



2017 Corporate Social Responsibility Report

Accelerating Global Problem Solving





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Message from
Chuck Robbins

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A message from Chuck Robbins

As I reflect on the progress we made in fiscal year 2017, I've never been more certain that what is good for people, society, and the planet is good for business.

It's clear that our world is more connected, and interconnected, than ever before, and that trend is growing, with an estimated 500 billion devices and things projected to be connected to the Internet by 2030. Explosive growth in innovations like augmented reality, virtual reality, artificial intelligence, and the Internet of Things is also transforming our global landscape in unprecedented ways.

These advancements create tremendous business opportunities—but we cannot consider them in isolation. While we are delivering innovation to our customers, and focusing on growth, it is imperative for us to consider how all that we do makes an impact on the world around us.

At Cisco, that concern sits at the heart of our focus on Corporate Social Responsibility, and it is core to who we are. From our culture of integrity and inclusion, our strategic investments in building skills for the jobs of the future, and the way we manage and support our global supply chain, to how we operate in support of environmental sustainability, our CSR and business strategies are tightly integrated.

Our customers expect this from us, because they want to do business with a company they believe is socially and environmentally responsible. We are committed to meeting their expectations, and we hold ourselves accountable by continuing to report our progress toward the universal principles embodied in the United Nations Global Compact.

We have a bold aspiration to positively impact one billion people around the world by 2025, and I'm excited that we are well on our way to achieving that goal. In the pages ahead, you will learn about the impact we're making, and the programs we are driving around the world. To help us accelerate our progress, we're also building a network of global problem solvers—innovators, entrepreneurs, and change agents—across Cisco and in communities around the globe, and this report details our work with these key partners. The second half of our report covers the details of our FY17 CSR performance, as well as our strategy and goals.

The future is ours to build, and we have the capability to shape it responsibly. Join us as we leverage our technology, expertise, and relationships to build a network of global problem solvers to help create an inclusive and sustainable world.

Sincerely,



Chuck Robbins
CEO, Cisco




FY17

- 44% of Cisco employees volunteered or made charitable donations—up 7% from FY16
- 1.3 million students worldwide participated in Cisco Networking Academy—marking 20 years of changing worlds
- \$355 million in corporate and Cisco Foundation cash and in-kind contributions
- Positively impacted more than 154 million people through investments in technology based programs of nonprofit organizations
- Achieved our 2013–2017 Scope 1 and 2 GHG reduction goals, and set new five-year targets aligned with the Intergovernmental Panel on Climate Change





[Learn more](#) about our CSR priorities. 

Focused to achieve greatest impact

Corporate Social Responsibility is integrated into our business strategy and functions. It’s core to our purpose, our culture, and how we invest our resources. We focus on issues most relevant to our business and where we believe we can have the greatest impact. Here are just a few:

Focus	Goals	FY17 Progress
People Enable people to reach their full potential in a digital economy	Achieve 80% employee engagement by 2020	Employee engagement increased by about 7%, with 44% of employees volunteering or making charitable donations
	Reach two million Cisco Networking Academy students per year by 2021	1.3 million students in 180 countries participated in the program, a 19 percent increase over FY16
Society Scaling inclusive social and economic impact in countries around the world	Positively impact one billion people by 2025	Our nonprofit partners report that our cash grant investments positively impacted more than 154 million people in FY17. The cumulative total since we announced the initiative in FY15 is 232M, which puts us at 23% of our goal.
Planet Advancing environmentally sustainable growth in a digital world	Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 60% absolute by 2022 (FY07 baseline)	Met five-year goals set in February 2013 to reduce total Scope 1 and 2 GHG emissions worldwide by 40% absolute by 2017, and to use electricity generated from renewable sources for at least 25% of our global electricity every year through FY17 (reaching 77% in FY17).
	Use electricity generated from renewable sources for at least 85% of our global electricity by 2022	By the end of FY17, we had invested more than \$50 million in over 450 energy efficiency and renewable energy projects. Cisco set a new five-year goal in-line with recommendations of the Intergovernmental Panel on Climate Change.



Accelerating global problem solving

For 33 years we have been at the center of digital transformation, making the connections that make innovation possible.

This year we **unveiled** one of the most significant breakthroughs in enterprise networking—an intent-based network that constantly learns, adapts, and protects. This new intuitive network is the result of thousands of smart, talented, passionate Cisco employees working together to imagine what's possible and solve what was considered unsolvable.

Empowering our employees to tackle big challenges is one way we're accelerating global problem solving. Empowering a global community of problem solvers—customers, partners, nonprofits, and everyday people—is how we take it to scale.

In our dynamic, hyper-connected digital world, anyone can become a global problem solver. At Cisco, we turn that opportunity into action.

We're well on our way to positively impacting one billion people by 2025. We're focused on helping people develop the digital skills to participate, innovate, and thrive in the digital economy. We're investing in breakthrough, early-stage, technology-based solutions that address social and environmental challenges and have the potential to scale, replicate, and be sustainable. And we're working with governments, educational institutions, customers, NGOs, and other partners to support progress and drive inclusive growth.



“In a digitally connected world anyone can be a global problem solver. By combining the power of the network with innovative, entrepreneurial, and passionate people, we accelerate solutions that create positive change.”

Tae Yoo
Senior Vice President,
Corporate Affairs and CSR, Cisco





Empowering our people to lead and innovate

At Cisco, we share a simple cultural agreement: Connect everything. Innovate everywhere. Benefit everyone.

Creativity and innovation require [diverse talents](#), experiences, and perspectives. Our executive leadership team is one of the most diverse in our industry, and today Cisco has the most diverse workforce we've had since 2000. Fair, inclusive, and competitive pay is a top commitment. We have a robust system to analyze and evaluate our compensation. Where we see gaps, we fix them.

We foster an open, [trusting](#), equitable, and inclusive community where diverse thoughts, ideas, and obstacles are shared and [heard](#). We take a “one-size-fits-one” approach that enables everyone to play to their unique strengths and career aspirations.

We want people to grow at Cisco, so we invest in creating leaders and fostering high-performance teams. We focus on helping people be at their best every day. This includes creating a community, Team Space, where employees can share priorities, challenges, and goals, and request the support they need. We enable employees to assess their strengths, and to better understand the strengths of their teammates.

We encourage our people to take an entrepreneurial approach to problem solving. We created the companywide Innovate Everywhere Challenge, where “Cisco Founders” can share and develop innovative ideas, and “Cisco Angels” help and invest in developing those ideas.

The people of Cisco are passionate about sharing their time and talents to help others in the community. We want everyone to have Time2Give, so we offer full-time Cisco employees five days off per year to volunteer. In FY17, over 12,000 employees used their Time2Give benefit to solve problems and improve lives—from building homes in Romania and working with migrant families in China, to judging a school’s science fair.

#WeAreCisco [See](#) what makes us special.



Did you know?

Chuck Robbins was one of the first executives to sign **The Multiplier Effect Pledge** challenging leaders to sponsor one diverse person to the next level in their career.



“We are focused on growing individual strengths and skills for career growth and development, helping our leaders build world class teams and driving innovation by aligning teams across the company to win together. This is Our People Deal and how we create the best employee and team experience.”

Fran Katsoudas
Senior Vice President
and Chief People Officer, Cisco



Solving industry challenges

“Encrypted Traffic Analytics (ETA) is a huge advancement in Cisco’s goal to use the network to apply security everywhere. And I’m excited to work with Cisco’s product teams on new ways to use the network to detect and stop malware.”

David McGrew
Fellow, Advanced Security
Research Group, Cisco

Finding malware in encrypted traffic is one of the biggest challenges facing network security.

The encryption that protects private data, also protects malware from detection. Cisco Fellow David McGrew and his team of data scientists **took on the challenge**—and solved it. By combining machine learning with Cisco’s massive networking traffic data set, the team figured out how to recognize malware without decrypting information. This innovation, Encrypted Traffic Analytics (ETA), is now part of one of the most significant breakthroughs in enterprise networking: Cisco’s **The Network. Intuitive.**



Addressing issues that impact our planet

Solving the world's most pressing environmental challenges is a business and CSR priority. The earth's natural cycles—carbon, resource, and biological—are being disrupted. And these disruptions impact people, society, the planet, and in turn, our global economy.



41%

Absolute reduction in Cisco Scope 1 and 2 GHG emissions worldwide from FY07 baseline to FY17

80%

of FY17 Cisco global electricity consumption from renewable sources



Cisco is uniquely positioned to help address the issues that impact our planet. As a business, we set long-term goals to reduce the environmental impacts from our products and operations, and work with our supply chain partners to reduce their impact and increase their energy efficiency. We responsibly manage the life cycle of our products and solutions, and implement circular economy principles to conserve the earth's resources. We drive continual improvement in our business processes and offerings to address our environmental impacts using a certified Environmental Management System. And we engage employees as problem solvers—empowering them to innovate solutions and participate in actions, such as reducing or even eliminating paper cup use, that make a meaningful difference at work and in communities around the world.

Our broader opportunity for positive impact comes from enabling our customers to work more efficiently and effectively with a smaller environmental footprint. This comes from offering better alternatives, such as workplace collaboration, teleworking, and mobility solutions. We are also using technology in innovative ways to address threats to the biological cycles of our planet.

By the end of FY17, we had invested more than \$50 million in over 450 energy efficiency and renewable energy projects. [See Energy and GHG Emissions data for more details.](#)

GOALS

- Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 60% absolute by 2022 (FY07 baseline)
- Use electricity generated from renewable sources for at least 85% of our global electricity by 2022

[Learn more](#) about our environmental strategy, goals and progress.





Solving threats to species

In some cultures, rhino horns are believed to have medicinal powers. This inflates the demand and price of horns, making these animals a prime target for poachers and organized crime.

With an average loss of three animals per day, the rhino is on a fast track to extinction by 2025. But an employee team at Cisco saw the opportunity to use our technology, know-how and passion for conservation to address the threat.

Taking an outcome-driven approach, members of the Cisco team spent time in Africa, learning firsthand from the local experts about the challenges and needs. The issues are complex and the environment is harsh. The solution had to be adaptable, resilient, easy to operate and maintain—and not only protect the animals, but also benefit the people and communities around them. The rhinos and other animals on the reserve attract tourism, which is vital to the local economy.

The result is the [Connected Conservation program](#) that uses technology to track human movement in and around game reserves, detecting suspicious activity before harm can occur. The program, being piloted at a popular southern Africa game reserve, has helped reduce poaching by 96 percent (2016 data, 2013 baseline).

“The program started with the plight of the animals,” said Neil Harris, senior manager, Cisco Systems. “So many people at Cisco care about these animals and want to be part of protecting them. We were pushing against an open door because Cisco cares. We can take on these types of challenges, think big, and apply our technology precisely to solve the needs of those on the ground.”

“There is a strong ‘you can do it’ culture at Cisco. We have the space, support, and encouragement to think differently, turn issues into opportunities—and to make a difference in the world.”

Neil Harris
Senior Manager, Cisco





PHOTO COURTESY OF NRG

“We all have a role to play in supporting environmental sustainability and protecting our planet. We’re committed to reducing the environmental impacts of our products and operations, while innovating solutions that support a stronger, healthier planet.”

Rebecca Jacoby
Senior Vice President,
Operations, Cisco





Collaborating to reduce the carbon footprint of our products

Connecting Cisco's IoT management solution to thousands of sensors at a partner's factory gave us tremendous insights about how our supply chain can produce our products using less energy and with a smaller carbon footprint.

Armed with this information, we challenged all our contract manufacturing partners to embrace digitization within the factory by leveraging the power of the network. To keep us all on track, we set specific energy reduction goals for each of our partners and are engaging them directly to build verifiable energy management programs.

GOAL

Our goal is to avoid 1 million metric tonne of GHG emissions from Cisco's supply chain by 2020.

In total, the Cisco Partner Energy Management program saved more than 18 GWh of energy across these two initial sites.

This avoided 11,493 metric tonne CO₂e, which is equivalent to the GHG emissions.

One partner took an early lead in embracing the challenge. They developed and deployed their own IoT energy management system in their Thailand facility. This end-to-end energy management approach includes deploying the top industry energy management standards, engaging employees on the line, and building the system architecture to monitor and control energy in real-time.

Cisco provided guidance for the digitization of their manufacturing data and also prompted long-term GHG reduction goals that are connected to actionable plans. Through this process, the Thailand-based partner found they were able to strengthen their measurement and verification processes. This, in turn, validated their return on investment in energy efficiency programs, paving the way with executive leadership to make even more strategic GHG reduction investments.

As the success of digitization across our extended operations grows, Cisco and our partners are boosting energy efficiency while reducing the total carbon footprint of our products. What's more, collaborating with our partners and learning from our mutual success better enables Cisco to deliver strong IoT solutions to our customer manufacturing facilities worldwide.

[Learn more](#) about how Cisco's supply chain manages and controls GHG emissions.





Unleashing a digitally savvy network of problem solvers

Cisco Networking Academy

7.8M

Students

22K

Educators

10.4K

Learning Institution
Partners

Fifty billion things will be connected to the Internet by 2020—and that number will grow tenfold in the decade that follows. An estimated 1.4 million new full-time jobs will emerge by 2020 for people who can solve problems, think creatively, and have the digital skills needed by IoT.

Industries and markets are shifting. Regardless of role or business, digital skills are (or soon will be) a requirement.

There's already a gap between employment opportunities and people with the skills to fill the open positions. In the U.S., for example, there were 7 million people unemployed in March 2017¹—yet there were

5.7 million unfilled jobs². Nearly half of U.S. employers report that they can't find qualified candidates³. As digitization expands in both developed and developing countries, demand for people with digital skills will grow exponentially.

We're on a mission to accelerate a new era of digitally savvy problem solvers. People equipped with the skills

for the jobs of tomorrow. Innovators driven to find better ways to address challenges. Entrepreneurs who create economic opportunity while making a positive impact in their community and beyond. Change agents who disrupt the status quo to find a better, more sustainable way.

¹ Employment Situation Summary, U.S. Bureau of Labor Statistics, 2017

² Job Openings and Labor Turnover Survey Highlights, U.S. Bureau of Labor Statistics, 2017

³ 2016-2017 Talent Shortage Survey, Manpower 2016

[Learn more about our CSR priorities.](#)





Celebrating 20 years of changing lives

Twenty years ago, Cisco donated networking equipment to a local school. We quickly learned that technology, without the skills to use it, is of little value. We set out to change that in a big way.

We created Cisco Networking Academy and proved that technology, when combined with education, changes lives.

Two decades and more than 7.8 million students later, the Networking Academy program has expanded to 180 countries. Working with educational institutions across the globe, we prepare students for entry-level

GOAL:

Reach two million Cisco Networking Academy students per year by 2021

jobs and industry-recognized certifications. They get practical, hands-on experience as they learn, and gain the skills needed to get certified, land a job, earn a promotion, and even start their own business. We work with our partners to establish initiatives that promote workforce readiness and socioeconomic development.

We believe opportunity to learn and grow must be open to everyone. We built Networking Academy to be adaptable for students with diverse abilities. Over the past decade, more than 3,000 students with disabilities have benefited from Networking Academy courses—and we want to more than triple that number to 10,000 in the next five years. We work with organizations, like [Deaf Aid](#), to empower students with vision, hearing, and select physical disabilities.

As the broader information technology industry sees fewer women seeking IT careers, Cisco Networking Academy sees an upward trend in female participation rates. In FY17, 24 percent of our global students were female. Some countries, such as Oman, Peru, United Arab Emirates, Nigeria, and Tunisia saw female participation rates of 40-70 percent.

Networking Academy students are sought after by employers seeking entry-level IT talent. Through our Talent Bridge employment program, we connect Cisco and our channel partners with qualified talent from around the world. Since 2016, more than 1,200 students have found jobs through Talent Bridge.

[Learn more](#) about Cisco Networking Academy and be inspired by the stories of global problem solvers.



70%

of Networking Academy students who complete Foundational and Career-Ready courses land new or better jobs, take on increased responsibility, or earn higher pay.



Fostering socially aware problem solvers

Nineteen years ago, teachers Jeff Mason and Rod Thompson brought Cisco Networking Academy to students at Newport High School in Bellevue, Washington.

Through Networking Academy's programs with Bellevue Community College and Clark College, high school students can earn college credits while preparing for their Cisco certification. Newport High School offers courses that prepare students for three certifications: CCNA Routing and Switching, CCNP Routing and Switching, and CCNA Security. All students are expected to take the certification exam in the class in which they are enrolled—and the results are impressive. Seventy-eight percent of these high school students earned their certifications last year.

What's particularly unique about this program is the experiential learning that happens far beyond Newport High. Each year, the teachers take 14 students to work in underserved communities around the world for two weeks. Past trips have benefited people in Antigua, Slovakia, Turkey, and Uganda. Here, the students apply their networking and problem-solving skills as they design and build 25-30 Internet-connected computer labs in 10 days. The hands-on technology experience is invaluable, but the impact this program has on the students and the communities they touch is far greater.

"I would do senior year one more time just to go on this trip again. That's how much this means to me. I will remember this forever."

Sanya
Newport High School graduate
and Cisco Networking
Academy student





Making strategic social investments for an inclusive digital economy

We take a venture-capital-like approach to making strategic social investments.

Cisco Public Benefit Investment and the Cisco Foundation support nonprofit organizations that leverage technology to support underserved communities around the world to meet critical human needs and disaster relief, build a digital foundation to improve education, and drive economic empowerment and an inclusive digital economy.

More than just providing essential grant funding, Cisco and the Cisco Foundation support these nonprofit organizations technical and managerial expertise. We work alongside the nonprofit organization, testing,

tracking, learning, and adjusting until the solution can be scaled, replicated, and sustained for impact.

[Learn more](#) about our strategic investments and the good work these nonprofit global problem solvers are doing.

Positively impacted
more than

154
million people

Strategic Investment Focus Areas

- Critical human needs and disaster relief
- Educational opportunity
- Economic empowerment



Supporting access to economic opportunity

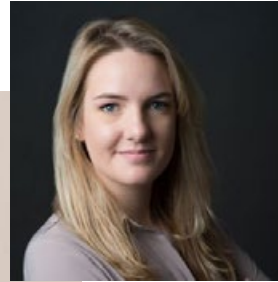
More than 2.5 billion people globally are unbanked. Of these, up to 2 billion have access to a mobile phone and would benefit from mobile financial services.

Mobile financial services enable the unbanked to access financial products and services, and contribute to economic growth. A Boston Consulting Group study that examined the impact of mobile financial services across multiple countries found that mobile financial services have the power to increase gross domestic product (GDP) by up to 5 percent (Telenor Group 2012).

Opportunity International (Opportunity) is a global nonprofit that empowers people living in poverty to transform their lives, their children's futures, and their communities through financial products, services, and training. Opportunity believes access to financial services—coupled with training and other key initiatives—leads to increased economic activity in the poor communities they serve. Their clients are primarily poor women, farmers, and rural young people who achieve increases in productivity and incomes that allow them to invest in education, food, housing, health, and small business.

Cisco previously provided Opportunity with seed funding to design and pilot digital mobile money solutions in three countries in Africa. In just over two years, that program scaled to reach more than 400,000 people in six countries. Based on the success of this initiative, Cisco expanded its program with Opportunity, providing multi-year support including cash grants, donations of Cisco technology, and expertise to apply digitization solutions to transform the organization's global operations. Cisco's support will enable Opportunity to improve efficiency in its business operations, scale operations to connect more people to financial services, deepen the impact of its programs, and enhance impact evaluation. This will enable Opportunity to achieve its goal of creating 20 million jobs and positively impacting 100 million lives by 2020.

This is just one example of Cisco's strategic social investments impacting the world. [Learn more](#) about our full portfolio of investments.



Mary Elizabeth McCulloch, Student,
Pennsylvania State University

Investing in social and environmental entrepreneurs

Working at an orphanage in Ecuador where children and adults with disabilities were unable to speak, Pennsylvania State University student Mary Elizabeth McCulloch became inspired to give a voice to those without.

Traditional speech devices can be expensive, making them out of reach for the millions of people who need them. Mary Elizabeth and her team at **Project Vive** set out to make an affordable speech-generating device that would respond to the unique and changing capabilities of each user.

The Voz Box uses wearable sensors and Bluetooth technology to create a network around the person that can detect small movements. The sensors can be placed anywhere on the body—finger, elbow, knee, foot, eye—and can be recalibrated for different placements as user needs change. The network connects to a small, portable multi-lingual speech-generating device. It does not require an Internet connection to operate, making it accessible to more people in the world.

Mary Elizabeth's innovative, problem-solving device was the US\$100,000 Grand Prize winner of the inaugural 2017 Global Problem Solver Challenge. The Challenge recognized 10 teams of post-secondary students and recent graduates whose ideas use the IoT to create breakthrough technologies, products, and services that drive economic development, solve social and environmental problems, and promote inclusion.

Our mission with this competition is to provide visibility, funding, and encouragement to help these social entrepreneurs advance their innovations to solve pressing problems in their community and around the world, and to help them become job creators as their businesses grow and thrive. More than 1100 students and recent graduates from 450 schools across six continents registered in the 2017 Challenge.



Meet our other
2017 Challenge Winners 



Accelerating an inclusive digital economy

Public universities are essential to preparing the leaders, innovators, and entrepreneurs of tomorrow. We believe they also play a vital role in enabling local economic development.

In 2016, we began working with Arizona State University (ASU), to empower minority youths to succeed in their education and careers. The ASU Poder (which means “power” in Spanish) initiative gives underserved community college students the opportunity to be global problem solvers—creating solutions to pressing societal problems by harnessing the power of technology. Supported by grant funding

from the Cisco corporate advised fund at Silicon Valley Community Foundation, the program provides students with Cisco curriculum as well as career and college preparation training.

The collaboration with ASU laid the foundation for a broader public university grant-making program, which we launched in FY17. Our intent is to help public

universities play a lead role in shaping new ideas and industries that create the jobs of the future. We encourage these universities to collaborate with local industries, government agencies, NGOs, community colleges, and schools, to close skills gaps and foster job growth, incubate innovation, and encourage an entrepreneurial approach to problem solving.

Solving problems together

We made a tremendous amount of progress in 2017, which we hope you will explore in more detail in the section that follows. Yet we know there's much more opportunity ahead.

Through our CSR programs, we will continue to focus on issues most relevant to our business and where we believe we can make the greatest impact: enabling people to reach their full potential in the digital economy; partnering to scale positive, inclusive social and economic impact in countries around the world; and advancing environmentally sustainable growth in a connected world.

There has never been a better time to be a global problem solver. The IoT, augmented reality, artificial intelligence, mobile, cloud—our world is connected, and interconnected, like never before. The opportunities are infinite. We believe impact multiplies and innovative solutions arise when passionate people and transformative technology come together. By empowering a network of talented, innovative, entrepreneurial problem solvers to capitalize on digitization, we can unlock the potential for all people to be included, and for society and the planet to thrive for generations to come.

“In today’s world, innovative solutions can be developed by anyone, anywhere—and then scaled to help people around the world. This is the power of connection, and no one connects better than Cisco.”

Chuck Robbins
CEO, Cisco





The Details

In “Our Story,” we discussed our strategy for addressing CSR’s greatest challenges and accelerating global problem solving. Here in “The Details,” we transition into a format tailored to analysts and investors, who are typically seeking more detail on the three pillars of our performance: Governance, Society, and Environment. This part of the report sets out our strategy, goals, and progress on Cisco’s CSR strategy.

Report Scope and Boundary

GRI 102-50

This report covers fiscal year results for the period ended July 29, 2017. Data includes all of our operations around the world, unless otherwise stated. Some data have been rounded. Monetary figures are in U.S. dollars unless otherwise noted.

Defining Report Content

GRI 102-46

We focus on the CSR topics that are most important to our business and our stakeholders in our CSR reporting. These topics are identified, prioritized, and validated through a formal, annual CSR Materiality Assessment in alignment with the Global Reporting Initiative (GRI) Standards. We use this report as a key communications vehicle to share how we are managing and measuring our progress on those important topics, as well as to respond to a broad set of stakeholder expectations and inquiries we receive throughout the year.

Assurance

GRI 102-56

The data in the Environment chapter are subject to internal and external audits in line with our Environmental Management System and ISO 14001 requirements. Data that supports public commitments, such as our goals to reduce greenhouse gas (GHG) emissions, are subject to external assurance.

In addition, our [Cisco Foundation](#), which provides grants for our social investments, is audited annually.

GRI Index

Cisco’s 2017 CSR report addresses General and Specific Standard disclosures from the GRI Standards. A full index of alignment with the GRI Standards disclosures is available in the [GRI Index](#).

UNSDGs Index

Many aspects of Cisco’s CSR strategy support the United Nations Sustainable Development Goals (UNSDGs). The alignment of our CSR commitments and programs with the UNSDGs is provided in the [UNSDG Index](#).

Strategy, Goals and Progress

This report closes out on a number of 3-year CSR goals that were established in 2015. Our new goals, which were profiled in Our Story, are explained in more detail throughout The Details where applicable.

How to Use This Report

You can navigate between chapters using the links in the document header. You can also enable Bookmarks in your Adobe reader for a detailed navigation function.

Recommended software: Adobe Acrobat Version 7.0 and above.

Further Information

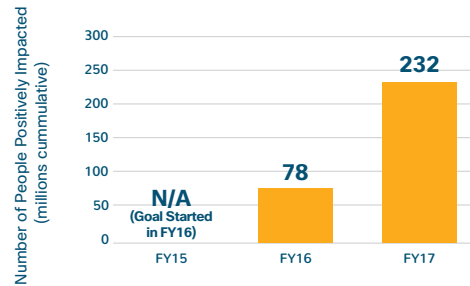
For more information on Cisco’s CSR activities, visit [csr.cisco.com](#).



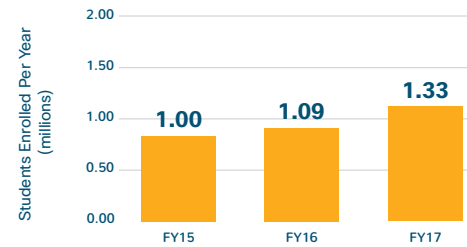
Key CSR Goals and Progress

Figure 1. Key CSR Goals And Progress

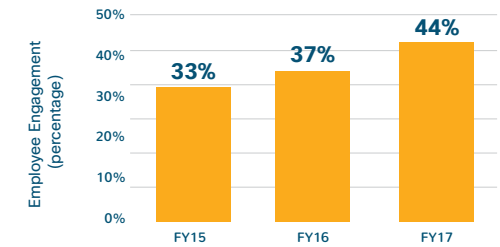
SOCIETY



GOAL:
Positively Impact 1 billion people by 2025

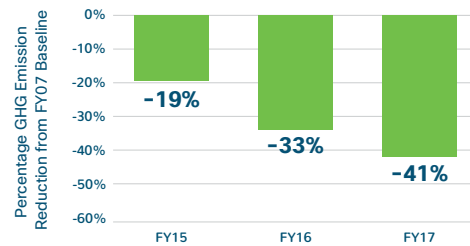


GOAL:
Reach 2 million Cisco Networking Academy students per year by 2021

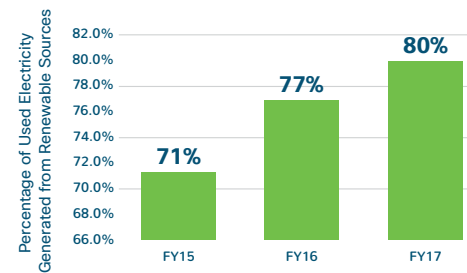


GOAL:
Achieve 80% employee engagement (volunteering and donations) by 2020

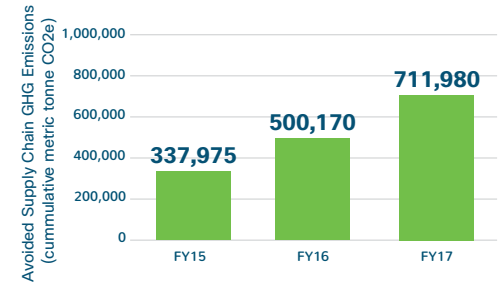
ENVIRONMENT



GOAL:
Reduce total Cisco Scope 1 & 2 GHG emissions worldwide by 60% absolute by FY22 (FY07 baseline)



GOAL:
Use electricity generated from renewable sources for at least 85% of our global electricity by FY22



GOAL:
Avoid 1 million metric tonne of GHG emissions in our supply chain between FY12 and FY20



Governance

Society

Environment

GRI Index

UNSDG Index

Culture of Integrity

Governance And
CSR Priorities

In FY17,
over 99.9% of our
eligible employees
completed certification
to the Code of
Business Conduct.

Governance

To operate successfully, we must have the trust of all of our stakeholders. This includes our employees, customers, shareholders, partners, and suppliers, as well as the governmental and non-governmental organizations we work with, and the communities in which we operate. Our culture of integrity and our commitment to excellence in corporate governance provide the foundation for us to earn that trust.

Culture of Integrity

GRI 103-1, GRI 103-2, GRI 103-3

Our culture of integrity means we're continually striving to achieve the highest standards of ethical conduct in all of our business dealings. To live up to this, we are committed to maintaining an environment where everyone is expected to act ethically, and where people can voice concerns without fear of retaliation and with confidence that those concerns will be taken seriously.

Our success is built on this culture of integrity: customers, shareholders, and partners rely on our trustworthiness in the marketplace, and that trustworthiness starts within the company.

Code of Business Conduct and Trainings

GRI 102-16, GRI 205-2

Our [Code of Business Conduct \(COBC\)](#) reinforces our core values and defines our expectations of ethical behavior. The COBC is available in 16 languages and helps guide employee behavior and decisions in an engaging and interactive manner. It includes an ethics decision tree, videos, FAQs, and links to additional policies and resources. All regular employees are

required to certify compliance with the COBC each year (subject to applicable laws). In FY17, over 99.9% of our eligible employees completed the certification.

Employees must also complete relevant compliance and ethics trainings, including annual trainings on anti-corruption and human rights. We provide additional targeted trainings throughout the year and supplement them with functional and regional initiatives. Our training materials are available in multiple formats to promote accessibility, and our campaigns are reinforced with other resources (e.g., discussion forums, videos, and websites).

Ethics and Standards in the Supply Chain

GRI 102-12, GRI 102-16

Our commitment to promote and foster a culture of integrity extends to our supply chain. Our [Supplier Ethics Policy](#) requires Cisco suppliers and their employees to conduct themselves with the highest standards of honesty, fairness, and personal integrity. As part of the supplier qualification process, suppliers must acknowledge that subcontractors and any other

parties they engage to provide services to Cisco, will act in accordance with the Supplier Ethics Policy.

We have also adopted the Responsible Business Alliance (RBA) (formerly Electronics Industry Citizenship Coalition) [Supplier Code of Conduct](#) (the Code). The Code sets baseline expectations that promote trust and underpin our "direct" supply chain relationships, i.e. those suppliers responsible for sourcing, manufacturing, and distributing our products. It is a foundational element of our Supplier Ethics Policy and provides additional requirements in the areas of labor, health and safety, environment, ethics and management systems. Learn more about our [Supplier Engagement Process](#).

Sharing Concerns

GRI 102-17, GRI 102-33, GRI 102-34, GRI 205-3

Ethical behavior is at the core of everything we do. It's critical that we cultivate an environment where employees and other stakeholders can report concerns about suspected unethical behavior safely, promptly, and confidentially (subject to applicable law).



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We provide several ways for employees to share their concerns or ask questions:

- Speak directly to their manager, their Human Resources representative, or a member of the Legal team.
- Contact the **Ethics Office** by email at ethics@cisco.com, through our [web form](#), by calling our global **EthicsLine** (available 24 hours a day in more than 150 languages), or by fax or mail. Figure 2 shows a breakdown of the inquiries made to the EthicsLine in FY2017.
- Contact Cisco's General Counsel or the Audit Committee of the Board of Directors.

We handle all inquiries promptly and investigate to the full extent necessary. Violations of the COBC are subject to disciplinary action up to and including termination of employment. We do not tolerate retaliation against individuals raising good faith reports of misconduct or allegations of policy violation.

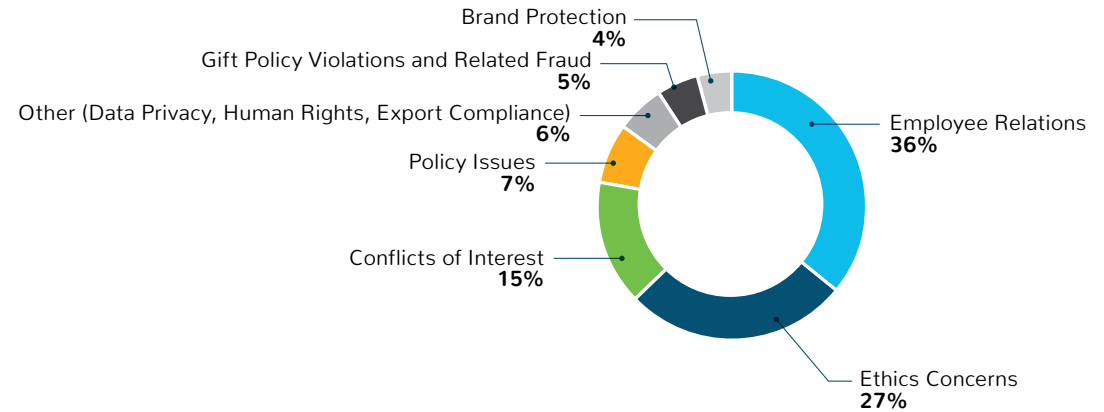
For full transparency and integrity, the Ethics Office reports all cases to the Audit Committee of the Board of Directors, to the Executive Compliance Committee, and to our independent auditors. As a publicly traded

company, we are also obligated to **publicly disclose** (to the U.S. Securities and Exchange Commission) any violations that could be material to our business or financial condition.

We expect these same considerations to apply to our suppliers and their employees. The Supplier Code of

Conduct requires our suppliers to have mechanisms in place that allow workers to file, track, and resolve formal grievances. We also work through industry coalitions to offer people in our extended workforce alternative mechanisms to call attention to Code-related issues.

Figure 2. Ethics Line FY17 Results



In FY17, the Ethics Office received 951 inquiries, including questions and requests for guidance (44%), allegations of misconduct (33%), and conflict disclosures (23%). We believe this demonstrates confidence in our ethics training programs and policies, as well as an awareness of Cisco's commitment to business integrity. The 311 total allegations were categorized as presented in the graph.

Governance and CSR Priorities

Our governance policies and practices are consistent with our commitment to best-in-class practices.

Corporate Governance

Key corporate governance policies and practices covering the election of Directors, composition and charters of the Board of Directors and Board

Committees, financial accounting policies, tax strategy, and the Code of Business Conduct, are available in our **Annual Report** and on our **Investor Relations** website.

Risk Management

GRI 102-11, GRI 102-21, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-32

The Board of Directors, acting directly and through its committees, is responsible for the oversight of risk management across the business. This includes ongoing practices and programs to manage business risks and to align risk-taking with our efforts to increase shareholder value.

Find out more in our **COBC**.



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SET is discussed in more detail in the [Policy section of the Environment chapter.](#)

Our enterprise risk management (ERM) program identifies, assesses, manages, and oversees the response to risk, building on the internal audit function's annual risk assessment. The ERM program includes executive and operating committees:

- The ERM Executive Committee consists of members of senior management and oversees the identification, prioritization, aggregation, mitigation, and ownership of significant risks across the organization.
- The ERM Operating Committee reports to the ERM Executive Committee semi-annually. The Operating Committee is made up of leaders from each functional area and manages risk assessment, risk ranking, risk mitigation planning, and reporting.

Other board committees oversee specific categories of risk. These committees interact with the ERM Operating Committee as needed and regularly report to the Board of Directors. The Board of Directors regularly discusses core subjects with senior management, including strategy, operations, finance, and legal and public policy matters, which all affect risk management.

CSR Governance

GRI 102-18, GRI 102-19, GRI 102-20, GRI 102-26, GRI 102-32

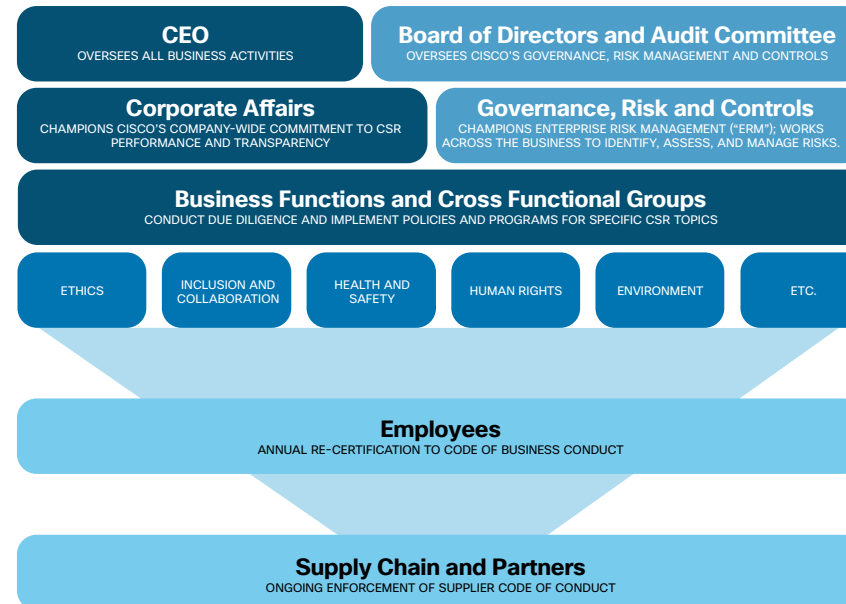
As part of the Human Resources organization, Corporate Affairs champions our commitment to corporate social responsibility performance and transparency. This team engages with external stakeholders and leads CSR materiality assessment and reporting activities (Figure 3). They also provide guidance and coordination across business functions, identify and initiate enterprise opportunities for transformation or innovation, and lead the company's social investment programs.

As outlined in Figure 4, CSR topics are owned by respective business functions and integrated into ongoing business strategy and planning. Business

functions set CSR goals, implement plans, and measure performance. In some cases, CSR goals and objectives may be linked to performance factors and compensation for CSR owners. For example, Supplier Code of Conduct performance may be considered when assessing the performance of key supply chain leaders.

Where a cross-functional approach is needed, we establish teams to implement our commitments. For example, our Human Rights Working Group includes experts from Supply Chain Operations, Privacy, Inclusion and Collaboration, Government Affairs, Communications, Marketing, Investor Relations, and Corporate Affairs. The group is sponsored by Mark Chandler, Senior Vice President, General Counsel and Chief Compliance Officer. The Sustainability Executive Team (SET) is another example of a cross-functional group. SET is sponsored by Rebecca Jacoby, Senior Vice President, Operations and oversees our work in environmental sustainability.

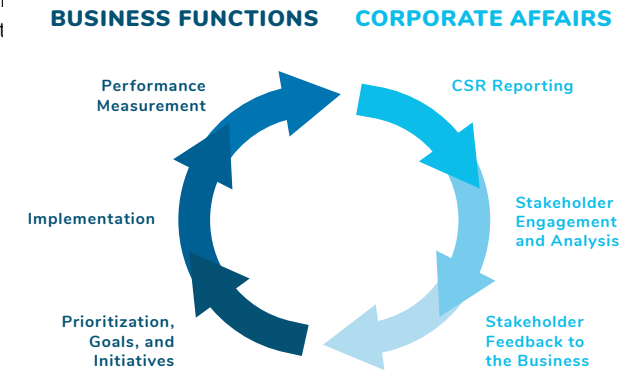
Figure 4. CSR Governance and Management



KEY:

- Functions responsible for CSR activities
- Functions providing governance, risk management, and controls oversight
- CSR policies and programs

Figure 3. Cisco CSR Business Process





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CSR Materiality Assessment

GRI 102-15, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-32, GRI 102-43, GRI 102-44, GRI 102-47

In keeping with GRI Reporting Principles, we conduct an annual CSR Materiality Assessment to identify our CSR priorities and inform CSR planning and management activities as well as the scope of the annual CSR report. The results are also provided to Governance Risk and Controls, and inform ERM activities. This assessment methodology follows GRI's recommended process and principles, and addresses environmental, social, and governance topics that have an impact on our business and on society.

The CSR Materiality Assessment process engages teams across the business to identify and assess our CSR priorities. Ongoing inputs to the process include mapping trends in CSR inquiries from customers and investors, participation in industry groups and standards development, and tracking policy and regulatory developments. In 2017, we also:

- Surveyed more than 14,000 employees, including members of our early-in-career network, to understand what they considered important CSR topics for Cisco to address.
- Conducted social media listening of key CSR and Cisco thought leaders and influencers to identify emerging CSR trends and how they relate to Cisco's technology roadmap and business strategy.
- Interviewed CSR experts representing customers, partners, and NGOs.
- Benchmarked CSR programs at peer companies.

CSR priorities (Table 1) are evaluated for their impact on Cisco's business, and on people, society, and the planet. CSR priorities may be broken down into a

Table 1. Cisco's CSR Priorities

People

Enabling people to reach their full potential in a digital economy

1. Attracting, keeping, and sharing great talent
2. Inclusion and collaboration
3. Community impact
4. Building skills and entrepreneurship

Society

Scaling inclusive social and economic impact in countries around the world

1. Strategic social investments
2. Socioeconomic research
3. Human rights
4. Responsible sourcing and manufacturing

Planet

Advancing environmentally sustainable growth in a digital world

1. Energy and greenhouse gas emissions
2. Circular economy

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number of CSR topics linked to how they are managed and reported within the business. Tier 1 and 2 CSR topics receive the greatest amount of investment and are typically sponsored and led by a senior executive. Lower-tier CSR topics are those in which Cisco's impact is more limited and where the management of the topic is incorporated into a responsible business function and its processes.

A full list of CSR topics and a more complete discussion of the 2017 CSR Materiality Assessment outcomes are provided at the start of the Society and Environment chapters. The UNSDG Index shows how our CSR programs, grants and in-kind contributions we make in support of our CSR priorities, and memberships/sponsorships map to the UN Sustainable Development Goals.

CSR Stakeholder Engagement and Global Forums

GRI 102-21, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

We maintain regular dialogue with our key stakeholders ([Table 2](#)). Their views help us prioritize issues, better align our business to society's needs, and evolve our CSR strategy and programs. We also encourage our shareholders to provide feedback.

We partner with a wide range of global and local organizations to shape and extend the reach of our CSR programs, including governments, nonprofits, multilateral organizations, and peers. We have been a strategic partner since 2002 of the World Economic Forum (WEF), and our engagement with the WEF influences our CSR strategy and helps us learn from others and share best practices. Other memberships in FY17 include: Business for Social Responsibility (BSR); the Conference Board's Sustainability Council II on Products, Technologies and Solutions; the CEF (formerly the Corporate Eco Forum); and the Responsible Business Alliance (formerly the EICC or Electronic Industry Citizenship Coalition).



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Table 2. Stakeholder Engagement

Stakeholder Groups	Engagement Forums (external)	Engagement Forums (internal)
Communities	Annual customer satisfaction survey	Annual internal leadership summit
CSR opinion leaders	Annual Shareholder Meeting and company reporting	EthicsLine
Customers	CiscoLive	Functional all-hands
Employees	Cisco CEO Leadership Council	Leadership Quarterly
Governments and regulators	Cisco CIO Exchange	Monthly “Cisco Beat” company meeting
Industry leaders	Cisco Foundation	SustainX
Investors	Cisco Platform blog	Team listening:
Nonprofits	Cisco support forums	• Engagement Pulse
Sales channel partners	Committee Encouraging Corporate Financial Analyst Conference	• Real Deal survey
Suppliers	Global Customer Advisory Board	• Voice of the Employee
	High-Tech Policy blog	• Team Space
	Industry working groups and standards bodies	
	One-to-One Investor Meetings	
	Partner community forums	
	Partner Education Connection	
	Philanthropy (CECP)	
	Public policy engagement	
	Responsible Business Alliance (RBA)	
	Social media (Facebook, Twitter)	

“As a global supply chain, we’ve embraced sustainability as part of our values and operating model to adapt, innovate, and transform the way we deliver business outcomes to our customers. Our efforts to digitize continue to reveal new ways we can enable our supply chain while enhancing our social and environmental impact.”

—John L. Kern
Senior Vice President,
Supply Chain Operations, Cisco

Public Policy and Political Support

GRI 103-1, GRI 103-2, GRI 103-3, GRI 415-1

Cisco engages with governments to help shape public policy and regulations that support the technology sector and help governments meet their goals. Cisco’s Government Affairs team develops and influences pro-technology public policies and regulations. Further details can be found on our [Cisco Public Policy Engagements](#) website and our [High Tech Policy](#) blog.

We occasionally make corporate contributions in support of U.S. local and state ballot measures on issues that affect our operations. Cisco fully complies with all reporting requirements regarding such contributions and discloses those contributions on a quarterly basis [here](#). The Board of Directors reviews the company’s political contributions on at least an annual basis.

Extending Our Values to the Supply Chain

GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3

By operating responsibly and extending our values through our supply chain, we deliver better business outcomes to our extended workforce, partners, customers, and investors.

We spend billions of dollars each year with our global supply chain, which serves as a powerful tool for promoting our culture of integrity. As our business model evolves, we invest in people, process, and digital technologies so that our supply chain remains agile and responsive to changing market needs. Through digitization, we are automating processes for greater efficiency, quality, cost savings, and more sustainable business practices. The scope of our supply chain is shown in [Figure 5](#).



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Figure 5. Supply Chain Global Footprint

MANUFACTURING PARTNERS:

A select group of suppliers that produce finished Cisco products.

COMPONENT SUPPLIERS:

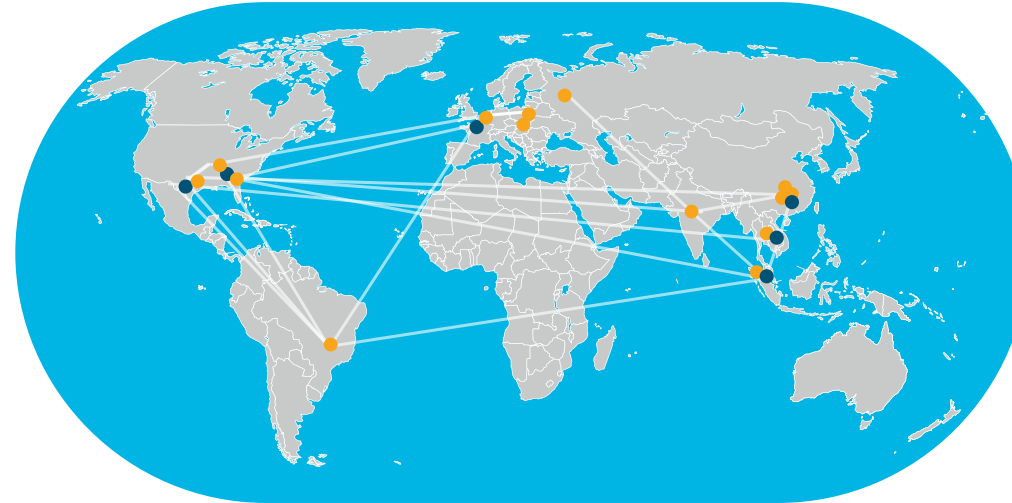
A much wider group of suppliers, often contracted directly by Cisco to provide parts to our manufacturing partners according to our specifications.

LOGISTICS SERVICE PROVIDERS:

A small number of suppliers that distribute our products and assist with product take back to and from our customers.

