



Virginia C. Drosos

Chief Executive Officer

[gina.drosos@signetjewelers.com](mailto:gina.drosos@signetjewelers.com)

Follow me on Twitter  @GinaDrosos and on Signet's Workplace by Facebook  @GinaDrosos

March 23, 2020

Hi Signet Team,

Our hearts and prayers go out to all who have been impacted by this global pandemic, along with great appreciation for the many workers and family members who are caring for those in need. I also want to thank our dedicated Signet team members who have found many new and innovative ways to safely help our customers continue to Celebrate Life and Express Love during this difficult time. Your heroic customer stories, care for each other, and notes of encouragement are truly inspiring!

As I've previously shared with you, we are taking bold and thoughtful actions as we manage through this global pandemic to ensure your safety and protect Signet's foundation. Now that we have announced store closures, we are moving quickly to proactively manage our business, as our expenses and cash disbursements without incoming revenues are not sustainable.

At Signet, every action we are taking is guided by our People First core value. Unequivocally, that has and continues to mean keeping employees safe. I am also very aware that our team members and your families count on Signet for your livelihood.

Retailers are already experiencing the severe impact of COVID-19 on the global economy, and we are anticipating continued reduction in consumer spend. In order to remain solvent, companies in this environment must preserve cash. At Signet, we are moving quickly and aggressively to strengthen our financial flexibility, prioritize investments, and reduce capital expenditures and operating expenses. We are still working through these details, but in the spirit of open and honest communication, I want to share all news with you as soon as possible.

While preserving liquidity and financial flexibility is key to our longevity, we are looking across all of Signet to substantially reduce, and in some cases fully eliminate, costs in areas such as marketing, capital spend, and external consulting while streamlining our operations. Consistent with the first two years of Path to Brilliance, we need to reduce costs that our customers don't see or care about, especially given the current business impact. This matters now more than ever. And in order to emerge stronger from the crisis, we need to lean into new ways of working and serving our customers in a post-COVID-19 business environment.

We have already taken the following actions:

- Negotiating with landlords on rent reductions in malls, off-mall, and for all of our facilities;
- Renegotiating contracts across the company to more favorable arrangements with extended payment terms, particularly service providers and non-merchandise vendors;
- Drastically reducing travel for the balance of the year and focusing on building world class capabilities to work remotely. This includes changing many of our meetings and conferences from physical to virtual meetings, including the Manager's Leadership Conference;

- Aggressively reducing capital expenditures, prioritizing only the most-essential IT projects that support a true OmniChannel customer experience including critical flexible fulfillment and digital initiatives;
- Reducing short-term marketing investments through aggressive cuts to non-working media and shifting media support out to months where we expect more normalized shopping;
- Partnering closely with our product vendors to adjust inventory levels and receipt flow with a focus on having best in industry newness in our pipeline for Holiday;
- Deepening our borrowing using the secured debt facility we negotiated last summer.

At the same time, we are continuing to look at all other controllable costs with an eye toward our current situation and future sustainability. Effective immediately, we are:

- Halting recruiting and not filling open roles;
- Modifying cash bonus payment schedules;
  - Manager Bonus and STIP for VPs and below: 50% on April 3, 2020 and 50% on May 1, 2020;
  - For SVPs and above, STIP payment deferred until June 12, 2020;
- Suspending merit increases for FY21;
- Temporarily suspending our Deferred Compensation Plan and 401K matches;
- I am taking, along with our top two executives and the Board of Directors, a 50% reduction of cash compensation. The rest of the SLT is reducing their cash compensation as well;
- Working to expand the mandate of the team member funded Signet Disaster Relief Fund beyond the scope of natural disasters, to include financial hardship. More information will follow soon with details:
  - The Signet Leadership Team (SLT) has already aligned to donate 10% of their FY20 STIP payment to the Signet Disaster Relief Fund to help other team members.

The SLT is also working on action plans that include implementing reduced work hours, furloughs and reduced compensation across store and support center teams as we navigate this unprecedented environment and the impact the crisis is having on our business. We are working through scenarios, so in the near future, your manager and SLT will be following up with you with more details.

This is not news any of us expected following our strong Holiday performance and progress on our Path to Brilliance transformation. As a team, we have delivered good results and our strategies are working, which makes the business impact of this COVID-19 crisis even more disappointing. But the current reality is that this global pandemic is unlike anything we've ever seen and is likely to cause protracted business impact even beyond containment of the virus.

I want you to know that every decision, especially those regarding people, is being considered with deep care and concern.

Team Signet, thank you for your dedication, understanding, and support as we manage through this very difficult and rapidly changing crisis. It is my fervent hope that we will recover quickly, continue to fulfill our mission, and emerge as an even stronger team and more relevant company. I am 100% committed to achieving that outcome.

