To: All Employees
From: Zara USA, Inc./Zara Puerto Rico, Inc.
Date: September 2026
Re: Medicare Prescription Drug Coverage – Part D

The Medicare program was expanded in 2006 to include a prescription drug option, Part D. The attached notice will impact you directly if you or your Spouse (or another dependent) are ***currently eligible for Medicare.*** For example:

1) You (or your Dependent) are ***age 65 or older***, or
2) You (or your Dependent) are ***disabled***, as defined by the Social Security Administration and are receiving Social Security disability payments.

***NOTE: If you do <u>not</u> meet either of the above criteria, there is absolutely no action needed on your part at this time. We recommend that you simply keep this notice with your other important paperwork about our health plan.***

For those of you in either the first or second category, the annual open enrollment period to apply for a Medicare Part D prescription drug plan will commence from October 15, 2026 through December 7th, 2026. Just like Medicare's Part B (medical care) coverage, there is a separate premium cost associated with the purchase of prescription drug coverage. In order to encourage people to sign up for a Part D plan when they are first eligible, the regulations impose a surcharge (or penalty) if you wait to enroll in the prescription drug plan at a later date.

Important: this late enrollment penalty is waived if you are covered by another "creditable" prescription drug plan. Please refer to the attached notice to determine if you are in a creditable or not-creditable plan.

Once you (or your Dependent) are no longer covered by our health insurance, for example if you terminate your employment, retire, or reduce your hours, the attached notice will be needed as proof of your "creditable" coverage status. As long as you sign up for Part D within 63 days after coverage with our plan ends, you will avoid the premium penalty.

It is therefore very important that you keep a copy of this information for future reference. Otherwise, your application for Medicare's prescription drug coverage will be looked upon as being "late", you will be forced to wait until the next open enrollment period in October of each year and your Medicare prescription drug coverage's effective date will be deferred until the following January 1st.

Please note that you are responsible for providing a copy of the notice to your dependents that are covered under the group plan and are eligible for Medicare. This notice is available at any time upon request and can be obtained from the Benefits Department.