SOFTWARE SUPPLIERS:

A group of vendors that provide software and services that are integrated or bundled with Cisco products.



Supply Chain Scope

12 | **25+**
countries | locations

- logistics hubs
- manufacturing sites





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Creating Shared Value

Through technology, we can create a better future. Upholding high standards in our supply chain extends our value system and creates shared value for our business partners, their employees, and the entire ecosystem. (Figure 6).

Managing Supplier Responsibility

Supplier responsibility is a core value of our Supply Chain Organization. The Value Protection Group works to embed supplier responsibility metrics into operating practices across supply chain functions.

Supplier responsibility is considered during key stages of strategic planning, new supplier onboarding, risk management, and performance evaluation. Areas of focus during FY17 included circular economy, human rights, and carbon reduction. Sustainability was also the theme of our annual Partner Strategy Exchange event held in March 2017. Information on our progress and case studies on these topics are provided [later in the report](#).

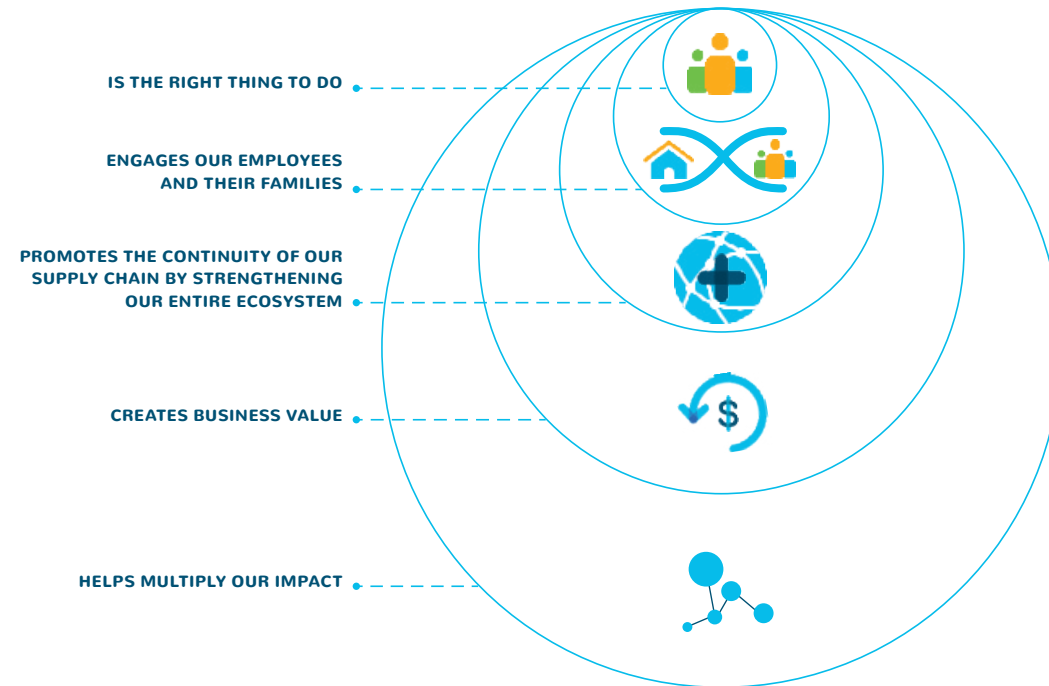
Supply Chain Employee Engagement

Employee engagement is core to supply chain innovation. We are proud to offer programs that align to our priorities, help employees innovate and develop new skills, and cultivate the next generation of talent. Supply Chain Operations offered several programs in FY17, including:

- Offering workshops to help packaging engineers apply customer feedback and employee ideas to move us closer to our goal of avoiding 1 million metric tonne CO₂ in our supply chain by 2020.
- Holding SustainX, our sustainability event, for the second year. Employees worldwide learned how to

Figure 6. Supplier Responsibility

We embed supplier responsibility into our business processes because it:



embed sustainable practices into their individual roles. Attendees participated in an equipment disassembly activity to understand how products can be designed to improve efficiency while reducing environmental impacts and to identify the value of end-of-life materials.

- Rolling out Cisco’s Multi-Company Rotation Program, a co-operative education initiative between Cisco and two key supply chain partners: Jabil and DB

Schenker. College co-ops complete rotations in each company, working on initiatives such as setting up a transportation management system for inbound material, preparing a co-invested innovation lab, and driving efficiencies for material and inventory management. Students got hands-on collaborative experience in a complex supply chain.



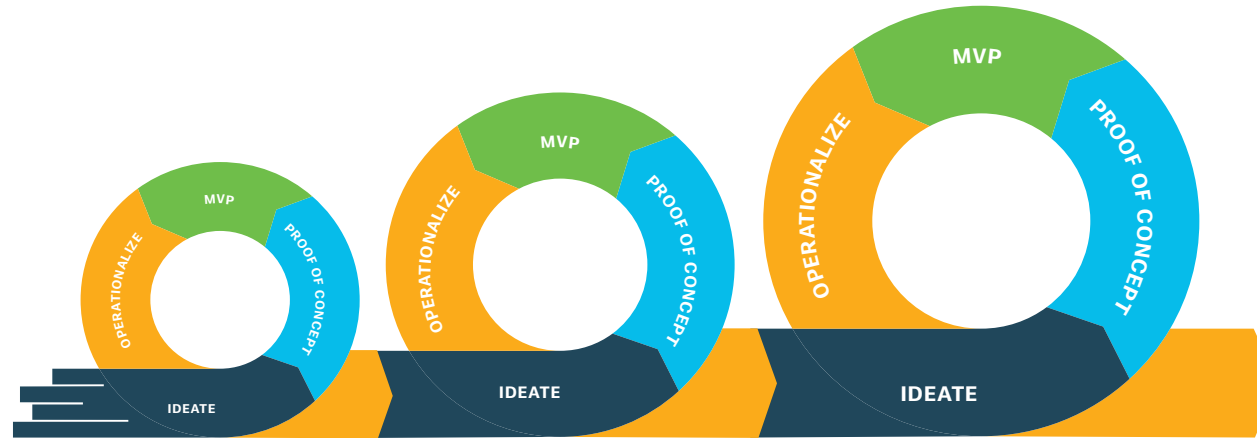
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Figure 7. Using the Agile Process to Address Sustainability Challenges



What is Agile?

The Agile process operationalizes new solutions rapidly and efficiently. Small cross-functional teams work for 2–4 weeks to plan, develop, and test a minimum viable product (MVP). The MVP has just enough features to be deployed to an initial user group, which provides feedback before new features are added. The process delivers high-impact solutions faster.

Spotlight on Employee Competitions

Innovation challenges and hackathons are part of the culture of Supply Chain Operations. These events help simplify and automate operational processes while helping employees demonstrate their problem solving and collaboration skills. Creating minimum viable products (MVPs) through this process, as outlined in Figure 7, allows us to iterate quickly and to develop solutions that keep pace with market needs.

In FY17, we sponsored internal hackathons to better connect Code of Conduct audit data to factory floor improvement opportunities. Using Agile methodologies, in FY18 we plan to pilot solutions using our technology to better collaborate with suppliers on Code related issues. Also in FY17, the Supply Chain GHG Reduction Program hosted an ideation competition in support of our 2020 supply chain emissions reductions goal.

Thirty-two ideas were submitted by employees in the competition, and the winning ideas are in various stages of implementation within our supply chain.

Advancing Transparency

Transparency is critical for advancing key CSR initiatives, including supply chain labor standards, product life cycle impacts, and ethical sourcing of raw materials. It is also a foundation to building a culture of integrity and trust. To promote transparency, we:

- Encourage suppliers to publish CSR reports describing how they manage their most significant sustainability impacts.
- Reward key suppliers as part of their performance scorecard for reporting GHG emissions and setting reduction targets via CDP, performing self-

assessments and sharing audit reports via the RBA-ONLINE database, and reporting supplier diversity efforts within their own supply chains.

- Engage with stakeholders and analysts with respect to rankings and research inquiries.
- Promote ongoing public dialogue via blogs that discuss progress, challenges, and breakthroughs.
- Actively participate as a full member of the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition).
- Use technology to gather real time insights of factory audit data to identify code related training and improvement opportunities.



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- Track supplier CSR reporting—all of our contract manufacturers and logistics providers now publish CSR reports. In FY17, we also started tracking software suppliers. (See Table 3.)

Embedding Sustainability in Supply Chain Operations

GRI 102-13, GRI 102-16, GRI 103-1, GRI 103-2, GRI 103-3

We believe that in order to promote sustained industry improvements, it is imperative to build a community of practice and assist all companies in our supply chain through leadership, support, and education. We do this through our membership in the Responsible Business Alliance (RBA) (formerly the Electronics Industry Citizenship Coalition). We use its **Supplier Code of Conduct** (the Code) as the cornerstone of our supplier responsibility program. We currently work to Version 5.1 of the Code and to Validated Audit Process (VAP) 5.1, which was released in January 2016. The next update to the Code will be released in January 2018.

To meet the **requirements** of full RBA membership, we implemented the supplier engagement process outlined in Figure 8.



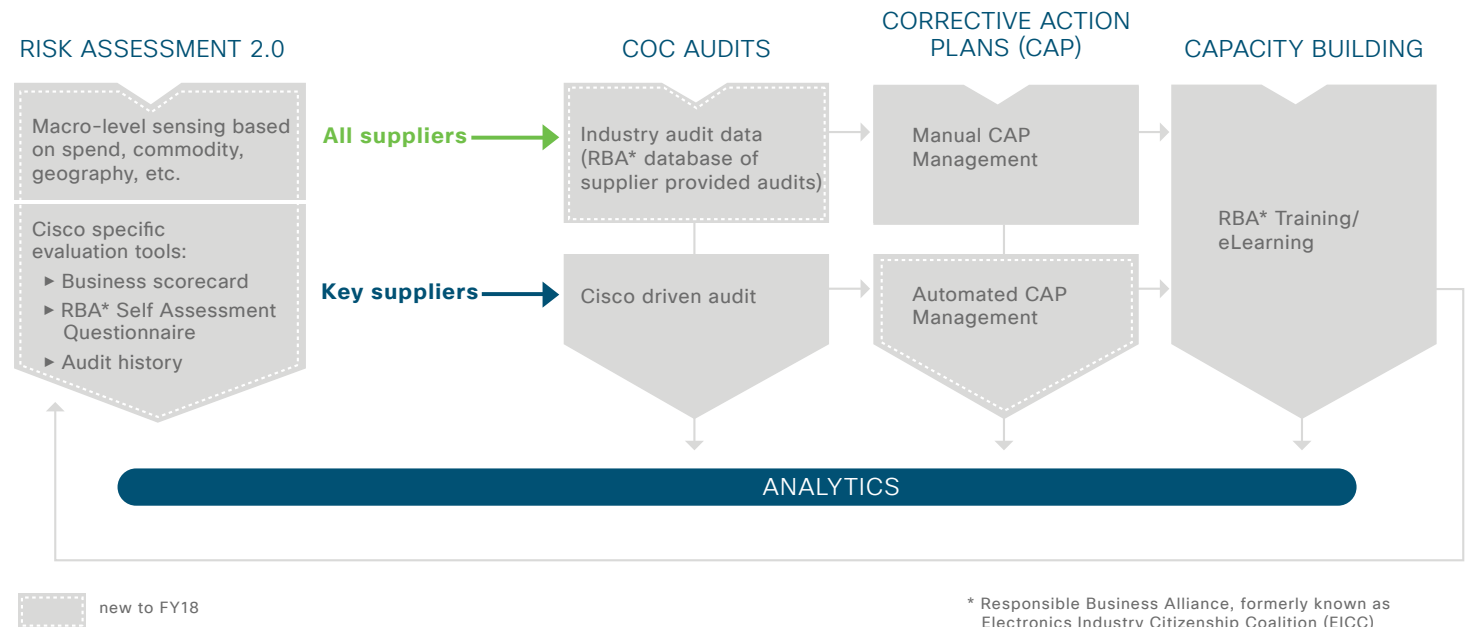
Table 3. Suppliers Publishing a CSR Report

	FY13	FY14	FY15	FY16	FY17
Contract manufacturers	86%	100%	100%	100%	100%
Logistics providers	100%	100%	100%	100%	100%
Component providers	52%	52%	63%	66%	55%*
Software suppliers	N/A	N/A	N/A	N/A	80%

Only key suppliers are included in the survey.

** The percentage of component providers publishing a CSR report was lower in FY17 than in FY16 due to a change in survey methodology.*

Figure 8. Supplier Engagement Process



* Responsible Business Alliance, formerly known as Electronics Industry Citizenship Coalition (EICC)



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Risk Assessment and Screening

GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2

We require key suppliers to complete an annual self-assessment questionnaire. We then undertake a second risk-based assessment of all suppliers, which considers factors such as: spend, previous incidents and performance, geographical criteria, self-assessment score, and public reporting practices. These assessments help us target our greatest risks and impacts.

We use scorecards to assess key suppliers' performance at least once per year as part of our regular business reviews. Our scorecards monitor performance on a range of criteria, including technology, cost, quality, responsiveness, and collaboration. Suppliers must maintain strong scores to earn and retain their status as key suppliers.

Supplier responsibility represents between 5 and 10 percent of a supplier's total score. Scorecard questions are tailored to each type of supplier. To help suppliers see the bigger picture of what we want to accomplish, we

require greater sharing of supplier responsibility and risk mitigation efforts. This portion of the scorecard includes:

- Acknowledgement of the Code.
- GHG reporting through the CDP with emissions reduction targets.
- Annual self-assessment and audit sharing through the RBA-ONLINE database.
- Cooperation with corrective action processes related to audit findings.
- Acknowledgement of the Cisco Controlled Substances Specification, including compliance with environmental regulations such as the European Union (EU) Restriction of Hazardous Substances Directive (RoHS).
- Conflict Minerals Due Diligence Disclosure.
- Supply Chain Emissions Reduction Program.
- Scope 3 Cradle-to-Gate Emissions.

In FY17, we conducted our first supply chain human rights impact assessment. [Learn more here.](#)

Site Audits

We regularly engage with our suppliers to help them build capacity and improve their performance. Audits are part of this process and are performed in accordance with the RBA's Validated Audit Protocol (VAP). Every two years, we commit to auditing 25% of the suppliers that are deemed high risk, including manufacturing facilities and component suppliers. (See Table 4.)

We now require our key suppliers to share their audits via the RBA-ONLINE audit sharing database. This allows us to focus more of our resources on assessing and improving the working conditions of higher risk suppliers or suppliers in lower tiers in the supply chain. Our internal risk assessment framework exceeds industry guidelines, going beyond traditional self-assessments and using a combination of publicly available indices, geographic information, and past audit findings to assess unique risks. For example, we believe we have better capabilities to understand if there is a likelihood of a Code violation in relation to a specific commodity or region.

Table 4. Distribution of Audits by Supplier Type

	FY13	FY14	FY15	FY16	FY17
Manufacturing partner facilities	22	12	17	18	4
Component supplier facilities	30	22	29	37	49
Total	52	34	46	55	53



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We continue to improve our auditing protocol and embrace innovation. Integrated supply chain dashboards enable us to monitor progress on Cisco driven and non-Cisco driven audits, connecting with workers and tracking challenges in real time.

Capacity Building

GRI 103-1, GRI 103-2

After conducting an audit, we work with the supplier to close all findings through a Corrective Action Plan.

In FY17, we used digital solutions to help measure, analyze, and communicate audit-related metrics, with the goal to use our technology to better identify root cause issues, identify opportunities, and align with the Code. We pursued 53 audits directly, and co-

developed an API with the RBA that gave us visibility into all of the audits our suppliers share on the RBA-ONLINE database. Having access to more audit data significantly increases our capacity for improving supplier performance. In the future, digitizing more of the audit processes may help us increase our capacity to help suppliers by focusing on supplier training activities.

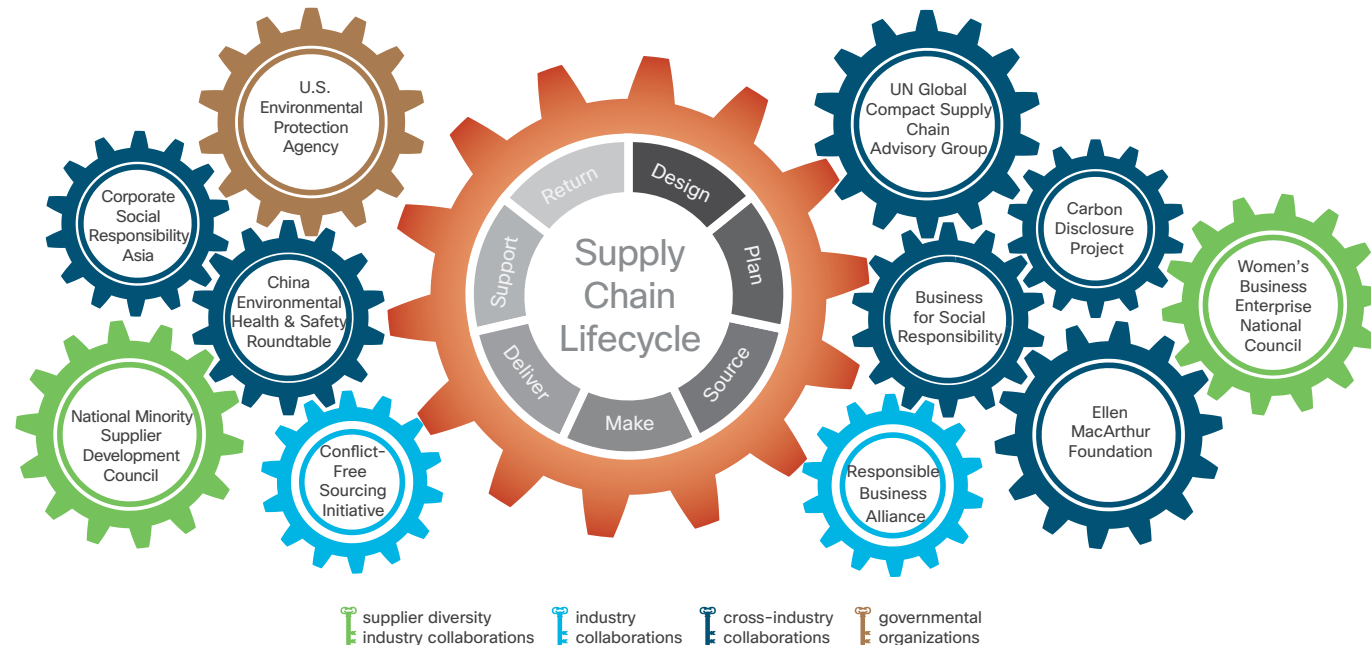
In FY18, we plan to train SCO employees on Code risks while on the factory floor using Cisco collaboration tools. To help suppliers, we plan to better deploy existing training content by correlating it more precisely with audit findings in real time, so that learning delivers greater impact.

Our goal is to help our suppliers improve. We work with suppliers to build their capacity and increase compliance with our standards. However, where standards are consistently not met, we may discontinue our supplier relationship.

Partnering for Progress

Innovation powers our entire CSR process, whether we're delivering our products using optimized routes and transportation modes, pioneering connected manufacturing, expanding visibility into supplier performance, or responsibly reusing and recycling returned products. To maintain our industry leadership, we partner with leading academic, nonprofit, and professional organizations that provide expertise to a specific area of focus for our program (Figure 9).

Figure 9. Partnering for Progress





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“Excellence in Sustainability” Supplier Award

In 2017, Supply Chain Operations hosted the 26th annual Supplier Appreciation Event. The event allows Cisco to recognize exceptional performance by our supply chain partners and acknowledge mutual achievements. The Excellence in Sustainability Award recognizes one supplier that has gone above and beyond in their leadership for environmental and/or supplier responsibility.

The Four Nominees:

- 1 **Teleplan (2017 Award Winner):** Is committed to identifying significant commercial value for Cisco from after-market service solutions and enabling Cisco to transform the culture of product reuse in operations.
- 2 **DHL:** Championing a net-zero-emissions goal and sharing Cisco’s commitment to aggressive emission reduction targets.
- 3 **Intel:** Leading the industry in protecting vulnerable workers in the global supply chain through practices that address human rights challenges.
- 4 **ST Micro:** Promoting transparency in the supply chain to address systemic human rights challenges in factories and preventing risks, such as forced labor and excessive working hours.



Teleplan, “Excellence in Sustainability” Supplier Award Winner 2017



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“Excellence in Supplier Diversity” Award

Supplier Diversity plays a powerful role in opening new channels to access skills, broaden opportunities, and promote inclusion in a global supply chain. The Excellence in Supplier Diversity award recognizes diverse suppliers that have demonstrated exemplary performance through outstanding quality, value, and service.

The Four Nominees:

- 1 **E2E (2017 winner):** Over the past year, E2E has provided successful custom Cisco TelePresence® solutions, attributing their success as a small business largely to their diverse perspectives and skills.
- 2 **TransExpedite:** The diversity of the team at TransExpedite fuels their ability to work dynamically with Cisco and quickly adapt in times of change to reduce cost and maximize outcomes.
- 3 **DW Morgan:** A diverse and agile provider with particular expertise in supply chain transformation. DW Morgan has helped play a critical role for Cisco in optimizing transportation models for higher utilization and efficiency, lower transit costs, and reduced carbon emissions.
- 4 **Celestica:** As a trusted partner for Cisco, Celestica recognizes the value of a robust supplier diversity program by consistently driving up to 10% of Cisco's Tier 2 diversity spend.



E2E, “Excellence in Supplier Diversity” Award Winner 2017



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Strategy And Priorities

- Attracting, Keeping, And Sharing Great Talent
- Inclusion And Collaboration
- Community Impact
- Building Skills And Entrepreneurship
- Strategic Social Investments
- Socioeconomic Research
- Human Rights
- Responsible Sourcing And Manufacturing

Society

Strategy and Priorities

Cisco has a rich history as a technology pioneer. We embrace the impact we have on billions of people each day. And we share a simple cultural agreement: **Connect everything. Innovate everywhere. Benefit everyone.**

The starting point for our strategy on Society is the creativity of our people, and the diverse talents, experiences, and perspectives they bring. Our strategy extends beyond the company through our people sharing their time to help others in the community, and then further through the work of the Cisco Foundation, where we aim to scale broader social and economic development through digitization. We promote human rights in the key areas of privacy, security, and freedom of expression, and through our business relationships with suppliers and partners. All of our work is underpinned by our culture of integrity.

This section provides a detailed look into the commitments and programs that support our CSR priorities related to society.

CSR Materiality Assessment: Society

Society topics are included in the CSR Materiality Assessment process as described in the Governance chapter.

In FY17, stakeholder feedback confirmed that our priorities remain similar with last year. Table 5 shows the full list of society topics we assess and manage, and how they relate to our society and people priorities. New technology trends toward automation and artificial intelligence were identified by thought leaders and peers as being of increasing significance, citing both potential positive and negative impacts. Our staff survey highlighted the importance of inclusion and collaboration, and the growing value of employee engagement in addressing community impacts.

We also updated the scope of certain priorities to reflect developments in our strategy. Ethics was renamed Culture of Integrity to reflect closer integration of programs across our operations, supply chain, and business partners. To reflect a growing opportunity, our Building Knowledge and the Digital Foundation priority area, has been split into Strategic Social Investments, the work the Cisco Foundation does through nonprofits to leverage the power of digitization for social and economic good; and Socioeconomic Research, the original research and thought leadership we invest in to drive momentum for the digital revolution.

Table 5. Full list and ranking of society topics assessed by the CSR materiality assessment process

People
CSR Priority: Attracting and Retaining Top Talent (Tier 1) Employee Health and Wellness (Tier 2)
CSR Priority: Inclusion and Collaboration (Tier 1) Supplier Diversity (Tier 2)
CSR Priority: Building Skills and Entrepreneurship (Tier 1) CSR Priority: Community Impacts (Tier 3)
Society
CSR Priority: Socio-economic Research CSR Priority: Strategic Social Investments (Tier 1) CSR Priority: Human Rights: Data Security and Privacy (Tier 1) Digital Rights (Tier 2) Supply Chain Labor Standards (Tier 2) Ethical Sourcing (Tier 2)
CSR Priority: Responsible Sourcing and Manufacturing
Governance
CSR Priority: Culture of Integrity (Tier 1)

* Refer to [Governance Chapter](#) for definition of CSR materiality tiers.



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Attracting, Keeping, and Sharing Great Talent

Our People Deal

GRI 103-1, GRI 103-2, GRI 103-3, GRI 401-1

“Our People Deal” describes Cisco at its best. It’s the culture our people told us they want more of, as well as the culture we need for success. We call it a deal because there are two sides to building culture: Cisco plays a part in creating culture, but our people do too. There’s the side of the deal that Cisco offers and there’s what we ask of our people.

It’s simple: Connect everything. Innovate everywhere. Benefit everyone. It’s a culture you’ll only find at Cisco.

We Connect Everything

Our employees are proud of our technology and what it enables them to do. We connect employees with the people, information, and opportunities they need to succeed.

Our employees align their work to business goals and customer needs. They connect with peers to deliver the best outcomes and results, and they make no excuses. They understand that when we connect the unconnected, amazing things happen.

We Innovate Everywhere

Our employees know they are surrounded by people who can do amazing things. Our open, agile environment lets employees explore their best ideas, challenge the norm, hone their skills, and take bold measures to help our customers reach their full potential.

We Benefit Everyone

Our employees know that our technology enables them to impact our world like no other. We support their development and acknowledge the value of their contributions. Great satisfaction comes from our joint ability to make a meaningful difference in the world.

Our employees commit to our values and believe we will win together. Employees share knowledge. They offer support, respect, and care for those around them. Every day, we all contribute to our shared success.

Moments That Matter

We looked across the key moments that define our people’s journey at Cisco and identified 11 “Moments That Matter” (Figure 10). Our people told us that these are the areas that most matter to them and that enable them to bring their best selves to work every day. For each of these, we’ve established a team of internal experts to evaluate our processes, policies, and experiences and make improvements where needed. Every moment matters to us, and we want to make sure our employees know that.

Our People at Their Best

The following are some of the key initiatives we’ve implemented to help our employees be at their best every day:

My Team: Regular **check-ins on Team Space** are a vital conduit for communication. This is where listening happens at the most fundamental level. It’s where employees share priorities, challenges, and goals, and ask for the support and tools they need. And it’s where team leaders get to know their direct reports: what matters to them, what they’re working on, and what they need to achieve their finest work.

“My managers knew very well what my customers’ sentiment was, but they didn’t necessarily know the things I loved to do or I loathed doing. Team Space makes that question come up.”

—Dave Goddard
Engineer, Cisco

My Leader: Our leaders are vital to creating better experiences at work for our people and helping us deliver on the culture Our People Deal describes. Because of this, we’re investing to build leadership excellence across the company.



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We started our leadership evolution with our first Leader Day on September 28. The 24-hour, follow-the-sun global event brought together over 8000 leaders across Cisco, both virtually and physically, to have them commit to a set of baseline expectations that will redefine leadership excellence across the company.

My Making a Difference: We've looked at how we choose to give back—as individuals, as a team, and as one Cisco. This year we launched a new employee giving platform that enables employees globally to give directly to vetted nonprofits and schools. The new platform provides a best-in-class user experience in the matching gifts industry. In addition to allowing employees to give and request matching gifts, the platform offers personal fundraising and social sharing capabilities, and more. Employees wanted the chance to give more all year, so we increased our matching gifts limit to \$10K per employee per year.

My Innovation: In response to requests from our employees for more space to share ideas, we created the **Innovate Everywhere Challenge (IEC)**, a companywide innovation competition. The goals of the IEC are to capture and grow disruptive venture ideas from employees, develop entrepreneurial skills and culture at Cisco, and enhance the employee experience. It's designed to model the four phases of a startup—ideation, validation, seed funding, and implementation.

In FY17, we completed our second Innovate Everywhere Challenge (IEC2). One of the key takeaways from IEC1 was that it's not enough to encourage and enable "Cisco Founders" to submit and develop their ideas. We also needed a population of "Cisco Angels" who were ready to help Founders and invest in their ideas. So this year, employees participated as Founders or Angels. Founders teamed up to create innovative ventures and develop

Figure 10. Moments That Matter



them throughout the competition. Angels had the opportunity to back, mentor, judge, or sponsor those ventures.

My Rewards: Cisco Rewards help our people and their loved ones at work and at home. For instance, we launched the global **Rethink program** to help parents of children with developmental disabilities, and we launched flexible working with Connected Touch to make the transition back to work after a leave a little easier. Learn more about additional Cisco Rewards programs in the [Employee Health and Wellness section](#). We have also improved the way we recognize our colleagues with improvements to Connected Recognition, including a pre-paid Visa card option and the mobile application.

My Personal Experiences: We want to support our people through life's biggest moments—the celebrations, changes, and challenges. Rolling out in FY18, we're offering new, inclusive programs for becoming a parent and emergency time off. Learn more about these initiatives in the [Employee Health and Wellness section](#).

My Workplace: We're continually expanding our strategies to explore what's possible through the convergence of inclusion, collaboration, and technology. Through our Office of Inclusion and Collaboration, we're developing innovative solutions to some of our most business-critical challenges and opportunities: pay parity, accelerating diverse talent, and advocating for fairness and inclusion across our industry.



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Team Space and the Power of Teams

If we want our people to be at their best, we need to create the best experience for our people every day. Since we do most of our work in teams, we started by focusing on the power of teams. We've found that the best teams at Cisco harness the individual excellence of each team member, unlock the collective excellence of the team, and do so in an environment of safety and trust.

On average, 34% of employees submit a Check-In to their leader each week, and team leaders view Check-Ins 53% of the time. This is a great success considering the Team Space platform was only opened up to all employees in April 2017.

Team Space

We rolled out the Team Space platform in April 2017. Team leaders and members can access the platform from their laptops, a browser, or their mobile devices. Teams can stay connected, even when members are on the go.

StandOut Assessment

The Team Space experience begins with a StandOut Assessment: a one-time questionnaire that helps employees assess their strengths, identify the activities that energize them, and identify how they can use their strengths to drive excellence in their teams. The

assessment helps leaders better define the work of the team and allocate talent more efficiently.

By the end of FY17, Cisco had 74,248 full-time active employees on Team Space, and 80 percent of active employees had completed their StandOut Assessment.

Check-Ins

The best teams share some common rituals. Team Space uses weekly Check-Ins: frequent, focused conversations between team leaders and their people about what's happening in real time with their work. While similar to one-on-ones, the cadence and content of a Check-In is more agile in nature. A Check-In could be a quick conversation or IM exchange; it might even be a text message exchange. But the focus is on what our people need to be at their best while working on priorities for the week to come.

Team members initiate Check-Ins and share what they need from their leader for that week to be successful. Team leaders get to know their people, what they're working on, what energizes them, and where they need help—and, over time, leaders can help each employee understand how to bring the best of themselves to the work at hand. Armed with this information, leaders can now prioritize the work that most energizes each individual. One size fits one.

Building Capability at All Levels

The org chart is only one lens into how we get work done. In addition to "hierarchy" teams, we work in dynamic teams. These may be focused on a particular project; they may last a week or six months, and may span across organizations and levels. We've redefined leadership to include dynamic team leaders. Any full-time employee can form a team and invite employees to join it. They can then see the strengths and priorities of their dynamic team members.

World-class training and next-generation development programs on strengths and the power of teams are available to all employees.

"Team Space Check-Ins really help people prioritize their activities and they can clearly see how those tie into their larger goals."

— Simhadri Rama Rao
Manager, HR, Cisco

Engagement Pulse

At Cisco, each leader owns their team's engagement. We believe that intelligence enables our leaders to continuously evolve their leadership style and approach. The data from Engagement Pulse surveys helps them gauge and improve the experience they create for their teams. As of April 2017, the Engagement Pulse survey can be accessed via the Team Space platform.

So far, 36 percent of active employees have completed an Engagement Pulse. Authentic dialogue, enabled by our new "Engagement Pulse Debrief Process," is another key factor in making more teams perform at their best.

Developing Our People

GRI 103-1, GRI 103-2, GRI 103-3, GRI 401-1, GRI 401-2, GRI 401-3

To change the way the world learns, we need to change our approach to learning as well.

We're moving to a multi-faceted culture of learning, where our people are provided with information and



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intelligence how they want it, and when they need it. We're exploring learning with smart machines, artificial intelligence, virtual reality, augmented reality, simulations, social hubs, think-tanks, community laboratories, hackerspaces, and meet-ups.

What we've achieved so far:

- We've integrated all of our offerings into the newly refreshed Career and Learning website. This one-stop shop reflects the latest thinking around teams and leadership at Cisco. Content is internal and external, formal and informal, and encompasses micro-learning, coaching, videos, events, thought leadership, and user-generated resources; delivered through a mix of channels. You choose.
- All of our offerings now fit within two curriculums: team development and team leadership development. For example, we're realigning professional skills offerings to fit within the "Team" or "Leader" curriculums.
- We're focused on outcomes vs. activity. We've found that the outcomes of our best teams at Cisco mirrored those of high-performing teams outside of Cisco (based on external research). We now have our "True North"—every learning offering should help us realize either the outcomes or the technical skills required for us to do our jobs. The offerings listed on the Career and Learning site are clearly mapped to the outcomes, and the content of our leadership programs is being aligned to our evolved approach.
- We've removed the restrictions on who can participate in which leadership offerings; instead, we're encouraging leaders to identify the programs they feel they are ready for. Individual contributors are welcome to undertake leader programs, and we've introduced an "Aspiring Leader" offering.

Moving forward, we're in the process of exploring technology and will have a common learning technology platform across Cisco in place in FY18.

Approaching Leadership Development in New Ways

At Cisco, we're set on scaling leadership and team excellence across the business. Our new one-size-fits-one approach focuses on making the most of individual strengths. While we'll continue to help people make improvements in certain job-related areas, we're putting primary focus on helping people do more of what they're good at, and what they love to do.

And rather than a core competency model that runs across the organization, we're aligning each team to a core set of quantifiable leader and team outcomes. Individual teams and their leaders can be clearly measured against these outcomes, with the help of the Engagement Pulse in Team Space. This leaves little room for interpretation and bias, as we hold all of our leaders and teams accountable to the same outcomes.

And finally, while the outcomes of great teams and great team leadership are clear, we can't and won't tell our leaders how they should lead. Instead, we can share examples of excellence around what other leaders are doing to realize outcomes, and encourage our leaders to explore what works best for them.

What we've achieved so far:

- Introduced and embedded our Leader and Team Outcomes throughout the organization.
- Reworked our core leadership programs to center on outcomes. Over 800 leaders went through our new offerings in FY17, including:

- Cisco New Leader Program
- Cisco Experienced Leader Program
- Cisco Senior Leader Program
- Introduced new forums and formats for leadership development. For example, "The Revealed Series" helps develop our people as both leaders and team members. Guest presenters share their approaches to leadership, creativity, innovation, disruption, storytelling, creating safety and trust among teams, and accountability. The intent is to encourage our people to find the strategies and perspectives that best resonate with them.
 - More than 4000 employees regularly join the live broadcasts, with another 4000 event replays on average.
 - Average employee rating of meeting value: 4.5/5 (based on first four events in FY17).
 - 86 percent of attendees reported that the learnings gained from the session were a great use of time.
 - 83 percent of attendees reported that a session helped them think about work in a different way.

In FY18, we'll continue to introduce new forums, formats, and initiatives. A global Leader Day and a new Aspiring Leader Program are in the pipeline.



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Listening

We put a lot of emphasis on the power of our teams. But what defines a “team”? At Cisco, there are formal and informal teams, traditional and dynamic teams, and functional and regional teams.

We have the opportunity to listen harder and smarter—to understand what’s going on at the company level *and* what’s happening within our direct teams. We do this through a range of listening activities, and a powerful listening strategy that continues to evolve.

At the Team Level: Team Space

Our teams embrace technology in all that we do—including listening. Team Space is our new tool designed to serve the needs of the team and the team leader and is focused exclusively on what we learn about those needs based on research and listening activities. Two of Team Space’s components are prominent in our new listening strategy: the weekly Check-In and the Engagement Pulse.

At the Company Level: Real Deal Survey

We can only address what we know about, so getting the voice of our people heard, en masse, is critical in driving change in Cisco’s culture and environment.

The Real Deal Survey helps us understand what our people *really* think it’s like to work at Cisco. Made up of 16 short questions, the survey looks at the employee experience across strategy, culture, and leadership. Each survey item is mapped to “Connect Everything,” “Innovate Everywhere,” or “Benefit Everyone.”

Starting in January 2017, we sent survey invitations to 25 percent of employees each quarter. In previous years, we had targeted 3600 employees each quarter in hopes of receiving responses from 1052 employees. In FY17, targeting 25 percent of our workforce each quarter, we intended to get responses from 14,216 employees to have valid results.

We actually received 19,644 responses—38 percent more responses than we needed for valid results. Additionally, 12,592 employees, or 64 percent of those responding to the Real Deal, and 16 percent of all employees at Cisco, responded to the question “What would you tell Chuck and the ELT about life at Cisco?”

What we’ve learned so far about our people’s overall Cisco experience is that they:

- Are generally positive: 68 percent would tell Chuck and the Executive Leadership Team that working at Cisco makes them feel satisfied, appreciative, and/or happy.
- Are invigorated by overcoming day-to-day challenges for our global customers with amazing people and teams.
- Can express themselves and feel well-supported in their team environment.
- Believe in our strategy but want more simplicity and focus to bring the best value to our customers.
- Expect leaders at all levels to consistently act in ways that reflect Our People Deal.
- Feel they can do a better job organizing their teams and using individual strengths to execute on our evolving strategy.
- Think we have some work to do on our sales process and internal case management systems.

These types of insights are applied at the executive and corporate program level to drive and influence change where needed. For example, the Advanced Services (AS) Leadership Team watched how respondents answered the following item: “I can always say what’s on my mind.” As scores dipped from quarter to quarter, we dug into the comment data to understand shared concerns in this space. Intelligence summaries were shared with the AS leaders and sparked an informed discussion about the culture of

innovation and the overall theme of safety and trust within the organization. And the outcome? A number of senior leaders in the AS organization began to launch more frequent Engagement Pulse surveys to better understand their local team environments. Continued research in this area will likely influence how they message and execute change within AS.

To keep things transparent, we share the quarterly results with all employees via an online infographic. During a company-wide meeting in October, Chief People Officer Fran Katsoudas delivered a message on behalf of our people in a compelling way: by not saying much at all. Instead, she allowed employee voices to be heard directly by rolling a short video with various comments that reflected collective victories and concerns from the Real Deal Survey. Fran closed by saying: “We hear you. And we are listening.”

At the Company Level: Voice of the Employee

We use cutting-edge text analytics technologies to more easily understand and interpret verbatim comments. This helps us harness data from social channels, collaboration tools, and company events to gain understanding of employee sentiment. For example, with much of the Cisco Beat and Leadership Quarterly dedicated to Q&A, even if we are not able to address every question live, we can capture that sentiment, share it with our leaders in the moment, and use it in a timely fashion to focus on areas in our strategy that need more clarity.



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What we've learned so far encompasses both the rational and emotional elements of our employees' experience:

- 67% of employees were positive when asked about an important moment that happened at work. Comments reflect the joy that comes from partnering with talented and devoted colleagues to solve difficult customer needs. Management was also mentioned as "supportive" and providing "challenging work."
- Employees are pleased to see the Executive Leadership Team standing together in response to Presidential Executive Orders regarding immigration.
- Employees are happy with the launch of The Network. Intuitive, and are glad to see cross-functional collaboration and innovation around our core network and switching groups.

While they are not the only ways we listen, Team Space, the Real Deal Survey, and Voice of the Employee make up our new high-touch, low-tax model that significantly multiplies the number of ways we're listening, while drastically reducing the time our people spend filling out surveys. This strategy allows us to quickly give the right data to the right people so we can better use employee opinions to make the best business decisions and create the best experience for our people at Cisco.

Rewarding Our People

GRI 202-1, GRI 401-2

We want our people to share in our mutual success. We provide compensation, benefits, and long-term savings packages that are market competitive, differentiated (as appropriate), and personal, and that every employee values.

"What's awesome about Connected Recognition is that there are so many different ways to spend your funds. I have coworkers who have redecorated their homes, bought furniture, gotten sports equipment, and since we're all techies here, they've gotten more tech gear. It's nice that you can either have 'stuff' or experiences. I saved up several rewards to help me fund a 7-day stay at the Kamala Beach Resort in Thailand. The rewards meant that I stayed in a more upscale resort than I would have booked if I were paying for it on my own."

—David Faik
Procurement Manager, CISCO

In FY17 our total compensation was approximately \$14 billion. That includes salaries, benefits, bonuses, commissions, stock awards, and retirement benefits. We reward our people in many other ways, from big awards to recognition with a simple "bravo."

Giving Kudos

We believe that a culture of recognition is central to the employee experience and to our company's success. Our Connected Recognition program means any employee can nominate an individual or team for a monetary award to recognize outstanding work and say "thank you" on a regular basis.

In FY17, 200,000 Connected Recognition awards were given and 86 percent of the employee population received an award. Employees can give their peers awards of up to \$100 without approval, and employees can receive rewards with higher value—up to US\$2000 with a manager's approval.

Employee Health and Wellness

GRI 401-2, GRI 401-3

We want our employees to feel their best so they can be their best—at work and at home. That's why we invest in locally relevant solutions that address their physical, social, and emotional needs. We want to be there to support our employees and their loved ones during life's triumphs and challenges and we have several global benefits that do just that. We've highlighted a few favorites here.

Benefits

We know our employees are very busy, which is why our offices in a number of countries offer benefit fairs to make it easy for employees to understand their benefits and connect to the resources that support them. In the U.S. in FY17, 7438 employees completed a health screening and 4573 employees armed themselves with a flu shot at one of our 19 annual Health + Savings events. Thousands of employees also chatted with our major benefit providers at the



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events and got the information they needed to choose the right Cisco benefits for their families. More than 7000 employees across our campuses in India enjoyed the festivities and health activities at our Employee/HR event. Also, employees brought their families to Benefits Day in six of our ASEAN countries, with a total crowd of around 1000 happy participants.

Advice and Support

Our Expert Medical Opinion program offers peace of mind in the face of a major medical decision. A simple phone call connects employees and their spouses, domestic partners, kids, parents, and in-laws to a leading physician in the specialty they need for a free expert second opinion.

“You made my mom feel like a VIP. Not only did the information you provided give my mom peace of mind, it also made her feel a lot less confused and a lot more confident and positive.”

—Cisco Employee

It’s important that our employees and their loved ones feel supported 24/7/365, which is why we offer an Employee Assistance Program (EAP) to help employees and their family members better manage life transitions, work-related stress, and other personal challenges. The free, confidential services cover assessment, referral, and intervention assistance for major life events and financial and legal issues, and to offer support through difficult challenges such as stress, abuse, or addiction.

We continue to invest in our employees, and have implemented new benefits in FY17. Rethink is a new

program that offers support to parents of children with special needs, such as autism, Down syndrome, ADHD, or other developmental disabilities. We understand that parents may need a little extra help now and then. This online platform offers evidence-based education and support for parents and their children.

We also launched CareLinx in the U.S. to help employees find and hire the right in-home caregiver for their adult family members.

In EMEAR (Europe, Middle East, Africa and Russia) we introduced the Cisco Pavelka well being initiative. This is a holistic, interactive set of wellness tools designed to help our employees embrace and share a more balanced way of living.

Flexible Working

We give our people the choice over how, where, and when they work, depending on their job function and management approval. Within our offices, employees can choose to work from many different spaces: from open collaboration areas and eCafes to workstations and audio privacy rooms. Our technology supports flexible working, including high-speed wireless access, a wide variety of TelePresence® video devices, and social software platforms that drive community connections. For employees recovering at home from an illness, injury, or other major life event, we connect them to Cisco technology through a new program called Connected Touch—this allows them to feel as if they’re on campus even when working remotely.

Taking Time for You and Family

We all do our best at work when we take time away. We make it easy by providing time off each year so employees can travel, take care of life matters, volunteer, recover from illness, or simply relax and recharge. Our employees also get their birthday off; it’s Cisco’s treat!

To take time off during a major life event like adoption or the birth of a new child, we offer locally relevant solutions for employees. In FY18 we’ll be enhancing our leave offerings by giving parents and grandparents time away to bond with a new child, and offering paid emergency time off to deal with personal or family emergencies. We want employees to be there to support the ones they rely on, and who rely on them. That’s why we’ll also be establishing a new global minimum of 13 weeks for main caregivers for time to bond and care for a new child. Employees can be either a main caregiver or supporting caregiver, regardless of gender. This will be launched first in the U.S. and then rolled out in phases globally.

Caring for Our Children

To help employees put their families first, we offer a host of childcare programs, services, and support in a number of locations.

At our largest campuses in San Jose, Bangalore, and the U.K., we have state-of-the-art childcare centers conveniently located and run by globally recognized childcare partners. In the U.S., we provide discount programs and priority access to our partner childcare centers all across the nation. We have arranged for backup care in centers or in even in our employee’s homes for those days when a caregiver calls in sick or a childcare center closes unexpectedly. Back-up care is available for elder loved ones, too!

A Safe and Healthy Workplace

GRI 103-1, GRI 103-2, GRI 103-3

At Cisco, we give our employees the ultimate freedom to manage their professional and personal lives. That trust is part of Our People Deal. It means flexible



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hours and technology that allows people to work flexibly. It means job sharing, telecommuting, and even alternative work schedules. It also means more time to pursue personal ambitions, look after loved ones, and focus on things essential for our overall health, like taking time both to exercise and to schedule medical appointments we may be putting off. We offer a number of medical and wellness resources. And we provide a wide range of benefits. All to keep our people healthy, safe, productive, and creative.

Occupational Health and Safety

GRI 403-2, GRI 403-3

In FY17 we continued to increase employee awareness of our safety programs and improve injury data collection, and we pursued third-party certification to the OHSAS 18001 standard in Australia. In support of our commitment to promote a safe and healthy work environment and our efforts to prevent injuries, we:

- Provided training, consultation, and promotions to empower employees to take responsibilities for their safety.
- Continued to drive a consistent global approach to safety management across the organization.
- Evaluated operations for compliance with relevant regulations.
- Improved how we identify, assess, and manage occupational health and safety risks.

Safety is important to Cisco and our customers. To that end, Cisco was awarded OHSAS 18001 certification in Australia. Achieving certification is an important milestone in our health and safety journey. We're anticipating continued strong performance and will continue to share our customers' safety values as part of our global strategy.

Table 6. Health and Safety Data

	FY13	FY14	FY15	FY16	FY17
Total incident rate, per 100 full-time-equivalent (FTE) employees	0.23	0.38	0.28	0.31	0.28
Lost work days, per 100 FTE employees	0.7	3.67	2.85	1.96	1.34
All injuries, globally (new metric in FY15)	-	-	0.41	0.23	0.27

Our local teams continue to investigate injuries, work with employees and management, and keep track of how well programs are working. We address work related hazards through our programs, risk assessments, tools, and training. We base our occupational health and safety programs on global regulatory and industry standards that help manage and reduce specific hazards.

Our Global Ergonomics Program continues to help employees be comfortable and productive, allowing for quick action to identify, understand, and reduce ergonomic risks. The inclusion of user-adjustable furniture in our workplace design allows for greater efficiency, comfort, and customization to individual preferences.

In FY18, we will focus on digitizing our health and safety programs, identifying innovative ways to nurture our safety culture, and optimizing delivery of health and safety services to our employees.

