time Employee using the employee's hours of service for each calendar month. If the employee's hours of service average at least thirty (30) hours per week or one hundred thirty (130) hours per month, the employee will be offered medical benefits coverage under the Plan as of **the first day of the month following one full month of employment.**

#### *New Part-time, Seasonal or Variable Hour Employees*

Newly hired Part-time, Seasonal and Variable Hour Employees must first complete an Initial Measurement Period during which they are not eligible to enroll in medical benefits under the Plan. At the end of the Initial Measurement Period, if the employee is a Full-time Employee, that employee will be eligible for medical benefits under the Plan as of **the first day of the month following the one-month initial administrative period,** and will remain eligible for the Stability Period.

#### Enrollment

The Company will use the Administrative Period to determine whether an employee is a Full-time Employee and to offer coverage to those Full-time Employees during an open enrollment period. Medical benefits coverage will be effective during the Stability Period.

#### Break in Service

An employee who was enrolled in medical benefits coverage under the Plan on the date of his termination of employment may resume participation in the medical benefits under the Plan on **the first of the month following rehire** if the employee has not had a Break in Service (see *Applicable Definitions* above), provided that the Stability period on the date of reemployment is the same as the Stability Period in effect on the date of the individual's prior termination of employment. If reemployment begins during a new Stability Period, participation in the medical benefit under the Plan will **begin first of the month following rehire date** if, based on the applicable Measurement Period, the individual is a Full-time Employee on the date of reemployment.

**Full-time employees** who are rehired **within one year** of termination will be offered coverage first of the month following rehire. **Full-time employees** who are rehired **beyond one year** of termination will be subject to a new waiting period.

For **NON-full-time employees** who are rehired after **13 consecutive non-working weeks, but less than one year,** if the employee was previously measured as full-time and received

coverage, the rehired employee will be offered coverage on the first of the month following rehire date. If the employee was **previously ineligible** for coverage based on status determined by measurement period, the employee will be subject to a new initial measurement period to determine eligibility.

For **NON-full-time employees** who are rehired beyond one year from date of termination, employee will be subject to new initial measurement period (see eligibility section for *New Part-time, Seasonal or Variable Hour Employees*).

If the employee had not satisfied any applicable waiting period prior to his termination of employment, upon rehire, the waiting period will be reduced by the period of prior employment.

If the employee is reemployed after a Break in Service, eligibility to become a participant in the medical benefits under the Plan will be **based on the individual's status on the date of rehire**.

#### Special Unpaid Leave

In addition, a special averaging method applies when measurement periods include special unpaid leave (that is, leave under the Family and Medical Leave Act (FMLA) or the Uniformed Services Employment and Reemployment Rights Act (USERRA) or jury duty leave). This method only applies to an employee who is treated as a continuing employee upon resuming services for the employer, and not to an employee who is treated as terminated and rehired.

Under the averaging method, the Company will:

- Determine the average hours of service per week for the employee during the measurement period, excluding the special unpaid leave period, and use that average as the average for the entire measurement period; or

2. This Section shall also constitute a Summary of Material Modifications ("SMM") to the Plan's summary plan description ("SPD"). A copy of this Amendment and SMM should be kept with the Plan's SPD.

**IN WITNESS WHEREOF**, the Company has executed this Amendment as of the date specified above.

Dermalogica, LLC

By: 

Its: 

Date: 

V-3.00