Emergency Response

More than 3000 of our people are part of 122 Emergency Response Teams worldwide, ready to respond in emergency situations. They are trained to give first aid, help evacuate buildings, and provide other support.

We carry out Incident Management Drills every year to keep us prepared for a real emergency. In the event of a disaster, we will keep our employees and others informed through the Cisco Employee Connection website. In certain countries, people can sign up for our Emergency Notification System, which allows them to let us know whether they are safe or need help.

Injuries and Lost Time

Increased safety awareness has brought down the injury and lost time rates in the U.S. Global rates will continue to vary as our programs mature (Table 6). In the near term, we expect global rates to decrease as employee awareness of our health and safety programs grow.



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Inclusion and Collaboration

We believe a focus on inclusion is not simply the right thing to do—it really works. Inclusion is the bridge that connects diverse perspectives, challenges the status quo, and unlocks the full potential of our people. When we truly connect people with different backgrounds, abilities, genders, generations, cultures, ethnicities, orientations, work styles, and points of view, we can collaborate at exciting new levels.

GRI 103-1, GRI 103-2, GRI 103-3, GRI 405-1, GRI 405-2

We're all in—starting at the top. Our executive leadership team is one of the most diverse in our industry, setting a powerful precedent and demonstrating that inclusion is fundamental to who we are—and where we're going.

46% diversity on our Executive Leadership Team.

In the past year, we've delivered innovative solutions to some of our most business-critical challenges and opportunities—like expanding our commitment to fair pay, accelerating diverse talent, and taking a stand for social justice throughout our communities.

The broad improvements we've made in overall representation have resulted in the most diverse Cisco since 2000. While the year-over-year growth percentages may seem modest, we believe they are leading indicators of success in breaking through challenges that have long plagued our industry and a sign of major shifts ahead. We attribute these shifts to our holistic strategies for expanding hiring and developing and promoting emerging leaders

across the full spectrum of diversity and accelerating opportunities through our Partner and Supplier Diversity program.

Cisco is especially proud of the 26 industry distinctions and inclusive leadership awards we received this year, including the National Association of Female Executives Top Companies, Military Friendly® Employer, Working Mother Best Companies for Multicultural Women, Working Mother/AVTAR-Top 100 Companies for Women in India, Disability Equality Index (DEI) Best Places to Work for Disability Inclusion, UKI STEM Inspiration Award, and Fortune Magazine's Great Place to Work. We scored 100 percent for the fourteenth consecutive year on the Human Rights Campaign's Corporate Equality Index, which evaluates policies and practices pertinent to LGBTQ employees. Eighteen of our executives received individual inclusive leadership awards from across the industry.

Figure 11. Executive Leadership Team



Expanding Our Commitment to Fair Pay

GRI 405-2

We're expanding our longtime commitment to paying our people fairly and equitably. We've built an innovative and inclusive framework that uses powerful analytics to test our compensation system and its overall health. This helps build a trusting environment that drives the best teams, allows us to retain the best talent, and positions Cisco as a top employer. Our reviews look at all factors that influence an equitable talent environment, from new hire offers to individual rewards, so that we can continue to design and deliver fair, inclusive, and competitive pay for our people.



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To date, our regular pay parity reviews have revealed a healthy global compensation system and only minor disparities within approximately 1% of our global employee population.

We've given pay adjustments in an effort to close those minor gaps. The funds required to address these gaps represent a small fraction—approximately 0.02 percent—of our global base payroll. Pay parity is an ongoing commitment for us. We'll be testing for parity regularly and where we see gaps, we'll fix them.

Cisco is also proud to have taken a national leadership role in advancing fair pay for everyone as one of the 28 founding signers of the White House Equal Pay Pledge. We've joined forces with 24 companies across multiple industries to form the [Employers for Pay Equity Consortium](#) to help make the promise of fair pay a reality for all employees.

Accelerating Diversity

GRI 202-2

At Cisco, accelerating diversity is a top priority across our global enterprise. We ask our leaders to break down barriers, drive action and accountability, and model greatness in inclusive leadership.

In 2017, our CEO Chuck Robbins signed the [CEO Action for Diversity and Inclusion™](#) pledge for Cisco, along with more than 300 CEOs from across industries and around the globe, who are joining forces to create *fully* diverse and inclusive organizations. The pledge has three core commitments:

- Continuing to make our workplaces trusting spaces to have complex and sometimes difficult conversations about diversity and inclusion.

- Implementing and expanding unconscious bias education.
- Sharing best—as well as unsuccessful—practices.

Starting Smart

Accelerating diversity starts with the ways we find and attract extraordinary talent. Our Diverse Talent Accelerators suite of solutions provides us with powerful analytics we can use to more accurately map the talent market and adjust our searches to target diverse candidates.

Our SmartStart tools help us create smarter job postings with inclusive language to neutralize bias, appeal to a wide range of candidates, and create more balanced, diverse interview experiences. Our SmartSelect interview panels include members who are diverse in gender globally, and in both gender and ethnicity in the U.S. Our research tells us that this approach can improve the likelihood of hiring African-American/Black and Latino/Hispanic candidates by as much as 100 percent and women candidates by 30 percent.

Recognizing Bias

We offer our managers and leaders training to help them more easily recognize and neutralize bias. Our analysis shows that leaders who take this training have a greater likelihood of retaining their direct reports.

We give all leaders a “meeting-in-a-box” training they can use to talk to their own teams about bias. This model lets individual teams hold their leaders and their co-workers accountable for making bias-free decisions. Beyond that, it provides a structure for any employee to call out bias when he or she sees it, including unconscious bias. Next steps include expanding and enhancing our training resources to include “always on” applications and micro learnings that deliver short, targeted skills training.

Our 15-minute “Pit Stop” webinars bring hundreds together to engage on thought-provoking topics in the time of an average coffee break. Recent topics have included Supplier Diversity, Inclusive Communication, The Power of ONE: How EROs Collaborate to impact the Talent Pipeline, and Doing Business with a Diverse Cisco Partner.

Taking a Stand for Social Justice

Benefitting everyone starts with fairness and equality for everyone. Cisco is expanding on our long-term commitment to advocate for inclusion and social justice for our people inside and outside the workplace. We take stands on key issues that violate our policy on discrimination and threaten the equal rights, safety, and dignity of our people. We were one of the first U.S. companies to recognize that marriage inequality outside of the workplace significantly hindered our ability to provide equal benefits to the families of our LGBTQ employees. Because of that early awareness, we're now well-versed in taking effective action. We do what it takes—from filing “friends of the court” legal briefs to changing our site and event strategies to favor geographies that share our views on equal rights and inclusion.

Our stand for fairness for all has expanded this year as social injustices continue to unfold in communities across the U.S. where people are being targeted simply because of their race, orientation, and beliefs. We've worked across our communities to take effective action. For example, we chose to oppose the controversial “bathroom bills” in North Carolina and Texas that threaten equal rights for our LGBTQ employees and our communities. In collaboration with the Human Rights Campaign, Cisco CEO Chuck Robbins and dozens of other leaders of major companies, sent a [letter](#) calling on North Carolina's Governor and the State General Assembly to repeal the bill. In Texas, we've partnered with 13 technology



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companies including Google, Facebook, Apple, and IBM to urge the Governor of Texas to stop pursuing this discriminatory legislation. Our Chief Inclusion and Collaboration Officer Shari Slate, and representatives from Cisco Government Affairs, traveled to Texas to participate in an organized tech lobby day to voice opposition to the bill.

Our people view our company as a critical voice in the fight for fairness and equality around the globe. We're committed to keeping the dialogue going, collaborating with communities, and advocating for long-term solutions that build fairness into policies, practices, and laws that break down barriers. When sensitive or controversial topics arise in the workplace—like the bathroom bills, the aftermath of a contentious election, the growing divide in fair law enforcement, and race relations—we discuss them respectfully and openly.

We've created multiple solutions to support open dialogue, including our new Courageous Conversation guides for work and for family, as well as meeting-in-a-box and FAQ resources. These guides have been used by employees and team leaders alike. Ninety percent of participants find value in their content and are better able to conduct beneficial conversations within their teams. Additionally, Office of Inclusion and Collaboration (OIC) representatives have facilitated an increasing number of Courageous Conversation workshops globally at Cisco. These virtual and in-person workshops are in high demand in response to current events occurring around the globe. Within these conversations, the sharing is both emotional and transformational. What we now understand is this: For many of our employees, this grief, pain, and fear is a frequent or daily experience, and their dignity, respect, and security are threatened. Through open, respectful dialogue, we will continue to support each other—and our communities.

We also spoke up to oppose the U.S. immigration and travel ban from predominantly Muslim countries, and we've provided employees who were potentially impacted with legal resources. Based on employee sentiment, we chose to address the White House's executive order on immigration in a monthly meeting and a special Cisco Beat all-employee broadcast dedicated solely to the topic. Our Executive Leadership Team was on hand to answer questions. Both times, the purpose was to educate, listen, and respond, and make sure employees felt heard and supported.

Attendance for the Cisco Beat dedicated to the executive order indicated employees were eager to learn where we stood on the issue. The broadcast had 7800 live attendees and 7000 replays. Ninety-four percent of employees appreciated using the session to address a tough issue, and 96 percent said questions were answered openly and clearly.

Nearly 100 percent said they appreciated having an open forum with the Executive Leadership Team to discuss the issue. While employees didn't always agree on our public stance, their feedback told us they felt the communications were open, transparent, and supportive.

In every way, our advocacy starts with listening to our people and their diverse perspectives, and gaining a deep understanding of what's at stake within our company and across our communities.

Leading a Movement

At Cisco, our bold new strategies for diversity, inclusion, and collaboration are designed to create a movement. A movement to connect; to disrupt the status quo; to multiply the impact of inclusive, collaborative leadership; and to create environments where everyone can thrive.

Our new Multiplier Effect initiative is doing just that. The **Multiplier Effect Pledge** challenges leaders of all levels to sponsor one diverse person to the next level in their career. Together, we're going to change the equation for diverse talent in the tech industry.

Sponsorship is a well-known critical success factor in the development of extraordinary talent. Yet recent data indicates a clear disparity in who typically benefits. One in five men have a sponsor, yet only one in eight women, and one in twelve minorities do. The power of the Multiplier Effect Pledge—and the movement it's created—is in the exponential expansion of sponsorship. Changing the equation will take bold, effective action by a rising movement of influential leaders who want to open doors, overcome obstacles, and create new opportunities for diverse talent.

The Multiplier Effect has already been featured in some of the biggest events in the technology industry, like Mobile World Congress, Cisco Live, the Global Sales Experience, and South by Southwest. Now, we're reaching influential leaders across industries through forums like the Simmons Leadership Conference and the YWCA. Our founding signers include Cisco CEO Chuck Robbins, among dozens of other top tech executives.

Amplifying the Power of Partnership

GRI 405-1, GRI 405-2

Creating an environment in which everyone can thrive isn't just the job of the OIC or Human Resources—**everyone** plays a leadership role. This year we continued to amplify the way we work together to create solutions, build new practices, and accelerate progress.

Our Inclusion Leadership Teams (ILTs) give us new insights into how we can make our systems, policies,



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and practices relevant in every part of our business. We've expanded our ILTs within every region and function. For example, this year we formed an Inclusion and Collaboration Council in our Asia Pacific Japan (APJ) region. The Council is initially focusing on People with Disabilities/Special Abilities, Work Life Flexibility and Harmony, Cultural Intelligence and Adaptability, LGBT, and Generations and Gender.

Our ILTs have been instrumental in co-creating solutions to address new challenges and opportunities to accelerate diversity in our global company, including forming Mentor Rings, and creating the highly successful Courageous Conversations forums.

We're also partnering with over 20 world-class organizations that excel in areas that align to our bold strategies. Many of our greatest opportunities to attract, develop, retain, and promote our diverse talent come through global strategic engagements with organizations that include the Anita Borg Institute, Hispanic IT Executive Council, IT Senior Management Forum, Conferences for Women, Out and Equal, Diversity Best Practices, Simmons, and the Executive Leadership Council (ELC).

In FY17, over 2400 of our high-potential employees participated in our strategic partner conferences, events, and development programs. The OIC and the Cisco Services organization sent close to 300 women and men to the Simmons Leadership Conference for professional development as a way to recognize our rising stars. The theme for the two-day event gathering was "Leading with Purpose," focusing on helping attendees to better find and build their purpose and how that can be integrated into their personal and professional lives. The conference offered inspiring keynotes, diverse panel discussions, and networking opportunities, ranging from business strategy and innovation to career management and personal

branding. The conference inspired many attendees to join groups to continue with further professional development.

Investing in Our Diverse Emerging Leaders

GRI 405-1, GI 405-2

We're creating unique opportunities for our diverse talent to gain the access, mentoring, and skills they need to thrive. We're seeing phenomenal growth in year-over-year participation, growing talent retention rates, and increasing the odds of promotion for those who participate.

Our programs investing in developing and promoting women are achieving new levels of success. In FY17, more than half of the women who were promoted to management had attended at least one of our targeted programs, contributing to a highly significant 6 percent increase in women in director and manager roles.

We're continuing to develop the next generation of female leaders for the company. Our DARE program encourages and inspires women who are just starting out in their careers, by focusing on key issues like visibility, internal politics, and positive branding. JUMP brings high-potential, mid-level female participants together to focus on authentic leadership, strategic thinking, and increasing impact. We make sure they're aware of the range of tools and resources at their disposal as they define and navigate a path at Cisco to reward their personal strengths and long-term career ambitions.

Our data shows that both programs doubled the odds of promotion for this cohort. Participation also significantly improves talent retention. JUMP improves retention by about 100 percent and DARE by about 70 percent, making it more likely that our emerging female leaders will stay and develop their careers at Cisco.

Group settings can be great for sharing information and learning about different perspectives, but there's nothing like one-on-one mentorship to really boost someone's growth. Our Glassbreakers initiative pairs talented, passionate, and motivated peers to mentor and support each other's growth and development. Stretch assignments and events like Women of Impact work in concert with key development opportunities, such as our Managing Bias Training to deliver optimum impact.

Cisco is one of the four core members of the Women in Business networking group in collaboration with Dell, Oracle, and Shell. The group features a Mentoring Circle to promote powerful leadership skills and accelerate growth and development.

Today's leadership requires a deep understanding of diversity issues. Next Generation Leaders (NGL) is an important program for mid- to senior-level employees who want to develop their leadership skills through the lens of diversity.

NGL transforms leadership development—managers and their diverse employees embark on a six-month



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journey to embrace differences, unlock talent, and foster disruptive thinking. The group dynamic fosters honest and courageous conversations around sensitive topics, such as culture and ethnicity, socioeconomic issues, and more. These discussions forge a stronger culture of inclusion, and participants emerge as confident, clear leaders who know the exponential value their diverse teams bring to Cisco.

Early success with the training among our Pacific Rim employees based in the U.S. yielded a 90-percent employee retention rate. In addition to our original program for Asian employees, this year we further expanded to include a second African-American/Black cohort and added a program for Hispanic/Latino employees. Our research shows that our participants' odds of receiving a promotion doubles in comparison to non-participants.

We've also created numerous forums to keep leaders and employees informed about our progress, and about new resources to help us connect and collaborate. Our Globesmart tool gives us detailed information on five dimensions of culture for over 80 countries, helping us bridge work style gaps and optimize team effectiveness.

Fueling Our Culture of Inclusion Through Employee Communities

Cisco's Inclusion and Collaboration Community, a platform for diverse groups to connect, explore their unique passions and talents, innovate, and excel, is one of our best channels to celebrate diverse backgrounds (Figure 12). In 196 chapters across 44 countries, our I&C Community has over 25,000 active members participating in EROs, Networks, Virtual Groups, Inclusion Leadership Teams, and our annual flagship event known as Women of Impact (WOI). Some of our employee communities include

Figure 12: Cisco's Inclusion and Collaboration Community

Employee Resource Organizations



Networks

Business-Initiated Networks



Ally Networks



Health Networks



Aspiring Employee Resource Organizations





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PRIDE, Conexion, Women in Science and Engineering, Connected Black Professionals, Connected Women, Cancer Support Network, Women in Finance, and Men for Inclusion. Globally, being a community member significantly improves the likelihood an employee will be promoted. Within the United States, the likelihood for promotion is doubled.

Our people are doing amazing things within the I&C Community. Our VETS Employee Resource Organization paid tribute to veterans with a Career Transition Day, Holiday Card Drive, and Care Package Drive. Our PRIDE group for LGBTQ employees and their allies raised the rainbow flag in San Jose to honor the victims of the Orlando, Florida, shooting and celebrate PRIDE month. On the same day, hundreds of LGBTQ employees and allies from all over the world, including customers and partners, gathered in Cisco TelePresence rooms and on Cisco TV to engage in a conversation about the importance of role models for inclusion and collaboration.

The newly created Interfaith Network provides an inclusive community to support, educate, and celebrate employees of all faiths. This network strives to bring communities together to support learning, collaboration, and inclusiveness. The Interfaith Network provides a safe space to create bridges of understanding and participate in community activities that demonstrate our common humanity. It is open to all Cisco employees, with membership growing steadily.

Co-sponsored by our Connected Women ERO, our wildly successful Women of Impact (WOI) global event created a unique opportunity to get connected, be empowered, and find inspiration for over 14,500 women and men attending at 100 live sites across 48 countries, and tuning in to live broadcasts. With a 33 percent increase in participation from last year's event, WOI's growing success is creating tremendous impact in fulfilling some of the OIC's key objectives: inspiring and accelerating inclusive leadership capabilities, advancing and developing our diverse emerging leaders, and helping us change the equation to attract and keep the best diverse talent. Connected Women members are over 30 percent more likely to stay with Cisco. This past year's theme, "It's Time. Collaborate. Lead. Inspire," focused on career and personal development.



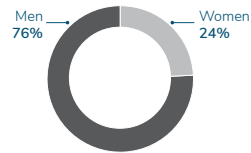
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Cisco continues its commitment to diversity and has published workforce diversity statistics in our CSR Report since 2005. Two years ago, we expanded the data to include additional gender, race, and ethnicity information. Our diversity summary data is listed below and is based on FY17 data. Additional data can be found on the [Inclusion and Collaboration](#) page on [Cisco.com](#).

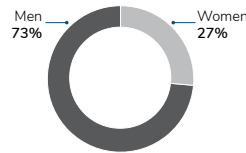
Figure 13. FY17 Diversity Snapshot (Total Employees in FY17: 72,978)

Overall Workforce

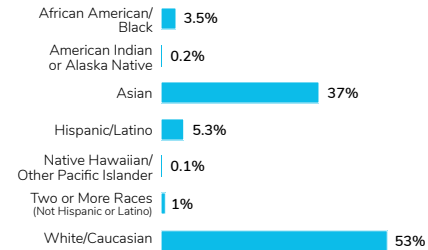
Global by Gender



U.S. by Gender

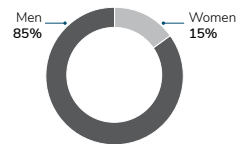


U.S. by Ethnicity

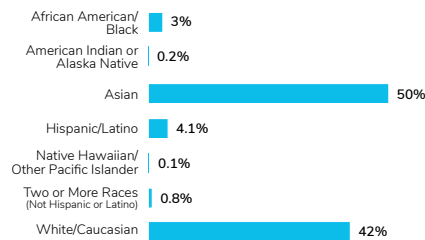


Technical Workforce²

Global by Gender

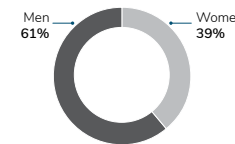


U.S. by Ethnicity

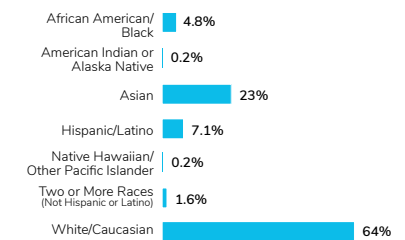


Non-Technical Workforce²

Global by Gender



U.S. by Ethnicity



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Figure 13. FY17 Diversity Snapshot (continued)

VPs

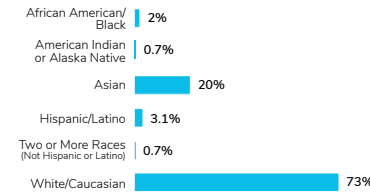
Global VPs by Gender



U.S. VPs by Gender



U.S. VPs by Ethnicity



Leadership and People Managers³

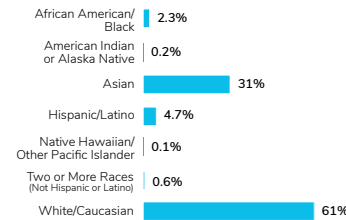
Global Leadership and People Managers by Gender



U.S. Leadership and People Managers by Gender



U.S. Leadership and People Managers by Ethnicity

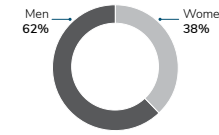


Due to changes in reporting requirements, our next EEO-1 report will be filed in March 2018. Our 2016 EEO-1 Report submission can still be found online.

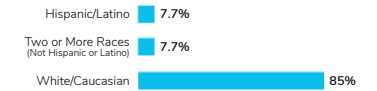
1. Some figures may not total 100% due to rounding of underlying data.
2. Based on alignment to EEO-1 job categories.
3. People managers, directors, and senior directors.

Executive Leadership Team (ELT) (includes CEO and his direct reports)

Global ELT Membership by Gender

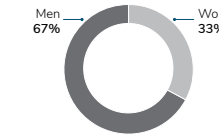


ELT Membership by Ethnicity

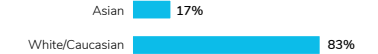


Cisco Board

Board Membership by Gender



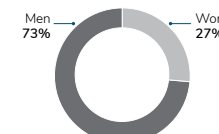
Board Membership by Ethnicity



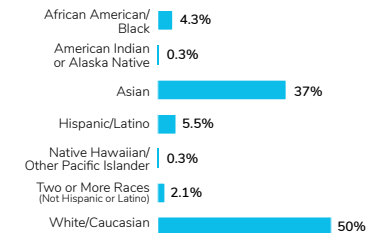
0% Hispanic/Latino, African American/Black, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, Two or More Races (Not Hispanic or Latino)

Hiring

Global by Gender



U.S. by Ethnicity





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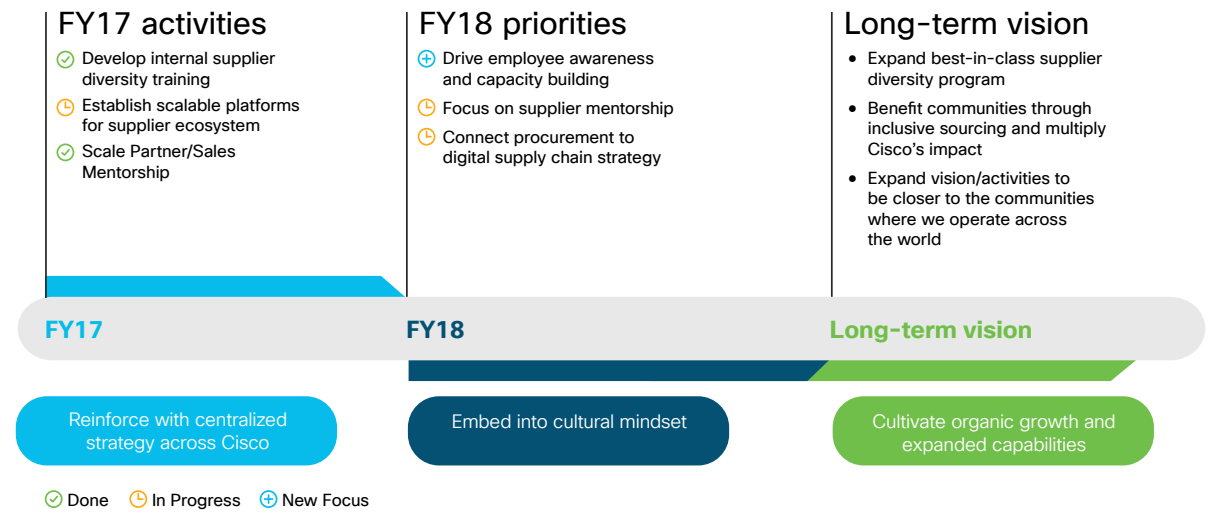
To solve the complex problems of tomorrow we need a breadth of knowledge and experience. Diversity facilitates access to a range of skill sets, provides resiliency, broadens partnering opportunities, and provides fresh viewpoints. Our Sales Partner and Supplier Diversity Programs strive to provide equal opportunity within the communities we serve, and are driven through our Sales, Supply Chain, and Global Procurement organizations. These groups work together to connect Cisco and its customers, partners and suppliers with opportunities to work with diverse-owned businesses, and provide thought leadership to support our global operations.

We generate billions of dollars of opportunities for our suppliers and partners every year, and actively solicit diverse businesses to supply us with goods, services, and components for our products, as well as to sell the finished products. To help us identify and engage with diverse-owned suppliers and channel partners in the U.S., we actively participate in several professional organizations, including both the National Minority Supplier Development Council and the Women’s Business Enterprise National Council. We use the federal government’s criteria for diverse-owned businesses as being at least 51 percent owned by a member of one of eight historically disadvantaged groups identified by the U.S. government (see list below) and headquartered in the U.S.

Federal Diverse Business Classifications

- Small Business
- Women-Owned Small Business
- Veteran-Owned Small Business
- Service-Disabled Veteran-Owned Small Business
- Disabled Veteran-Owned Small Business
- Historically Underutilized Business (HUB) Zone
- Small Disadvantaged Business
- Minority-Owned Business

Figure 14. Supplier Diversity Trends on the Horizon



FY17 Awards and Impact

- AT&T Supplier Diversity Crystal Award
- Top Organizations For Multicultural Business Opportunities; [DiversityBusiness.com](#)
- Corporate 101: America’s Most Admired Corporations for Supplier Diversity; [Minority Business News USA](#)
- Partner Operations Diversity Forum represented ~\$2.5B in diverse partner revenue and ~\$152M in customer revenue (FY16 Revenue data)
- Madison Gunter from Partner Team receives 2016 Exemplar Advocate Award from [Western Regional Minority Supplier Development Council](#) (WRMSDC)

In countries where supplier diversity is a requirement, including Australia, Canada, South Africa, and the U.S., we look to meet all federal guidelines. Supplier diversity is also a mandate from many of our customers, who utilize their requirements as a means to better reflect the communities in which we jointly operate.

In FY17, we responded to information and reporting requests from over 100 customers.

Supplier diversity is not just a requirement from governments and customers, but it is also a means by which we live our values. In FY17, our CEO demonstrated our enterprise-wide commitment to supplier diversity by issuing a [Supplier Diversity Policy Statement](#). In it, Chuck Robbins states the competitive advantages, insights, and opportunities supplier diversity brings to the business—and how it helps us live our values.



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Diversity in Worldwide Sales Strategy and Operations

Our Partner Diversity initiative works to increase the percentage of diverse-owned channel businesses and spend in our sales channel ecosystem. These initiatives enhance partner loyalty, promote innovation and efficiencies in partner solutions, and demonstrate our industry leadership. We have around 1150 diverse partners in our ecosystem, which represented nearly 10 percent of FY17 revenue for services and products.

Operational Excellence

We also prioritize supplier diversity in our indirect and direct supply chains. While it's no simple task for a large global organization to prioritize supplier diversity among competing procurement priorities, we know that doing so will lead to our longer-term vitality. As the global marketplace and our supply chain continue to evolve, embracing diverse perspectives across our ecosystem becomes even more of a business imperative.

In FY17, we increased awareness of our Supplier Diversity program within our procurement functions while continuing to develop scalable processes and platforms for embedding diversity considerations into our operations. This included:

- Provided online training to employees in Global Procurement Services and Supply Chain Operations, and recognized internal champions each month who supported diverse suppliers or helped us grow the Supplier Diversity program.

- Continued to develop thoughtful approaches that are sensitive to market factors to grow diverse suppliers in different procurement categories. We recognize that opportunities to promote diversity vary across different categories and commodities of procurement.
- Simplified our reporting by automating manual data collection and processes that give us deeper insight into where there are procurement opportunities for diverse suppliers, helping us drive our programs to the next level.
- Launched an executive sponsorship program for our top U.S. diverse suppliers. The pilot paired Cisco executives with 28 diverse suppliers. Cultivating Cisco's diverse suppliers will increase innovation, economic vitality, and our pipeline of extraordinary talent.

In FY17, the suppliers reporting Tier 2 diversity increased by 60%.

In FY18, we will focus on empowering our stakeholders to make more data-driven and thoughtful decisions while continuing to expand our programs to better reflect the communities in which we operate. Further digitizing our program better connects our procurement decision makers with diverse suppliers which helps to scale our impact. Digitization also helps us improve how we measure our progress.



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Volunteering inspires employees, helping them gain new perspectives, develop leadership and other skills, and work better as a team. We support our employees in volunteering for the causes, issues, and nonprofits that reflect their passions and interests. We empower our employees to “be the bridge” in their communities. In FY17, Cisco employees volunteered more than 358,000 hours, a 64-percent increase over FY16. Employee donations and matching for donations and volunteer hours in FY17, amounted to over \$15.2 million for nonprofit organizations and U.S. schools.

Time2Give

Time2Give offers full-time Cisco employees five days off per year to volunteer for a community cause they care about. Where and how the employee volunteers is up to them—they can take a few hours by volunteering an afternoon at their child’s school or can take all five days at once and travel to help build houses in another country.

In FY17, over 12,000 employees created meaningful volunteer experiences by using their Time2Give benefit in a variety of ways, including building homes in Romania, judging local science fair projects, scuba diving to clean debris, helping out at local animal shelters, and working with migrant families in China.

Cisco Citizen Networks

Cisco Citizen Networks drive employee engagement and volunteerism in cities and regions around the world where we have an employee presence. We have

over 50 chapters across 30 countries around the world. Chapters plan volunteer projects and develop relationships with local nonprofits and non-governmental organizations—each initiative tailored to the specific needs of the local community.

Each Cisco Citizen Network puts our global programs in action locally. For example, during the Global Service Week in September 2016, our team in Italy spent nine days cycling across the countryside to benefit children in need. While in Singapore, teams have worked on sustainability initiatives to improve the lives of endangered bird species.

Engaging volunteers globally provides our employees with the opportunity to learn more about the challenges their communities face. This shapes their perspectives, the perspectives of Cisco leadership, and ultimately how Cisco technologies can be developed and deployed to benefit their communities.

Cisco is committed to inspiring more people to pursue science, technology, engineering, and math (STEM) education and careers. We feel it is imperative to develop initiatives to increase the number of girls and women who pursue STEM careers. Women comprise a mere 27 percent of STEM positions in some of the world’s developed and emerging economies.

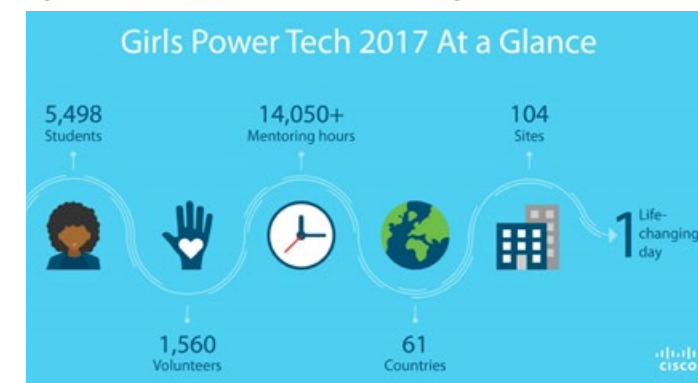
Every April, we support Girls in ICT Day, a global event organized by the United Nations International Telecommunication Union. Cisco has been participating in this initiative from the beginning, inspiring thousands of young women from around the world to learn about the opportunities that the technology sector holds for their future.

In 2015, Cisco launched Girls Power Tech, a Cisco Global Mentoring Initiative dedicated to mentoring young women on or around Girls in ICT Day. In 2017, Cisco provided nearly 5500 young women at 104 Cisco offices in 61 countries with a special learning opportunity to connect with Cisco mentors onsite and to learn about Cisco technology (Figure 15). Thrilled to empower and encourage the next generation of tech talent, over 1500 of our employees signed up to volunteer—providing over 14,000 volunteer hours in STEM mentoring.

Girls Power Tech 2017 
A Cisco Global Mentoring Initiative



Figure 15. Girls Power Tech and STEM Mentoring



We also have made a commitment to Million Women Mentors to have our employees mentor 5000 female students in the U.S. by 2020. In FY17, 35,329 hours were devoted to mentoring in STEM.



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Figure 16. Be the Bridge: Annual Giving Campaign



Be the Bridge: Annual Giving Campaign

Cisco's **Be the Bridge** Annual Giving Campaign opened up our giving pool to more than 1200 organizations around the globe between November and December 2016. Employees supported the social issues that are important to them or their communities, including hunger relief, clean water, education, animal rights, and healthcare. More than 10,000 employees participated, generating over \$7.1 million in direct employee donations and matching contributions from the Cisco Foundation (Figure 16).

“At Cisco, we’re collectively helping to change the world through active participation in our communities, and employees are empowered to choose where they want to contribute.”

—Carlos Pignataro
 Distinguished Engineer,
 Services Business, Cisco

Figure 17. Global Service Week



Case Study: Global Service Week 2016

For the first time in 2016, employees came together for Cisco's Global Service Week to make a difference in their communities around the globe. Activities hosted during the month of September enabled employees, team members, and various business units to demonstrate Cisco's unique culture of giving back and leading meaningful change. Cisco employees came together to work on hundreds of projects targeted at addressing social, economic, environmental, and critical human needs in more than 16 countries.

Regardless of availability or location, in-person or virtual, all employees were encouraged to participate and pursue their passion with a cause of their choice.

Virtual volunteering opportunities like the Missing Maps project, enabled volunteers to assist in the mapping of roads, buildings, and other infrastructure in the most vulnerable places in the world. The maps serve first responders responding to natural disasters.

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A few additional highlights:

- **San Jose, California:** 1000 employees from the Worldwide IT Manager’s Offsite team participated in **The Crayon Initiative**. Volunteers sorted used crayons to be remanufactured into new ones and then given to children in Northern California hospitals—giving them the «tools» they need to express their creativity, a critical component of childhood development.
- **Research Triangle Park, North Carolina:** 75 employees worked with **Habitat for Humanity of Wake County** to help build affordable housing for families as a special build project in a Southeastern Raleigh neighborhood.
- **Lima, Peru:** 20 employees helped prepare food kits for children who had recently undergone cleft palate or lip surgery as patients of **Operation Smile**.
- **Bangalore, India:** Employees helped create STEM educational kits for children supported by the **Children’s Lovecastles Trust** (CLT).



#WeAreCisco

The @WeAreCisco social media handles—on Facebook, Instagram, Twitter, and Snapchat—are where our people go to show the world they love where they work. It brings us together as a company, no matter where we are in the world or what department we work for.

Our employees love working here, as **#LoveWhereYouWork** shows. We love the people we work with. We love the culture of giving back. We love the technology we create and use. And we love to share our experiences with our colleagues and the world.

Our employee-generated content helps to make personal connections with existing and future talent. WeAreCisco is valued by employees and earns above average engagement rates. Our employees’ posts have an authenticity that reaches beyond our employees, and of our 300,000 followers we estimate that just 10 to 15 percent are employees.



Cisco goal: 80% employee engagement (volunteering and donations) by 2020.

When an employee’s WeAreCisco post creates a reaction, they can become blog posts on the Life at Cisco blog. Through all these channels, the WeAreCisco message reaches millions of people each month.

It’s not just good fun. WeAreCisco demonstrates our goal to accelerate social and environmental change with great teams, with volunteer hearts, and with technological know-how.



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Building Skills and Entrepreneurship

We empower people to grow and thrive in the digital economy by focusing on:

- Skills development: Building foundational digitization skills.
- Co-creation: Partnering with universities and social change agents to co-develop curriculum, experiences, and engagement models.

Cisco Networking Academy®

GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 203-2, GRI 413-1

Through our Networking Academy® program, we nurture the talents of problem solvers around the world by providing the foundational digital and entrepreneurship skills that prepare students to reach their full potential.

Since 1997, the Networking Academy course curriculum has helped more than 7.8 million students worldwide to build skills that will enable them to prepare for ICT and networking careers in a range of industries. In FY17, more than 1.3 million people in 180 countries were enrolled—24 percent of them female. Some countries have significantly higher female participation, as noted in [Table 7](#).

Networking Academy provides a comprehensive learning experience with an interactive curriculum, access to lab equipment and network simulation tools, and programming environments for hands-on technical experience. From the start, students are encouraged to solve problems and work together, just as they will in the workplace. Courses are taught in classrooms around the world, and are delivered in

multiple languages and online through netacad.com, a cloud-based learning and collaboration environment. We also provide our students with career resources and connections to employers seeking ICT talent. Our goal is to achieve a milestone of two million students enrolled annually by 2021.

We partner with governments and educational institutions around the world to establish local academies and initiatives that promote workforce readiness and socioeconomic development. Courses are delivered in collaboration with 10,400 schools, community colleges, universities, and other organizations. In FY16, Networking Academy was a key component of Cisco's digitization efforts in France, Italy, and the U.K. In FY17, this effort expanded to include Mexico, China, and India. In FY18, we will expand to include the Netherlands, Saudi Arabia, UAE, Kazakhstan, Portugal, and Qatar.

We have set a goal to reach two million Cisco Networking Academy students per year by 2021.

Much of our curricula is developed in-house; however, we also work with third-party organizations like C++ Institute and Network Development Group to create industry-relevant content that prepares learners for the needs of today's workforce. We also partner with employers and other organizations to deliver mentorships, internships, and other hands-on experiences that help students prepare for and get new jobs.

Cisco Networking Academy courses focus on networking and entrepreneurship. In FY17, we added Networking Essentials and Mobility Fundamentals; expanded the IoT, Linux, Cybersecurity, and Programming offerings; and updated four core CCNA R&S courses. We believe in a blended learning experience and continue to enhance our learning tools by providing updates to the Packet Tracer device simulator.

The Networking Academy program also emphasizes learning through hackathons and competitions, one of which is our NetRiders Competition. In FY17, over 16,900 students from across the world competed in the virtual competition, an increase of 10 percent over FY16. The competition focuses on technical proficiencies in building and troubleshooting networks, as well as soft skills such as the ability to present a comprehensive solution to a panel of industry judges over video conference.

Over the past 9 years, the NetRiders Competition has impacted over 100,000 students around the globe during their "skills to job" journey.

Educational institution administrators and instructors provide ongoing feedback on courses and the direction of the Networking Academy program through annual conferences and ongoing surveys. In FY17, we created an Academy Advisory Board to formally gather requirements and assess future needs. Board members include students, instructors, partners, and alumni.



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Over the past 9 years, the NetRiders Competition has positively impacted over 100,000 students around the globe during their skills to job journey.

Since 2005, Cisco has conducted exit surveys of Networking Academy students who have completed all four Cisco CCNA® Routing and Switching courses. According to the results, the program has helped 1.6 million students get a new job between FY05 and FY17. 94.9 percent of students indicated that they use their skills in their daily lives. For more impact stories, see [Networking Academy](#).

Networking Academy’s employment program, Talent Bridge, seeks to connect our partners to qualified technology talent around the world. Working in collaboration with over 100 partner employers, channel partners, and distributors, Talent Bridge has successfully connected over 1200 students to jobs since 2016. Looking ahead to FY18, we will be piloting a Networking Academy Talent Bridge Matching Engine to automate and systematize the linkage between students and employers to accelerate entry-level hiring across the globe.

Networking Academy is our largest and longest-running CSR program. In FY17, Cisco and the Cisco Foundation made \$274 million in in-kind contributions for the Cisco Networking Academy.

Our Networking Academy Program has helped 1.6 million students get jobs from FY05 to FY17.

Table 7. Female Enrollment in Networking Academy Courses in FY17

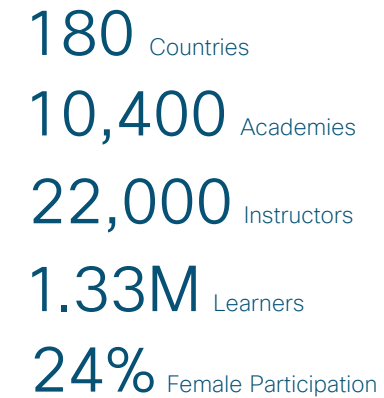
Country	% Female
Oman	71%
Peru	46%
UAE	42%
Nigeria	42%
Tunisia	40%
Jordan	37%
Malaysia	36%
Palestine	35%
Morocco	31%
Philippines	31%

Cisco Networking Academy 20th Anniversary

Twenty years ago, Cisco donated networking equipment to a local school. No one had been trained on how to use the equipment, so at first it sat unused. As we trained the school staff to build their network, Cisco Networking Academy was born. And after seeing the impact it had on the school, its students, and its teachers, we were inspired by a new mission. A mission that became a movement with a shared interest in the potential of technology to change the world.

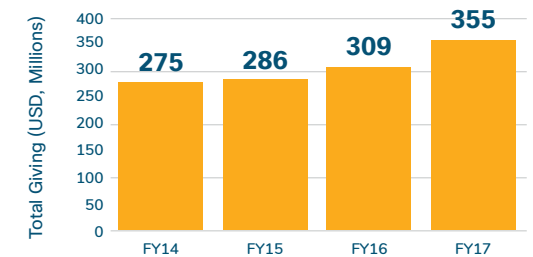
The education we provide has the power to change the trajectory of our students’ lives, from helping them to find work and elevate their careers to transforming their communities. In 20 years, Cisco Networking Academy has grown from a single school into an ever-expanding community of more than 7.8 million students past and present, 20,000 educators, and thousands of employers, NGOs, Cisco employees, and customers.

Figure 18. Cisco Networking Academy in FY17



Our students are seen as drivers of innovation, helping companies meet the challenges of digital transformation. They are transforming the world, creating the businesses and jobs that will shape the future through digitization. There’s no predicting where the future will take us, only that the ones changing the world will start here.

Figure 19. Total Cisco and Ciso Foundation Corporate and In-kind Contributions



This \$355 million in FY17 includes \$274 million for Cisco Networking Academy.



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Supporting Our Active Military Personnel and Our Veterans

In 1998, Cisco began collaborating with the U.S. military to bring the Networking Academy curriculum to bases. Today, there are Networking Academy locations on 24 U.S. military installations. Over 73,000 U.S. military personnel have been able to develop and advance their ICT skills, better equipping them for their roles within the military as well as career opportunities once they have completed their military service.

“At Cisco, we are firmly committed to our veterans initiatives and ensuring that we do our duty for those who have served.”

– Chuck Robbins, CEO, Cisco

In 2011, Cisco established a corporate veterans program to support transitioning U.S. military personnel, veterans, and military spouses into new areas of employment and ICT education. Through the GI Bill, veterans can enroll in a Networking Academy program, providing a gateway to entry-level jobs and certifications in the ICT field. In 2017, Cisco established the Veterans Talent Incubation Program (VTIP) that creates a pipeline to help service members and veterans transition to entry-level engineering roles at Cisco. To date, approximately 50 veterans have completed the program and obtained their CCNA certification and are employed at Cisco as Customer Support Engineers or Network Consulting Engineers.

“I feel the training I received as part of the VVCT program increased my understanding of network principles and gave me an enormous amount of knowledge in the cybersecurity field. Overall, the program was as rigorous and thorough as I could have hoped for, and I believe it helped me obtain my present position.”

– Michael McClain, Veteran, Network Administrator, Portsmouth Naval Station

In addition, in 2017 Cisco formed the Virginia Veteran Cyber Training (VVCT) program, a coalition of five industry partners providing free training and certification to veterans interested in a career in cybersecurity in Virginia. Approximately 100 veterans have been enrolled in the VVCT program since its inception.

Seeding Innovative Solutions Through Public/Private Partnerships

Since FY12 we have provided \$2.5 million in seed funding to Futures, Inc. to support the development of a cloud-based job portal that matches military job codes with civilian jobs and career paths. Active-duty military personnel, military spouses, reservists, National Guardsmen, and veterans can access this job portal. Free to job seekers and employers, the portal is the engine for the U.S. Military Pipeline as well as a state-level initiative in Arizona. Since its inception, more than 250,000 veterans and military personnel have found work through this portal.

Cisco values veteran employees and was recognized as a Gold Star Military Friendly® employer in FY17.

Employee Engagement

Our Veterans Program is also aligned to our Veterans Enablement and Troop Support Employee Resource Organization (VETS ERO) activities. The VETS ERO is a military service employee affinity group focused on outreach and enablement, professional networking, and veteran advocacy. Cisco volunteers are engaged at eight Cisco sites throughout the U.S. In FY17, the group led Veterans Career Transition Days at five Cisco sites to introduce veterans to career and mentoring opportunities. As part of the annual Care Package Drive, VETS ERO members in four locations—San Jose, RTP, Herndon and Englewood—sent 246 care packages to deployed U.S. service members, giving them a taste of home and highlighting our gratitude for their service. In FY17, VETS ERO members installed Cisco donated WiFi equipment at five Fisher House locations, comfort houses where military families can stay at no cost while an injured loved one is receiving treatment. Since 2011, Cisco volunteers have installed WiFi equipment at 17 Fisher Houses.



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“Our world and workplace are evolving rapidly because of technology. Bolstered by research about where people and communities need the most help to transition to an increasingly digital reality, we’re proactively developing new programs and funding new partners to meet these needs.”

– Mary De Wysocki Senior Director, Corporate Affairs, CSR Strategy, Cisco

Worldwide Challenges to Inspire Innovation: Digitize. Do More Good.

More than ever, tomorrow’s leaders will need to be global problem solvers. Skills like team building, complex problem solving, and learning how to see and seize opportunities are critical to success. We believe that investing in the development of an entrepreneurial and innovative mindset, coupled with digital skills and the desire to do good, will not only help create jobs but also result in a workforce qualified to meet future challenges.

Because you never know where the next great idea is going to come from, we sponsor prizes and competitions for technology solutions that solve social and environmental problems and have the potential to contribute to economic development.

Inaugural \$300,000 Cisco Global Problem Solver (GPS) Challenge

Our first Global Problem Solver Challenge recognized 10 teams of post-secondary students and recent graduates whose ideas use the Internet of Things (IoT) and digitization to create breakthrough technologies, products, and services that drive economic development, solve social and environmental problems, and promote inclusion. By providing visibility, funding, and encouragement, we help these entrepreneurs move their solutions to the next level as they focus on solving pressing problems in our community and around the world. The first annual GPS Challenge began with more than 1100 registrants from more than 450 schools from all corners of the globe. **The \$100,000 U.S. Grand Prize went to Project Vive from Pennsylvania State University.**

Project Vive is dedicated to making affordable technology available to those with disabilities. Voz Box—a patented speech-generating device that brings

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Entrepreneurship

New Digital Economy Initiative

University Grants To Transform Regional U.S. Economies

We believe that educational institutions and organizations focused on emerging entrepreneurs can be powerful catalysts for local economic development. They have the capacity to play a leading role in shaping entirely new ideas and industries to create the jobs of the future.

In FY17, we launched a new grant program rooted in the belief that these organizations can accelerate an inclusive digital economy in their region by collaborating with local industries, government agencies, NGOs, and community colleges. This community-based collaboration has the potential to:

- Build skills for the future: Open up job opportunities for all by understanding the digital skills required in today’s local job market and in the future, as well as the best way to address the skill gaps.
- Incubate innovation: Through research, curriculum, hands-on labs, and community partnerships, develop new ways to apply digital and IoT solutions to problems and processes.

- Foster entrepreneurship: Encourage an entrepreneurial approach to problem solving in all demographics and across all types of jobs and industries, whether it is the creation of new businesses or seeing the potential for fresh approaches within existing organizations.

We developed the public university grant-making aspect of this initiative based on experience with Arizona State University (ASU). Supported by Cisco-managed funds at the Silicon Valley Community Foundation, we developed multiple 3-year grants ranging from providing entrepreneurial skills to Latino youth and high-school students to providing award funding to help participants further their entrepreneurial IoT ideas.

Founding Sponsorship of Harambe to Multiply Socioeconomic Impact in Africa

In FY17, Cisco became a founding sponsor of the Harambe Entrepreneurial Alliance. This nonprofit organization is spearheading high-impact social and business ventures across Africa via a network of highly educated young African entrepreneurs. Collaborating with private and public sector groups, the Alliance supports the aspirations of young African leaders with mentors, feasibility study grants, scholarships, pro bono legal services, and access to angel and venture capital.



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the benefits of IoT to assistive smart technology—is the brainchild of Mary McCulloch and the **Project Vive team**. Voz Box is built around wearable sensors that can detect small movements. These sensors can be placed where a user chooses: finger, elbow, knee, foot, eye (blink and/or movement). They can be recalibrated over time, extending the use of Voz Box over the years as the movement capabilities of the user change.

One of the most compelling aspects of Voz Box is its ability to be customized to match the capabilities of its users. Individuals with neuromuscular conditions possess a wide variety of abilities, and what might be a simple motion for one person may be impossible for another.

Using Bluetooth wireless technology, these wearable sensors form a network around an individual. This network connects to a portable and comfortable speech-generating device, only 3.2” x 4.3” x 2” in size. The device is multilingual and supports both visual- and auditory-based communication. Microprocessor technology has reached the level where the unit can be self-contained and affordable, and not require an Internet connection to operate.

Rice Business Plan Competition: Cisco Innovation Challenge Award

For the second year, we collaborated with Rice University to award one of the largest non-dilutive prizes (funding that does not require the sale of shares of stock) in the **Rice Business Plan Competition** (RBPC), the world’s largest intercollegiate startup competition. Forty-two university teams, chosen from more than 750 applications, are invited to compete for more than \$1.5 million in prizes in front of 300 judges. The RBPC is open to all universities, regardless of location. Since inception, more than 180 former competitors have gone on to successfully launch

their ventures and are still in business today. Past competitors have raised in excess of \$1.8 billion in funding and created more than 2000 new jobs.

Held as a separate award category of the 2017 RBPC, the Cisco Innovation Challenge aims to recognize and accelerate the adoption of technologies, products, and services with social impact. This year, we awarded the Innovation Challenge Prize to **Luso Labs LLC**, a team we believe exemplifies a mission-driven mentality. Founded by Columbia University biomedical engineers, Luso Labs’ mission is to leverage digital technologies to make cervical cancer screening more accurate and accessible to women worldwide, especially those in low-resource settings.

The solution utilizes a custom camera system to detect precancerous lesions in a manner that integrates easily into existing clinical practices to minimize obstacles to adoption. Images are captured and sent to a secure server for analysis. The team’s lesion detection algorithm creates a colormap that is layered onto the initial image for easy interpretation by healthcare professionals.



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To help communities thrive, we must harness the power of digitization to create economic opportunity for all. As we continue to understand how quickly technology is changing work and our daily lives, we are creating and expanding initiatives to maximize inclusion.

GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 203-2, GRI 413-1

“Start-Up-Like” Investment for Nonprofits

As a technology company, we believe in harnessing the power of digitization to reach as many people as possible, as well as reaching people who are not yet part of the digital economy. Cisco Public Benefit Investment (PBI) and the Cisco Foundation support nonprofit organizations that leverage technology to support underserved communities around the world.

Like we do for any business customer, we help our nonprofit partners leverage technology to streamline and automate processes for better efficiency and reach to more people; gather and evaluate data for better business intelligence and decision making; and connect people to information, resources, and other people. We discover the best ideas to solve social problems with digital solutions and we help make these concepts a reality and further their impact by providing cash grants, expertise, and Cisco technology donations. Our focus areas are:

- Critical Human Needs and Disaster Relief
- Educational Opportunity
- Economic Empowerment

A Proven Social Investment Model

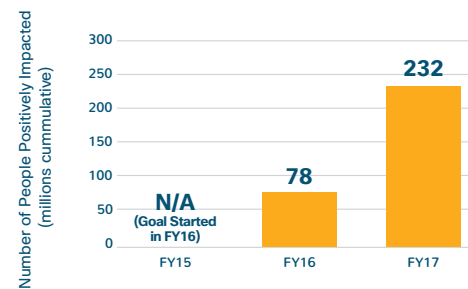
Our ability to have this type of global impact is a result of over a decade of experience in understanding the power of social investments to create a thriving digital economy that benefits everyone. We connect to global problem solvers around the world, investing in innovative solutions that can harness the power of technology to have a lasting impact on the lives of millions of people.

We invest in early stage solutions that use technology to address social and environmental challenges. We focus on early stage solutions because that is where funding support is most needed, and where we can provide the most value with a catalytic impact. We provide seed funding to help new initiatives progress from blueprint ideas and experimentation to proof of concept pilots. Once validated, we support replication and scale of the solution. The end goal is a scalable, financially sustainable solution with demonstrated social impact (Figure 21).

Constant throughout our engagement with nonprofits are the consulting, advisory support, and technical expertise we provide. As nonprofits transition from start-up to being a more “professionalized” organization, we provide guidance on a variety of issues, including governance and operational structure, business planning and strategy development, financial sustainability planning, etc.

Watch a [video](#) that shows how Cisco helps nonprofits develop and scale tech solutions.

Figure 20. Social Investment Impacts



Watch a [video](#) that shows how Cisco helps nonprofits accelerate global problem solving.



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Measurement and Evaluation Framework

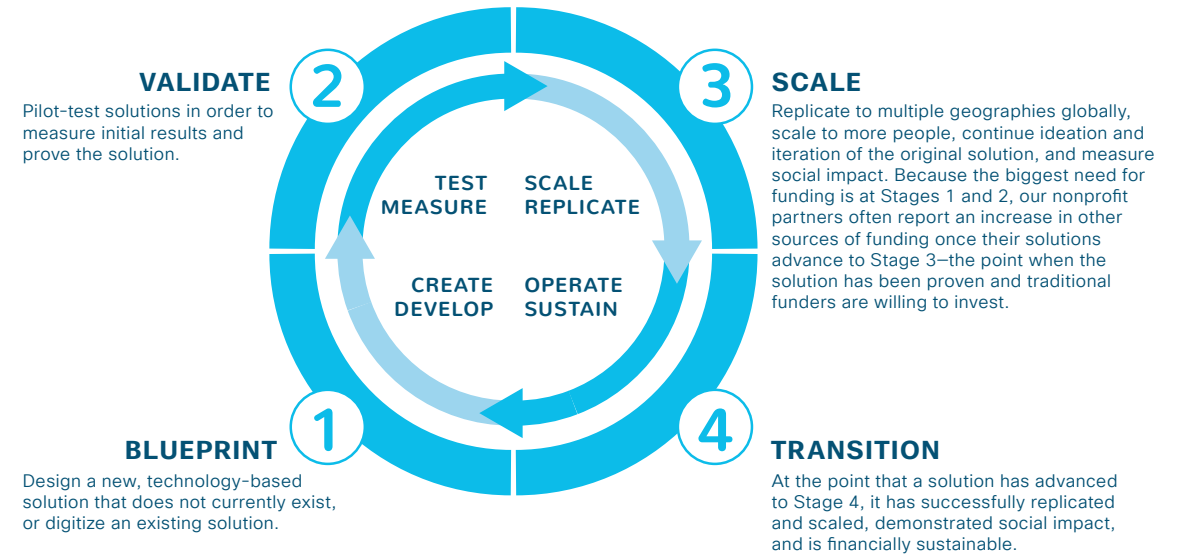
We work closely with our nonprofit partners both to verify that the programs we are funding are on track and to measure the programs' effectiveness and impact. This helps us understand the value and return of our investments, and helps our nonprofit partners improve their offerings to their beneficiaries and demonstrate their impact to their stakeholders and the public. Our nonprofit partners are required to provide quarterly reports that detail their progress against the agreed-upon grant deliverables and impact metrics.

With our ambitious goal to positively impact 1 billion people by 2025, we want the programs we are funding not only to reach many people but also result in deep social impact. We want to measure both breadth of reach and depth of impact – in other words, impact at scale. To measure breadth of impact, all grantees report on the number of people reached by the program we are funding over a 12-month period, as well as the cumulative total from program inception to date. This type of reporting provides valuable information on progress during the grant period, as well as over time.

We have set a goal to positively impact one billion people by 2025.

To measure depth of impact, grantees report on social impact metrics against a standard set of metrics for each of our three investment portfolios: Critical Human Needs and Disaster Relief, Educational Opportunity, and Economic Empowerment. An education program would report not only on the number of people reached by the program but also on portfolio-specific metrics such as STEM proficiency, persistence, and related outcomes. Likewise, an employability

Figure 21. Our Four Stages of Social Investment



See our website for more [social investment impact stories](#).

skills training program funded via our Economic Empowerment portfolio would report on the number of people reached via the training program as well as the number of people employed, change in income, etc. The case of MIND Research Institute provides a good example of our reporting framework: It began as a Stage 2 investment and has grown to a Stage 3 investment. They reach over 1 million students each year (breadth of impact), and have reached over 4 million students to date, with between double and triple increase in the rate of math proficiency (depth of impact).

Watch the [Video](#).

In addition to reporting on the number of people reached and social impact metrics by portfolio, we require grantees to validate that their program continues to meet our requirement that at least 65 percent of program participants are from underserved populations (e.g., low income, vulnerable, or under-represented population groups). Grantees also report on organization- and grant-level metrics (e.g., client satisfaction, retention, partnerships, and customers), as well other stage-relevant metrics. For example, a Stage 1 investment will report on deliverable-type metrics related to design of the initial solution, whereas a Stage 3 investment will report on metrics such as volume and diversity of funding, earned revenue, progress toward sustainability, and replication to other sectors and/or geographies. Finally, grantees often retain outside organizations to conduct third-party evaluations as an independent source of validation.



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Critical Human Needs

Our Critical Human Needs portfolio focuses on reducing food insecurity and increasing access to affordable housing, clean drinking water, and sanitation. We also invest in technology-based interventions to improve the speed, efficiency, and effectiveness of humanitarian relief, and provide support for disasters.

Examples of our nonprofit partners are listed below. See our website to learn more about our social investments for [Critical Human Needs](#).



Ushahidi

Ushahidi is open-source crisis-mapping software that can capture, organize, and share critical information coming from people on the ground. The Ushahidi platform easily crowdsources information from multiple channels, including SMS, email, Twitter, and web reports to give citizens a voice in response to disaster, human rights abuses, or political crisis. The platform creates a database of geotagged and timestamped reports showing a picture of what happened, when, and where.

Ushahidi, which translates to “testimony” in Swahili, was developed in 2008 to map reports of violence in Kenya following the disputed election in late 2007. Cisco first supported Ushahidi in 2009 to help expand the utility and accessibility of the platform. Cisco also supported an upgrade to the platform, to create the cloud-hosted version of the new Ushahidi V3, titled “Ushahidi in the Cloud” so that anyone, even non-developers, could easily access this tool. Cisco also supported development of [CrisisNet](#) and [Roll Call](#).

Most recently, Cisco has supported the development of Ushahidi Responder, which provides more support to first responder organizations using the platform. Rather than just accessing information and then acting on it separately, Ushahidi Responder provides, within the platform, the tools to help organizations gather information, triage, and respond to needs on the ground in the most effective and efficient way. In FY17, Ushahidi reached more than 1 million people. Since Cisco’s early support, the Ushahidi platform has been used in over 140 countries, through more than 100,000 deployments, and has reached more than 20 million people.



World Food Programme

The World Food Programme (WFP) is the world’s largest humanitarian agency fighting global hunger. In 2014, Cisco supported the WFP’s mobile Vulnerability Analysis and Mapping (mVAM) project, which uses mobile technology to track food security trends in real time, providing high-frequency data that supports humanitarian decision making. Cisco helped WFP pilot the use of SMS and interactive voice response (IVR) technology to enable two-way information flows, helping WFP exchange information with some of the world’s most vulnerable communities remotely, rapidly, and affordably. The mVAM program has scaled from its initial pilot in 2 countries to 30 countries, and is conducting about 25,000 surveys per month, with plans to reach 35 countries by the end of 2017.

mVAM offers significant improvements in terms of the cost of data collection and the speed at which data can be collected, analyzed, and given to decision makers. Traditional face-to-face surveys cost \$20-40 per questionnaire to implement, and around six weeks to turn around. By contrast, SMS costs \$3-6 and live calls and IVR cost \$7-9 per questionnaire, with a one-week turnaround time for SMS and two weeks for live calls and IVR. More than 100,000 questionnaires were collected using mVAM, which resulted in more than \$1.9 million in cost savings. In 2017, Cisco provided a follow-on grant to WFP to pilot the use of Chatbots in its mVAM program. **In FY17, the program reached more than 1.4 million people.**

Watch the [Video](#).



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On the Front Lines of Disaster Relief

We have strategic engagements with a number of nonprofit organizations and NGOs—such as the American Red Cross, NetHope, CARE, Mercy Corps, and the UN World Food Programme—that help increase preparedness and provide immediate assistance in the wake of natural disasters.

When major disasters strike, we establish special giving campaigns that allow our employees to donate to relief efforts and increase their impact through matching gifts from the Cisco Foundation. The Cisco Foundation will match up to \$10,000 per employee for every disaster campaign, which is in addition to the \$10,000 in donations that can be matched per employee every year. When campaigns are not launched, employees are often directed to the American Red Cross’ Disaster Relief Funds. We also participate in the American Red Cross Annual Disaster Giving Program (ADGP). Between FY10 and FY17, Cisco Foundation launched 39 disaster campaigns, raising over \$4.2 million in employee donations and Cisco Foundation matches.

Cisco’s Tactical Operations (TacOps) team is critical to our disaster response capabilities, providing emergency communications when traditional communications are degraded or destroyed. By responding to emergencies and natural disasters within the first few days, TacOps often enables agencies to get communications up and running faster than government or local providers can.

“In today’s technology-centric society, communications is aid as much as food, water and shelter. It makes me proud to work for a company like Cisco that puts such a strong focus on corporate social responsibility, and has the people, technology and other resources to make a such a tangible impact on humanitarian relief efforts.”

—Sue-Lynn Hinson, TacOps manager, Cisco.

Cisco TacOps: Winner of the UPS International Disaster Relief and Resilience Award

Our **TacOps Program** encapsulates what we do best—providing connectivity when people need it the most.

In a crisis, communication is everything. Our on-the-ground TacOps team uses technology to help connect and protect people in crisis environments—from refugees to victims of natural disaster. Communication can give the outside world valuable information about the help that is needed, while also helping refugees and victims stay connected with loved ones. Communication is also critical to the relief agencies providing emergency aid; our TacOps team often focuses on establishing connectivity to enable their work and facilitate coordination and management of relief activities.

We have a full-time, dedicated disaster response team, supported by 350 trained employee-volunteers known as the Disaster Incident Response Team (DIRT), who can take two weeks away from their jobs to join TacOps. This expertise along with world-leading technology puts us in a unique position to provide support in emergencies.

The highly skilled and dedicated team can deploy anywhere in the world in three days, equipped with mobile vehicles such as the Network Emergency Response Vehicle (NERV) and portable communications

kits when normal communications infrastructure isn’t functioning.

Since 2005, the team has responded to 45 disasters on 6 continents. This outstanding work was recognised in FY17, with our TacOps program winning the UPS International **Disaster Relief and Resilience Award**.

Coming Soon: Cisco and Mercy Corps

We’ve initiated a five-year, US\$10M agreement with this leading disaster relief NGO active in over 40 countries around the world. Our deepened collaboration will integrate technology into humanitarian and development assistance programs to reach 11 million people to help deliver aid and support faster and more efficiently.



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Educational Opportunity

We are committed to building a digital foundation to improve education in our society. Programs in our education investment portfolio are designed to expand reach, improve outcomes, increase student engagement in STEM, and improve the professional development of teachers worldwide.

In addition to our Networking Academy® program, our education investment portfolio supports the creation and deployment of innovative technology-enabled education delivery models. The focus is to improve both teaching and learning through the use of Internet technology and digitization to expand efficiency and reach. Successful grantees focus on STEM. Their unique solutions address the development of programs or tools that demonstrate applied knowledge or skills to applicable career paths within these fields.

Some examples of our community partners in education are listed here. See our website to learn more about our social investments in [CSR Community Partners](#).

Schools are increasing their technology investments, but research shows it isn't always having the desired impact. As the amount of technology continues to grow, there is insufficient support for teachers to integrate these tools. Teachers, administrators, and staff are challenged with integrating technology into an already overburdened workload.



Generation Yes

Generation Yes (“GenYES”) is a technology support program that prepares teams of students to support K-12 teachers and IT staff as they integrate technology to improve student learning. GenYES has developed the necessary support strategies, online tools, curriculum, and data, which have provided more than 2100 K-12 schools with the foundation to realize their technology integration goals. Cisco recently partnered with GenYES on a project in Yuma, Arizona, where over 1000 students were trained as Student Technology Leaders who provided 1500 hours of tech support translating to \$75,000 in IT expenses. **In FY17, the program reached more than 70,000 people.** [Learn more.](#)

Watch the [Video](#).



War Child

A staggering 1 in 10 of the world's children—more than 230 million—currently live in conflict-affected areas. Classrooms are inaccessible, destroyed, or occupied by armed groups, or children are on the move and have dropped out of school. In fact, 32 million children living in conflict zones are not attending school. Lack of education fuels poverty and unemployment. **War Child** is an international nonprofit that provides programs in education, psychosocial support, and protection for children living in the most conflict-affected areas. In 2016, War Child touched over 380,000 children and youths in highly vulnerable and underserved communities in [Afghanistan](#), [Burundi](#), [Colombia](#), [Central African Republic](#), [Democratic Republic of the Congo](#), [Iraq](#), [Jordan](#), [Lebanon](#), [the Netherlands](#), [Occupied Palestinian Territory](#), [South Sudan](#), [Sri Lanka](#), [Sudan](#), [Syria](#), [Uganda](#), and [Yemen](#).

Cisco began supporting War Child in 2006 with product grants to improve reachability and communications. In 2013, Cisco awarded a series of cash grants to support the Connect.Teaching program in South Sudan, an initiative that improves children's learning through a tablet-based professional development program for teachers. The project currently involves 150 teachers with the aim to improve learning for 7500 children. In FY17, the program is positively impacting over 4500 students. Cisco is also supporting the [Can't Wait to Learn program](#), a unique technology model delivering quality education to children that strengthens in-country education systems, building off of a successful proof of concept in Sudan and replicating it in Jordan and Lebanon. The program was selected by DFID, UNICEF, and UNHCR to join the Humanitarian Education Accelerator. In the next two years, the Humanitarian Education Accelerator will help War Child improve how they measure, evaluate, and scale their impact. They are aiming to reach 65,000 children in four to five states by end of 2020. [Learn more.](#)



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Economic Empowerment

Our economic empowerment programs connect underserved people to relevant skills, meaningful employment, financial products and services, and opportunities they need to thrive in the digital economy. Our investments have helped equip young people with skills, connect them to meaningful employment, and develop viable career paths; enabled people to open savings accounts and secure loans to start small businesses.

Listed here are some examples of how our social investments are positively impacting disadvantaged and under-represented individuals, their families, and their communities. See our website to learn more about our social investments in [Economic Empowerment](#).



Anudip

Hundreds of thousands of jobs are being created as a result of India’s growth in the technology sector. At the same time, under- and unemployment among youth and women is high. **Anudip** is an innovative social enterprise that is leveraging the power of digitization to help people become ready for the digital economy so they can become financially independent and self-sufficient. Anudip provides technical, professional, and business skills training to low-income women and youth, and transitions its graduates into technology-enabled jobs and/or self-employment.

Cisco has supported Anudip to develop a blended learning management system that is technology driven and robust, one that supports Anudip’s capacity, ability to scale, and financial sustainability. We have also supported a 3D printing program that takes the concept of 3D printing to rural populations to help them open 3D printing shops, as well as helping schools set up design labs to produce prosthetics for amputees. Anudip has also become a Cisco Networking Academy site, training students to become networking professionals.

Anudip has equipped more than 70,000 people with professional skills and training, with an 80 percent job placement rate and a threefold increase in family income. This increase in income enables Anudip graduates to support themselves and their families move out of poverty, ensure their financial self-sufficiency, and contribute to local economic growth. On an annual basis, Anudip trains some 10,000 people. Their goals are to reach 100,000 per year and become financially sustainable via earned revenue within 5 years. Anudip’s model shows that the digital revolution can be extended to reach vulnerable populations, so they can have the same opportunities to gain skills, get jobs, and develop a meaningful and successful career. [Learn more.](#)

Watch the [Video](#).



Living Goods

Every year, millions of children die due to lack of access to affordable health products. Living Goods empowers a network of women to improve the health of their families and communities by distributing essential goods to those who need them, all by using the latest mobile and enterprise technology

These health entrepreneurs—known as Community Health Promoters (CHPs)—go door to door teaching families how to improve their health and sell life-changing products. To optimize impact and efficiency, Living Goods CHPs focus on four areas that precipitate the majority of child deaths but can be addressed at a low cost: treating childhood diseases, offering free pregnancy and newborn check-ups, improving nutrition, and promptly referring acute cases to qualified facilities.

A landmark randomized control trial found that Living Goods reduces child mortality by 27%. **The Living Goods model thus delivers a double win: dramatically reducing child deaths for less than \$2 per person per year, while expanding livelihood opportunities for thousands of entrepreneurial women.**

CHPs stay connected to their clients and to Living Goods through a SmartHealth mobile platform developed and launched with seed funding from Cisco. Powerful apps support diagnosis and treatment, and enables Living Goods to track every customer and monitor CHP performance in real time. It is also used to broadcast health messages and money-saving promotions via SMS, which drives better health behaviors and increases demand and sustainability. SmartHealth has transformed the Living Goods business model, enabling them to **scale from reaching more than 3 million people in Uganda and Kenya in FY16, to more than 5.8 million in FY17.** [Learn more.](#)



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Data-Driven Decisions for an Inclusive Digital Economy

Through original research and thought leadership, we strive to drive momentum for the digital revolution. Our unique research can provide a basis for informed decisions for heads of state, universities, and nonprofit leaders to set the direction for social investments and program development.

Pioneering New Measurement Methods

We have developed rigorous new frameworks to evaluate the effectiveness of social investment programs for NGOs, governments, and the United Nations. We apply this same level of discipline to evaluating our own CSR programs and the investments from the Cisco Public Benefit Investment and the Cisco Foundation.

Our research can help states and nations:

- Set the talent agenda for future growth by predicting the digital skills needed and the most effective interventions to address skills gaps and job displacement.
- Pinpoint the supply of skilled labor in specific regions.
- Assess a region's digital readiness and help evaluate when a foundation for meeting critical human needs takes priority.
- Rethink education systems to deliver graduates with the digital skills necessary for the jobs of the future.
- Realize the benefits of digitization for all socioeconomic groups.

Solution Forums

We must work together to develop regional expertise and capacity that enables all people—regardless of socioeconomic background—to master, succeed in, and lead in the digital economy. To this end, we engage in forums that bring together leaders from businesses, governments, nonprofit organizations, and social enterprises that shape and accelerate solutions to societal and environmental challenges.

2017 World Economic Forum

We have been a member of the World Economic Forum since 2002. In January 2017 we attended their annual meeting in Davos, Switzerland, as part of our commitment to helping individuals, organizations, and governments better their societies through digitization. The forum provided an opportunity to engage with more than 3000 global leaders, including 1800 of the world's largest companies and more than 300 public figures.

The theme was Responsive and Responsible leadership; where in a divided world, leaders have a responsibility to deliver on a sustainable and equitable future for all. Cisco participated in and led discussions focused on employment, skills and human capital,

economic growth and social inclusion, the environment and natural resource security, and the future governance of the Internet.

During the IT governors meeting in Davos, under the chairmanship of Cisco CEO, Chuck Robbins, IT Industry member companies came together to collectively respond to the shifting needs in the labor force and committed to an IT Skilling initiative. The initiative will include an online skills portal that centralizes some of the member companies' educational/training offerings and career resources. The intent of the initiative will be to help individuals understand the changing employment landscape, discover what skills will be needed for new opportunities in the digital economy and help them to easily locate IT education/training resources to obtain new skills.

Cisco's ongoing commitment highlights how businesses, governments, organizations and individuals are coming together to create solutions to address society's greatest challenges.

Stay Tuned: New Research with Gartner/Oxford Being Released Soon

We are getting ready to release the findings of two comprehensive proprietary studies on measuring and accelerating digital readiness of 180 countries and 50 U.S. states. They will include an in-depth look at how technology will affect the U.S. labor market over the next ten years, how jobs will evolve, and which skills will be most in demand for workers.



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Our products and solutions connect to virtually everything, enabling us to create unprecedented opportunities for our customers and communities. Through our technology, our values, and our business practices, we create jobs, make cities smarter, and enhance health and education. At the same time, we recognize that technology can be used to different ends; for example, to enable or impede communications, to protect or impair privacy. Human rights concerns such as labor rights, data security, privacy, and freedom of expression cannot be ignored.

Our Approach

Conducting business in an ethical manner is part of our DNA. We believe it is our responsibility to continually improve how we integrate human rights principles and practices across our operations, business relationships, products, and services. Our five areas of focus are policy, governance, stakeholder engagement, training, and advocacy.

Human Rights Policy

Our [Human Rights Policy](#), which we have maintained since 2012, is informed by international human rights frameworks, including the Universal Declaration of Human Rights (UDHR), the International Labour Organization (ILO) core labor standards, and the UN Global Compact. The policy reflects our commitment to apply the UN Guiding Principles on Business and Human Rights, which clarify the relationship between the state's duty to protect human rights and the corporate responsibility to respect human rights.

We review our policy annually to ensure it reflects best

practices. In FY16, the policy was updated to include messaging from CEO Chuck Robbins which signaled commitment to this policy from the highest level in the organization.

Human Rights Governance

We use a formal, company-wide governance structure to implement our commitment to human rights. Mark Chandler, Senior Vice President, General Counsel and Chief Compliance Officer, is the executive sponsor of human rights at Cisco. Our Human Rights Working Group includes experts from across the global business, including Supply Chain, Security and Privacy, Inclusion and Collaboration, Government Affairs, Community Relations, Marketing and Communications, Investor Relations, and Corporate Affairs.

The Human Rights Working Group (HRWG) proactively identifies and responds to the company's most significant Human Rights risks, opportunities, and impacts across our business operations, products, sales and services, and supply chain. In FY17 we reviewed our overall HRWG governance and

management strategy and established a new charter to guide our activities. The HRWG will:

- Be a place where external stakeholder perspectives are fed back into the company for review and consideration.
- Inform our Human Rights Strategy and track progress on a quarterly basis.
- Act as champions for Human Rights in their respective functions and with external stakeholders.
- Review and inform our Human Rights Policy.
- Communicate our progress via the annual CSR Report, stakeholder engagement, and the Cisco Audit Committee (as needed).

Human Rights Stakeholder Engagement

We regularly collaborate with stakeholders on human rights issues to measure the ongoing effectiveness of our work and gauge expectations. Collaborations include the following:

- We are an active participant in the Business for Social Responsibility (BSR) Working Group on Human Rights, a forum for companies from all industries to share ideas and exchange best practices. We work closely with BSR to continually improve our human rights program; in FY17, BSR facilitated our external human rights stakeholder engagement meeting and our first Supply Chain human rights impact assessment.
- We play a leading role in driving ethical sourcing practices as a member of the Responsible Business Alliance (formerly known as the Electronic Industry Citizenship Coalition). For more information about our involvement with the RBA, see [RBA Membership](#) in the Governance chapter.



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- We support the principles of the Global Network Initiative (GNI), which apply to operators of public Internet access networks, and include them in our contracts and processes where applicable.
- We meet with analysts, investors, and customers throughout the year to inform them of our approach to human rights and address their questions.

In FY17 we convened an external stakeholder engagement meeting in Washington, DC, to address the relationship between human rights and the future of the Internet. Topics included multi-stakeholder Internet governance, Internet security and privacy, trust and transparency, and open and global product standards.

Human Rights Training

To help our employees deepen their understanding of the relationship between technology and human rights, we've updated our training to include more impactful messaging, real-life scenarios, and a mandatory quiz. This training introduces the basic concepts of human rights, and reviews core elements of our policy and how those elements apply to our employees and their work.

This training is required of all employees who work in business functions most likely to have direct engagement with human-rights-related business decisions, such as our sales, services, and supply chain teams. In FY17, there was a 96-percent completion rate among employees required to take the training, an increase of 22 percent from FY16. We offer this training bi-annually to full-time employees, and to new employees on an ongoing basis.

96% of required Cisco employees completed human rights training in FY17.

“We are focused on driving respect for human rights throughout our value chain—from global Internet governance to the rights of our employees and those of our suppliers.”

—Mark Chandler, Senior Vice President, General Counsel, and Chief Compliance Officer; Executive Sponsor of Cisco's Human Rights Working Group

Human Rights Advocacy

We recognize the role we can play in increasing the community of organizations that are able to promote, defend, and discuss a free and open Internet. We are becoming increasingly vocal in policy, diplomatic, and standards-setting channels about our support for open and global product standards, and we take a multi-stakeholder approach to Internet governance. Recognizing the importance of listening to diverse points of view, Cisco was a sponsor of RightsCon 2017 in Brussels, where we led panel discussions and engaged with a variety of stakeholders. While significant progress has been made in recent years, it is essential to continue bridging gaps between the human rights and technology communities.

Our Priorities

We organize our human rights priority issues around ethical conduct, data security and privacy, and digital rights. Figure 22 illustrates our specific focus within each priority area.

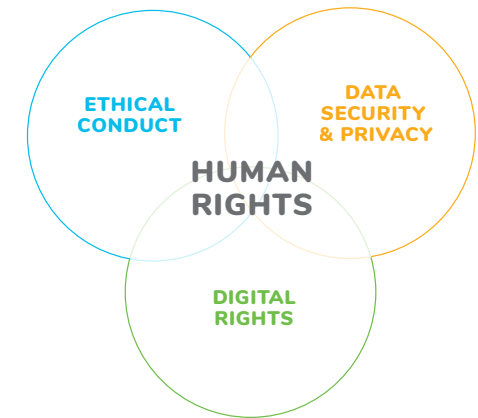
Ethical Conduct

Ethical conduct in our business operations and supply chain is the cornerstone of our human rights priorities.

The rights of Cisco employees are enshrined in our **Code of Business Conduct** and in policies and guidelines that direct our day-to-day activities and business decisions. These policies and guidelines

incorporate relevant laws and ethical principles that employees can relate to their daily activities, including privacy, avoiding conflicts of interest, respecting others, using company resources responsibly, non-discrimination, immigration, fair pay, freedom of expression, and responsibility to report ethical concerns.

Figure 22. Human Rights Priorities



ETHICAL CONDUCT	DIGITAL RIGHTS	DATA SECURITY AND PRIVACY
Non-Discrimination, Diversity, and Inclusion	Freedom of Expression and Privacy	Security and Privacy by Design
Code of Business Conduct	Global Product Standards	Securing the Cloud
Global Anti-Corruption Policies	Multi-Stakeholder Internet Governance	Compliance
Ethical Sourcing	Policy Advocacy for a Free and Global Internet	Providing Transparency
Supplier Code of Conduct		Promoting Security Awareness
Employee Wellness, Health, and Safety		



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Ethical sourcing is an important facet of our ethical conduct strategy. Suppliers must acknowledge their commitment to our **Supplier Code of Conduct**, which is based on the Supplier Code of Conduct put forth by the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition. The RBA Supplier Code of Conduct promotes worker safety and responsible labor practices, environmental sustainability, and ethical business practices. Through our **Conflict Minerals Policy**, we aim to ensure our sourcing of materials does not support human rights violators.

Additional details on [human rights in the supply chain](#) can be found later in this chapter. Details on the governance of our supplier audit process are available in our [Governance chapter](#).

Other salient human rights issues are addressed in relevant sections in [The Details](#), including our commitments to ethics and anti-corruption and how our human rights commitments apply to our people.

In 2017, our technology blocked more than 20 billion threats per day.

Data Security and Privacy

GRI 103-1, GRI 103-2, GRI 103-3, GRI 418-1

Security and Our Employees

Data security starts with our people's awareness. Nearly one-third of our employees are certified in the Security Ninja training program. Their thorough understanding of information security, data protection and privacy policies, secure development, and value chain security creates a security-aware culture.

Security is everyone's responsibility. Privacy and security are included in our Code of Business Conduct and privacy and security trainings, and resources are available to all our employees and contractors. The **Cisco Data Protection Program** helps our people understand the risks of customer data and their role in protecting all data.

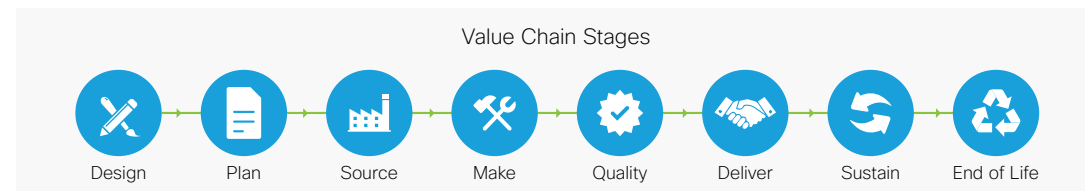
Pervasive Security

Increased connectivity means increased complexity. We build security into every level of our solutions and services. We want to create a chain of trust for systems and their individual components.

Our **Secure Development Lifecycle** (SDL) process has been in place for more than 10 years. Compliant with ISO 27034, the SDL provides a solid foundation to address constantly evolving security threats. By engineering privacy into our technology, policies, and processes we provide more authorized control over personally identifiable information—including who uses it and why.

Security, though, is not just about design. It is essential throughout the value chain, from design, production, operations, and use to end of life. Through our **Value Chain Security Program**, we manage security risk from development to end of life—whether the impact is technical, operational, or human. Our **Trust Anchor** and Secure Boot technologies validate our software and check that code is authentic and unmodified.

Figure 23. Value Chain Stages



Our greatest challenge is staying ahead of attackers. To do so, we attack our own enterprise. Eighty of our penetration testers are dedicated to attacking our products and systems. They uncover vulnerabilities so we can resolve them before anyone else can exploit them.

We also test our people. As security software becomes more sophisticated, attackers find new ways to gain access. Many security threats originate from phishing emails. Last year, we sent 500,000 internal test phishing emails to our own employees, testing and raising awareness of phishing techniques and potential incoming threats.

Our security response team manages the response to threats. **Talos**, our industry-leading threat intelligence team that collects information about existing and developing threats, reviews 1.5 million malware samples per day. All Cisco security products use Talos threat intelligence, providing fast and effective security solutions.

Compliance and Assurance

We have achieved ISO 27001 certification across our entire services business. This is the global, industry-wide specification for an Information Security Management System (ISMS). Achieving this certification means our security policies and procedures have been independently verified, giving our customers peace of mind that we are protecting their data.



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The European Global Data Protection Regulation (GDPR) is already active under the EU rule and Cisco has programs in place to ensure business continuity for Cisco and our customers when enforcement begins in May 2018. This is built on our previous work with Privacy Shield. Cisco has a corporate team that manages compliance with data protection and privacy regulations. They are supported by a global program for reporting and tracking incidents.

In FY17 we did not have any data breaches that caused cognizable harm or resulted in legal/regulatory action. Our time to detect (TTD) a breach is 6.05 hours, compared to an industry average of 100 to 200 days.

Our commitment to compliance goes beyond legal requirements. We voluntarily support industry-led initiatives, including Common Criteria, Online Privacy Alliance, TRUSTe, the EU/Swiss-US Privacy Shield, and the APEC Cross Border Privacy Rules system.

Promoting Security Awareness

Our **Trust Center** provides transparency and information to help our customers and others manage security. This includes a biannual cybersecurity report that details requests or demands for customer data from law enforcement and national security agencies worldwide. We share information and research about cybersecurity and threats through the **Cisco Security blog**, and our security advisories and alerts report threat outbreaks and vulnerability activities.

These challenges are industry wide. We share experiences and collaborate with security and privacy organizations, including:

- Cloud Security Alliance
- Health Information Trust Alliance
- National Cyber Security Alliance
- Payment Card Industry Board of Advisors
- International Association of Privacy Professionals

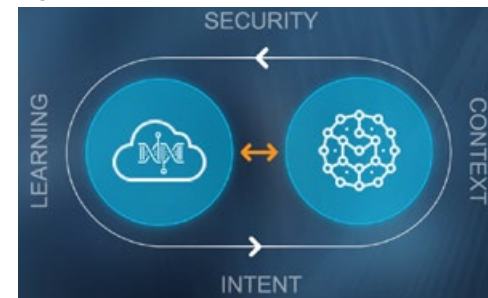
Figure 24. Our People in the Security Equation



Security for the Future, Now

Data security evolves constantly. And so must we. We're leading the way with our Network Intuitive, **intent-based networking** that uses machine learning to recognize intent and mitigate security threats. Intelligent, highly secure, powered by "intent," and informed by "context," the Network Intuitive constantly learns, adapts, automates, and protects to optimize the network and defend against threats. Customers can detect threats in encrypted traffic, creating security while maintaining privacy. With the Network Intuitive, we continue our focus in the areas of cloud and IoT via research, acquisition, and innovation (Figure 25).

Figure 25. The Network Intuitive



Today, individuals and organizations must deal with multiple clouds. Providing a coherent, uniform security policy can be a challenge. We're responding to new networking realities with products such as **Cisco Umbrella** that secure users, data, and applications in the cloud.

The IoT only increases this complexity. By 2030, 500 billion devices and objects will be connected to the Internet. Artificial intelligence and automation add yet another layer. We are exploring ways we can use blockchain technology to secure our networks. We have joined some of the industry's most innovative blockchain startups and enterprises to launch the Blockchain IoT Protocol Initiative. This group will agree on common blockchain protocols and standards.

Security is one of the fastest growing areas of our business. We acquired seven companies in 2017, including cloud security specialist Cloudlock. From next-generation firewalls to cloud security, we are driving security forward.



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Digital Rights

GRI 103-1, GRI 103-2, GRI 103-3, GRI 416-1, GRI 416-2

Digital Rights: Freedom of Expression and Privacy

The rights to freedom of expression and privacy are fundamental to business and society. The Internet has transformed these rights, allowing billions of people to access information previously unavailable to them—and we are proud of our role in this. However, access is not yet universal.

Our goal is to expand access to information and promote innovation. We build our products on the open, global standards we believe are critical to overcoming censorship, protecting privacy, and keeping the world connected. We are strongly committed to a standards-based global Internet that maximizes the opportunities for freedom of expression. We are guided by the following principles:

- We do not participate in business activities that would aid repression.
- We do not support attempts by governments to fragment the Internet or create a “closed” Internet; such attempts undermine fundamental human rights, including the right to freedom of expression.
- We do not customize or develop specialized filtering capabilities to enable regimes to block access to information.
- We do not supply or support mediation equipment that allows the interception of telephone calls made over the Internet using Voice over Internet Protocol (VoIP).
- We do not deliberately build backdoors into our products, and we do not knowingly enable backdoors in our products.

Individuals, companies, and countries make their own decisions with respect to how they operate

networks and network security in terms of protecting the network or users from attacks. Because of this, network operators have a great deal of latitude: They can block access to particular websites or copy and download user communications. Operators must also be able to identify the protocols used for different types of traffic, and only they are able to shut down such networks.

We believe that the threat to freedom of expression and Internet freedom today resides not in standardized equipment, but in efforts to adopt special protocols that deviate from global norms and efforts to enable special censorship or filtering systems. We have worked in opposition to such efforts and will continue to do so. To protect individuals’ information, we advocate that users should have access to workable encryption, and we have opposed the efforts of some governments to block users from adequate encryption.

Digital Rights: Product Use

We believe our role in providing greater access to the Internet is critically important and that operating in most countries brings more benefits than if we were not present. In all countries where we do business, our technology and systems, whether they are sold directly or through local partners and service providers, include the same standard Internet-access equipment and network management capabilities that are used by public libraries in the United States, which include such capabilities as blocking inappropriate content for children.

We also believe in an open Internet where people can access the same information no matter where they are in the world. We design our products and services to enable this access while safeguarding human rights. Our commitment to an approach that balances protecting user data privacy and the rule of law is further demonstrated by our support for the LEADS Act introduced to the U.S. Congress earlier this year. We will continue to support legislation that is an

appropriate response to the modern innovation era, which generates great technological advances that need to be used and regulated responsibly.

Despite these efforts, it has been alleged that some customers in some countries have misused our technology. In some cases, awareness of the fact that a government does not respect the open Internet is confused with complicity in efforts to limit communications or repress freedom, even where the equipment being supplied is standards-based, non-customized access equipment that is necessary to facilitate communications.

Our technology and systems can also play an important role in helping to promote public safety—through crime prevention assistance, for example—but we recognize that there is a growing concern about the use of networking equipment for improper surveillance that would violate individuals’ privacy rights.

Digital Rights: Internet Security

Today there is undoubtedly a tension between security and freedom. We want governments to detect and disrupt terrorist networks while protecting their citizens’ basic human rights.

Cisco does not work with any government, including the U.S. government, to weaken our products. As a part of our normal course of product development, we spend a great deal of energy designing products in ways that avoid vulnerabilities, and then attacking those same products through testing to proactively identify security issues before attackers might. When we learn of a security vulnerability in a product or service, we respond by validating it, fixing it, and informing our customers. If a customer’s security has been impacted by external forces, we react the same way, regardless of the origin of the security breach. We offer customers robust tools to defend their environments against attack—and to detect attacks when they are happening.



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Human Rights in Our Supply Chain

GRI 103-1, GRI 103-2, GRI 103-3, GRI 408-1, GRI 409-1, GRI 412-1, GRI 412-2, GRI 412-3, GRI 414-1, GRI 414-2, GRI 416-1, GRI 416-2

At Cisco, labor standards matter. Not only is respecting human rights in our supply chain an expectation of our customers, employees, and other stakeholders, it is also a means by which we reflect our corporate values. We are using digitization to more deeply understand how enforcing our Supplier Code of Conduct impacts our manufacturing footprint and wider supply chain ecosystem. Our objective is to embed our insights into the business so we can better identify areas where we can make the biggest difference.

The RBA (formerly EICC) Supplier Code of Conduct is the foundation of our [supplier engagement processes](#). While we remain committed to auditing per the RBA protocol, we recognize its limitations. We are working to improve root cause issues, and promote continuous improvement through a greater focus on remediation and capacity building, and by evaluating our longer-term strategy. In FY17, Cisco conducted our first Human Rights Impact Assessment of our Supply Chain to identify gaps and opportunities in our current program and to highlight where we need to

reinvest to stay ahead of human rights challenges. See more detail on our [Human Rights Impact Assessment](#).

Audits

During FY17, we audited 53 supplier facilities through a third-party auditor. We prioritize high-risk supplier facilities for site audits using the RBA self-assessment process. We aim to audit all high-risk manufacturing facilities and component suppliers every two years, and once again met our RBA commitment to audit at least 25 percent of our high-risk suppliers in FY17. While all audits in FY17 were announced, we do conduct unannounced audits as necessary. The results of these audits are shown in [Table 10](#).

Auditors use the RBA's standard protocols and audit tools to review documentation, conduct site tours, and assess how suppliers monitor their own suppliers. We share our audit findings with other RBA member companies through the RBA-ONLINE platform.

If findings are identified, the supplier must produce a corrective action plan and then provide evidence that it has been implemented. They must address priority

issues within 30 days and all other findings within 180 days unless the issue requires long-term improvement plans, such as the monitoring of working hours. We work closely with suppliers until performance improves and conduct a follow-up audit if needed. During FY17, more than 82 percent of corrective action plans were addressed and closed within the RBA-prescribed timeframe, up from 80 percent in FY16.

Starting in FY18, all key suppliers will be required to complete an annual self-assessment questionnaire, pay for their own third-party audit every two years, and submit the audit through RBA-ONLINE. We will pursue additional audits with high-risk, non-key suppliers based on our risk assessment methodologies.



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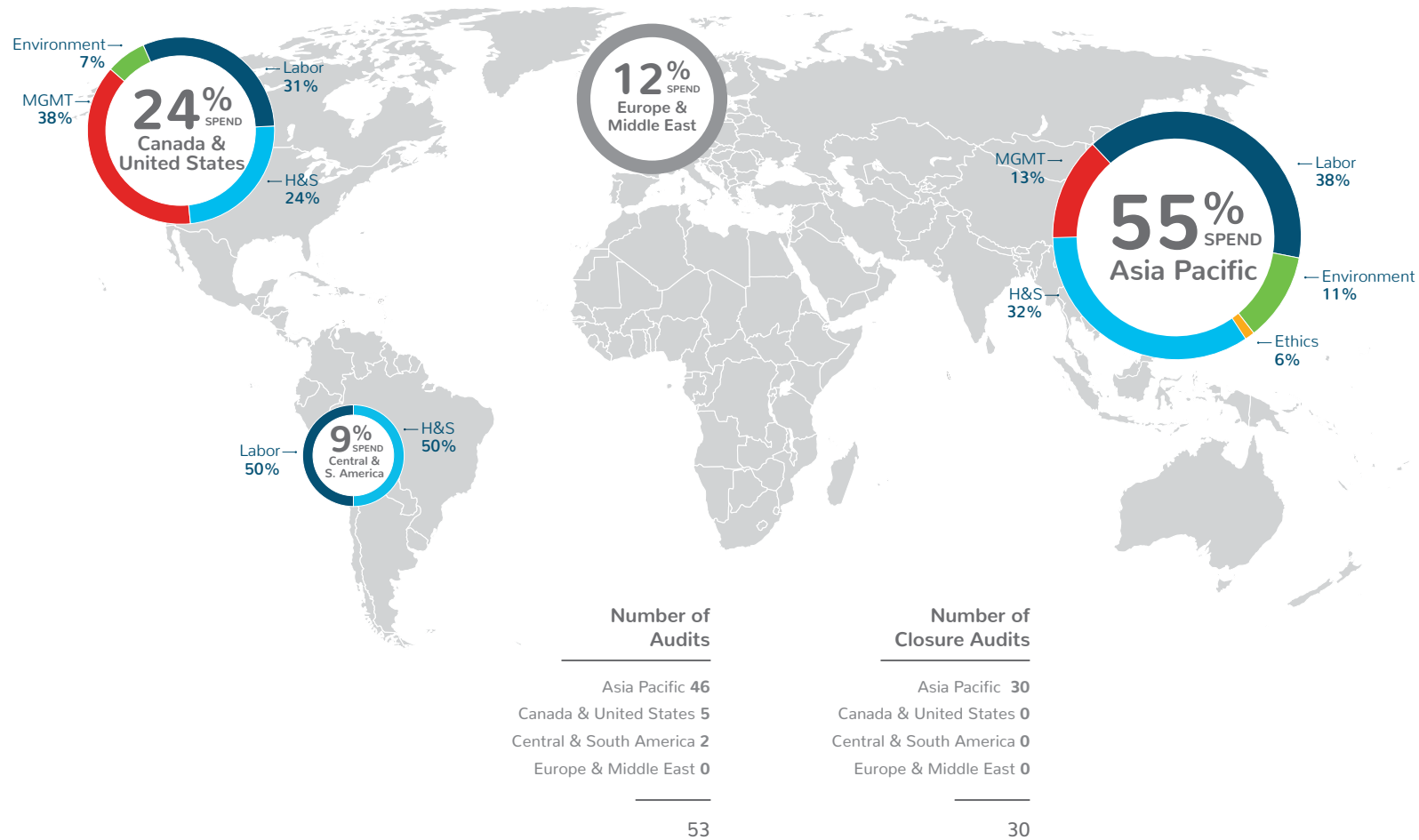
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Figure 26. Supply Chain Global Operating System Percent Spend and Key Audit Findings by Region





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Supplier Audit Findings

RBA audits are valid for two years. Since most Tier 1 facility audits were within the 2-year period of validity, 49 of the 53 audits we conducted in FY17 were of Tier 2 suppliers' sites. The percentage of audit elements resulting in a finding rose slightly to 11.7 percent (from around 10 percent in FY16). This aligns with the increased number of audits of commodity suppliers because commodity suppliers are usually smaller and subject to audit less often—49 this year compared to 37 in FY16. The most frequent priority audit findings in FY17 were working hours, health and safety, freely chosen employment, and wages and benefits. See [Table 10](#) for all audit findings.

For information on environmental audit findings see the [Environment section](#).

Beyond Auditing

While audits are a valuable tool, we recognize that we cannot effectively manage our supply chain risks through the auditing process alone. Our focus areas in FY17 (detailed below) are helping us go beyond the audit—expanding our digitization efforts to understand and monitor our supply chain and supporting industry-wide initiatives on raw materials sourcing. We have also turned the spotlight on our operations, assessing our processes to improve our approach to managing human rights risks in our supply chain and refocus our priorities. These all promote our focus area from FY17 to respect the rights of vulnerable workers.

Human Rights Impact Assessment in Our Supply Chain

To understand our impact, we commissioned BSR to conduct our first Human Rights Impact Assessment (HRIA) of our supply chain. We wanted to identify our human rights impacts risks and opportunities, identify

Figure 27. Human Rights Impact Assessment Process Results

Human Rights Impact Assessment Process Results



how they can be managed, and understand how we perform against the [UN Guiding Principles on Business and Human Rights](#) (UNGPs).

The study concluded that our current supply chain assessment and audit process identifies actual and potential human rights impacts with a high degree of thoroughness and conforms to a majority of the expectations of the UNGPs. We had identified the most severe risks as relating to working hours, emergency preparedness, freely chosen employment, young workers/child labor, and wages and benefits. BSR's assessment added privacy and raw materials sourcing to this list.

As well as evaluating our current program, the HRIA highlighted opportunities too. As a result of the assessment, we plan to:

- More thoroughly integrate Cisco-specific risk factors, which will help us react more quickly and appropriately.
- Utilize emerging technologies to focus our efforts to improve outcomes.
- More intensively monitor the longer-term human rights impacts of automation in our supply chain, including artificial intelligence, machine learning, big data, and the Internet of Things (IoT).



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Using Digital Solutions to Advance Factory Capacity Building

Using automated, data-driven efforts to measure performance is a key priority. To support our expanded audit requirements for suppliers in FY18, we worked with the RBA to build an interface that delivers real-time audit data from suppliers sharing audits with us on RBA-ONLINE.

Previously, we were limited to data from audits that Cisco commissioned with suppliers. The new interface allows us to see data from key suppliers in real time—going beyond a single audit to understand and manage risk at a deeper level. Dashboard analytics allow us to see concentrations of audit findings by categories such as geography or commodity. These dashboards are available to the supplier responsibility team and the central sourcing teams—getting the right data in front of the right stakeholders to improve programs and outcomes.

Making better sense of the data is giving us deeper insight into our supply chain and the nuanced differences across regions and facilities within it, allowing us to identify and manage risks and solutions more effectively. By focusing on the highest-risk areas of our supply chain and responding to regional variations, we are making real improvements across code-related challenges.

More audit data leads to more opportunity for corrective action and capacity building. To help support suppliers in making improvements and addressing specific audit findings, we direct them to use the RBA Learning Academy. Internally, we provide supplier-facing employees around the globe with training on Code fundamentals and guidance on how to embed sustainability into their roles.

Our ongoing digitization efforts will continue to enhance supplier and employee access to learning tools. We are using technology and regular engagement between supplier management, factory workers, and Cisco employees to optimize resources and quickly gather insight, build capacity, and measure improvement.

Protecting the Most Vulnerable Workers in the Supply Chain

Audits remain the first step in identifying and respecting the rights of the most vulnerable workers in our supply chain. We require key suppliers to submit audits, so that we can focus our efforts on suppliers that are deemed higher risk based on topics specific to our supply chain, such as product type, geographic region, and publicly available social development indices through organizations such as the World Bank and the United Nations. The extended workforce can be affected by multiple challenges including ineffective representation, unequal earnings, inadequate social security, and difficult conditions of work that might undermine fundamental rights. We want to target our programs to help these vulnerable workers wherever they may be in the supply chain.

Occasionally, something happens outside of our traditional Supplier Engagement Process that needs our attention. For example, we are working closely

Table 8. Number of Workers Covered in Audit Program*

	Number of workers
FY17	366,657
FY16	308,315
FY15	172,656
FY14	126,638

* Accumulated figure.

with site engineering teams who may identify a Code violation in a factory that was not subject to an audit. If we are alerted to any urgent issues, our team visits the sites and provides coaching to the appropriate staff to help remedy the compliance issue as quickly as possible.

We're working on automating these processes so that issues don't fall through the cracks. By digitizing this process, we can make sure that incidents are managed by the right people, and we can track the incident to see how long it takes to resolve the issue.

Our goal to benefit 100 percent of our supply chain workers using digital solutions by 2020 is underway. We estimate our audit program touched more than 300,000 manufacturing employees worldwide in FY17. Table 8 shows the number of workers that have been directly impacted by our audit program. However, we realize that auditing is not the only means to touch our extended workforce, which is why we're developing complimentary solutions using what we're best at—our technology—to scale our impact.

Supporting an Industry-Wide Approach to Address Issues Related to Raw Materials Sourcing in the Supply Chain Sub-Tiers

We are committed to the ethical sourcing of components and materials (see our [Conflict Minerals Policy](#)). This fits our values and helps us to meet the expectations and requirements of our customers, government regulators, and other stakeholders. With this in mind, we have expanded our Conflict Minerals Program to become a Raw Materials Sourcing Program, which now includes additional minerals such as cobalt.

Responsible sourcing of raw materials is a global issue and, despite our influence, one we cannot solve alone. To maximize our impact, we are working closely with



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Table 9. Smelters and Refiners Active in Responsible Materials Assurance Process (RMAP)

	Previous percentage Validated or active (CY14)	Previous percentage validated or active (CY15)	Number validated or Active (CY16)	Current percentage Validated or active (2016)	Total smelters or refiners, by conflict minerals (CY16)
Gold	32%	73%	100	75%	134
Tantalum	70%	100%	44	100%	44
Tin	22%	86%	73	91%	80
Tungsten	52%	88%	41	93%	44

* Includes smelters or refiners that are potential sources of tungsten, tantalum, tin, and gold (3TG).

the Responsible Minerals Initiative (RMI; formerly the Conflict Free Sourcing Initiative) to drive cross-industry engagement and solutions on the ethical sourcing of raw materials.

We are closely engaged with our suppliers and have received due diligence reporting from suppliers representing more than 99.4 percent of our direct spend. In 2016, 85 percent of the identified smelters and refiners in our supply chain for current product on the market had been audited or were active in the Conflict-Free Smelter Program (CFSP) audit process. We publish guidance to our suppliers and rely on our direct suppliers to evaluate their own supply chains to understand which smelters or refineries provide the 3TG metals in our products. To do this, we use the Conflict Minerals reporting template (CMRT) developed by the RMI, after conducting in-depth analysis and assessment of the smelter and refineries, these are in turn communicated in Cisco's Conflict Minerals Reporting Template (CMRT) back to its customers. To request a CMRT report from Cisco please send an email to conflictminerals@external.cisco.com and include your company name and contact information.

In addition, the total number of identified smelters or refiners in our supply chain has declined by 4.2 percent from the previous year. This change is associated with efforts within the RMI around smelter identification, as well as supplier behavior changes as suppliers have removed smelters from their supply chain or changed sourcing habits. The results achieved this year have greatly improved based on efforts made in the industry and by our supply chain.

We included Conflict Mineral Status in dashboards created for our central sourcing teams to help drive more educated decision making and drive performance increase. As leading industry players continue to understand and evolve within the complex arena of conflict minerals, it's clear there is still a long way to go in the realm of ethical sourcing when considering extended producer responsibility and developing industry-wide strategies to address solutions.



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**Responsible Sourcing
And Manufacturing****Table 10.** Categorization of Audit Findings in FY17

	Total Component SupplierS	Total Contract ManufacturerS	Findings Identified as Priority ¹	Findings Identified as Major ²	Findings Identified as Minor ³	Total Number of Audit Elements ⁴	% of Audit Elements Resulting in Findings
Labor			21	96	101	1,537	14.18%
Freely chosen employment	19	2	5	11	5		
Young workers/child labor	4	0	1	2	1		
Working hours	114	25	9	51	79		
Wages and benefits	21	4	4	16	5		
Humane treatment	1	0	0	0	1		
Non-discrimination	17	2	2	9	8		
Freedom of association	9	0	0	7	2		
Ethics			0	8	22	530	5.66%
Business integrity	4	1	0	2	3		
No improper advantage	10	0	0	2	8		
Disclosure of information	0	0	0	0	0		
Intellectual property	1	0	0	0	1		
Fair business, advertising, and competition	5	0	0	2	3		
Protection of identity	8	0	0	2	6		
non-retaliation	0	0	0	0	0		
Privacy	0	1	0	0	1		
Health and Safety			4	116	65	1,060	17.45%
Occupational safety	30	4	0	21	13		
Emergency preparedness	52	5	2	43	12		
Occupational injury and illness	25	4	0	14	15		
Industrial hygiene	15	3	1	9	8		
Physically demanding work	0	1	0	1	0		
Machine safeguarding	3	1	0	1	3		
Food, sanitation, and housing	30	7	1	25	11		
Health and safety communication	4	1	0	2	3		



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**Responsible Sourcing
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	Total Component SupplierS	Total Contract ManufacturerS	Findings Identified as Priority ¹	Findings Identified as Major ²	Findings Identified as Minor ³	Total Number of Audit Elements ⁴	% of Audit Elements Resulting in Findings
Environment			0	44	20	742	8.63%
Environmental permits and reporting	8	1	0	6	3		
Pollution prevention and resource reduction	2	0	0	1	1		
Hazardous substances	24	3	0	19	8		
Wastewater and solid waste	7	0	0	4	3		
Air emissions	3	1	0	2	2		
Materials restrictions	0	0	0	0	0		
Stormwater management	11	2	0	10	3		
Energy consumption and greenhouse gas emissions	1	1	0	2	0		
Management System			0	27	57	848	9.91%
Company commitment	2	0	0	1	1		
Management accountability and Responsibility	7	0	0	2	5		
Legal and customer requirements	4	0	0	2	2		
Risk assessment and risk management	11	1	0	2	10		
Improvement objectives	8	0	0	2	6		
Training	5	1	0	2	4		
Communication	5	0	0	0	5		
Worker feedback and participation	3	0	0	1	2		
Audits and assessments	5	0	0	2	3		
Corrective action process	5	0	0	2	3		
Documentation and records	1	0	0	1	0		
Supplier responsibility	25	1	0	10	16		

1. Priority finding: A major non-conformance with significant and immediate impact.

2. Major finding: A significant failure in the management system that renders established processes or procedures ineffective.

3. Minor finding: Typically an isolated or random incident that does not necessarily indicate a systemic problem with management systems.

4. Total audit elements: The total number of audit elements with the potential for a finding for the 53 FY17 audits.



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Table 11. Audit Findings by Country

Location/Category	Labor	Environment	Ethics	H&S	Management System	Total	Number of Initial Audits	Number of Closure Audits
China	134	48	8	129	39	358	32	20
Malaysia	33	9	13	18	19	92	5	4
Mexico	1	0	0	1	0	2	2	
Philippines	7	0	0	0	1	8	2	
South Korea	6	2	2	3	2	15	1	2
Taiwan	9	1	2	5	3	20	4	1
Thailand	15	1	5	19	4	44	2	3
USA	13	3	0	10	16	42	5	
Total	218	64	30	185	84	581	53	30



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Environment Roadmap

Because Cisco has a significant role in the enablement of the Internet of Things we are uniquely suited to help address environmental issues stemming from the disruption of the earth's cycles:

- Carbon cycle: Reduce energy consumption and increase energy efficiency to help mitigate long-term climate change caused by fossil fuel use and increasing greenhouse gas (GHG) emissions. [\[Energy and Greenhouse Gas Emissions\]](#)
- Resource cycle: Use the earth's resources more efficiently to reduce the impact of resource extraction and disposal. [\[Circular Economy\]](#)
- Biological cycle: Promote species conservation by reducing poaching in the world's game reserves and national parks. [\[Connected Conservation\]](#)

Through engagement with our employees, business partners and the power of the network we can make the greatest impact in these three areas.

Energy and Greenhouse Gas Emissions

Our GHG reduction goals are concentrated in four areas: operations, supply chain (extended operations), products, and solutions.

Operations

In FY17, we met our second 5-year GHG reduction **goal** by reducing our worldwide Scope 1 and 2 GHG emissions more than 40% in absolute terms (FY07 baseline). In addition, we established two new 5-year **goals** for reducing GHG emissions in our operations.

- Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 60% absolute by FY22 (FY07 baseline).
- Use electricity generated from renewable sources for at least 85% of our global electricity by FY22.

These goals are based on the work of scientists contributing to Intergovernmental Panel on Climate Change (IPCC) reporting and *The 3% Solution report*¹ in order to limit global warming to the 2°C threshold.

Extended Operations (Supply Chain)

To have a direct stake in supplier GHG reduction, we are driving supplier tracking and reporting of GHG emissions. At present, our manufacturing partners and logistics providers, as well as 74 percent, by spend, of our component suppliers, have set reduction goals. We encourage our suppliers to report to **CDP**, which builds more transparency into our supply chain.

In FY16, we set a **goal** to avoid 1 million metric tonne cumulative of supply chain GHG emissions by 2020 (FY12 baseline). At the end of FY17, we had avoided 711,980 metric tonne, or about 71.2 percent of our goal. The [Partner Energy Management program](#) allows us to collaborate on, measure, and verify energy reduction initiatives with our contract manufacturing partners.

Products

We continue to improve product power consumption from plug to port, with a goal to achieve a system energy efficiency of 92 percent by 2020. We do this by optimizing facility input voltage and improving power conversion from bus to board to point of load, as well as through the energy efficiency of our ASICs, which are major consumers of power in our products. In product performance testing of four generations of high-end routing and data center switching products, we saw a 38-fold increase in bits-per-watt throughput between the four generations of products, with only a 2.5-fold increase in power usage.

Solutions

Cisco offers solutions that help us—and our customers—be more sustainable:

- Remote collaboration: With Cisco TelePresence® video conferencing, Cisco WebEx® desktop conferencing, Cisco Spark™, Cisco Unified Communications, Cisco Jabber®, and Cisco Jabber

¹ The 3% Solution report is named for the annual emissions reduction thought to be needed through 2020 to meet IPCC guidance. According to the IPCC Annex 1, developed countries need to reduce GHG emissions by 25 to 40 percent below 1990 levels by 2020, and by 80 to 95 percent below 1990 levels by 2050. Such a stabilization pathway was said to provide a "reasonable chance" of averting warming beyond 2°C above preindustrial temperature.



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Guest, employees can meet with each other and with customers and partners around the world without the productivity loss, work-life impact, or GHG emissions of physical travel.

- Teleworking and mobility: Cisco Virtual Office and Cisco OfficeExtend provide highly secure wired and wireless voice, data, and video service for teleworker homes (or small commercial offices). Employees can save time and avoid the GHG emissions generated from commuting. More than a third of our employees use our teleworking solutions.
- Cloud and data center: Cisco data center server, switch, and router products enable energy-efficient compute and connectivity provisioning in the cloud, where consumer, government, and business IT use is increasingly being centered.

Circular Economy

Product return is a priority issue, as found in our CSR Materiality Assessment. We have discovered that the larger opportunity is the circular economy—a regenerative system in which resource input and waste, emissions, and energy leakage are minimized by slowing, narrowing, and closing material and energy loops.

We believe the network is the platform for the connectivity, technologies, and applications that enable monitoring, data collection, analytics, and decision making—key components of a circular economy.

Cisco was a founding member of the Ellen MacArthur Foundation Circular Economy Initiative and became a CE100 member in early 2017. Cisco's circular economy strategy has four elements that involve a range of business functions:

- Product return
- Go-to-market models
- IoT and cloud solutions
- Product design

Product Return

Cisco currently receives between 11,000 and 14,000 metric tonne of used product each year from our customers and partners. We then use that equipment for life extension through our service contracts, for development in our labs, or to support our demonstration loan program; when possible, we refurbish the equipment to a like-new condition for reuse or resale. We recycle the rest.

Our circular economy efforts span our relationships with suppliers, customers, employees, and communities. We are studying ways to make it easier for customers to return used Cisco products, which includes simplifying the request and pickup process as well as updating the associated commercial terms. Today, less than 15 percent of our used products are returned to Cisco for reuse, resale, or recycling. We believe there is an opportunity to increase this product return rate to as much as 50 percent of new product sales in the coming years.

Go-to-Market Models

Currently, about 25% of Cisco's revenue is from services, a portion of which is for service contracts on our products. Extending product life is a circular economy principle. Cisco offers hardware replacement across the globe, delivering over one million shipments a year through a worldwide network of more than 1400 depots in 135 countries. Most of the service replacement units that we supply through these depots are sourced from our repair operations instead of using newly manufactured products. The repair operations obtain donor product from customer returns.

A second component of circular economy implementation is reimagining how Cisco goes to market with our hardware. Currently, most revenue comes from selling hardware, which introduces the challenge of product return. Other go-to-market

models such as leasing or “as a service” will permit optimization of product use cycles and valuation after each customer use phase, upon component harvesting and recycling into commodity fractions.

IoT and Cloud Solutions

The adoption of IoT and cloud-based data management solutions will facilitate a broader use of asset tracking, monitoring, and utilization practices. Our products and networks have been used to measure and improve facility energy efficiency in factories, improve manufacturing process efficiency using real-time network intelligence, and reduce machine downtime through remote diagnostics. In FY16 and FY17, Cisco made several significant acquisitions in IoT, cloud, and security solutions. We also supported IoT-related standards development.

Cisco is a founder and board member of the **LoRa Alliance**, which creates specifications for the security and interoperability of wireless technology. **LoRa validation** is being adopted by many IoT infrastructure projects for smart cities, utilities, and other industry sectors. Cisco acquired **Jasper**, a cloud-based platform that enables companies to rapidly launch and manage IoT services, and **ParStream**, which enables customers to analyze large amounts of data and store it in near-real time anywhere on the network.

The circular economy is highly reliant on the cloud and on network security. Cisco continues to invest in security solutions to help customers adopt secure, cloud-based business models faster and more confidently. This includes **Cloudlock**, which provides monitoring, compliance, and threat protection services, and **Sourcefire**, a leader in intelligent cybersecurity solutions.



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Product Design

Circularity begins with the design of products that use fewer materials and can be maintained and then upgraded to extend their life. This creates greater opportunities for products to be repaired or refurbished and resold and for more value to be harvested from materials during demanufacture. We are also focusing on increasing product functionality, improving energy efficiency, and reducing the use of materials through miniaturization, as well as enabling more intensive use of products through our software and subscription services.

Connected Conservation

Conservation recently became an area of focus for Cisco, with a simple yet ambitious goal to help protect large game animals around the world. The Cisco Connected Conservation program was originated by an employee team that saw an opportunity to use Cisco technology and know-how to address the increased levels of animal poaching rates around the world, especially for elephants, lions, and rhinos. The program started with one of Cisco's largest and most successful partners, Dimension Data, and has expanded to include the World Wildlife Fund (WWF) and other eco-system partners.

Cisco and Dimension Data are pioneering a range of solutions at a popular game reserve in South Africa; this has proven the effectiveness of digital technology models for creating safe havens for protected wildlife.

Cisco is helping to design and build networked security systems that are able to track the movement of visitors, staff, and anyone else who walks onto the reserve grounds. 24/7 surveillance of human movement helps to identify suspicious activity, while protecting endangered species populations without disturbing the

natural environment. Our strategic relationships have established a secure, reliable network that operates 24 hours daily across the entire game reserve, supporting the existing preservation goals and operations.

Cisco's Connected Conservation program provides a foundation for our ambitious goal: to accelerate the deployment of innovative digital technology solutions for conservation efforts, supporting the co-existence of wildlife and communities across the planet. More information is available [here](#).

Employee Engagement

Environmental sustainability has become increasingly important to our employees. We are committed to providing employees with tools that allow them to collaborate and solve problems, both in the office and in their communities. Here are some of the

opportunities we provided in FY17:

- Hosted the second annual SustainX thought leadership day.
- Offered product teardown events that demonstrate the complexity of product end of life and encourage our employees to come up with innovative ideas to solve these complex issues.
- Utilized Cisco GreenHouse, a collaborative employee site for problem solving and sharing sustainability tips and insights.

We encourage employees to be global problem solvers and come up with innovative ways to improve reusability or recyclability. One success story is the India Green Team, an employee-led effort that transformed Cisco's India sites into a disposable-cup-free zone.

Environmental Sustainability

We are applying a long-term approach to setting and achieving our goals to address the core environmental impacts related to our business and climate change, using IPCC findings. The actions, commitments, and performance updates described in this chapter build on the core values outlined in our [Corporate Environmental Policy](#).

CSR Materiality Assessment: Environment

GRI 102-15, GRI 102-46, GRI 102-47

Environmental topics are included in the CSR Materiality Assessment process as described in the [Governance chapter](#). Additional inputs that inform the

prioritization of environmental topics include results of life-cycle assessments (LCAs), input from stakeholders, and assessments by independent consultancies.

In FY17, stakeholder feedback confirmed that our priorities continue to be:

1. Energy and greenhouse gas emissions, with a focus on product energy efficiency, energy consumption in operations, and transport emissions from product logistics
2. Circular economy, with a focus on increasing product returns



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Table 12 shows the full list of environmental topics we assess and manage, and how they relate to our environmental priorities. Per the materiality assessment discussed in the [Governance chapter](#), no environment-related topics fall under Tier 1. The top environment-related topics, Tier 2 and 3, are governed by dedicated programs and investment. Tier 4 and 5 topics receive due diligence as part of normal company operations.

Table 12. List and ranking of environment topics assessed by the CSR materiality assessment process

Environment	
CSR Priority: Energy and Greenhouse Gas Emissions	
Product energy efficiency (Tier 2*)	
Energy consumption (operations) (Tier 2)	
Transport emissions (from product logistics) (Tier 2)	
IT enabling effect (Tier 3)	
Supplier energy management (Tier 4)	
CSR Priority: Circular Economy	
Product returns (Tier 2)	
Materials use (Tier 3)	
Waste (product packaging EOL) (Tier 3)	
Other Environment Topics	
Biodiversity (Tier 2)	
Water use (Tier 4)	
Waste (operational “trash”) (Tier 4)	
Water pollution (liquid effluents) (Tier 4)	
Non-GHG airborne emissions (Tier 5)	

We increased the priority of biodiversity following successful Connected Conservation pilot projects proving that Cisco solutions can make a significant environmental and business impact protecting threatened species. Connected Conservation also acts as a catalyst for innovation and learning for future security solutions.

In FY17 we continued to see increasing customer interest in environmental sustainability as reflected in requests for proposals, surveys, and other customer inquiries. We are currently planning to refresh our customer environmental sustainability survey in FY18. This will include inviting more than 5000 customers across all regions and market segments to complete an online survey on environmental sustainability.

Details about our performance and actions in all these areas are provided in the relevant sections that follow.

Policy

GRI 103-1, GRI 103-2, GRI 103-3

We believe that the most effective leadership is done by example. We will continue to improve our environmental impact assessment, reporting, and initiatives, and we encourage our supply chain and business partners to further develop sustainability best practices for their own operations.

We use a set of governing principles as we develop our environmental policies:

- Integrate environmental responsibility throughout our business while meeting customer expectations with respect to product function, delivery, quality, service, and EOL management.
- Work with our suppliers to integrate environmental responsibility into their operations, through our [Supplier Code of Conduct](#), and all life cycle phases of our products.

- Use the disclosures from the [Global Reporting Initiative \(GRI\) Standards](#) to guide our environmental impact assessment, reporting, and initiatives.
- Provide complete, accurate, and public environmental reporting for our stakeholders.
- Require all Cisco employees (mergers and acquisitions included) to complete an annual [Code of Business Conduct](#) (CoBC) certification and act in a manner consistent with our CSR principles.
- Share our policies and practices in our annual CSR report.

We maintain the following governance processes:

- Seek stakeholder engagement and analysis on our CSR materiality assessment, our reporting, and the results of our initiatives.
- Maintain ISO 14001 certification for sites with significant potential for environmental impact.
- Use our CSR business process to govern reporting, stakeholder engagement, feedback, prioritization, goal setting, initiative implementation, and performance measurement.

Cisco’s Sustainability Executive Team (SET) sponsors our environmental initiatives and twice a year reviews our environmental strategy and performance. SET is organized around specific tracks; each is sponsored by an executive from the lead business function and co-sponsored by the executive that chairs SET. Current tracks include:

- **Energy and GHG:** Tracking GHG emissions; reducing overall energy usage, through product and facility innovation; sourcing renewable energy; and integrating our carbon reduction strategies into supply chain operations.



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- **Circular economy:** Increasing customers’ return of used equipment for reuse, repair and hardware replacement for life extension from our worldwide network of more than 1400 service depots, remanufacturing for resale, or recycling; new go-to-market leasing or hardware-as-a-service business models; using IoT technology to improve energy management in factories producing Cisco products; designing products that last longer through maintenance and upgrades; and use less materials.
- **Employee engagement:** Providing volunteer opportunities, awareness events, and educational tools for employees to use both at home and in their communities.

Organization

Key executives, along with business functions covered by our Environmental Management System (EMS), create and implement operational change. Teams focus on corporate-level initiatives that directly enhance Cisco’s environmental performance.

- SET provides oversight for our Tier 2- and 3-related environmental initiatives. Rebecca Jacoby, Senior Vice President, Operations, is the executive sponsor of SET and is the official conduit to the Executive Leadership Team (ELT), our CEO, and the Board of Directors.
- The CSR Integration and Sustainability team within Corporate Affairs and the larger Human Resources organization is responsible for Cisco’s overall sustainability strategy and coordinates funding, resources, organization, scheduling, and execution of each SET track with engagement from business units across Cisco.
- The Board of Directors, acting directly and through its committees, is responsible for oversight of risk management at Cisco, including risks associated with CSR and sustainability. Our [enterprise risk](#)

[management \(ERM\) program](#) identifies, assesses, governs, and manages risks—and Cisco’s response to those risks—across the company. When top risks are identified, owners are assigned and specific mitigation work plans and scorecards are developed.

In FY17, we updated our [Corporate Environmental Policy](#) to further align our EMS and CSR programs and deepen our leadership’s commitment to employees, customers, and the community. More information about the policy is summarized below.

Environmental Management System

GRI 103-1, GRI 103-2, GRI 103-3

Cisco’s ISO 14001 EMS is a global framework that relies on individual accountability, management responsibility, measurement of key performance indicators, and a continuous improvement philosophy to meet business and environment goals. The EMS is certified by TUV SUD America Inc. to the international EMS standard ISO 14001:2004. A copy of our [EMS certification](#) is available for download.

Cisco sites for ISO 14001 certification are selected based on a set of criteria that includes:

- Facility size and lab area
- Building headcount capacity or persons housed
- Primary facility function

These criteria focus on sites that can make the greatest contribution to reducing negative environmental impacts and enhancing positive impacts. Once a site has been selected for certification, we evaluate its associated impacts, including corporate functional areas; associated products, activities, or services at that location; and the environmental impacts associated with the generation or use of materials, impacts on air and water, and depletion of natural resources. Using this information, we calculate an environmental score that further helps us prioritize facilities and issues.

In CY17, Cisco plans to upgrade our certification to the new ISO 14001:2015 standard and provide ISO 14001 certification for new sites in Kanata, Canada; Toronto, Canada; and Pune, India ([Figure 28](#)).

Scope and Implementation

Cisco’s ISO 14001 certified [sites](#) are audited by an independent third party, TUV SUD America Inc. Sites that were part of an acquisition are included in the scope of our corporate environmental policy and associated environmental initiatives and thus may get 14001 certified and audited. Table 13 shows our ISO 14001 certification key performance indicators (KPIs).

Table 13. Cisco Environment Management System ISO 14001 Certification

KPI	FY13	FY14	FY15	FY16	FY17	COMMENTS
Number of Cisco sites with ISO 14001 certification	30	28	28	26	30	
Percent of real estate portfolio with ISO 14001 certification	93%	93%	94%	>90%*	>90%*	

*We have met our goal of certifying a high percentage of our real estate portfolio. We will maintain >90% coverage of sites that meet the certification criteria.



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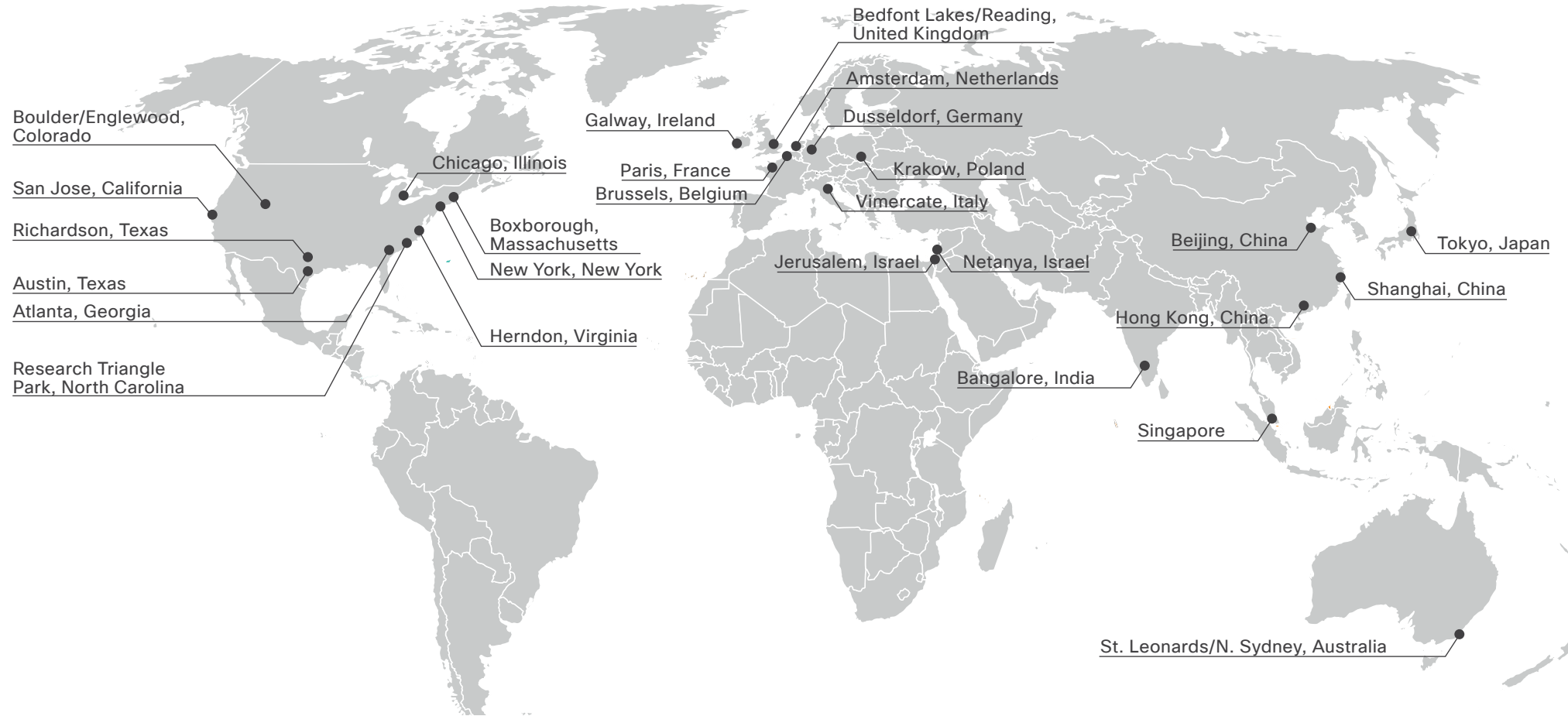
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Figure 28. Cisco ISO 14001 Certified Site Locations





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Table 14. Environment Aspect Teams per Region

ASPECT TEAMS	GLOBAL TEAMS	AMERICAS	Europe, Middle EAST, AFRICA, AND RUSSIA (EMEAR)	Asia Pacific, JAPAN, CHINA, AND INDIA (APJCI)	TOTAL
Waste reduction and recycling		6	8	9	23
E-scrap management*	✓	10	10	3	23
Energy management**	✓	0	2	9	11
Environmental awareness**		8	4	0	12
Wastewater management		1	0	0	1
Total per region		25	24	21	70

* These teams have site-specific activities and goals but also support a corporate-level/global goal.
 ** Used at smaller sites, these teams typically include activities around employee engagement, energy management, e-scrap management, waste reduction and recycling, and local "green" activities.

Our EMS helps us identify the most significant environmental impacts, evaluate their risks at each Cisco site, and set relevant corporate and local objectives. All ISO 14001 certified sites have environment aspect teams. Each site's team reports on goals, initiatives, and metrics to measure our environmental performance. Local initiatives are aligned to corporate-level programs where possible. Table 14 lists the number of aspect teams per region.

Cisco's primary corporate sustainability activities are included in our certified EMS and are part of the internal and external audits we perform annually. This enables us to internally track key corporate environmental performance goals, initiatives, and metrics.

Our EMS aligns closely with our GHG and energy management program and supports the management of our sustainability information. This alignment has helped us automate our sustainability data collection and focus limited resources on other important tasks, such as evaluating and implementing mitigation projects.

Internal EMS audits provide insight into how our environmental processes and commitments have been implemented and how well we are improving our EMS at our certified sites. The frequency of these audits depends on criteria such as site size, operational activities at the site, and the results of previous audits. In a typical 3-year period, every site will receive one onsite audit and one virtual audit. In FY17, we conducted 16 internal audits, including 5 virtual audits using Cisco TelePresence® or Cisco WebEx®.

As part of our ISO 14001 certification, we participate in annual audits conducted by a third-party registrar. These audits identify areas of improvement and performance while providing external validation and verification of our EMS processes and programs.

During our audits in FY17, Cisco received 2 Best Practices and 36 Positive Comments on our ISO 14001 certified EMS. The Best Practices were found during internal audits at the following locations:

- **Paris, France:** A strong vendor management process ensures that all vendors are regularly assessed for risk and informed of our environmental policy and ISO 14001 requirements.

- **Singapore, Singapore:** To mitigate leaks and water damage, water leakage detection technology is used under plumbed water dispensers, dishwashers, refrigerators, and sump tanks. When a leak is detected, alerts are sent to facilities staff and water supply is automatically cut off in the impacted area.

All numeric claims made in this chapter are subject to a multi-day, detailed, bottom-up audit that is conducted by our internal ISO 14001 audit team and is part of the annual ISO 14001 internal audit plan. Verification is key to reporting valid data and helps us actively identify needed corrective actions. Environment-related claims in the 2017 CSR report will be audited in FY18.

Employee Training

We offer numerous ways to help employees incorporate environmental design principles into our products and solutions. For example, videos on demand show how we can contribute to our goal of reducing carbon emissions by creating new products, improving upon existing product designs, and working with our supply chain to make upstream operations more environmentally conscious.

We engage employees who have a significant role in defining product requirements or developing our products and packaging. Live learning sessions with internal and external experts cover topics that inspire and promote expansion of new and existing best practices and Design for Environment (DfE) principles.

To further embed environmental practices into our business operations, we offer employee training on our business management system, which includes our EMS and environmental policies. We also offer training to our IT and engineering employees on how they can reduce energy use within Cisco's labs and data centers.



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Cisco works in collaboration with the **Responsible Business Alliance** (RBA), formerly the Electronic Industry Citizenship Coalition, to develop common industry training, tools, and standards to support suppliers in improving their sustainability capabilities and performance. For more information on Cisco's engagement as a member of the RBA, see the [Governance chapter](#).

Life-Cycle Assessments

GRI 103-1, GRI 103-2, GRI 103-3

Cisco uses life-cycle assessments (LCAs) to estimate the GHG emissions associated with our products. This holistic approach to assessing the environmental impact of a system, process, or product helps us understand the environmental impacts of our materials, packaging, transportation modes, product power consumption, and recycling. We can then use what we learn as we make business decisions. For example, LCAs inform accessory kit reduction projects, specifically the trade-offs in using alternative or reduced materials. They also help us develop more energy-efficient manufacturing through comparing assembly and test scenarios.

LCAs help us:

- Assess the materiality of various contributors to environmental impact.
- Select alternative environmentally preferable materials.
- Understand the impact of product power consumption.
- Develop more energy-efficient manufacturing processes by comparing assembly and test scenarios.
- Undertake packaging and accessory kit reduction projects; in particular, by identifying the trade-offs in using alternative and reduced materials.

- Understand the relative carbon efficiency of different modes of transport for product distribution.

To support our LCA work, we utilize external tools and data sources, including thinkstep GaBi 7.3 and other publicly available data sources, such as the **International Energy Agency** (IEA), the United Kingdom's **Department for Environment, Food and Rural Affairs** (DEFRA), and the **Greenhouse Gas Protocol** (GHGP).

Promoting Transparency in the Supply Chain

GRI 103-1, GRI 103-2, GRI 103-3, GRI 308-1, GRI 308-2

CSR practices are embedded in our supply chain business processes. We continue to improve these processes to make environmental sustainability a key criterion in our relationships with and assessment of our suppliers. In this chapter we will focus only on supply chain issues that relate to the environment. Discussion of our Supplier Responsibility practices not related to the environment can be found in the [Society chapter](#).

Improving transparency in the supply chain is critical to helping us address some of our most significant sustainability issues. To target our work with suppliers and peers and improve performance, we need to identify key concerns and impacts. Supply chain transparency is also something our stakeholders want to see—customers and governments are demanding it.

To help us understand key impacts in our supply chain and how they are managed, we:

- Encourage suppliers to publish CSR reports describing how they manage their most significant sustainability impacts.

- Require suppliers to report GHG emissions and targets through CDP Supply Chain via Cisco's supplier scorecarding process.
- Conduct site audits of high-risk supplier facilities.
- Use worker interviews and support other RBA-sponsored research and training initiatives to gather actionable, direct feedback from factory workers to complement audit findings.



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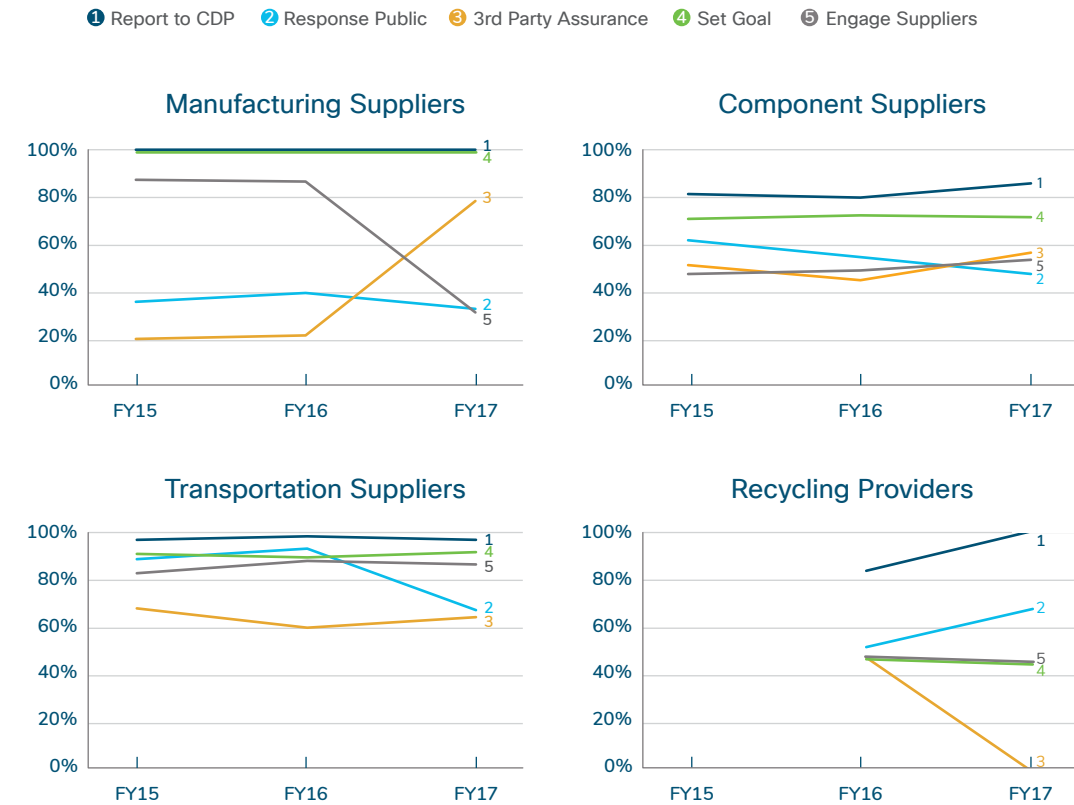
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To gain an accurate picture of the life cycle impacts of our products, we need to understand the impacts associated with our supplier GHG emissions. As a member of the CDP Supply Chain Program, we request that all suppliers with whom we have a significant business relationship report their impacts to CDP. We then use specific metrics from their responses in our sustainability scorecard, shown in Figure 29. For more information about our supplier engagement process, refer to the FY17 letter requesting our suppliers to report to CDP. ([Appendix I](#))

Figure 29. Cisco Supplier CDP GHG Reporting Performance





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We encourage suppliers to share information, even in areas where they are not performing well. For example, we ask suppliers to report any environmental infractions or remedial actions through an annual self-assessment audit process. Using standardized RBA self-assessment tools makes this process efficient for suppliers serving multiple customers.

Active participation in the self-assessment process is positively reflected in each supplier’s scorecard. We make it clear that they will not be penalized for disclosing this information. Our aim is to promote open dialogue and to work with suppliers to reach an acceptable outcome. In FY17, 61 percent of our suppliers had published CSR reports. A complete overview of our supplier engagement process is available in the [Governance chapter](#).

Supplier Audit Findings

GRI 308-1, GRI 308-2

Environmental findings in our suppliers’ factories are a key dimension of the Supplier Code of Conduct. Cisco performs audits on our high-risk suppliers through the RBA Validated Audit Protocol (VAP).

There were no priority environment findings in FY17. Labor practices and health and safety make up the largest portion of our audit findings. To learn more about our audit processes, see the [Society chapter](#).

We use a database platform from the Institute of Public and Environmental Affairs to identify the existing and historical environmental issues for our suppliers in mainland China. We are working closely with these suppliers to remediate the existing issues and make sure they comply with the local environmental law; we also encourage our manufacturing partners to work with their downstream suppliers.

Table 15 details environment-related supplier audit findings.

Table 15. Environment—Categorization of Supplier Audit Findings* in FY17

	Findings Identified as Priority ¹	Findings Identified as Major ²	Findings Identified as Minor ³	Total Number of Audit Elements ⁴	% of Audit Elements Resulting in Findings
Environment	0	44	20	742	8.6
Environmental permits and reporting	0	6	3		
Pollution prevention and resource reduction	0	1	1		
Hazardous substances	0	19	8		
Wastewater and solid waste	0	4	3		
Air emissions	0	2	2		
Materials restrictions	0	0	0		
Stormwater management (new in VAP 5.1)	0	10	3		
Energy consumption and greenhouse gas emissions	0	2	0		

* An audit finding is defined as a nonconformance with our Supplier Code of Conduct found during an audit. Criteria for categorization of findings are in accordance with the RBA Validated Audit Process Audit Operations Manual.

1 Priority finding: A major nonconformance with significant and immediate impact.

2 Major finding: A significant failure in the management system that renders established processes or procedures ineffective.

3 Minor finding: Typically an isolated or random incident that does not necessarily indicate a systemic problem with management systems.

4 Total audit elements: The total number of audit elements with the potential for a finding for the 57 FY17 audits.



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Employee Engagement

In FY17, Cisco encouraged and supported our employees who are interested in sustainability through the following activities:

- **Environmental Management Newsletter:** We create internal, monthly newsletters to share information with employees on Cisco's recent environmental activities across the globe.
- **Year-end shutdown:** Cisco requires employees in North America and encourages other employees worldwide to take time off at the end of December. The shutdown gives us an opportunity to power down facilities and unused equipment during a time when much of our workforce is already taking time off. Over the 10-day shutdown that began in December 2016, Cisco avoided approximately \$600,000 in energy costs and 3100 metric tonne CO₂e of GHG emissions. Employees who work in buildings in India, Germany, and the United States that reduced their electricity consumption by 50 percent or more during the shutdown were rewarded with an ice cream social or catered lunch.
- **Recycle IT Day:** Every year around Earth Day in April, we encourage employees to bring their used electronics to Cisco sites around the world to have them responsibly recycled using the same vendors we use to recycle Cisco products. This year, 133 sites collected 180 metric tonne of e-scrap. See the Internal Programs for Cisco in the [Waste section](#).
- **Earth Aware:** Every April we host a month-long employee volunteerism and awareness campaign. We plan activities, events, and volunteer opportunities to encourage employees to take action in environmentally responsible behaviors at work and at home. Hundreds of employees around the world take part. As a result of the Earth Aware campaign, there has been an increase in formally planned sustainability-related volunteerism events and activities across Cisco. For more information, see the [Cisco blog](#) about the events.
- **SustainX:** Earth Aware culminates in the Cisco SustainX event, a thought leadership forum hosted on Cisco's campuses. Employees from around the world come together to learn about Cisco's sustainability practices and how they can help make a difference.
- **Product teardown events:** Teardown events increase awareness of the complexity and variety of materials that go into making Cisco products, and spark innovative solutions for increasing equipment reusability. At these events, employees physically break apart used Cisco equipment and collaborate on how to increase its reusability or recyclability.
- **Cisco Green:** This new hub on our internal social media site enables employees to learn about Cisco's environmental sustainability activities and provides links to programs, information, and other tools.
- **Cisco GreenHouse:** In 2016 we launched an interactive sustainability web platform to enable positive environmental, social, and economic impacts. Cisco GreenHouse connects passionate employees with like-minded peers all over the world who want to find ways to lead more sustainable lives. In FY17, more than 1800 employees had joined the site and almost 10,500 actions had been taken.
- **Employee Solar Discount Program:** Since 2014 Cisco has given employees and contractors (and their friends and families) in the United States and Canada the ability to install solar panels on their homes at around a 10-percent discount.
- **Green teams:** Grassroots "green teams" are organically developing at Cisco sites worldwide. Made up of volunteers from multiple departments,

For more information about employee engagement at Cisco see:

Governance chapter
[Supply Chain Employee Engagement](#)

Society chapter
[Employee Engagement](#)

Case study
[Engaging Employees in GHG Reductions](#)

green teams work to reduce energy usage, waste, and travel. We currently have active green teams in Amsterdam, the Netherlands; Kortrijk, Belgium; Bangalore, India; San Jose, California; and Reaseach Triangle Park, North Carolina. (See Case Study: [Green Teams](#))

Regulatory Fines

GRI 307-1

Cisco has incurred no significant fines—defined as more than \$10,000—in any of the last five years, and was not subject to non-monetary sanctions for non-compliance with environmental laws and regulations. Cisco is not aware of any formal grievance filed about environmental impacts.



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GRI 103-1, GRI 103-2, GRI 103-3, GRI 301-1

A key requirement for our product and packaging designs is minimizing materials while achieving performance and reliability targets; see the [Design for Environment \(DfE\) section](#) for more information.

Make It Green (formerly Pack It Green) is Cisco's sustainable materials, packaging, and fulfillment solutions program. Make It Green has helped to reduce the unwanted or redundant items that are often included in a typical shipment, reducing packaging and material waste. These solutions also help reduce GHG emissions through lower transportation weights. The expanded program now includes optional dematerialization (e.g., cables and wire management clips) and the use of recycled materials in our products and packaging.

Product

Upon request, we provide our customers with basic information about product weight and percent of recycled material. As these requests increase, we continue to improve our ability to support these requests and product information requirements for component-level materials and related weight data. Examples of ongoing work are listed in [Table 16](#).

Packaging

The amount of packaging waste being added to landfills is an environmental concern. To address our impacts in this area, we design our packaging to minimize material usage while protecting our products during shipping, warehousing, and delivery. Packaging engineers work with the product design teams to reduce protrusions, product fragility, and

product dimensions to minimize product packaging and increase packing efficiency during transport.

Products that are damaged in transit can result in negative business and environmental impacts. Our affected customers are dissatisfied and additional resources, energy, and materials are needed to repair or replace the damaged product. Each packaging design goes through rigorous drop and vibration testing to confirm it provides the required level of product protection.

Once basic packaging and material requirements have been met, Cisco evaluates four additional aspects of environmental package design:

- **Packaging material optimization:** Designing a package that adequately protects the product from transport damage or waste while optimizing the volume of material and complying with all relevant environmental regulations.
- **Space efficiency optimization:** Designing a package that optimizes space/cube efficiency during transport.
- **Optimizing distribution:** Designing the product for distribution in order to further reduce the amount of packaging material used and/or GHG emitted in transportation.
- **Environmentally friendly materials:** Including recycled content and recyclability in product designs.

In our 100-percent-outsourced supply chain, material and waste reduction activities and associated GHG avoidance fall under [Scope 3 Purchased Goods and Services](#) and [Scope 3 Transportation and Distribution](#). Please refer to these sections for more information about our achievements in packaging optimization in FY17.

Recycled Content

Products

We use recycled industrial content in our products and our packaging through standard manufacturing. Electronic products consist primarily of electronic circuit boards, steel, and plastics. Cisco generally does not require a minimum percentage of post-consumer recycled content in new product and/or packaging manufacturing. However, we continue to research the percentage of recycled materials already being used in our products, and the potential for us to specify a broader requirement.

In FY17, the Cisco IP Phone 7800 Series was released using a minimum of 35 percent post-consumer plastic in seven of its unique plastic components, expanding the project from FY16 to the whole product family. Given the FY17 shipment volumes, this avoided 2390 metric tonne of CO₂e in our supply chain and saved \$255,000 in material cost.

Most product documentation is distributed electronically to consumers. However, some physical documentation is still necessary, such as regional regulatory requirements, safety materials, and operating instructions. In these cases, the supplier qualification process requires suppliers to print their documentation on paper that is chlorine-free and contains at least 10 percent post-consumer waste.

We continue to work on ways to reduce the amount of physical documents shipped, including the evaluation of new fulfillment technologies that may provide region-specific documentation solutions. For more information see [Table 16](#) and the [Scope 3 Purchased Goods and Services](#) section.



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Table 16. Sustainable Product, Packaging, and Fulfillment Solutions: Focus Areas

Category	Benefits	Cisco Product Examples
Primary product configurable options	Reduce packaging and shipping costs by integrating products, subcomponents, and accessories into one carton.	<ul style="list-style-type: none"> • Cisco routers and switches • Cisco UCS® blade servers
Secondary product configurable options	Reduce materials, packaging, and shipping costs by providing customers with a way to opt out of receiving cables, brackets, and similar items.	<p>Customers can choose not to receive:</p> <ul style="list-style-type: none"> • Cisco UCS storage product power cables • Cisco Aironet® wireless access point mounting brackets and clips <p>We intend to expand the availability of options to address growing customer demands. However, widespread customer awareness and adoption of such options remains a challenge.</p>
Electronic delivery of software, licenses, and product documentation	Increase dematerialization and operational efficiencies. Reduce CDs, paper, and packaging. Reduce packaging and fulfillment costs.	<p>The eDelivery program¹ updates software-related products available for electronic delivery through unique product IDs and/or Cisco Commerce-based electronic fulfillment preferences.</p> <p>“Pointer cards” continue to be used across Cisco product lines to consolidate web links for product and compliance documentation.</p>
Bulk packaging	Reduce packaging and shipping costs, and increase operations efficiencies, by shipping like products in a carton selected during packing based on the order quantity.	Bulk-pack models are now available for high-volume spare products, including cables, optics pluggables, memory, and rack gear kits.
Multipack products (or eco-pack products)	Reduce packaging and shipping costs, and increase operations efficiencies, by selling “bundles” of like products in specific volumes. Increase customer satisfaction; customers identified this as a significant issue in our 2013 Sustainability Customer Survey.	Cisco Aironet products are offered in eco-packs of 5 and 10 units. In FY17, we worked internally to address process-related roadblocks that can inhibit the adoption of this solution by our distributors and partners. In FY18, we have identified high-volume pilot products to expand eco-pack availability.
Dense packaging	Reduce packaging and shipping costs by optimizing supply chain packaging between our factories.	In FY17, we continued to focus on optimizing our inbound shipments. In just six months, the inbound optimization of the Cisco Catalyst(R) 3K chassis avoided 156 metric tonne of packaging (corrugated, metal, and wood) and saved over \$775,000 in material and freight costs.
Use of recycled materials	Reduce the amount of new materials required to produce our products and packaging while diverting waste from landfill.	The Cisco 7800 Series IP Phones now contain 35 percent post-consumer recycled plastic in seven of their major plastic components.
Packaging reuse and recycling within our supply chain and to our customers	Reduce packaging and related costs.	Cisco products use recyclable polyethylene bags for moisture protection or consolidation of accessory kit subassemblies. Over the years, we have reduced the thickness and size of many bags, and we have regularly encouraged suppliers to reuse these and any electrostatic discharge (i.e., static shielding) bags. In addition, Cisco continues to substitute metallized antistatic bags with a fully recyclable antistatic bag when possible, particularly for high-volume products (e.g., optical modules).

¹ User login is required to access this site.



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Packaging

Generally, our packaging uses corrugated cardboard that includes a minimum of 30 percent recycled content.

Almost all of our packaging for new products is made either of a single material or of multiple materials that are separable for recycling. In our global market, customer, municipal, and regional recycling practices vary greatly. The ability of customers to recycle our packaging depends on the recycling facilities in place in their location.

The plastic used in Cisco packaging falls into categories identified by Resin Identification Codes 1 to 7. Polyethylene (codes 2 and 4) is the predominant material. Some plastic components carry labels indicating their plastic recycling code number to aid end-of-life recycling. We use thermoformed medium-density polyethylene (MDPE) cushions made from virgin material or from recycled substitutes that are recyclable in most regions after use. When regionally available and technically feasible, we use cushions made from 100 percent recycled polyethylene, which are also recyclable.

Cisco legacy products, including those produced by our acquired companies, may not incorporate all current best packaging practices. A similar challenge also exists for packaging provided with OEM products that the Cisco supplier delivers directly to the end customer.

While we promote recyclable packaging, sometimes this is not possible. Although metallized antistatic bags are not easily recycled, they are essential to the safe transport of products susceptible to damage from electrostatic discharge (ESD). Bags are sized to fit the product being shipped and minimize the amount of material used.

Design for Environment

We have incorporated environmental design principles into our products and manufacturing processes so that fewer raw materials are used and less packaging is needed, and product refurbishment and recycling are more effective. To this end, environmental design features are incorporated into our product requirements document.

We have incorporated a Design for Environment (DfE) approach into our standard design processes that focuses on the following areas:

- Energy efficiency (minimum 80 percent efficient power supply and efficient component selection)
- Reduction of hazardous materials
- Design for recyclability and upgradability
- Recycling marking on plastic components (ISO 11469, formerly SPI codes) for ease of sorting during recycling
- Packaging and fulfillment (reduction of materials and package volume as well as logistics impacts)
- Design for longevity
- Compatibility with product recycling

Cisco's DfE principles are derived from a combination of sources, including formal requirements (for example, ECMA-TR/370) and other best practices developed within our business. In FY17, we continued to update our DfE principles to align with Cisco's commitment to the circular economy, as well as evolving customer requirements and industry and regulatory trends.

Hazardous Materials

As a global supplier of network equipment, we conform to applicable material regulations for **product**, packaging, and battery materials. We have developed our Controlled Substances Specification to fulfill global environmental regulations, and we are committed to reducing the impact of the materials used in our products and in our supply chain. The purpose of this specification is to communicate Cisco's substance use and reporting requirements to component suppliers and manufacturing partners. The specification outlines the controlled substances and any conditions of use, regulatory restrictions, substances to be reported and phased out, and substances under study for potential inclusion. For additional information on materials-related regulations, visit Cisco's **Materials** webpage. In addition, for up-to-date product-level information, visit our self-service **Product Approvals Status (PAS) tool**.²

The following sections cover a number of materials that, while currently not prohibited for use in our industry, we are working to reduce or substitute in our products where possible.

Halogenated Flame Retardants

Nonregulated halogenated flame retardants (HFRs) can be found in printed circuit boards and plastic parts. We have worked with manufacturing partners, industry standards technical committees, and academia to validate proposed alternatives for HFRs. Cisco continues to identify, confirm, and, where technically practical, phase out nonregulated HFRs.

Some of the actions we have taken:

- Qualified additional halogen-free PCB laminate materials and increased their use in new products.

² Cisco.com registration is required. [Register here](#). Note: This tool is only accessible using Internet Explorer



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- Eliminated, from thousands of Cisco designed plastic parts, the HFRs found in the resin compounds.
- Over the past four years, performed material assessments and identified the areas within our business with the greatest opportunity to move to HFR-free materials.

Polyvinyl Chloride

Polyvinyl chloride (PVC) is a nonregulated substance that can be found in the insulation of cables. Cisco's previous work on the iNEMI PVC Alternatives Project to reduce the PVC content in cable insulation focused on understanding the environmental trade-offs of standard, halogen-free, and bio-based cable jacketing. In FY17, we conducted a sample study to quantify the minimal usage of PVC in cable insulation in our supply chain. We estimate that PVC in cable insulation accounts for less than 1 percent of the total product weight shipped annually by Cisco. We will continue to monitor PVC in cable insulation and make changes if they are necessary in the future.

Cisco will continue to research alternate materials and apply them to new products where quality and performance requirements can be attained.

Batteries

Batteries in Cisco products are generally used to maintain information in system memory when a device is powered off. These products are designed so the batteries can be easily located and recycled. Product labels are provided to indicate that the product contains a battery. This information alerts our recyclers that a battery should be removed before further processing.

Energy and GHG Emissions

GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

Consistent with the precautionary principle, we advocate a risk-based approach to our operations through our ERM and EMS processes. We are reducing our global GHG emissions by improving the efficiency of our products and operations and by encouraging our suppliers to reduce their GHG emissions as well. We use our own collaboration products to reduce GHG emissions in our operations, and help our customers leverage our solutions to do the same. Almost all of

the GHG emissions from our operations are directly associated with energy use (typically electricity). Therefore, we report our GHG emissions with our energy use.

Goals

Energy and GHG reductions are two of the most material environmental issues for Cisco. The way Cisco manages its GHG emissions and electricity from renewables is critical to many stakeholders, including employees, investors, and external reporting organizations, such as [Dow Jones Sustainability Index](#), [Corporate Knights](#), and [CDP](#). Additionally, research has shown that a company's sustainability practices are a key factor for employee recruitment and retention.

Cisco has been committed to reducing our GHG emissions for a decade. FY17 was the final year of the 5-year goals we set in 2013 to reduce all Scope 1, Scope 2, and business-air-travel Scope 3 GHG emissions worldwide by 40 percent absolute by 2017, compared to our 2007 baseline. A brief discussion regarding progress toward these FY17 goals is [below](#) and in the [Scope 3 Business Air Travel](#) section.

Over the past year we established our new sustainability goals, drawing on experiences from the FY13 goals and discussions with internal and external stakeholders. In July 2017 we established our [new 5-year goals](#) to reduce Scope 1 and 2 GHG emissions and increase our use of renewable electricity by FY22 ([Table 17](#)).

To achieve our new goals, we will:

- Invest more than \$45 million between FY18 and FY22 in the areas of energy efficiency and renewable energy.
- Implement more than 300 energy efficiency and on-site renewable energy projects across our real estate portfolio.
- Increase renewable energy procurement through utility green power programs, power purchase agreements, and renewable energy certificates.



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Our new 5-year goals put us in line with our peers in the IT sector who have been at the forefront of the sustainability movement and have aggressively supported the development of technologies like renewable energy that will help the world reverse the impacts of climate change. These goals also improve the energy efficiency of our operations and reduce costs, which makes good business sense while being the right thing to do for the planet.

In June 2016, Cisco **announced** our Scope 3 supply chain GHG emission reduction goal: to avoid one million [cumulative] metric tonne of GHG emissions in our supply chain between FY12 and FY20. This is the first quantitative goal to include Scope 3 supply chain activities that Cisco directs or influences. (For more information, see [Scope 3 Supply Chain](#)). Going forward, we intend to include supplier GHG emissions as a component of our supply chain procurement and refinement processes. Table 17 provides a summary of our GHG emissions goals.

We met three of our 2013 goals: our Scope 1 and 2 GHG emissions reduction goal, our renewable energy goal, and our goal to reduce our electricity emission factor to half of the latest International Energy Agency (IEA) world average. We were able to meet these goals directly through the EnergyOps program managed by the Global Energy Management and Sustainability team. This team secured a 5-year spending plan of \$57.5 million to implement hundreds of energy-related projects throughout our operations to make our portfolio more efficient and to purchase renewable energy. By the end of FY17, we had implemented over 450 energy efficiency and renewable energy projects—103 in FY17 alone—with a net present value of \$86 million over 10 years. The projects implemented during this program collectively avoid 141.5 GWh of energy each year. For more information see the [Building Efficiency: Strategy and Management section](#) of this chapter.

Table 17. Cisco GHG Emissions Goals

Date Goal Established	GHG emission reduction goal description
September 2006	Clinton Global Initiative (CGI) commitment to reduce GHG emissions from all Cisco business air travel worldwide by 10 percent absolute by FY09 (FY06 baseline). This goal was met in 2009 and the commitment has been closed.
June 2008	U.S. Environmental Protection Agency (EPA) Climate Leaders commitment to reduce all Scope 1, Scope 2, and business-air-travel Scope 3 GHG emissions worldwide by 25 percent absolute by end of CY12 (CY07 baseline). This goal was met in 2012 and the commitment has been closed.
February 2013	Cisco announced five new goals related to our operational energy use and GHG emissions: <ol style="list-style-type: none"> 1. Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline). 2. Reduce total Cisco business-air-travel Scope 3 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline). 3. Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest International Energy Agency (IEA) world average emission factor publicly available before the end of FY17. 4. Reduce total Cisco operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline). 5. Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17. Goals 1, 3, and 5 were met in 2017 and the commitment has been closed. See discussion on goals 2 and 4 .
June 2016	Cisco announced our first Scope 3 supply chain GHG emissions goal: Avoid one million metric tonne of GHG emissions within our supply chain between FY12 and FY20. This goal is in progress.
July 2017	Cisco announced two new goals related to our operational energy use and GHG emissions: <ol style="list-style-type: none"> 1. Use renewable electricity for 85% of Cisco's global operations by FY22. 2. Reduce Cisco's Scope 1 and 2 GHG emissions on an absolute basis by 60% by FY22 (FY07 baseline). This goal is in progress.



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We were unable to meet two of our FY13 goals: the business-air-travel goal and the operational energy use per unit of revenue goal. Although we were able to keep business air travel emissions at or below our FY07 baseline, we were unable to realize more significant reductions due to the sales-driven nature of these emissions. For more information on our business air travel performance, see the [Scope 3 GHG Emissions Reduction Strategy](#) section of this chapter. Similarly, we were not able to meet our operational energy use per unit of revenue goal. While we made significant strides in making our operations more energy efficient, our revenue did not increase at the rate we expected in order to achieve this goal.

We form our GHG emission reduction goals based on internal best practices and expert opinion, including recommendations from the IPCC, the U.S. EPA, the IEA, and *The 3% Solution report*³ from the WWF and CDP. We consider our current goals and past goals to be science-based targets because they exceed the rate of decarbonization required to keep global average temperature increase below 2°C compared to preindustrial temperatures, as described in the Fifth Assessment Report of the IPCC. Our FY22 GHG reduction goal of 60 percent (FY07 baseline) equates to a 4 percent reduction per year. For reference, this reduction is nearly three times greater than the yearly emissions reduction of 1.35 percent recommended for our industry by the [Sectoral Decarbonization Approach](#) to science-based target setting.⁴

According to EPA predictions, ICT industry revenues will grow significantly through FY17, and industry emissions normalized to millions of dollars will

increase 16.5 percent over the same period. These two projections indicate a business-as-usual increase in absolute emissions, so any goal to reduce absolute emissions is considered aggressive. Our new goal is to reduce absolute emissions by an additional 20 percent by FY22, which, combined with our FY17 achievement, will give a 60 percent absolute reduction from our original FY07 baseline.

Our goals are set as 5-year commitments because multi-year goals allow for large investments, which have a potential for big payoffs. We believe we demonstrate a best-practice approach to goal setting by:

- Committing to realistic multi-year goals, befitting the scale of the problem.
- Using consistent and precise wording of goals, with clear measurement methodology.
- Participating in consistent and transparent reporting from year to year.
- Implementing third-party assurance for all goal-related reporting.
- Setting goals based on IPCC findings and science-based reduction recommendations.

Performance

We have been recognized in the past year for our sustainability efforts by [CDP](#), Corporate Knights Global 100, and the EPA. In October 2017, Cisco achieved an A rating by CDP, and was listed on their 2017 Climate A List based on information [submitted to CDP](#) in June 2017.⁵ This represents our thirteenth

year reporting to CDP and our seventh time on their Performance Leadership Index / Climate A List. The CDP Climate A List includes companies from around the world that have been identified as leaders in their efforts and actions to combat climate change. [Table 23](#) shows Cisco's participation and performance in CDP over the last 13 years. Our consistently high rankings are strong evidence of our long-term commitment to improving GHG emissions disclosure and performance.

In January 2017, Cisco moved to third on [Corporate Knights 100 Most Sustainable Corporations](#) list, up from 57th place in 2016. Corporate Knights specifically highlighted Cisco's increased focus on providing smart city and energy management IT solutions to governments and companies. Our score of 71.5 percent placed us only behind Siemens and Storebrand on the exclusive list, which is announced each year at the World Economic Forum in Davos, Switzerland.

In October 2016, Cisco was recognized as a "Green Power Partner of the Year" by the EPA. The Green Power Leadership Awards recognize Green Power Partners for their leadership, overall renewables strategy, and impact on the green power market. Cisco was one of only three organizations nationwide to be chosen as a Green Power Partner of the Year in 2016.

In March 2017, Frost and Sullivan's Manufacturing Leadership (ML) Council selected Cisco for a Sustainability Leadership Award. We were honored for our efforts to avoid one million metric tonne of greenhouse gas (GHG) emissions from being created in our supply chain operations by 2020.

³ The 3% Solution report is named for the annual emissions reduction thought to be needed through 2020 to meet IPCC guidance. According to the IPCC Annex 1, developed countries need to reduce GHG emissions by 25 to 40 percent below 1990 levels by 2020, and by 80 to 95 percent below 1990 levels by 2050. Such a stabilization pathway was said to provide a "reasonable chance" of averting warming beyond 2°C above preindustrial temperature.

⁴ According to the Sectoral Decarbonization Approach (SDA) sector definitions (version 1, released May 2015), Cisco is classified in the "Services/Commercial Buildings" sector. Calculation is based on the most recent SDA target calculation tool (version 8, released 27 February 2017).

⁵ In each annual CSR report, we report on activities within the previous, completed fiscal year (through end of July). CDP's latest scoring was released in October 2017 and was based on a June 2017 submission using FY16 data.



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Cisco was also named to the [Dow Jones Sustainability \(DJSI\) World Index](#) in September 2017. The DJSI series, a globally recognized benchmark, rates companies based on their economic, environmental, and social dimensions. We've been on the World Index for 10 of the last 13 years. To learn more, read our [blog](#).

Cisco also ranks consistently high on the [EPA's Top Partner Rankings](#), which highlight the annual green power use of leading Green Power Partners within the United States and across individual industry sectors. As of July 24, 2017, we were ranked fifth among the top 30 tech and telecommunications companies, seventh on the national top 100 list, and seventh on the Fortune 500 partners list.

For more information on the CSR awards Cisco received in 2016 and 2017, please visit our [CSR Awards page](#).

Energy and Scope 1 and 2 GHG Emissions

GRI 103-2, GRI 103-3, GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4

Our Scope 2 emissions result almost exclusively from electricity use and represent 95 percent of our Scope 1 and 2 emissions. As a result, implementing projects that reduce our electricity use is a major part of our energy and GHG reduction strategy. In FY17, our Scope 1 and 2 GHG emissions were 41 percent lower than our FY07 baseline on an absolute basis, meeting our target of 40 percent absolute reduction by FY17. See [Table 19](#) for details.

To support standardization and benchmarking across companies, Cisco uses the GHG Protocol [Corporate Accounting and Reporting Standard](#) as the basis for our Scope 1 and 2 calculations. The [EPA Center for](#)

Table 18. CDP Performance History

CDP Year / Cisco Fiscal Year	CDP Score*	CDLI**	CPLI***	A List
2005 / FY04 (CDP1)	Responded / †	-	-	-
2006 / FY05 (CDP2)	70 / †	-	-	-
2007 / FY06 (CDP3)	70 / †	-	-	-
2008 / FY07 (CDP4)	96 / †	✓	-	-
2009 / FY08 (CDP5)	88 / †	✓	-	-
2010 / FY09 (CDP6)	92 / A	✓	✓	-
2011 / FY10	98 / A	✓	✓	-
2012 / FY11	96 / B	✓	-	-
2013 / FY12	100 / A	✓	✓	-
2014 / FY13	100 / A	✓	✓	-
2015 / FY14	100 / A	✓	✓	✓
2016 / FY15	A‡	‡	‡	✓
2017 / FY16	A‡	‡	‡	✓

† Performance scoring began with CDP 2010.
‡ Starting with CDP 2016, a single letter grade represents disclosure and performance.

* Disclosure/Performance
** Carbon Disclosure Leadership Index
*** Carbon Performance Leadership Index

[Corporate Climate Leadership](#) provides additional program guidance. All GHG emissions reported in this section include the seven greenhouse gases covered by the GHG Protocol: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. PFCs, SF₆, and NF₃ are not applicable to our operations and we do not have biogenic carbon emissions.

Historical Scope 1 and 2 emissions data often vary from previous publicly reported values, either in the most recent [CDP survey](#) or our previous CSR report, because of updated reporting guidance, emissions factors, adjustments for acquisitions or divestitures, or correction of any errors found during review. We report

market- and location-based Scope 2 emissions in accordance with the GHG Protocol's recently updated [Scope 2 guidance](#).

Each year, an independent third party provides a limited assurance review of our GHG inventory, including the emissions relevant to our current GHG reduction goals, namely Scope 1 and 2 emission sources. This limited assurance review is provided in accordance with the [ISO 14064-3 International Standard](#) and is published as part of our [CDP submittal](#). See our [FY17 Inventory Assurance Statement](#).



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Indirect energy or electricity represents 90 percent of our energy consumption (Table 20). Through the projects described in this section we have effectively plateaued our level of energy consumption for the last several years. We do expect that our energy use will rise over time; as a result, we are working to reduce the carbon intensity of the electricity we use. Including renewable energy purchases, our global average contractual emissions factor is 73 percent below the world average (See Table in Appendix III). We have achieved this by locating facilities where low-carbon grid electricity is available and buying renewable energy from utilities and green power providers. Our challenge will be to prevent our global average emissions factor from increasing as we grow in emerging markets such as India, where low- and no-carbon electricity is less readily available.

Scope 1 and 2 GHG Emissions Reduction Strategy

GRI 103-2, GRI 103-3, GRI 302-4, GRI 305-5

Reducing our energy consumption and GHG emissions while enabling a diverse energy supply for our operations helps us stay competitive and benefits the environment. Our overall strategy to accomplish these objectives is to:

- Use our real estate space more efficiently through Cisco Connected Workplace.
- Increase the energy efficiency of our real estate operations.
- Generate low-carbon electricity from onsite systems.
- Purchase renewable energy

Table 19. Summary of Scope 1 and 2 GHG Emissions

KPI	FY07 Baseline Year ¹	FY13	FY14	FY15	FY16	FY17	Comments
Total GHG emissions: Scope 1, metric tonne CO ₂ e	48,311	55,811	49,721	45,562	53,123	41,914	
Total GHG emissions: Scope 2 (location-based), metric tonne CO ₂ e	448,950	666,373	704,756	731,103	731,662	736,064	"Location-based" is used consistent with GHG Protocol and does not include renewable energy purchases.
Total GHG emissions: Scope 2 (market-based), metric tonne CO ₂ e	402,422	471,819	497,581	318,890	247,933	221,430	"Market-based" is used consistent with GHG Protocol and includes renewable energy purchases.
Scope 1 and 2 emissions (location-based) intensity, metric tonne CO ₂ e per million dollars of revenue	14.2	14.9	16.0	15.8	15.9	15.8	Location-based intensity is a measure of operational efficiency commonly used by many Cisco stakeholders.
Scope 2 emissions from primary data, percent	96.4%	96.3%	97.1%	98.2%	98.1%	98.6%	
Total GHG emissions: Scope 1 and 2 (market-based), metric tonne CO ₂ e	450,733	527,630	547,302	364,452	301,057	263,344	
Percent progress against FY17 reduction goal ²							Results are based on 2015 revisions to Scope 2 GHG Protocol methodology. Cisco's corporate GHG reduction goal was announced in February 2013.
Goal: Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 40% absolute by FY17 (FY07 baseline)	Base year	+16.6%	+20.9%	-19.1%	-33.2%	41.6%	

¹ Our reporting policy for environmental metrics is to show the baseline year, data for the past five completed years, the goal, and progress against the goal.
² Scope 2 emissions for all years have been adjusted to reflect the GHG Protocol's new Scope 2 guidance. This new guidance was released in 2015 and has had material impacts on Cisco's current and prior-year Scope 2 figures.



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Table 20. Summary of Scope 1 and 2 Energy Usage

KPI	FY07 Baseline Year ¹	FY13	FY14	FY15	FY16	FY17	Comments
Energy usage, GWh	1239	1763	1791	1826	1850	1822	
Indirect energy usage, GWh	1025	1521	1573	1636	1641	1649	Electricity is the only indirect energy source used by Cisco.
Direct energy usage, GWh	213	241	218	189	209	176	Direct energy consumption is the sum of Cisco's natural gas, propane, and diesel usage for heating and backup power generation and regular gasoline and diesel fuel used in Cisco's fleet.
Electricity usage, GWh	1025	1521	1573	1636	1641	1649	
Natural gas usage, GWh	135	111	103	82	94	90	
Diesel fuel usage, GWh	77	130	116	107	115	83	Diesel fuel is the sum of diesel used for heating and backup power generation and diesel fuel used in Cisco's fleet. Natural gas usage and diesel fuel usage subtracted from direct energy use provides propane usage.
Energy use per unit of revenue, GWh of energy consumed per billion dollars in revenue	35.5	36.3	38.0	37.1	37.6	37.0	Energy use per unit of revenue is one of our FY17 goals; we have reported historical values where available.
Percent progress against reduction goal							
Goal: Reduce total Cisco operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline)	N/A	+1.0%	+5.8%	+4.1%	+5.9%	+4.3%	

Space Policy and Cisco Connected Workplace

The most efficient workplace is the one you do not have to build. Cisco Connected Workplace is one of our most effective solutions for optimizing our real estate portfolio, allowing us to reduce energy use and GHG emissions. The solution integrates workspace design, policy, and technology to transform the workplace experience.

Workspace Design

Our program and designs support an activity-based work style. Our workspace can accommodate approximately 30 percent more employees than a traditional office layout, substantially reducing space and land requirements and therefore the associated environmental impacts. Our new buildings and renovation projects must meet Connected Workplace design specifications, which include energy efficiency requirements such as standards for LED lighting and efficient air conditioning.

Policy

We've changed our workplace occupancy model from individual to group assignment; this gives our teams flexibility and choice while increasing the utilization of our assets. In addition, with our flexible work policy and mobile technology solutions, employees can work from any Cisco office, as well as from home, a customer site, or even a coffee shop.

Technology

Cisco Connected Workplace successfully integrates our technology into our flexible workplace. As we move forward, we will use Cisco wireless technology with **Rifiniti Optimo**, a building utilization application, to support data-driven decisions on how employees are



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using our existing real estate portfolio. The application software uses non-personally identifiable badge and wireless data to generate trending information to predict how long employees tend to remain in the workplace and which parts of the building are used the most.

At the end of FY17, 63.6 percent of our total office space was compliant to our Connected Workplace design. We have been consolidating our real estate portfolio since FY10. We expect by the end of FY18 to have reduced our footprint by approximately 6.5 million square feet, while increasing the persons housed in our real estate footprint by 8 percent. We estimate this will allow us to avoid approximately 137 million kWh of energy use and 61,500 metric tonne of GHG emissions annually.

Building Efficiency: Strategy and Management

Our Global Energy Management and Sustainability (GEMS) team leads all energy and sustainability initiatives across our 22 million square feet of global real estate. The team manages a multimillion-dollar, multi-year EnergyOps program to implement energy efficiency and renewable energy projects and achieve Cisco's energy and GHG reduction goals. This team includes Cisco employees and contracted energy managers that have the following primary responsibilities:

- Manage Cisco's global annual utility budget and contracts.
- Identify and implement demand- and supply-side energy solutions, such as energy efficiency upgrades and onsite renewable energy projects.
- Embed sustainability and efficiency criteria into our building, lab, and data center design standards.

Table 21. Energy and GHG Emissions Reduction Projects*

KPI	FY13	FY14	FY15	FY16	FY17
Number of projects implemented	104	96	165	103	103
Annual energy avoided, GWh/yr	76.5	22.7	47.1	31.2	40.1
Total estimated annual CO ₂ e savings, metric tonne CO ₂ e/yr	34,000	12,000	22,500	12,400	23,600

*These do not include renewable energy purchases.

- Explore and evaluate options for higher efficiency in all of Cisco's real estate projects.
- Engage employees to participate in resource conservation.

In FY17, the GEMS team enabled Cisco to avoid approximately 40 GWh of energy consumption and 23,600 metric tonne CO₂e by investing \$12.5 million to implement 103 energy efficiency projects. (This does not include our renewable energy purchasing or onsite renewable energy generation.) We estimate that the energy efficiency and onsite renewable energy projects that we have implemented since FY13 have avoided approximately 218 GWh of energy and avoided 104,500 metric tonne CO₂e. This program has also allowed us to make our operations more efficient and increase the amount of renewable electricity we buy, directly contributing to the achievement of the FY17 sustainability goals we set in FY13 and the funding of our new FY22 goals. See our [Goals section](#) above for details.

Table 21 shows the energy savings associated with the GHG reduction projects we implemented between FY13 and FY17. Here are a few examples of projects the GEMS team implemented globally in FY17:

- Updating lighting controls and installing LED technologies.

- Installing variable frequency drives, electric commutative (EC) fans, and premium-efficiency motors and pumps to improve efficiency of HVAC systems.
- Installing waterside economization technologies to improve free cooling utilization.
- Installing solar window film to reduce heat gain and improve occupant comfort.
- Applying **coil optimization technologies** that improve cooling system efficiency and improving insulation of heating and cooling piping, valves, and pumps.
- Improving air-flow management and containment within our labs.
- Implementing building analytics services to better monitor, analyze, and fix HVAC-related issues that reduce efficiency.
- Continuing an employee engagement campaign to educate our employees about energy conservation and motivate them to conserve.
- Optimizing chillers and computer room air handlers (CRAHs) to make our cooling systems more efficient.
- Installing rooftop solar PV systems on two of our buildings in India.
- Optimizing our building ventilation systems to improve indoor air quality.



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Building Efficiency: Labs

Over 60 percent of our operational electricity is used to power and cool equipment in our engineering and services labs. Increasing the energy efficiency of our labs is our largest opportunity to reduce Cisco's GHG emissions and energy costs. We aim to build high-density powered labs with built-in airflow management, and use virtualization where possible. To reduce lab energy consumption, we are focusing our efforts on design, utilization, and power management.

Design

Our Global Lab Specification includes efficiency standards for new, high-density labs and retrofits. For instance, we require airflow management in all our new labs, and highly recommend it for renovation projects. Airflow management is mandatory in the state of California according to Title 24, and we hold all our new projects to that standard globally. We have implemented measures to improve airflow management and reduce the time and cost to deliver labs. We are making improvements to existing airflow management, ventilation, cooling, and other building infrastructure systems through our EnergyOps projects or through projects initiated by the lab managers. Some of our completed projects include installing virtual containment (see Case Study: [EnergyOps Projects](#)), rebalancing airflow in HVAC systems, installing LED lights in labs, and installing variable frequency drives on major facilities equipment, including pumps, chillers, and computer-room air handler units.

Utilization

Lab employees are encouraged to routinely evaluate their lab operations and power off or remove unused equipment, especially before our annual shutdown. We also use virtual machines to increase server utilization. Our Cisco Technical Services (TS) labs across the

world (which make up the majority of our labs) use a check-in, check-out system of automation pods to allow lab employees to set up configurations virtually and then release equipment when they are finished with it. This system maximizes the amount of people who can use the equipment, minimizes the amount of equipment physically needed in each lab, and reduces the amount of energy used collectively by our TS labs. When a lab team moves to a different lab, the users perform a "green clean" exercise, which eliminates unused or old equipment, thereby saving space, power, and cooling in the move. (See Case Study: [Cisco Technical Services Labs](#).)

Power Management

Powering down equipment saves money and energy. Smart power distribution units (PDUs) and [Cisco Energy Manager](#) software monitor our lab equipment, so that it can be powered down whenever possible. We now use Cisco Energy Manager in the majority of our engineering labs in San Jose, California, and Research Triangle Park, North Carolina with a rollout in Bangalore in progress. The automation pods mentioned previously also use PDUs and Cisco Energy Manager.

Building Efficiency: Data Centers

We are working to make our data centers even smarter, denser, and faster by consolidating our footprint and increasing their efficiency. Again, our strategy focuses on design, utilization, and power management.

Design

We build our data centers to operate efficiently. Our newest data centers in Research Triangle Park, North Carolina, and Allen, Texas, were designed to achieve a Power Usage Effectiveness (PUE) of 1.41 and 1.35 at full load, respectively. Both centers have achieved

a Leadership in Energy and Environmental Design (LEED)-NC Gold Certification (v2.2) from the U.S. Green Building Council by incorporating numerous sustainable design features. [Case studies](#) are available on the design and construction of the data center in Allen, Texas.

We also retrofit our data center spaces with more energy efficient technologies. Examples of efficiency retrofits we completed in FY17 include:

- Installing LED lights.
- Replacing electric-resistance heaters with more efficient heat pumps in our backup generators.
- Applying [coil optimization technologies](#) that improve cooling system efficiency.
- Retrofitting existing CRAH units with EC fans to allow more efficient variable fan speed.
- Installing mixed-mode waterside economizers to allow greater utilization of free cooling throughout the year.

The Data Center Infrastructure Management (DCIM) tools we're using allow us to "digitize" the data center. This enables maximum resource allocation efficiency, helping us to bridge the gap between IT workloads and facilities, automatically collect IT and facility data, and better manage power, cooling, and physical space supply and demand. DCIM also provides predictive analytics to identify capacity trends and operational conditions that require attention or preventative action. These tools help our teams make better decisions on whether we need to build new data centers.



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Utilization

In our data centers, we work to balance loads in order to reduce demand on our power and cooling systems. We are also consolidating capacity by migrating loads into key locations. By consolidating our footprint, we will have fewer locations to support while reducing our square footage costs and our overall carbon footprint. Since April 2012, we have reduced our data center square footage by 20 percent.

Power Management

Similar to our labs, we install smart PDUs and Cisco Energy Manager in our data centers to monitor power and control the use of equipment. Approximately half of our data centers have smart PDUs linked to Cisco Energy Manager. Real-time monitoring, alerting, and reporting helps our capacity teams efficiently manage compute storage and network equipment.

Building Efficiency: Green Building

We have made significant progress toward integrating green building standards into our real estate since our first LEED-certified building was built in 2009.

By the end of FY17, 27 Cisco facilities had achieved LEED certification, with 20 rated Gold or Platinum. These 27 certifications represent over 3.3 million square feet of LEED-certified space, which is more than 15 percent of Cisco's global real estate portfolio.

The following sustainable design features have been incorporated into our LEED-NC Gold Certified data centers in Research Triangle Park, North Carolina, and **Allen, Texas**:

- Waterside and airside economization
- Variable frequency drives on major equipment, including pumps, chillers, and CRAH units
- Higher-voltage electrical service distribution of 480/277V; rack distribution of 415/230V

- Rooftop solar photovoltaic (PV)
- Heat recovery from data hall for office space use (in North Carolina)
- LED lighting
- Low-e glass windows
- Reclaimed water use in cooling towers (in North Carolina)
- Non-chemical water treatment system
- Water-efficient plumbing
- Occupancy sensors integrated with lighting and temperature controls
- Landfill diversion during construction

We also incorporate principles of green building standards into the Cisco Connected Workplace, even if LEED certification is not planned. These standards make our spaces more comfortable for our occupants while reducing our buildings' impact on the environment. Some of the principles we include are:

- Thoughtful building layouts that place enclosed spaces toward the core, allowing for natural light penetration and placement of people near the perimeter
- LED lighting, including task lighting for adjustable occupant lighting control
- Biophilic designs such as living walls and the use of authentic, natural materials
- Educational outreach through change management with design and sustainable practices
- Increased building occupancy and efficiency with the use of data and space policies
- Wellness focus with the provision of spaces for relaxing, socializing, and exercising
- Specification of low-emitting materials in construction

We are also able to donate furniture in several locations, including sites in San Jose and China. In these locations, we first check if the office furniture we are replacing can be used in another Cisco office. If not, we donate it to a local charity or recycle it.

Onsite Power: Solar and Combined Heat and Power (CHP)

Our renewables strategy is to identify and evaluate potential projects in the following order: onsite power opportunities, green power contracts with utilities, offsite power opportunities, and Renewable Energy Certificates (RECs). We prefer onsite power projects where possible, but offsite power is often the better option due to factors such as location, budget, and space constraints. While we do utilize unbundled RECs today to help meet our renewable energy goal, we continue to engage utilities and renewable energy providers to expand both our onsite and offsite renewable energy activities.



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From FY12 through FY17, Cisco increased our total onsite solar PV capacity from 200 kW to over 2.8 MW. Collectively these systems produce on average 2.6 million kWh of electricity, avoiding more than 1400 metric tonne CO₂e each year over the projected 25-year life of the systems. Our newest rooftop solar PV systems in Bangalore and Pune, India, increase our onsite solar PV capacity in India to over one MW. We also recently completed a 966-kW solar PV carport at our Boxborough, Massachusetts, campus. We installed 5 arrays, containing 3168 solar panels. The output for this system is more than 1.2 million kWh per year. Our other onsite solar systems are located at our data centers in Allen, Texas; RTP, North Carolina; and other campus buildings in Bangalore, India.

We continue to maintain our 425-kW cogeneration system at our Bedfont Lakes campus in the U.K. Operating at peak efficiency, this system avoids approximately 850 metric tonne CO₂e per year and saves over \$510,000 in electricity costs annually.

We have also installed nine solar hot water systems at our campus in Bangalore, India. These systems collectively produce on average 8500 liters of hot water every day, which satisfies approximately 67 percent of our hot water demands at the campus.

Purchasing Renewable Electricity

Purchasing electricity generated from renewable or other low-carbon sources is a big part of our GHG reduction strategy. Our global renewable electricity purchases are summarized in Table 23. We have purchased renewable electricity primarily in the United States and Europe since FY06 by buying RECs and entering into green power contracts with various electricity suppliers. In FY17, we purchased 1178 GWh of Green-e Certified RECs and green power in the U.S., 93 GWh of green power in Europe, and 121 GWh

of international RECs (I-RECs) in India. The percent of electricity purchased from renewable energy sources for various regions is shown in Table 22.

Utility providers are enabling better access to renewable energy. At Cisco, we take full advantage of these types of opportunities and also commit to taking simple measures that provide easy access to new renewable energy. Here are some of our accomplishments in FY17:

- Opened a 20-MW solar energy facility in Blythe, California. Over its 20-year life, the system will produce approximately 60,000 MWh of clean, renewable solar power each year. The power produced at this facility will be used to provide over 10 percent of the San Jose campus's electricity.

- Purchased 100 percent of the electricity used at our facilities from renewable energy sources in the United States and many European countries, including Denmark, France, Germany, Ireland, Italy, Luxembourg, Switzerland, and the United Kingdom.
- Continued participation in Duke Energy's Green Rider program to purchase about 10 percent of the electricity used at our RTP campus from 10 MW of solar projects located in North Carolina.
- Continued participation in Austin Energy's Green Choice program to purchase 100 percent of the electricity used at our facilities in Austin, Texas, from local wind power systems.

Table 22. Renewable Energy

KPI	FY07 Baseline Year	FY13	FY14	FY15	FY16	FY17
Electricity from renewable sources, GWh	110	523	579	1167	1264	1316
Percent progress against reduction goal						
Goal: Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17	10.7%	34.4%	36.8%	71.3%	77.0%	80.0%

Table 23. Electricity Usage From Renewable Sources

REGION	FY07 Baseline Year	FY13	FY14	FY15	FY16	FY17
EMEAR (Europe, Middle East, Africa, and Russia)	31.4%	70.9%	60.8%	48.1%	43.6%	59.2%
United States	9.5%	39.1%	43.8%	96.7%	100%	100.0%
Global	10.7%	34.4%	36.8%	71.3%	77.0%	80.0%



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To further our engagement with green power providers, Cisco works with both the WWF's Corporate Renewable Buyers' Principles and Rocky Mountain Institute's Business Renewables Center. Cisco also participates in the EPA's Green Power Partnership. In the July 2017 EPA green power rankings, Cisco was listed seventh among the National Top 100, seventh among Fortune 500 companies, and fifth in the Top 30 Tech and Telecommunications companies. This EPA ranking is updated quarterly.

Scope 3

GRI 103-2, GRI 103-3, GRI 305-3

Scope 3 emissions cover a broad range of activities, including our supply chain, logistics, product use, and product end of life. [Table 17](#) shows the public commitments we have made to reduce our Scope 3 emissions. Additional Scope 3 emissions information is available in our response to Question 14 of the [2017 CDP Investor Survey](#).

Scope 3 GHG Emissions Reduction Strategy

GRI 305-5

Our Scope 3 emissions reduction efforts are focused on reducing emissions related to business air travel and supply chain operations. Our overall strategy to accomplish these objectives is to:

- Collaborate with supply chain partners to optimize transport and materials in the manufacturing of our products, and increase energy efficiency in our Tier 2 virtual factories.
- Use Cisco network technologies to reduce our air travel, supported by business processes,

management practices, information systems, and standardized assessment methodologies.

Scope 3 Supply Chain

In FY15, in an effort to build upon the knowledge gained from our Scope 3 supply chain GHG emission inventory that was developed using the data reported through CDP, Cisco launched the Supply Chain GHG Reduction Program to formalize and execute on a "top-down" approach to reducing GHG emissions. The mission of the program is to reduce Cisco's Scope 3 supply chain GHG emissions to reduce environmental impact while delivering additional supply chain benefits and customer satisfaction.

The Supply Chain GHG Reduction Program provides the framework to:

- Prioritize opportunities based on supplier data collected via CDP.
- Embed emissions accounting and responsibilities in our processes and tools.
- Execute projects that deliver Scope 3 supply chain GHG emissions reductions.
- Report on GHG emissions avoidance and other benefits.

Individual initiatives within the program focus on specific areas of supply chain GHG emissions prioritized by our CDP-based Scope 3 carbon footprint. The carbon footprint study supplemented product LCAs and CDP-based supplier emissions data to identify hot spots as targets for reduction. Using this study, our three primary areas of focus have been materials, energy, and logistics.

In FY17, the Supply Chain GHG Reduction Program gained momentum with the employees and executives needed to drive change in the supply chain. The program now consists of six sub-programs, each focused on a specific mission for reducing or avoiding supply chain emissions. Specific areas of reduction and details of achievements are reported individually in their respective Scope 3 cradle-to-gate categories.

Our FY20 [Scope 3 supply chain GHG emissions goal](#) is our first quantitative emissions goal to encompass Scope 3 supply chain activities that Cisco directs or influences, such as sourcing strategies, excess component management, product fulfillment model designs, manufacturing-related energy use, and transport mode optimization executed by third parties. [Table 24](#) shows our progress toward our reduction goal as of the end of FY17.

Table 24. Progress Toward 2020 Scope 3 Supply Chain GHG Reduction Goal

KPI	FY12 Baseline Year*	FY13*	FY14*	FY15*	FY16*	FY17*
GHG emissions avoided from Scope 3 supply chain GHG emissions, metric tonne CO ₂ e	8958	95,082	213,331	337,975	500,170	711,980
Percent progress against reduction goal						
Goal: Avoid one million metric tonne CO ₂ e by FY20	0.9%	9.5%	21.3%	33.8%	50.0%	71.2%

*Completed external verification for limited assurance against the ISO 14064-3.



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For more information on the Supply Chain GHG Reduction Program and a breakdown of emissions savings by GHG Protocol category and initiative, go to the [Scope 3 Cradle-to-Gate Emissions](#), [Scope 3 Transportation and Distribution](#), and [Scope 3 Purchased Goods and Services](#) sections in this chapter.

There are complex challenges involved in reducing GHG emissions on the scale of our outsourced supply chain. Obtaining Cisco-specific emissions data to prioritize new initiatives and manage existing ones continues to be one of our biggest challenges despite continued investment in this area. Additionally, the extent to which emissions data influences supply chain business decision making continues to evolve. Remarkable parallels to risk and quality management have been confirmed, and are expected to align to our future progress.

Scope 3 Business Air Travel

GRI 103-2, GRI 103-3

Travel reduction to meet our first 5-year goal was aided by budget reductions due to the economic downturn that began in 2008 (Table 25). As the economy recovered and our travel increased, we still met our FY12 reduction goal. Since then, Cisco has been entering new markets that require developing new and expanded business relationships, which has caused an increase in business travel. We did not meet our FY17 business air travel reduction goal, but our efforts have maintained our emissions below our FY07 baseline level while our employee count and business revenues have increased.

Table 25. Scope 3 Air-Travel Greenhouse Gas Emissions

KPI	FY07 Baseline Year	FY13	FY14	FY15	FY16	FY17	Comments
Total Scope 3 air-travel GHG emissions, metric tonne CO ₂ e	199,104	133,130	149,617	181,123	184,199	177,210	GHG emissions recalculated, starting with FY13 and using June 2016 DEFRA DECC emissions factors; radiative forcing not included.
Percent Scope 3 air-travel emissions from primary data	98%	98%	98%	98%	98%	98%	Data adjusted to represent 100% of Cisco business air travel.
Percent progress against reduction goal							
Goal: Reduce total Cisco business-air-travel Scope 3 emissions worldwide by 40% absolute by FY17 (FY07 baseline)	Base year	-33%	-25%	-9%	-7.5%*	-11%*	FY12 was the goal year for our first 5-year goal of a 25% reduction.

*If air travel from the ~5000 employees that joined Cisco as part of the NDS acquisition is excluded, the FY17 percent progress against our goal is -13%. The NDS acquisition closed at the end of our FY12.

Reducing GHG Emissions from Scope 3 Business Air Travel

GRI 305-5

To achieve business-air-travel reductions, we rely on our remote collaboration technologies. These include Cisco Spark®, Cisco TelePresence®, Cisco WebEx®, Cisco Unified Communications, and Cisco Jabber® collaboration solutions. Our adoption of these technologies has yielded a reduction in travel, carbon emissions, and travel costs, plus an increase in employee productivity and work-life balance, all while maintaining and growing the customer relationships we need for continued revenue growth. Going forward

Cisco will continue to use collaboration technologies to address our business air travel impacts.

We're using these remote collaboration technology solutions:

- **Immersive videoconferencing:** We have more than 1500 Cisco TelePresence rooms deployed in our offices worldwide.
- **Personal videoconferencing:** Hardware-based (DX80 and Cisco TelePresence) personal video totals more than 8000 units. Software-based (Cisco Jabber) videoconferencing is available to all Cisco employees using Cisco assigned laptops.



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- **Small office videoconferencing:** Cisco Connected Workplace is Cisco’s shared office space solution. Many small, flexible-use rooms for one to two people have smaller videoconferencing units installed, totaling more than 400 units worldwide.
- **Desktop conferencing:** WebEx is available to all Cisco employees using Cisco assigned laptops, and Cisco TelePresence and Cisco WebEx now interoperate. For example, WebEx users can see and hear—and can be seen and heard in—Cisco TelePresence rooms, expanding the types of remote collaboration enabled by Cisco technology.

Replacing business air travel with remote collaboration requires more than just technology. Our business processes, management practices, and culture had to adapt. As experience with collaborative technologies increases, within Cisco and among our customers and partners, remote interactions have progressed from being the exception to now being a standard practice.

Hosting and attending WebEx meetings with other employees or with customers, partners, and other stakeholders has become as common as using the telephone. We use Cisco TelePresence, Jabber, and WebEx for virtual company meetings, executive operational reviews, and department “all hands” meetings. About one-third of our annual global ISO 14001 site audits are performed using Cisco remote collaboration solutions. This real-world experience guides product development and helps with the rollout of supporting management practices.

Because the rate of adoption of remote collaboration technologies has matured, we are no longer trending adoption metrics included in our previous CSR reports.

Scope 3 Business Air Travel: Avoided GHG Emissions

The Transport Substitution chapter⁶ of the GHG Protocol ICT Sector Guidance distinguishes between emissions reductions and avoided emissions. Emissions reductions are actual, measured, absolute changes to emissions. Avoided emissions project what might have happened if an action hadn’t been done. Cisco focuses on emissions reductions, but we receive inquiries about avoided emissions, so a brief discussion is provided.

It is difficult to project with certainty what might have happened to Cisco air-travel emissions without the widespread adoption of our collaborative technologies. To estimate avoided emissions, we compared changes in our actual air-travel emissions to changes in revenue and headcount. (Revenue and headcount are two factors thought to correlate with changes to the amount of air travel.) Our data indicate that, from FY04 to FY06 and before the acquisition of WebEx and the introduction of Cisco TelePresence, changes to GHG emissions were roughly proportional to changes in revenue or headcount.

Scope 3 Employee Commuting

Flexible Work Practices

In addition to the collaboration tools we make widely available to our employees, several Cisco network technologies also permit flexible working environments (e.g., working from home or remotely). These include Cisco Virtual Office and Cisco OfficeExtend. **Cisco Virtual Office** provides wired and wireless voice, data, and video service for an employee’s home or for small commercial offices, using Cisco ISR integrated services routers and IP phones. **Cisco OfficeExtend** is an even simpler solution—a remote wireless access point in the employee’s home that provides the same

highly secure communications to a wireless local-area network (WLAN) controller at the connected Cisco campus.

Over 25,000 Cisco employees use Cisco Virtual Office to effectively work remotely. Many employees also use Cisco’s **AnyConnect Secure Mobility Client** to connect to our enterprise network, enabling them to work from any device, at any time, in any location. Although telecommuting or working remotely does not directly reduce air travel, it helps our employees become more proficient in using collaborative technologies, especially important for a 24/7 global company. Our employees can then use these skills to reduce air travel when possible.

Transportation Services

We provide a variety of transportation services to our employees to help them commute to and from work, move around our campus locations and adjoining communities, and receive vehicle services while parked. These services yield benefits to the employees in terms of time and cost of commute, to Cisco in terms of employee productivity and satisfaction, and to the environment with more carbon-efficient modes of transportation and fewer vehicle miles on the road.

Cisco encourages our employees’ use of mass transit by providing campus shuttle services (at seven of our locations globally), incentive programs that lower the cost of mass transit, and information about public transportation options in their area. We also offer transit shuttle services at nine of our locations, making it easier for mass transit commuters to get from public transport stations to our sites. In FY17, over 2200 employees took advantage of our mass transit incentive program each month, and our commuter and transit shuttle services provided over 1 million rides either to or from work.

6 To be published at a later date as an appendix.



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We launched a carpooling program for our San Francisco Bay Area locations in FY16. Through FY17, over 4800 users have signed up to participate either as riders or drivers. Through the life of the program, our employees have avoided driving over 1.3 million miles reducing carbon emissions from commuting by over 540 metric tonne CO₂.

We offer electric vehicle charging at 20 locations across the U.S., Europe, and India, saving over 800 metric tonne CO₂ in FY17.⁷ By the end of FY17, we had over 230 stations with more than 430 charging ports available for use by Cisco employees and guests in the following locations:

- San Jose, California
- Pleasanton, California
- Research Triangle Park, North Carolina
- Lawrenceville, Georgia
- Richardson, Texas
- Boxborough, Massachusetts
- Malvern, Pennsylvania
- Bedfont Lakes, United Kingdom
- Green Park, United Kingdom
- Diegem, Belgium
- Kortrijk, Belgium
- Lysaker, Norway
- Amsterdam, Netherlands
- Vimercate, Italy
- Rome, Italy
- Madrid, Spain
- Stockholm, Sweden
- Eschborn, Germany
- Ecublens, Switzerland
- Bangalore, India

We also provide a number of onsite services for employees on our campuses, including refueling, car washing, oil changes, and bicycle storage. These and other concierge services reduce employee commuting time, employee stress, and vehicle miles. In FY17 our Booster refueling service was utilized by 5300 employees, reducing their driving mileage by 67,500 miles and reducing the associated CO₂ emissions by 30 metric tonne.

Scope 3 Life Cycle Emissions

GRI 302-5

LCA techniques (specifically, carbon footprinting) help us understand the largest impacts of our products so we can focus on the areas where we can make the most difference. We use the five product life cycle stages defined by the GHG Protocol in its 2011 **Product Life Cycle Accounting and Reporting Standard**, which itself is based on the ISO 14040 series standards:

- Material acquisition and pre-processing
- Production
- Distribution and storage
- Use
- End of life

We are committed to shaping our industry in this area through two avenues:

- Internal research to develop our capabilities
- Industry engagement

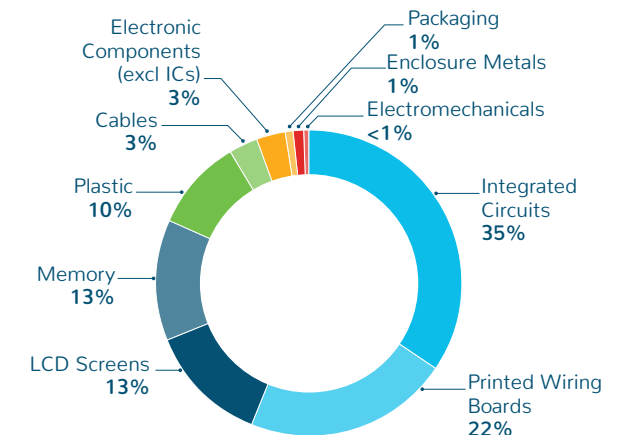
Our LCA work has focused on our most common product categories, including IP phones, standalone switches, and routers, which cover a substantial portion of our product lines. We have also assessed Cisco TelePresence videoconferencing to determine the net benefit from using ICT as a substitute for travel. For many of our product families, we have determined that the use phase accounts for between 80 and 90 percent⁸ of the carbon life cycle impact as shown in [Figure 31](#).

Because power is higher relative to weight, the use phase can account for more than 90 percent of life cycle emissions for larger core routers and switches. For lower-power devices—like endpoint devices that might have a shorter lifetime, that can be turned

off, and whose use is compatible with idle or standby modes—the percentage of emissions from the use phase is lower, but is still the largest contributor.

In FY12, we improved our capability to perform LCAs, developing tools to automate the analysis of product materials and standardizing life cycle models. Since then, we have focused on ways to further improve data availability and accuracy in the materials and manufacturing phases. Figure 30 shows the manufacturing phase carbon footprint of a Cisco IP phone. Collecting accurate data to support LCA modeling is most difficult for the largest impact areas identified in the manufacturing phase: integrated circuits, bare printed circuit boards, displays, and assembly and test processes. To address this challenge, we are working with industry peers and suppliers to collect more data and improve calculations.

Figure 30. IP Phone Manufacturing Phase Impacts



⁷ Cisco includes the electricity used to charge employee EVs in our Scope 2 emissions.

⁸ Global emissions factors can vary by a factor of three, which impacts use-phase emissions. This analysis used the global average electricity emissions factor. Larger-grid emissions factors increase the percentage of overall emissions in the use phase.



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We participate in several ICT industry efforts working toward a common approach to assessing environmental impacts of products, including:

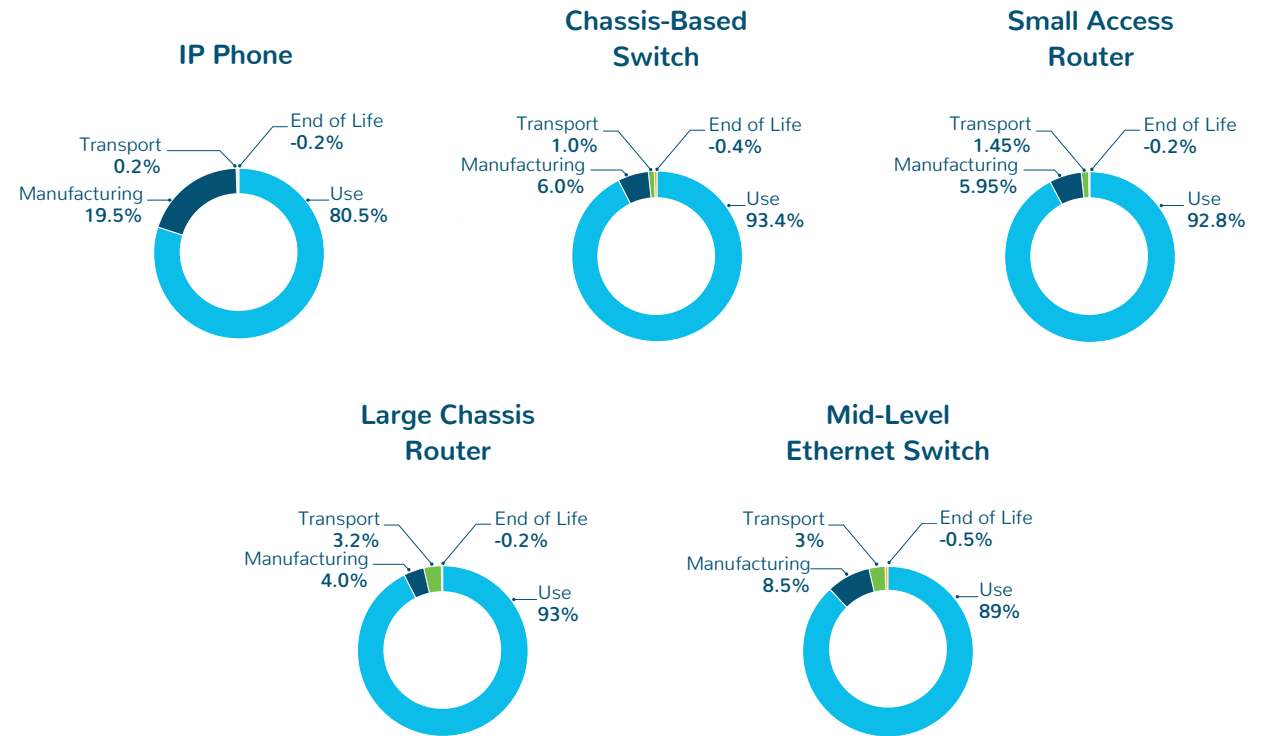
- GHG Protocol Scope 3, Product Accounting and Reporting, and ICT Sector Supplement standards. Over the last three years, Cisco has contributed to the development of these standards, which form the basis for accurate accounting.
- **European Telecommunications Standards Institute (ETSI) LCA of telecommunication equipment and service, DTS/EE-00014.**
- **International Electronics Manufacturers Initiative (INEMI) Eco-Impact Evaluator Project** (completed in FY13) to develop a simplified LCA tool for ICT products. (Cisco was co-editor.)
- High-Density Packaging Users Group (HDPUG) PWB Environmental Life Cycle Analysis project focusing on developing a model for the manufacturing of bare circuit boards.
- Sponsorship of Stanford University civil engineering annual class projects.

These efforts build and share knowledge, apply life cycle concepts to our product design and operations, build engagement with academia, and support the ICT sector in working toward practical and useful methodologies to assess the GHG emissions impact of our products.

Scope 3 Cradle-to-Gate Emissions

As part of our commitment to reducing GHG emissions, we are focusing on our own facilities, employee business travel, and supply chain. CDP continues to serve as a foundation for supplier engagement, emissions reporting, prioritization, and goal setting. For more information about our supplier engagement process, please refer to the [Promoting Transparency in the Supply Chain](#) section of this chapter.

Figure 31. Breakdown of GHG Emissions By Life Cycle Phase For Select Product Categories



Note: Negative EOL values indicate material credits associated with recycling and reuse of materials.

Detailed accounts of our Scope 3 carbon inventory results can be found in response to Question 14 of our [2017 CDP Climate Change response](#).

As described earlier, Cisco's Supply Chain GHG Reduction Program seeks to address our Scope 3 carbon inventory by reducing Cisco's supply chain GHG emissions. In FY17, six "sub-programs" contributed to the results of the Supply Chain GHG Reduction

Program. Their categorization against the GHG Protocol and links to their FY17 performance are as follows:

- **Make It Green:** [Scope 3 Transportation and Distribution and Scope 3 Purchased Goods and Services](#)
- **Mode Shift:** [Scope 3 Transportation and Distribution](#)



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- **Responsible Supply Chain Design:** Scope 3 Transportation and Distribution
- **Services Green:** Scope 3 Transportation and Distribution
- **Responsible Scrap Management:** Scope 3 Purchased Goods and Services
- **Partner Energy Management:** Scope 3 Purchased Goods and Services

The combined results from these programs can be found in [Table 24](#).

Scope 3 Transportation And Distribution

Cisco’s Services Green, Mode Shift, and Responsible Supply Chain Design initiatives have helped reduce transportation emissions.

Cisco Services uses two primary strategies to reduce transportation-related emissions: dynamic receipt and disposition, and repair site localization. Dynamic receipt and disposition eliminates the need for a central depot for the evaluation of a product’s viability for reuse over recycling. Instead, products can be screened locally, and either forwarded for repair or sent to an approved local recycler. Repair site localization takes this one step further, using in-theatre repair sites and ground transportation whenever possible. In FY17, the Services Green program achieved an avoidance of 12,091 metric tonne CO₂e.

The Mode Shift initiative optimizes our global, virtual factory-to-factory freight movement of goods, shifting transportation modes from air to ocean whenever practical, while still meeting customer expectations on lead time. In FY17 Mode Shift avoided 113,540 cumulative metric tonne⁹ of CO₂e emissions.

The Responsible Supply Chain Design initiative created a supply chain network that optimizes the net

movement of a product during its life cycle—starting with the component shipments from suppliers and continuing through the finished product shipments to end customers. Carbon emissions reporting is embedded in the “Network Design” modeling tools. Each time a new contract manufacturing network design sourcing decision is considered, the modeling tools provide executive-level decision makers with the logistics carbon emissions impact, which is then considered alongside traditional supply chain variables like cost, resiliency, and lead time. In FY17, 49,758 metric tonne CO₂e were avoided through the Responsible Supply Chain Design initiative.

Scope 3 Purchased Goods and Services

In a fully outsourced model, the emissions reductions from material, waste, and energy reduction activities fall under Scope 3 Purchased Goods and Services. The Make It Green, Responsible Scrap Management, and Partner Energy Management programs have led to less waste and material use in our supply chain.

Aligned to the SET Circular Economy track, the Make It Green program is an initiative to limit the waste and costs associated with products and packaging while reducing carbon emissions and improving the customer experience. Formerly known as Pack It Green, the program has expanded beyond packaging optimization to include product fulfillment and the use of recycled materials in our products. [Table 16](#) in the Materials section details the Make It Green program focus areas.

Through Make It Green, approximately 2064 cumulative metric tonne of material (corrugated board, plastic, wood, CDs/DVDs, cables, and other materials) and 21,738 cumulative metric tonne of CO₂e were avoided in FY17. GHG emissions included those avoided from reduced material and freight weight reduction. In

addition, these FY17 changes also saved an annualized \$14 million in material and freight cost reductions.

Launched in FY17, the Responsible Scrap Management Program is a Lean Six Sigma “Green Belt” pilot program on a subset of our products. The objective of the program is to increase the reuse of excess and obsolete component inventories by empowering individual business units to resell the non-proprietary Last Time Buy components on global commodity markets. Currently, resale of excess and obsolete component inventory is managed by a central team in Logistics. This limits resale opportunities to those with high returns, and it excludes “last time buy” component inventories, which are a subset of excess and obsolete components bought in bulk to support forecasted demand for our products. Through this program, business units are incentivized by keeping the resale value of the components in their own budget. In FY17, the Responsible Scrap Management program avoided 3190 metric tonne CO₂e through the resale of 2801 KG of components into global commodity markets for reuse.

Also launched in FY17, the Partner Energy Management program challenges our contract manufacturing sites to pursue verifiable energy saving targets through the digitization of factory activities. Successes to date have focused on Internet of Things (IoT) energy management systems, which utilize thousands of sensors to precisely measure and manage energy consumption across systems and equipment. Cisco realizes that our outsourced operations require flexible goals, but are confident that the focus on energy management provides clear benefits—including more affordable energy, increased utilization of equipment, and increased awareness and capacity among factory workers. [\(Case study: Energy Reduction Pilot\)](#)

Together with our partners, we have worked to obtain limited assurance verification for the energy savings

⁹ As calculated using U.K. DEFRA factor for air freight, including a multiplier of 1.9 to account for radiative forcing.



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across the first two partner sites in accordance with the International Performance Measurement and Verification Protocol Efficiency Valuation Organization 10000-1:2012 guidelines. In FY17, the Partner Energy Management initiative saved 15,492 MWh of energy in the factories, the equivalent of 9,795 metric tonne CO₂e.

Scope 3 Product Use Phase (Product Energy Efficiency)

GRI 103-2, GRI 103-3, GRI 302-5

Improving product energy efficiency represents more than just a regulatory requirement for Cisco—it is an opportunity for us to help customers save on energy costs, reduce global energy demand, and lower GHG emissions, in addition to making our products more competitive. While the ICT industry accounts for about two percent of the world’s GHG emissions from energy, we expect ICT energy consumption to continue to grow.¹⁰ Throughout their life cycle, our products consume the largest proportion of energy, and release the most GHG emissions, during the use phase.

Customers and regulators have rising expectations of products to minimize energy costs and GHG emissions. Every year the number of inquiries related to environmental sustainability we receive from analysts, customers, shareholders, and non-governmental organizations (NGOs) rises. We track applicable energy-use regulations and certification programs to review compliance needs as requested by our customers.

Advocacy and Standards Development

Cisco engages with governments, regulatory agencies, and standards development organizations to monitor and influence the development of emerging product energy-efficiency requirements and standards, particularly around climate change. We believe that

these activities, done properly, bring clarity and consistency to the global marketplace and create predictable requirements that enable companies to focus on the environmental issues that are most relevant to their business. Specifically, we believe that product energy-efficiency standards can promote innovation by being performance based, by taking into account product functionality, and by relying on objective criteria, real-world data, and system-level efficiency.

Since 2008, we have been working with the EPA to define **ENERGY STAR** standards for relevant products. In 2013 the EPA released the Version 1.0 ENERGY STAR specification to differentiate more efficient products across six types of networking equipment. We are qualifying in-scope products with this and other existing ENERGY STAR specification programs. To date, this includes set-top boxes,¹¹ enterprise servers, IP phones, and small network equipment (SNE). We are engaged in the development of an ENERGY STAR specification for large network equipment (LNE), which will cover a significant portion of our routing and switching products. A list of Cisco ENERGY STAR-qualified products is available on the ENERGY STAR program [website](#).

Although ENERGY STAR is a useful means to promote product energy efficiency improvements, we believe that an approach that addresses product energy efficiency across an entire product system is a better way to measure and promote energy efficiency. ENERGY STAR standards generally apply to a single point of power supply conversion at the front end of the total system. In contrast, the Alliance for Telecommunications Industry Solutions (ATIS) Telecommunications Energy Efficiency Ratio (TEER) measurement method covers all power conversion and power distribution from the front end of the system to the data wire plug, including application-specific integrated circuits (ASICs).

Table 26 highlights several illustrative examples of energy efficiency initiatives and organizations that Cisco participates in.

Improving Product Energy Efficiency

To achieve the projected—and required—product performance specifications for the next 5 to 10 years, Cisco products will require an architecture that has “energy scalability”—meaning it can provide energy-efficient service for variable traffic types, traffic demands, customer usage, and installs.

In order to achieve this, Cisco has five primary product energy efficiency engineering initiatives underway:

- **Power initiative:** We are improving product efficiency, from plug to port, with a goal to achieve a 6- to 7-percent increase in total system power efficiency by 2020. As an example, in 2015 a switch using 25 to 30 kW had a total system power efficiency of 82 percent; by 2020 we want system power efficiency to be in the 88- to 90-percent range for a switch using 100 kW. Based on current designs, we expect to reach this goal for products shipped in CY19. We have since increased our engineering goal to a total system power efficiency of 92 percent by CY20.
- **Thermal initiative:** We are exploring alternative methods of cooling (air flow, liquid, and refrigerant cooling) to reduce operating temperatures and facility cooling requirements.
- **High-speed interconnects initiative:** High-speed silicon-to-silicon or optics-to-silicon interconnects are an integral part of high-speed data and the control plane. These interconnects consume a significant portion of the total system power. We are exploring ways to increase the interconnect speed, driving the gigabits per second per watt (Gbps/W) consumed metric as high as possible to increase performance and reduce energy use.

¹⁰ Arman Shehabi, Jonathan Koomey, Eric Massanet, Nathaniel Horner, Ines Azevedo, William Lintner, United States Data Center Energy Usage Report, Lawrence Berkeley National Laboratory, June 2016, https://eta.lbl.gov/sites/all/files/publications/lbnl-1005775_v2.pdf; and Gartner 2007, <http://www.gartner.com/newsroom/id/503867>.

¹¹ As of the end of FY15 Cisco no longer sells set-top boxes. This division and associated products were part of a divestiture.



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- **Customer facilities initiative:** We are working with customers to reduce the amount of energy required to operate their IT facilities by using power solutions that increase the efficiency of overhead power, avoid step-down transformers, and provide integrated cooling strategies.
- **Solution power efficiency:** We are developing end-to-end solutions for our customers that reduce hardware requirements and energy consumption while providing a more integrated method for managing IT infrastructures.

When we evaluate product energy efficiency, we consider the power performance of the entire system. We measure the efficiency loss as electricity passes through each component (or function). This can include, for example, the external power supply, front-end line card, point of load, and ASICs. Over the past 10 years we have aggressively reduced our product energy consumption while increasing performance. For example, in our products with release dates from CY05 to CY17, we have increased circuit card power from 500W to 1350W and gone from 8 kW to 28 kW chassis using conventional fan tray cooling methods. These improvements have resulted in a total available power increase of 2.5 times while increasing our total system power efficiency by 47 percentage points over the same period ([Figure 32](#)).

We are projecting a 4.25-percent increase in total system power efficiency from our 2017 products to products available in 2019. Our vision is to develop common power designs and specifications across Cisco technologies to continue the improvement of system power efficiency with each product generation.

As part of this system power efficiency approach, we are working to reduce energy demand for ASIC chips found in most Cisco products. ASICs are designed for a particular application in a particular product

Table 26. Energy-Efficiency-Related Initiatives and Organizations

Organization	Area/issue of Engagement
European Commission Joint Research Center, ICT Codes of Conduct	Cisco is a signatory and active member of the EU Code of Conduct on Energy Consumption of Broadband Communication Equipment. The goal of this effort is to reduce energy consumption of broadband communication equipment without hampering the fast technological developments and the service provided.
Alliance for Telecommunications Industry Solutions (ATIS)	Cisco is an active member of ATIS and engages with other member organizations to develop standards relevant to the telecommunications industry. In 2010, Cisco took a lead role in the development of the ATIS Telecommunications Energy Efficiency Ratio (TEER) standard for the measurement of product energy efficiency.
Minimum Energy Performance Standards (MEPS) (Australia and Korea)	Cisco supports efforts that focus on the development of energy performance requirements and limit the maximum power consumption of product standby modes.
European Telecommunications Standards Institute (ETSI)	Cisco is engaged with ETSI in the development of standards for energy efficiency.
Responsible Business Alliance (RBA), formerly EICC	Cisco is a founding member of the RBA, sits on the RBA board, and has contributed to the development and revision of the RBA Code of Conduct.
The Green Grid (TGG)	The Green Grid is a global consortium of companies dedicated to resource efficiency in business computing ecosystems. Cisco participates on a broad range of issue topics, including data center management, liquid cooling technology, power usage effectiveness (PUE), water usage effectiveness (WUE), and energy usage effectiveness (EUE).
International Telecommunication Union (ITU) (worldwide)	Cisco is a major contributor to the ITU-T SG5 Lead Study Group on ICT and climate change. Cisco presented to ITU the ATIS TEER methodology, which was then incorporated into Measure L's energy-efficiency metrics and measurement for telecommunications equipment, creating the opportunity for a single worldwide metric.
Ministry of Economy, Trade and Industry (METI) (Japan)	Cisco supports efforts that focus on the development of a minimum energy efficiency requirement for networking router and switch product groups.
U.S. Department of Energy (DOE), Environmental Protection Agency (EPA)	Cisco has been working with the EPA to define ENERGY STAR standards for networking equipment: SNE, LNE, telephony equipment, and servers. Cisco also has worked with Lawrence Berkeley National Laboratory, the EPA/DOE technical arm, Navigant, the National Resources Defense Council (NRDC), and Ecova on measurement methodologies and metrics. Cisco routinely provides feedback to these organizations on best practices, draft standards, and actual power measurement procedures for relevant products.
Telecom Regulatory Authority of India (TRAI)	TRAI is an Indian government regulatory organization for the telecommunications industry. In 2011 it released recommendations and guidance on energy-efficiency metrics and measurement. Cisco provided extensive document reviews and recommendations on how to align with existing and widely adopted ATIS/ANCI and ITU-R relevant documents.



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and account for a significant percentage of board-level energy consumption (Figure 33). For lower-cost, higher-volume products, we use off-the-shelf OEM-designed ASIC chips. For our enterprise and data center switches, Cisco Nexus® and Cisco Catalyst® switches, we design our own ASIC chips.

We are developing energy savings approaches for our ASIC chips that include:

- **Feature-based energy management:** ASIC chips are often developed to be rich in features and capability so they can be used in many products. We are developing new ASIC chips that are configurable to the specific features within the product. As an example, such a chip would not draw the power needed to manage 48 ports when it is placed in a 24-port switch.
- **Voltage scaling:** To compensate for the performance variation inherent in manufactured products, we are scaling, or adjusting, the energy consumed by ASICs to achieve performance standards and minimize energy consumption. We are adjusting the ASIC chip energy requirements (up and down) to compensate for any manufacturing variation in performance.
- **Adaptive power management:** This enables an ASIC to actively manage the energy it requires based on the load of work it is processing.

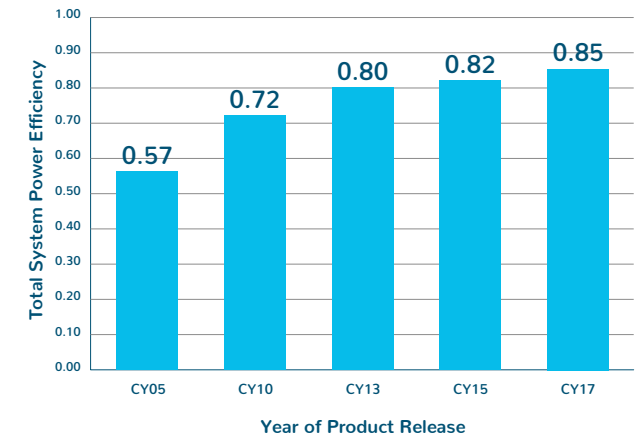
Our ASIC power reduction techniques have increased the cumulative Gbps/W performance of our products by 71 percent from 2005 to 2015 (Figure 34). We are projecting an additional 63-percent cumulative Gbps/W performance increase from 2015 to 2018.

In 2009, Cisco was co-editor for several standards, including ATIS TEER standards and Energy Efficiency of Telecommunications Equipment: Methodology for Measurement and Reporting standards, and specifically those regarding:

- Servers and server blades (ATIS-0600015.01.2009)
- Transport and network systems (ATIS-0600015.02.2009)
- Router and Ethernet switch products (ATIS-0600015.03.2009)

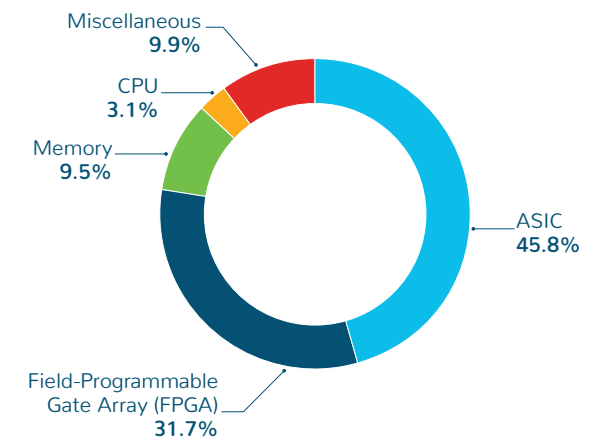
These ATIS TEER standards created a framework for measuring product energy usage that takes into account product functionality and uses real-world loads to determine energy efficiency across the entire product. This is important because it allows companies like Cisco to compare energy-usage design improvements from product generation to generation, and it helps consumers make more informed purchasing decisions.

Figure 32: Total System Power Efficiency* (Percent Improvement)



*Defined as useful power output divided by the total electrical power consumed.

Figure 33: Example of Board-Level Energy Consumption by Function





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Figure 34: ASIC Performance, Gbps/W (Core Routing Asics)

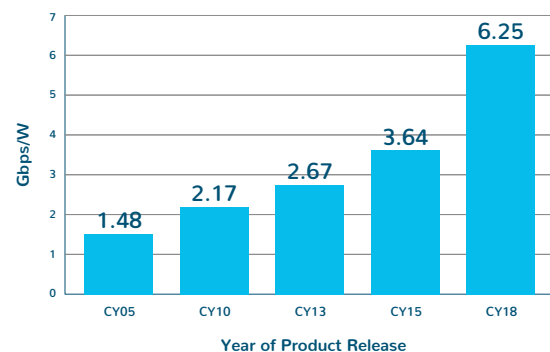
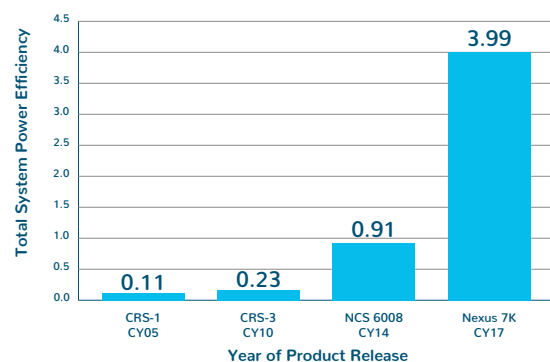


Figure 35: System Performance Improvements, Gbps/W



These ATIS TEER standards have been incorporated into the Network Equipment Building System (NEBS) design guidelines applied to telecommunications equipment in the United States. NEBS is the most common set of safety, spatial, and environmental design guidelines applied to telecommunications equipment, and compliance with these guidelines is an industry (but not a legal) requirement. All Cisco products that have entered the market since 2011 have gone through ATIS TEER testing.

We have used the ATIS TEER standard to develop energy profiles for representative models and products within the following product families:

- Cisco ASR 9000 Series Aggregation Services Routers
- Cisco ASR 5000 Series Aggregation Services Routers for Mobile Packet Solutions
- Cisco Catalyst 1900 Series, 2800 Series, 2900 Series, 3800 Series, 4500 Series, 6000 Series, and 6500 Series Switches
- Cisco CRS-1 and CRS-3 Carrier Routing Systems
- Cisco Network Convergence System (NCS) 6008 Routers
- Cisco ONS 15454 Series, NCS 2000 Series, and NCS 4016 Multiservice Provisioning Platforms
- Cisco Nexus 7000 Series Switches

The products tested make up more than 90 percent of Cisco products that are in ATIS TEER scope. Figure 35 presents system performance improvements, in Gbps/W consumed, for a sample of our core router and switching products (CRS-1, CRS-3, NCS, Nexus 7000) for which first-, second-, third-, and fourth-generation energy performance was measured using the ATIS TEER standard. The results show that in these products, there was a 38-fold increase in normalized bits-per-watt performance between the four generations of products, with only a 2.5-fold increase in power usage.

Scope 3 Product End of Life

The last product life cycle phase defined in the GHG Protocol Product Life Cycle Accounting and Reporting Standard is end-of-life (EOL) management. There are minimal emissions associated with this life cycle phase for Cisco products, and most of them are connected to the transport of the returned product and the recycling process. The largest impact of recycling on GHG emissions is reducing upstream emissions. For more details, see the [Product End of Life](#) section.

As Cisco introduces initiatives to increase the return of used or EOL products, we have planned a study on the relative environmental impact of earlier or later product retirement. Energy efficiency usually improves with each new product generation, so earlier product retirement may be able to decrease overall emissions since the use-phase emissions dominate the product life cycle. However, creating new products introduces other environmental impacts. A similar dynamic exists in the automotive industry. For example, is it better to retire a functional 30-mpg car for a new 40-mpg car? We will consider the results of LCAs to inform our approach in this area.



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Enabling Effect

GRI 302-5, GRI 305-5

We are making progress in managing the GHG emissions in our own operations, in our supply chain, and at other phases of the product life cycle. Our products and services also offer opportunities through the “enabling effect.”¹²

Additionally, Cisco products can support LEED accreditation. Currently, network products can only get LEED credit under the Innovation category of the LEED: BD+C: Data Center program. Under the LEED: BD+C: Data Center program, only ENERGY STAR certified products can get LEED credit, up to 6 points. Information on ENERGY STAR qualification of Cisco products is discussed in the [Scope 3 Product Use Phase](#) (Product Energy efficiency) section of this chapter; certified Cisco products are listed on the ENERGY STAR WEBSITE.

The enabling effect happens when ICT sector products and services can be used to achieve reductions in GHG emissions in other industry sectors. For example, high-definition videoconferencing (ICT sector) can be used in place of face-to-face interaction to avoid air travel (transportation sector), and energy monitoring and control of IP-enabled devices (ICT sector) can be used to reduce energy consumption in buildings (real estate and industrial sectors).

In FY09, Cisco sponsored and contributed to the SMART 2020 report, which still guides industry strategy. The report identified opportunities for the ICT sector to develop and apply network technologies to reduce total GHG emissions by 15 percent.

Considering that the ICT sector was projected to be responsible for only 3 percent of global emissions in 2020, this represents a substantial positive impact. Potential reductions are concentrated in the areas of transportation, buildings, power/energy, and industry.

Product End of Life and Waste from Operations

GRI 103-2, GRI 103-3, GRI 301-3

Product End of Life

Our trade-in and recycling programs are designed to bring back the products that Cisco or our acquired companies have sold to channel partners and end-user customers. Of products sent to our e-scrap recyclers, nearly 100 percent are recycled, and all commodity fractions go to downstream recyclers to be made into new products. During FY17, we also refurbished, resold, reused, or recycled over 11,398 metric tonne of products returned to us ([Table 27](#)).

Information on our compliance with product recycling regulations, such as the Waste Electrical and Electronic Equipment (WEEE) Directive, can be found [online](#). Products are labeled with a crossed-out “wheelie bin” symbol to encourage end users to reuse or recycle electronics instead of disposing of them in the trash.

We have nine different programs in operation to support our product trade-in and recycling efforts aimed at customers, suppliers, partners, and internal users ([Table 28](#)). A flow diagram of the programs is shown in [Figure 36](#).

We use circular economy principles to increase product returns for resale or recycling; to study leasing and as-a-service models to facilitate return and reuse; to implement IoT technologies for improved asset tracking, maintenance, and operations; and to improve product and packaging design. For more information on our approach to the circular economy, see the [Environment Roadmap section](#) at the start of this chapter.

Customer Programs

The Cisco Technology Migration Program (TMP) and Exceptional Pick-Up Program (EPUP) enable customers to return used equipment. These programs are the single largest source of product returned to Cisco, and provide the newest and best-quality used equipment for refurbishment and reuse.

Trade-in materials are routed to our returns warehouse for refurbishment, resale, or reuse by Cisco Capital® Refresh, Cisco Service Supply, or our internal labs. Reuse is always our first priority. In FY17, we reused over \$249 million of Cisco equipment, calculated at

¹² See the Smart 2020 report published by GeSI for a more detailed explanation: <http://gesi.org/files/Reports/Smart%202020%20report%20in%20English.pdf>



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standard cost (COGS). Any item that is not reusable goes to one of our authorized recyclers.

The Cisco Takeback and Recycle Program (TB&R) focuses on Cisco branded items that do not qualify for either the TMP or EPUP. The TB&R also accepts equipment from other manufacturers that has been replaced by newly purchased Cisco items. The equipment is typically old and has no reuse value, or it is damaged. These materials go to the closest Cisco approved recycling locations (Figure 37). The number and location of Cisco authorized recyclers continue to expand based on the growth in our business and the requirements of local regulations.

Engaging with our TB&R is easy and straightforward: Customers go to the [web portal](#)¹³ to submit a pick-up request form. Cisco’s contracted third-party recycler then contacts the customer to arrange the pick-up and work out the logistics to return the materials to the appropriate location.

Programs for Companies Producing or Repairing Cisco Products

The Cisco Manufacturing Scrap/Reuse Program takes excess, obsolete, or damaged materials from our contract manufacturers, manufacturing partners, original equipment manufacturers (OEMs), original design manufacturers (ODMs), and proprietary component suppliers. Our contracted repair manufacturers and distribution depots use the Global Scrap Program for their excess, obsolete, or damaged materials. Both of these programs are a valuable source of reusable product.

Table 27. Product Trade-in and Returns

KPI	FY13	FY14	FY15	FY16	FY17	Comments
Product return, metric tonne	12,539	12,180	11,718	12,609	11,398	
Refurbish, resell, and reuse rate, percent	25%	23%	25%	19%	16%	
Returned material sent to landfill, percent	0.33%	0.30%	0.27%	0.28%	0.36%	Landfill material consists only of non-electronic waste materials, such as broken pallets, wet cardboard, and shrink wrap, accompanying Cisco product returned by customers for recycling.

Table 28. Cisco Trade-In, Reuse, And Recycling Programs

Program Type	Material Stream
Customer programs	<ul style="list-style-type: none"> •Cisco Technical Migration Program (TMP) •Cisco Takeback and Recycle Program (TB&R)
Programs for companies producing or repairing Cisco products	<ul style="list-style-type: none"> •Exceptional Pick-Up Program (EPUP) •Global Scrap Program
Internal programs for Cisco	<ul style="list-style-type: none"> •eBin/Lab Scrap Program •Cisco Data Center Server Recycling Program •Non-Genuine Brand Program •E-scrap events

¹³ Cisco.com registration required.



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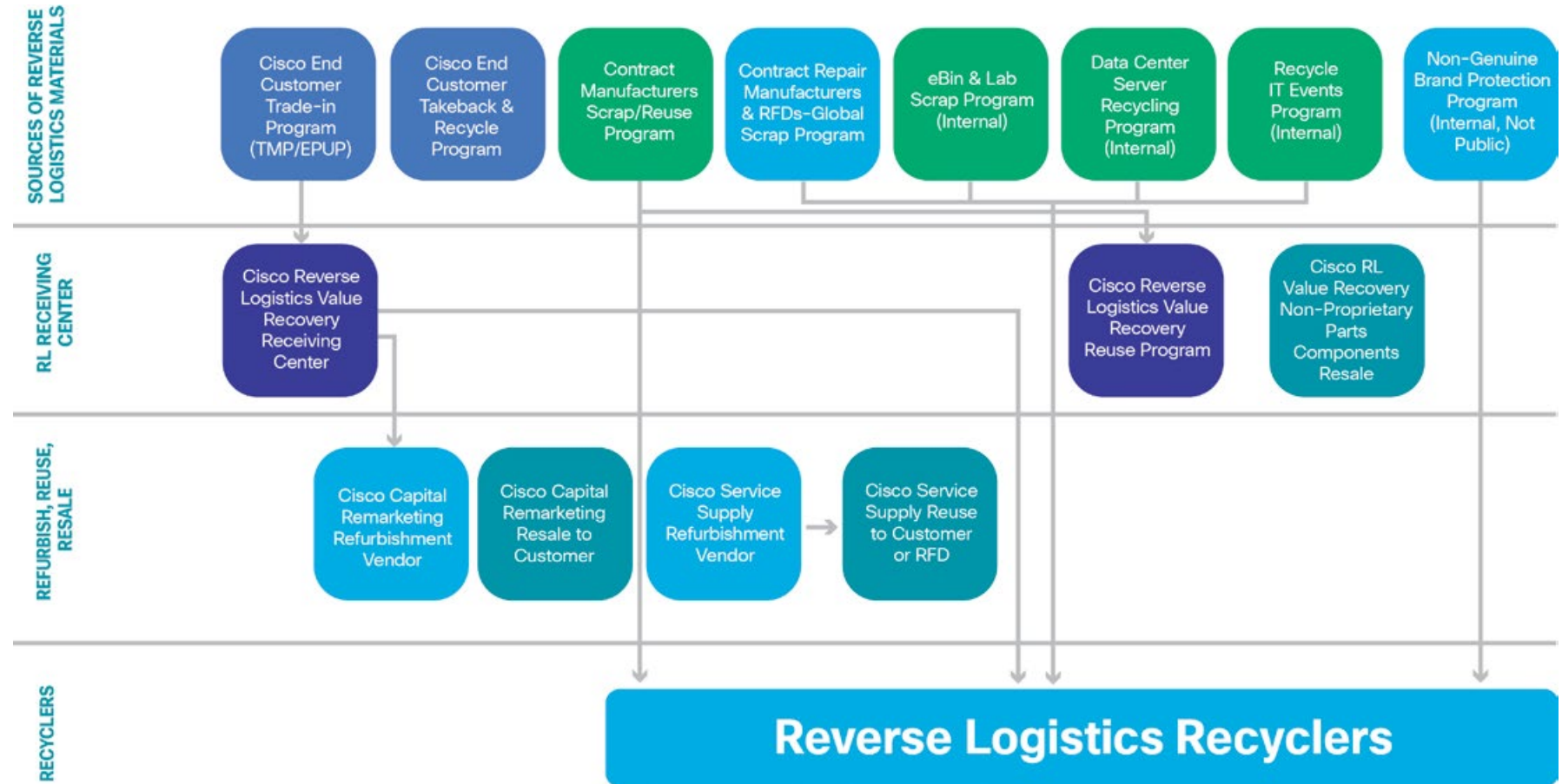
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Figure 36. Reverse Logistics Material Sources and Flow of Materials for Reuse and Recycling





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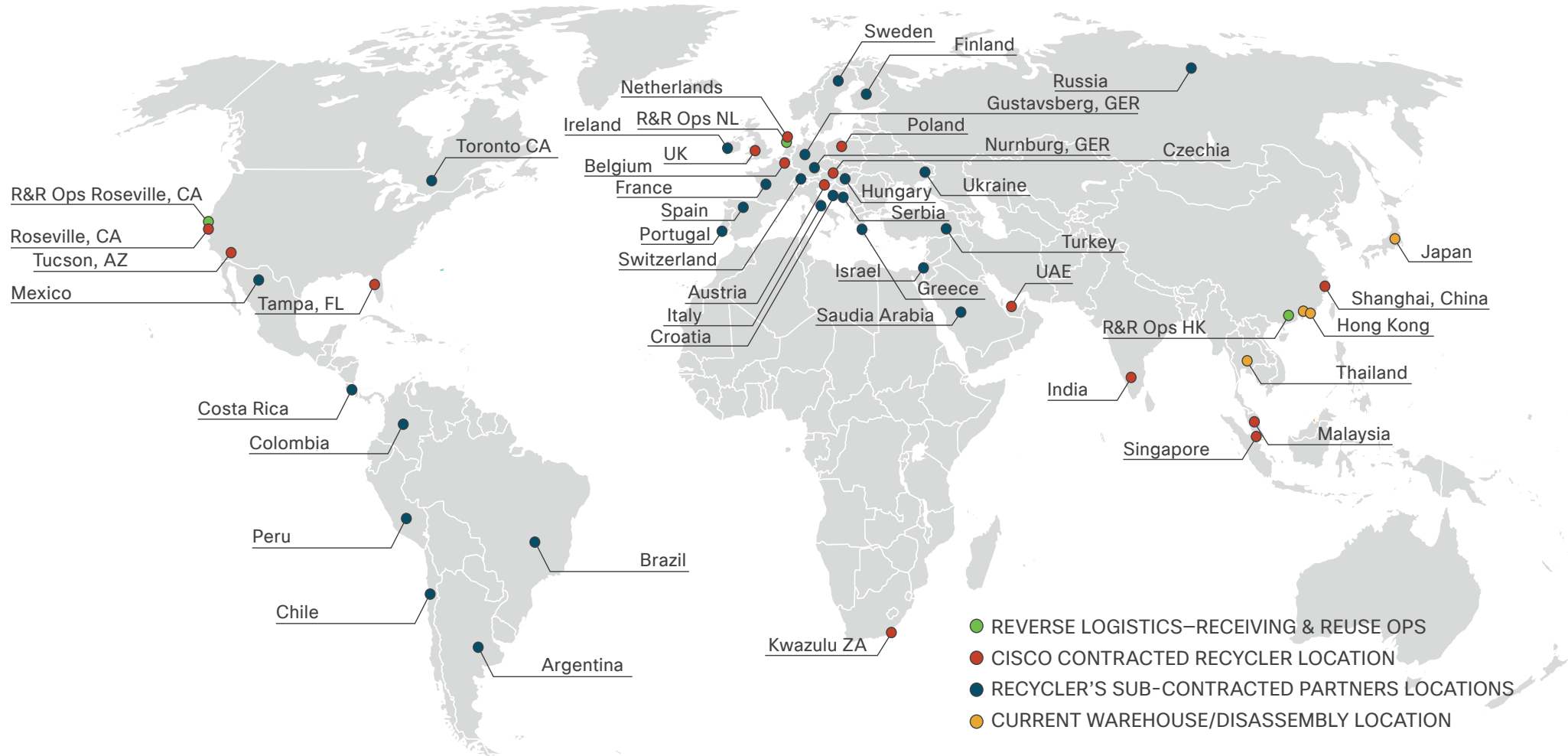
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Figure 37. Cisco Reverse Logistics Locations





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Internal Programs for Cisco

The largest of Cisco's internal programs is the eBin/Lab Scrap Program. The eBin program began at our San Jose campus, where 185 labs produce a large amount of e-scrap, and now includes all Cisco labs and offices worldwide. The eBins are green plastic rolling bins where materials are collected in the labs for recycling. Smaller labs may have only one eBin; large labs may have more than a dozen. Each eBin has an owner, and when the eBin is full, the owner visits our recycling web portal and fills out a pick-up request, which is fulfilled by a Cisco authorized recycler.

The Cisco Data Center Server Recycling Program serves data centers in 11 countries. When a data center no longer needs a server, it is offered to other Cisco data centers for possible reuse. When one of these servers reaches the end of its useful life, it is recycled, and all parts are shredded. Some products are not reused because they have, or have had, sensitive data residing in their memory.

The Non-Genuine Materials Program handles items that we occasionally receive in equipment returns that are non-genuine Cisco products. Non-genuine items also come to Cisco through law enforcement actions that seize counterfeit Cisco equipment. When non-genuine equipment is found, we use a special witnessed protocol whereby the collected materials are properly destroyed.

We also hold an annual Recycle IT Day for our employees. Cisco employees and contractors can bring their e-scrap from home and Cisco pays to have the materials recycled properly. Any Cisco office location can host a recycling day event. In April 2017, we held our 22nd Recycle IT Day event, with 133 Cisco sites around the world participating and more than 180 metric tonne of used electronics collected. Since Cisco started holding these events, our employees

and contractors have helped recycle over 2845 metric tonne of used electronics.

E-Scrap Recyclers

We currently have four contracted e-scrap recyclers. Each recycler has several company-owned facilities and several subcontracted recyclers to provide global recycling coverage. Cisco's contracted recyclers are certified to one or more e-scrap-specific recycling standards, such as R2, R2 Rios, and eStewards. Our contracts require recyclers to enforce our strict recycling processes with any of their subcontractors doing Cisco work. We approve every prospective recycling company and every recycling location before sending any Cisco equipment for processing. Additionally, our recycling process described earlier is formally documented and is part of the contract with each of our recyclers.

Each contracted recycler provides Cisco with monthly reports showing all cases opened and processed on a lot-by-lot basis. When each lot is processed, the report includes a mass balance showing the weight as received and the weights of each fractional commodity adding up to the gross weight received.

We hold quarterly business reviews with each e-scrap recycler to review the past quarter's results and to go over all action items that were to be worked on during the quarter and the focus areas for the next quarter. We also conduct random site audits of the recycling facilities.

E-Scrap Recycling Process

After being weighed, each load of e-scrap is dismantled and sorted into "commodity fractions." This separates the steel, aluminum, cardboard, plastic, wire/cable, and printed circuit boards. Printed circuit boards are then shredded and sorted further before going to

a specialized smelter where as many as 19 metals are harvested from the boards. These harvested metals are sold on the global metals markets. All materials, including any batteries or packaging materials, are sent to downstream recyclers to eventually be sold on the global materials markets and used as raw materials to make new products.

Additional information regarding our trade-in and recycling programs is available on our product recycling [web portal](#).

Product Packaging EOL

We have not adopted a packaging recycling program, as the environmental impact, including transportation and emissions, from shipping packaging back to Cisco outweighs the potential benefits when compared with using local recycling. Instead, we design our packaging to be separable and recyclable so it can be directed to local packaging material recycling programs. (See the [Packaging section](#).) Information on Cisco's compliance with environmental packaging regulations can be found at our [WEEE compliance information page](#).

Solid Waste from Operations (Trash)

GRI 103-2, GRI 103-3, GRI 306-2, GRI 306-4

Cisco's Waste Reduction and Recycling Program uses the principles of reduce, reuse, and recycle for our operations. The program is a key component of our ISO 14001 certification and global environmental policy.

Municipal and regional recycling practices vary. What is easily recycled in one region may not be as easily recycled in another. The ability of our facilities to recycle operational waste often depends on the recycling facilities in place in that region. All our facilities take steps to reduce their operational waste and recycle materials locally.



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In FY17, we recycled approximately 68 percent of the waste that we generated at our facilities. Through our waste and recycling operations, we have avoided the 23,000 metric tonne CO₂e that would have been produced had that material been sent to a landfill instead of a recycling or composting facility.

Table 29 shows our solid waste metrics. Note that operational waste recycling performance depends on both Cisco performance and the availability of supporting services by local waste hauling and disposal vendors. Figure 38 shows examples of how we reduce waste, increase reuse, and increase recycling rates on our campuses.

Figure 39 shows our trash recycling rates for solid wastes for our major North America campus locations. Our headquarters in San Jose diverted 84 percent of all waste streams in FY17, including a food waste separation program that diverted approximately 770 metric tonne of food waste from local landfills to be turned into compost. A breakdown of our waste stream for the San Jose site in Figure 40 illustrates our key sources of operational waste, the complexity of proper waste stream segregation, and the need for local

recycling services. Our Boxborough campus diverted 86 percent of all waste streams in FY17.

One waste stream we have been able to reduce over the past year has been paper cups. The paper cups that are used to contain hot beverages have a thin plastic lining, which makes them difficult to recycle in many locations. To reduce waste and costs, we are investigating ways to reduce paper cup consumption. Many sites have decided to remove paper cups entirely and instead offer reusable cups for employee use. Other initiatives have been driven by employees who have collectively decided to bring in and use reusable items instead of paper or plastic. For example, all Cisco locations in India have stopped using paper cups—every employee was given a ceramic mug and a water bottle to use. Guest mugs and reusable cups are available for customers or visitors from other buildings. We will continue to evaluate other campus sites to see how we can further reduce our waste, especially from single-use items like paper cups.

Table 29. Solid Waste From Operations (Trash)

KPI	FY13	FY14	FY15	FY16	FY17	Comments
Total operational waste generated, metric tonne	4953	6932	5958	6448	8687	
Percent real estate portfolio covered by waste reporting	55%	56%	57%	65%	69%	Includes major campus locations in the United States, India, and China.
Total operational waste recycled, metric tonne	3673	5454	4523	4798	5898	
Operational waste recycled, percent	74%	79%	76%	74%	68%	

Figure 38. Solid Waste Reduction Initiatives



Reduce Waste

- Using online learning and communications technologies to reduce paper use
- Making product information available online to reduce paper use
- Using compost made of landscape waste at our San Jose campus

Reuse Materials

- Managing an internal Repo Depot program, which allows us to reuse lab and testing equipment
- Reusing incoming pallets with outgoing shipments wherever possible
- Collecting PC equipment for reuse by our vendor
- Donating surplus used office supplies to local schools

Recycle Items

- Batteries
- CDs
- Beverage containers
- Wood and pallets
- Cardboard
- Mixed paper
- Packaging materials
- Toner cartridges
- Compost
- Polyurethane foam
- Landscape waste
- Mobile phones
- Food waste
- Construction waste



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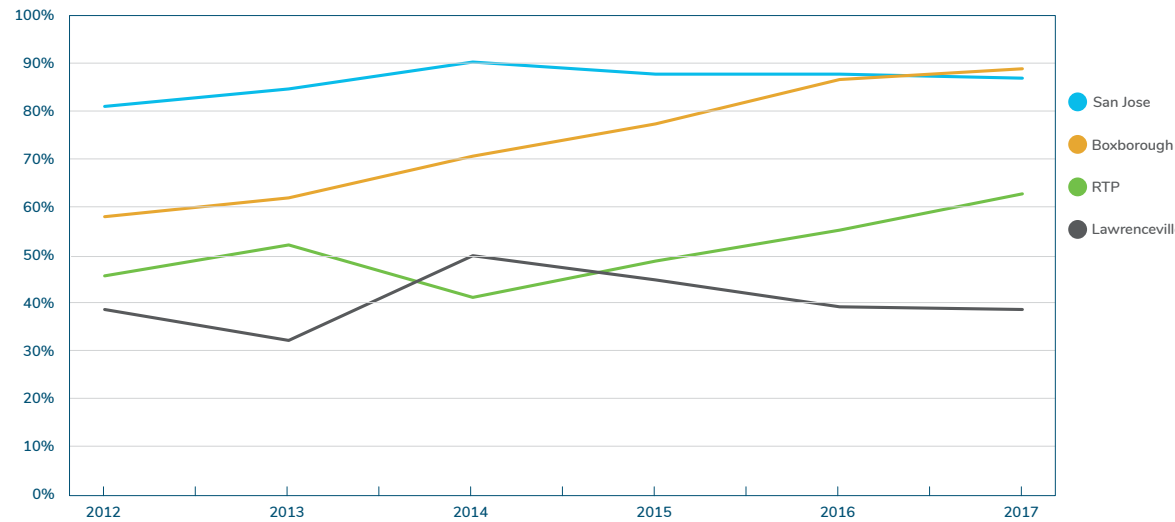
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Figure 39. Recycling Rates for Solid Waste from Major North America Operations



Water Use

GRI 103-2, GRI 103-3, GRI 303-1, GRI 303-2, GRI 303-3

Water scarcity affects more than one billion people around the world. Even though technology companies like Cisco do not directly use significant amounts of water, we understand the importance of reducing water consumption as much as we can in our operations and in our supply chain to help protect this limited resource for future generations. Key objectives of Cisco's water management program for all sites are to:

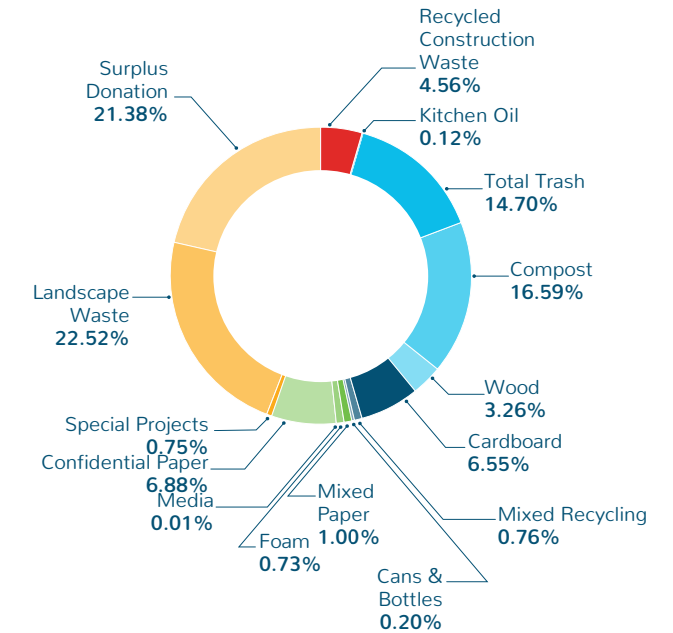
- Identify and implement site-level water conservation opportunities for our operations, focusing on water-scarce and water-stressed locations.
- Work with local governments, water utilities, owners of our leased buildings, and other partners to incorporate best practices into our operations

Water-Energy Nexus

Our environmental sustainability materiality assessment determined that operational water use (office building potable water, sanitation, landscaping, and cooling towers) is not a significant impact area for our business. However, because the production of electrical power is one of the largest users of fresh water, the greatest opportunity for Cisco to reduce our impact on water resources globally is by continuing to make our products and operations more energy efficient.

The U.S. Geological Survey **estimates** in their latest 2010 water report that 19 gallons of water are used on average to produce one kilowatt hour of electricity in the United States. Considering this, the energy

Figure 40. Breakdown of Solid Waste Streams (Trash) at San Jose, California, Headquarters Campus



savings we are achieving through our energy and GHG reduction efforts are having a big impact on reducing water usage. We estimate that our FY17 energy reduction projects ([Table 21](#)), which avoided 40.1 GWh of energy usage, also avoided 2.9 million cubic meters (m³) of water usage in FY17. Since FY13, we estimate that our energy reduction projects have avoided the use of over 14.3 million m³ of water. To put this into perspective, the avoided water usage we achieved from our energy projects in FY17 nearly exceeds Cisco's total FY17 water usage at its operations.



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Table 30. Water Use

KPI	FY13	FY14	FY15	FY16	FY17	Comments
Total water use, m ³ , thousands	1969	2020	2138	2252	2223	Includes potable water and recycled irrigation.*
Real estate portfolio covered by water reporting	68%	72%	73%	74%	72%	

*See Cisco's [current and previous CDP water responses](#).

Water Usage

We have been collecting and tracking water usage data for our major campus locations since FY07 (Table 30). In FY17, we were able to collect water data for 72 percent of our real estate portfolio. We have made great improvements in our ability to track water consumption, but this continues to be a challenge given the size and geographic dispersion of our operations and the fact that many of our locations are shared buildings without water sub-meters. We continue to investigate all possible causes of our year-on-year increase in water use.

Cisco primarily uses water to operate our lab and data center cooling systems, for landscaping and irrigation, and in our restrooms, breakrooms, cafeterias, and kitchens. We reduce our water consumption in these areas as much as possible and use reclaimed water instead of potable water in applications such as landscaping and in cooling towers.

In FY17, Cisco used 42 m³ of water per employee, which is less water consumption per employee than the average person uses each year in the United States.¹⁴ However, water consumption is still an important area of focus for Cisco because some of our

facilities are located in regions where water rights and usage are a concern, including our headquarters in San Jose, California.

We use the World Business Council for Sustainable Development (WBCSD) [water tool](#) to identify areas with water scarcity or water stress issues. Through the tool we identified that one of our sites is located in a water-scarce country and two sites are in water-stressed countries. We will continue to monitor these sites for changes in water availability and will develop specialized water management strategies accordingly.

Water Conservation

We have implemented numerous water conservation projects over the past few years that are still conserving water today and will continue to do so for many years to come:

- Using irrigation controllers throughout the San Jose main campus.
- Using recycled water for irrigation.
- Installing variable-frequency drives in our cooling towers.
- Installing two-way valves for toilets, waterless urinals,

sink aerators, low-flow showerheads, and pre-rinse spray valves for kitchen sinks.

- Replacing water fountains and turf with native planter beds that require little water, and installing drip irrigation lines to improve irrigation efficiency.
- Using a water harvesting system at our Bangalore, India, campus to capture rainwater for filtering and use.

We will continue to monitor our water-stressed and water-scarce locations, including our San Jose campus, to determine if there are additional water conservation opportunities and strategies that could be implemented in FY18.

¹⁴ The average person in the U.S. uses 80-100 gal/day, or 0.302833-0.378541 m³/day. Source: <http://water.usgs.gov/edu/qa-home-percapital.html>.



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Biodiversity and Land Use

GRI 103-2, 103-3, GRI 304-1, GRI 304-2, GRI 304-3, GRI 304-4

Biodiversity is the variability among living organisms and the ecological complexes they are a part of. All organizations impact biodiversity directly through their own activities or indirectly through their supply chain. Cisco's primary impact on biodiversity is the land we use for our facilities. We mitigate this impact by reducing the demand for physical office space through employee telework programs and other support solutions such as [Cisco Connected Workplace](#), [Cisco Virtual Office](#), [Cisco OfficeExtend](#), and [Cisco AnyConnect Secure Mobility Client](#).

For more information see [Space Policy and Cisco Connected Workplace](#), and [Flexible Work Practices](#).

We use environmental impact assessments to evaluate the biodiversity and land-use impacts of our sites and generate annual biodiversity summary reports

for all land and property we own. Table 31 shows the percentage of our portfolio with biodiversity assessments in place. For example, some of the buildings we own in San Jose, California, are located near a protected area for the American Cliff Swallow, which is a bird species on the Least Concern category of the [International Union for Conservation of Nature \(IUCN\) Red List](#). To protect their habitat during nesting season, we close our balconies on those buildings; we then remove the mud nesting locations on our buildings after nesting season is over.

We have also undertaken efforts to protect the habitat of [Blanding's Turtle](#) (IUCN Endangered Species) and the [Eastern Box Turtle](#) (IUCN Vulnerable Species) on 60 acres of the land we own in Boxborough, Massachusetts.

These efforts include:

- Establishing two conservation areas of 49 and 60 acres.
- Constructing three turtle tunnels under the highway to provide a safe passage for migration.
- Installing turtle curbing around the site to prevent migrating turtles from entering the roadway and parking areas.
- Enhancing 16 acres of turtle nesting habitat within the conservation area.
- Funding a 2-year construction phase turtle monitoring plan and a 2-year Blanding's Turtle conservation research project.
- Restricting future development on approximately 50 acres of our land.

Table 31. Biodiversity and Land Use

KPI	FY13	FY14	FY15	FY16	FY17	Comments
Percent of real estate portfolio with biodiversity assessment	61%	60%	61%	59%	58%	Includes IUCN Red List and national conservation list species with habitats in areas affected by operations. See Cisco's current and previous CDP Water and Climate responses.
Total real estate footprint square footage, millions	23.3	23.0	22.1	22.2	20.8	Reducing our square footage minimizes our physical impact.
Percentage Cisco Connected Workplace	29.6%	31.0%	36.9%	45.8%	63.6%	Converting our workspaces to Cisco Connected Workplaces allows us to use our space more effectively and further reduce our real estate footprint.



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Non-GHG Emissions

GRI 103-2, GRI 103-3, GRI 305-6, GRI 305-7

Because most of our production is outsourced to supply chain partners, our global operations primarily consist of standard office activities and research labs. This limits our non-GHG emissions to volatile organic compounds (VOCs) from cleaning products, nitrous oxides (NOx) and sulfur oxides (SOx) from onsite fuel combustion (from vehicle engines, boilers, or emergency generators), and the subsequent formation of ozone from the photochemical reaction of NOx. Table 32 summarizes our relevant non-GHG-related airborne emissions: VOCs, NOx, SOx, and particulate matter.

We comply with [California Air Resources Board](#) requests and do not use mechanical equipment, such as gasoline-powered lawn mowers, after 11 a.m. on designated Spare the Air days, when air quality is poor in the San Francisco Bay Area.

In accordance with the 1987 MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER, we also have worked with our supply chain partners to phase out the use of ozone-depleting substances (ODSs).

Table 32. Non-GHG Emissions

KPI	FY13	FY14	FY15	FY16	FY17
Volatile organic compound (VOC) emissions*	Negligible	Negligible	Negligible	Negligible	Negligible
NOx, metric tonne	341	270	212	207	138
SOx, metric tonne	1.00	0.88	0.72	0.72	0.65
Particulate matter	Negligible	Negligible	Negligible	Negligible	Negligible

*Quantities of VOC-based chemicals deployed are minimal and are not required to be monitored.



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GRI 306-1, GRI 306-3

We seek to locate our operations in areas where we can successfully serve our customers while limiting our negative environmental impacts. Effluent spills, such as chemical, oil, and fuel spills, can have significant negative impacts on the surrounding environment, potentially affecting soil, water, air, biodiversity, and human health as well as our business. We take this

and other environmental health and safety issues very seriously. Cisco has had no significant releases to an environmental receptor over the reporting year. Table 33 tracks liquid spills and discharges from Cisco facilities.

Table 33. Effluent Spills and Discharges

KPI	FY13	FY14	FY15	FY16	FY17
Spills and discharges	None	None	None	None	None



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Appendix I



April 26, 2017

Dear Valued Business Partners and Suppliers:

For the 8th year, Cisco invites you our partners and suppliers to report your Greenhouse Gas (GHG) emissions to CDP (formerly Carbon Disclosure Project) in one of the following ways:

1. If already invited directly by CDP in February, please complete CDP's Investor Climate Change questionnaire by June 29, 2017.
2. If you have received CDP's "Supply Chain Information Request 2017," please complete the requested information by July 31, 2017. If your company was requested in February to respond to the CDP Climate Change Questionnaire, a response to the Supply Chain Module should be submitted by July 31, 2017.

Accordingly, Cisco's suppliers and partners must complete the following steps:

1. Report to CDP annually, responding at a minimum to the questions highlighted in Reference 1 of this letter for all your facilities worldwide.
2. Make the response publicly available via the option provided in CDP's Online Response System (ORS). Cisco will obtain your reporting status and emissions information via an analytics package offered by CDP. Please do not send your emissions information to Cisco.
3. Demonstrate third-party review of your GHG emissions per Reference 2 of this letter.
4. Set a GHG emissions reduction goal (absolute reduction goals are preferred) and show progress against your goal.
5. Request that your suppliers and business partners also report to CDP using the same process described in this letter.

As a reminder, supplier compliance to Cisco's requirement to report GHG emissions to CDP is included in Cisco's supplier scorecards. If you have not received an invitation from CDP to respond to their survey by mid-April, please contact CDP at respond@cdp.net.

Cisco is committed to reducing greenhouse gas emissions from our products, operations, and supply chain operations. Your cooperation in responding to this very important initiative is appreciated. If you have any questions about Cisco or your company's carbon reporting, please contact us at cisco-cdp-questions@cisco.com.

References

1. CDP 2017 Investor Survey (with Supplier Module questions). The questions requiring a response to meet Cisco's scorecard requirements are highlighted in **yellow**.
<https://www-1.compliance2product.com/c2p/getAttachment.do?code=06mN9A8MAR04wHvrGloj8n2EY3nvco61OllSRi631h4z2lxQQjMM2UGUzLhi9ogA>
2. Using CDP's Online Response System (ORS)
https://b8f65ch373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcd1d.ssl.cf3.rackcdn.com/cms/guidance_docs/pdfs/000/000/329/original/Using-the-ORS-guidance.pdf?1479379865
3. CDP climate change reporting guidance
<https://www.cdp.net/en/guidance/guidance-for-companies>
4. CDP Verification Guidance
<https://www.cdp.net/verification>

Best Regards,
John Kern
SVP, Supply Chain Operations

[ORIGINAL SOURCE: <https://www-1.compliance2product.com/c2p/getAttachment.do?code=la1bDGGN8rgnwJyvl0Utiw8zYyzkiaVsM3qndUVVt8YnUOlxVYk6hCfThlcV>]



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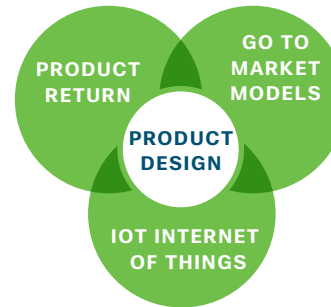
CARBON CYCLE

ENERGY / GHG



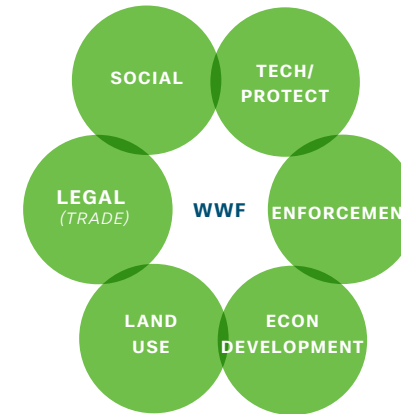
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CIRCULAR ECONOMY



BIO CYCLE

CONNECTED CONSERVATION



EMPLOYEE ENGAGEMENT



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Table 34. Electricity Emissions Factors

KPI	FY07 Baseline Year	FY13	FY14	FY15	FY16	FY17	Comments
IEA world average emission factor, g CO ₂ e per kWh	507.1	528.7	536.0	536.0	536.0	506.0	Latest 2017 IEA factors used for our current FY17 report. Prior years used the latest IEA factors available at time of prior-year reporting.
Cisco global average electricity emission factor (gross), g CO ₂ e per kWh	437.9	438.0	448.0	446.6	448.2	447.1	
Cisco major data center average electricity emission factor (gross), g CO ₂ e per kWh	394.7	438.2	447.9	421.0	419.4	419.5	
Cisco global average electricity emission factor (market-based), g CO ₂ e per kWh	392.5	310.1	316.3	194.8	152.8	134.5	
Percent progress against reduction goal							
Goal: Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest IEA world average emission factor publicly available before the end of FY17	-22.6%	-41.3%	-41.0%	-63.7%	- 71.5%	-73.4%	Goal achieved


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GRI Content Index

This table covers the Global Reporting Initiative (GRI)'s Sustainability Reporting Standards and Disclosures found in Cisco's 2017 Corporate Social Responsibility Report, 2017 Annual Report, and company websites.

GRI General Disclosures		Location and Notes
Organizational Profile		
102-1	Name of the organization	Cisco Systems, Inc.
102-2	Activities, brands, products, and services	Cisco Products and Services Code of Business Conduct Marketing communications are regulated by national and international law and are also subject to voluntary codes. Cisco's marketing communications are also governed by our Code of Business Conduct and by additional guidelines and best practices.
102-3	Location of headquarters	Cisco Systems, Inc. Corporate Headquarters 170 West Tasman Drive San Jose, CA 95134 USA
102-4	Location of operations	Cisco Corporate Overview
102-5	Ownership and legal form	2017 Annual Report
102-6	Markets served	Cisco Corporate Overview , 2017 Annual Report
102-7	Scale of the organization	Cisco Corporate Overview , 2017 Annual Report
102-8	Information on employees and other workers	Society/Inclusion and Collaboration
102-9	Supply chain	Governance/Extending our Values to the Supply Chain
102-10	Significant changes to the organization and its supply chain	2017 Annual Report
102-11	Precautionary Principle or approach	Cisco's CDP 2017 Submission , Governance/ Risk Management , Cisco's Corporate Environmental Policy , Environment/Energy and GHG Emissions
102-12	External initiatives	Our Story/ Message from Chuck Robbins Governance/CSR Stakeholder Engagement and Global Forums Governance/ Ethics and Standards in the Supply Chain



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102-13	Membership of associations	Governance/CSR Stakeholder Engagement and Global Forums , Governance/Embedding Sustainability in Supply Chain Operations , Environment/ Scope 3 Product Use Phase (Product Energy Efficiency) , Society/ Responsible Sourcing and Manufacturing
Strategy		
102-14	Statement from senior decision-maker	Our Story/Message from Chuck Robbins
102-15	Key impacts, risks, and opportunities	Governance/CSR Materiality Assessment Society/ Strategy and Priorities , Environment/ Environment Roadmap , Environment/ Environmental Sustainability
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Our Story/ Message from Chuck Robbins , Governance/ Code of Business Conduct and Trainings , Governance/ Ethics and Standards in the Supply Chain
102-17	Mechanisms for advice and concerns about ethics	Governance/ Sharing Concerns
Governance		
102-18	Governance structure	Governance/ Corporate Governance , Governance/ CSR Governance , Investor Relations: Corporate Governance
102-19	Delegating authority	Governance/ CSR Governance , Governance/ Risk Management , Investor Relations: Corporate Governance
102-20	Executive-level responsibility for economic, environmental and social topics	Governance/ CSR Governance , Governance/ Risk Management , Investor Relations: Corporate Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	Governance/CSR Stakeholder Engagement and Global Forums , Governance/ Risk Management , Governance/ CSR Governance , Investor Relations: Corporate Governance
102-22	Composition of the highest governance body and its committees	Investor Relations: Corporate Governance
102-23	Chair of the highest governance body	Investor Relations: Corporate Governance
102-24	Nominating and selecting the highest governance body	Investor Relations: Corporate Governance
102-25	Conflicts of interest	Investor Relations: Corporate Governance



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102-26	Role of highest governance body in setting purpose, values, and strategy	Governance/ CSR Governance
102-27	Collective knowledge of highest governance body	Investor relations: Corporate Governance
102-28	Evaluating the highest governance body's performance	Investor relations: Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	Governance/ CSR Governance , Governance/ Risk Management Governance/ CSR Materiality Assessment Governance/ CSR Stakeholder Engagement and Global Forums
102-30	Effectiveness of risk management processes	Governance/Risk Management
102-31	Review of economic, environmental, and social topics	Governance/ Risk Management Governance/ CSR Materiality Assessment
102-32	Highest governance body's role in sustainability reporting	Governance/ Risk Management Governance/CSR Governance Governance/ CSR Materiality Assessment
102-33	Communicating critical concerns	Governance/ Sharing Concerns
102-34	Nature and total number of critical concerns	Governance/ Sharing Concerns
102-35	Remuneration policies	Cisco's 2017 Proxy Statement Investor Relations: Corporate Governance
102-36	Process for determining remuneration	Cisco's 2017 Proxy Statement Investor Relations: Compensation and Management Development Committee
102-37	Stakeholders' involvement in remuneration	Investor Relations: Compensation and Management Development Committee
102-38	Annual total compensation ratio	This information is not publicly disclosed
102-39	Percentage increase in annual total compensation ratio	This information is not publicly disclosed
Stakeholder Engagement		
102-40	List of stakeholder groups	Governance/CSR Stakeholder Engagement and Global Forums ; Also as noted throughout the report linked to specific issues
102-41	Collective bargaining agreements	Cisco employees are global and each country carries with it local employment laws and norms. Due to data privacy legislation in many countries, we do not have an exact percentage of employees who are represented by trade unions.



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102-42	Identifying and selecting stakeholders	Governance/ CSR Governance Governance/ CSR Materiality Assessment , Governance/ CSR Stakeholder Engagement and Global Forums
102-43	Approach to stakeholder engagement	Governance/CSR Governance Governance/ CSR Materiality Assessment , Governance/CSR Stakeholder Engagement and Global Forums
102-44	Key topics and concerns raised	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Cisco Corporate Overview
102-46	Defining report content and topic Boundaries	Introduction/ Defining Report Content Governance/ CSR Materiality Assessment , Society/ CSR Materiality Assessment: Society , Environment/CSR Materiality Assessment: Environment
102-47	List of material topics	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society , Environment/ Environment Materiality Assessment
102-48	Restatements of information	No major changes: any adjustments are explained within the report
102-49	Changes in reporting	No major changes: any adjustments are explained within the report
102-50	Reporting period	The Details: Introduction
102-51	Date of most recent report	Cisco Fiscal Year 2016
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	csr_report@cisco.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option. We do however report on a number of additional disclosures related to CSR strategy and analysis, governance practices, and our priority material topics.
102-55	GRI content index	This GRI Index table
102-56	External assurance	The Details: Introduction/Assurance



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GRI General Disclosures		Location and Notes
Economic		
Topic: Economic Performance		
103-1	Explanation of the material topic and its Boundary	Message from Chuck Robbins 2017 Annual Report/Letter to Shareholders
103-2	The management approach and its components	2017 Annual Report
103-3	Evaluation of the management approach	2017 Annual Report
201-1	Direct economic value generated and distributed	2017 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Cisco's CDP 2017 Submission Cisco's Corporate Environmental Policy
201-3	Defined benefit plan obligations and other retirement plans	2017 Annual Report
201-4	Financial assistance received from government	Cisco does not receive financial government support
Topic: Market Presence		
103-1	Explanation of the material topic and its Boundary	2017 Annual Report
103-2	The management approach and its components	2017 Annual Report
103-3	Evaluation of the management approach	2017 Annual Report
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Society/ Rewarding our People We provide levels of compensation that are generally above local minimum wage requirements
202-2	Proportion of senior management hired from the local community	Society/ Accelerating Diversity Cisco recruits staff from markets local to our operations and has structured leadership development programs around the world to build strong local leadership teams
Topic: Indirect Economic Impacts		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society
103-2	The management approach and its components	Society/ CSR Materiality Assessment: Society
103-3	Evaluation of the management approach	Society/ CSR Materiality Assessment: Society
203-1	Infrastructure investments and services supported	Society/ Strategic Social Investments
203-2	Significant indirect economic impacts	Society/Strategic Social Investments Society/ Building Skills and Entrepreneurship
Topic: Procurement Practices		
103-1	Explanation of the material topic and its Boundary	Governance/CSR Materiality Assessment Governance/Extending our Values to the Supply Chain



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GRI General Disclosures		Location and Notes
103-2	The management approach and its components	
103-3	Evaluation of the management approach	Governance/ Culture of Integrity
205-1	Operations assessed for risks related to corruption	Governance/ Culture of Integrity Global Anti-Corruption Overview
205-2	Communication and training about anti-corruption policies and procedures	Governance/ Code of Business Conduct and Trainings Global Anti-Corruption Overview
205-3	Confirmed incidents of corruption and actions taken	Governance/ Sharing Concerns Global Anti-Corruption Overview
Topic: Anti-Competitive Behavior		
103-1	Explanation of the material topic and its Boundary	2017 Annual Report
103-2	The management approach and its components	2017 Annual Report
103-3	Evaluation of the management approach	2017 Annual Report
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2017 Annual Report
Environmental		
Topic: Materials		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Materials
103-2	The management approach and its components	Environment/ Materials
103-3	Evaluation of the management approach	Environment/ Materials
301-1	Materials used by weight or volume	Environment/ Materials
301-2	Recycled input materials used	Environment/ Recycled Content
301-3	Reclaimed products and their packaging materials	Environment/ Product End of Life and Waste from Operations
Topic: Energy		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Energy and GHG Emissions
103-2	The management approach and its components	Environment/ Energy and GHG Emissions
103-3	Evaluation of the management approach	Environment/ Energy and GHG Emissions
302-1	Energy consumption within the organization	Environment/ Energy and Scope 1 and 2 GHG Emissions



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GRI General Disclosures		Location and Notes
302-2	Energy consumption outside of the organization	Environment/ Energy and Scope 1 and 2 GHG Emissions
302-3	Energy intensity	Environment/ Energy and Scope 1 and 2 GHG Emissions
302-4	Reduction of energy consumption	Environment/ Scope 1 and 2 GHG Emissions Reduction Strategy
302-5	Reductions in energy requirements of products and services	Environment/ Scope 3 Product Use Phase (Product Energy Efficiency) Environment/ Enabling Effect
Topic: Water		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/Water Use
103-2	The management approach and its components	Environment/ Water Use
103-3	Evaluation of the management approach	Environment/ Water Use
303-1	Water withdrawal by source	Environment/Water use
303-2	Water sources significantly affected by withdrawal of water	Environment/Water use
303-3	Water recycled and reused	Environment/Water use
Topic: Biodiversity		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Biodiversity and Land Use
103-2	The management approach and its components	Environment/ Biodiversity and Land Use
103-3	Evaluation of the management approach	Environment/ Biodiversity and Land Use
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment/Biodiversity and Land Use
304-2	Significant impacts of activities, products, and services on biodiversity	Environment/Biodiversity and Land Use
304-3	Habitats protected or restored	Environment/Biodiversity and Land Use
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment/Biodiversity and Land Use
Topic: Emissions		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Energy and GHG Emissions
103-2	The management approach and its components	Environment/ Energy and GHG Emissions
103-3	Evaluation of the management approach	Environment/ Energy and GHG Emissions
305-1	Direct (Scope 1) GHG emissions	Environment/ Energy and Scope 1 and 2 GHG Emissions



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GRI General Disclosures		Location and Notes
305-2	Energy indirect (Scope 2) GHG emissions	Environment/ Energy and Scope 1 and 2 GHG Emissions
305-3	Other indirect (Scope 3) GHG emissions	Environment/Scope 3
305-4	GHG emissions intensity	Environment/Energy and Scope 1 and 2 GHG Emissions
305-5	Reduction of GHG emissions	Environment/ Scope 1 and 2 GHG Emissions Reduction Strategy Environment/ Scope 3 GHG Emissions Reduction Strategy Environment/ Enabling Effect
305-6	Emissions of ozone-depleting substances (ODS)	Environment/Non-GHG Emissions
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environment/Non-GHG Emissions
Topic: Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Product End of Life and Waste from Operations
103-2	The management approach and its components	Environment/ Product End of Life and Waste from Operations Environment/Water Use
103-3	Evaluation of the management approach	Environment / Product End of Life and Waste from Operations Environment/Water Use
306-1	Water discharge by quality and destination	Environment/ Effluents (Liquid)
306-2	Waste by type and disposal method	Environment/ Product End of Life and Waste from Operations
306-3	Significant spills	Environment/ Effluents (Liquid)
306-4	Transport of hazardous waste	Environment/ Product End of Life and Waste from Operations
306-5	Water bodies affected by water discharges and/or runoff	Environment/ Biodiversity and Land Use
Topic: Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	Environment/ Environmental Sustainability
103-2	The management approach and its components	Environment/ Environmental Sustainability Environment/ Environmental Management System
103-3	Evaluation of the management approach	Environment/ Environmental Sustainability Environment/ Environmental Management System
307-1	Non-compliance with environmental laws and regulations	Environment/ Regulatory Fines
Topic: Supplier Environmental Assessment		



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GRI General Disclosures		Location and Notes
103-1	Explanation of the material topic and its Boundary	Environment/ Environment Materiality Assessment Environment/ Environment Materiality Assessment Governance/ Embedding Sustainability in Supply Chain Operations Environment/ Promoting Transparency in the Supply Chain
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Environment/ Environment Materiality Assessment Governance/ Embedding Sustainability in Supply Chain Operations Environment/ Promoting Transparency in the Supply Chain
103-3	Evaluation of the management approach	Governance/ Embedding Sustainability in Supply Chain Operations Environment/ Promoting Transparency in the Supply Chain
308-1	New suppliers that were screened using environmental criteria	Governance/ Embedding Sustainability in Supply Chain Operations Environment/ Promoting Transparency in the Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Environment/ Supplier Audit Findings
Social		
Topic: Employment		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct , Governance/ Ethics and Standards in the Supply Chain Society/ CSR Materiality Assessment: Society Society/ Our People Deal Society/ Rewarding our People
103-2	The management approach and its components	Society/ CSR Materiality Assessment: Society Governance/ Code of Business Conduct , Governance/ Ethics and Standards in the Supply Chain Society/ Our People Deal Society/ Rewarding our People Society/ Employee Health and Wellness



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GRI General Disclosures		Location and Notes
103-3	Evaluation of the management approach	Society/ CSR Materiality Assessment: Society Governance/ Code of Business Conduct , Governance/ Ethics and Standards in the Supply Chain Society/ Our People Deal Society/ Rewarding our People Society/ Employee Health and Wellness
401-1	New employee hires and employee turnover	This aspect is tracked and managed locally.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2017 Annual Report Society/ Rewarding Our People Society/ Employee Health and Wellness
401-3	Parental leave	Society/ Employee Health and Wellness We will review the need to report on a company-wide level in future CSR materiality assessments
Topic: Labor/Management Relations		
103-1	Explanation of the material topic and its Boundary	Governance/ Code of Business Conduct , Governance/ Ethics and Standards in the Supply Chain Cisco's global Code of Business Conduct describes how to raise concerns. Employee concerns are tracked at both regional and corporate levels.
103-2	The management approach and its components	Governance/ Code of Business Conduct Governance/ Ethics and Standards in the Supply Chain Society/ Human Rights
103-3	Evaluation of the management approach	Governance/ Code of Business Conduct Governance/ Ethics and Standards in the Supply Chain Society/ Human Rights
402-1	Minimum notice periods regarding operational changes	Cisco complies with applicable local laws and regulations, as well as agreements with employee groups or representatives, regarding operational changes.
Topic: Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/A Safe and Healthy Workplace
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/A Safe and Healthy Workplace



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GRI General Disclosures		Location and Notes
103-3	Evaluation of the management approach	Governance/CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/A Safe and Healthy Workplace
403-1	Workers representation in formal joint management-worker health and safety committees	This aspect is tracked and managed locally We will review the need to report on a company-wide level in future CSR materiality assessments
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Society/ Occupational Health and Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	Society/ Occupational Health and Safety
403-4	Health and safety topics covered in formal agreements with trade unions	This aspect is tracked and managed locally We will review the need to report on a company-wide level in future CSR materiality assessments
Topic: Training and Education		
103-1	Explanation of the material topic and its Boundary	Governance /CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Developing Our People
103-2	The management approach and its components	Governance/CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Developing Our People
103-3	Evaluation of the management approach	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Developing Our People
404-1	Average hours of training per year per employee	Society/ Developing Our People
404-2	Programs for upgrading employee skills and transition assistance programs	Society/ Developing Our People
404-3	Percentage of employees receiving regular performance and career development reviews	Society/ Developing Our People
Topic: Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	Governance/CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society /Inclusion and Collaboration



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GRI General Disclosures		Location and Notes
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Inclusion and Collaboration
103-3	Evaluation of the management approach	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Inclusion and Collaboration
405-1	Diversity of governance bodies and employees	Society/ Inclusion and Collaboration
405-2	Ratio of basic salary and remuneration of women to men	This information is not publicly disclosed
Topic: Non-Discrimination		
103-1	Explanation of the material topic and its Boundary	Governance/ Code of Business Conduct and Trainings Society/ Inclusion and Collaboration
103-2	The management approach and its components	Governance/ Code of Business Conduct and Trainings Society/ Inclusion and Collaboration
103-3	Evaluation of the management approach	Governance/ Code of Business Conduct Society/ Inclusion and Collaboration
406-1	Incidents of discrimination and corrective actions taken	This is confidential information that Cisco does not disclose. Cisco encourages and expects its employees to share concerns and provides numerous methods to do so. Cisco's global Code of Business Conduct describes how to raise concerns. Employee concerns are tracked at both regional and corporate levels
Topic: Freedom of Association and Collective Bargaining		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights
103-2	The management approach and its components	Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights
103-3	Evaluation of the management approach	Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights



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GRI General Disclosures		Location and Notes
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We meet applicable laws, regulations, and standards where we do business. These issues are also covered in our Supplier Code of Conduct and Supply Chain Auditing
Topic: Child Labor		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights
103-2	The management approach and its components	Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Governance/ Capacity Building Society/ CSR Materiality Assessment: Society Society/ Human Rights
103-3	Evaluation of the management approach	Governance/ Code of Business Conduct and Trainings Governance/ Embedding Sustainability in Supply Chain Operations Governance/ Capacity Building Society/ CSR Materiality Assessment: Society Society/ Human Rights
408-1	Operations and suppliers at significant risk for incidents of child labor	These issues are covered in our Supplier Code of Conduct and supply chain auditing Society/ Responsible Sourcing and Manufacturing/ Audits
Topic: Forced or Compulsory Labor		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct and Trainings Governance/Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct and Trainings Governance/Embedding Sustainability in Supply Chain Operation Society/ CSR Materiality Assessment: Society Society/ Human Rights



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GRI General Disclosures		Location and Notes
103-3	Evaluation of the management approach	Governance/ CSR Materiality Assessment Governance/ Code of Business Conduct and Trainings Governance/Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/ Human Rights
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Society/ Responsible Sourcing and Manufacturing/ Audits
Topic: Security Practices		
103-1	Explanation of the material topic and its Boundary	Governance/ Extending our Values to the Supply Chain Society/ Human Rights
103-2	The management approach and its components	Governance/ Extending our Values to the Supply Chain Society/ Human Rights
103-3	Evaluation of the management approach	Governance/ Extending our Values to the Supply Chain Society/ Human Rights
410-1	Security personnel trained in human rights policies or procedures	Cisco site security is provided by third party providers, which are subject to our Supplier Code of Conduct. Product manufacturing is entirely outsourced.
Topic: Rights of Indigenous Peoples		
103-1	Explanation of the material topic and its Boundary	Society/Human Rights
103-2	The management approach and its components	Society/Human Rights
103-3	Evaluation of the management approach	Society/Human Rights
411-1	Incidents of violations involving rights of indigenous peoples	Not material-Cisco's operations do not uniquely impact indigenous people We will review the need to report on a company-wide level in future CSR materiality assessments
Topic: Human Rights Assessment		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/Human Rights Society/ Responsible Sourcing and Manufacturing/ Human Rights in our Supply Chain
103-2	The management approach and its components	Governance/Culture of Integrity Society/ CSR Materiality Assessment: Society Society/Human Rights Society/ Responsible Sourcing and Manufacturing/ Human Rights in our Supply Chain



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GRI General Disclosures		Location and Notes
103-3	Evaluation of the management approach	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/Human Rights Society/ Responsible Sourcing and Manufacturing/ Human Rights in our Supply Chain
412-1	Operations that have been subject to human rights reviews or impact assessments	Society/Human Rights Human Rights training has been rolled out to employees in business functions most likely to have direct engagement with human-rights-related business decisions. All Cisco key suppliers must acknowledge their commitment to the RBA (formerly EICC) Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard
412-2	Employee training on human rights policies or procedures	Society/Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All Cisco key suppliers must all acknowledge their commitment to the RBA (formerly EICC) Supplier Code of Conduct and must comply with all applicable national, European and international rules relating to ethical and responsible standards of behavior, including those dealing with human rights. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard
Topic: Local Communities		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Employee Engagement Society/ Building Skills and Entrepreneurship Society/Strategic Social Investment
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Employee Engagement Society/ Building Skills and Entrepreneurship Society/ Strategic Social Investment
103-3	Evaluation of the management approach	Governance/ CSR Priorities Society/ CSR Materiality Assessment: Society Society/ Employee Engagement Society/ Building Skills and Entrepreneurship Society/Strategic Social Investment
413-1	Operations with local community engagement, impact assessments, and development programs	Society/ Employee Engagement Society/ Building Skills and Entrepreneurship Society/Strategic Social Investment



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GRI General Disclosures		Location and Notes
413-2	Operations with significant actual and potential negative impacts on local communities	Due to the nature of Cisco's operations, this aspect was not assessed as material. We will review the need to report on a company-wide level in future CSR materiality assessments.
Topic: Supplier Social Assessment		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Governance/ Embedding Sustainability in Supply Chain Operations Society/ CSR Materiality Assessment: Society Society/Human Rights
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Governance/ Embedding Sustainability in Supply Chain Operations Society/Human Rights
103-3	Evaluation of the management approach	Governance/ Embedding Sustainability in Supply Chain Operations Society/Human Rights
414-1	New suppliers that were screened using social criteria	Governance/ Embedding Sustainability in Supply Chain Operations Society/Human Rights Society/ Responsible Sourcing and Manufacturing
		All Cisco key suppliers must acknowledge their commitment to the RBA (formerly EICC) Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard.
414-2	Negative social impacts in the supply chain and actions taken	Governance/Embedding Sustainability in Supply Chain Operations Governance/ Advancing Transparency Governance/ Capacity Building Society/ Supplier Audit Findings
Topic: Public Policy		
103-1	Explanation of the material topic and its Boundary	Governance/Public Policy and Political Support
103-2	The management approach and its components	Governance/Public Policy and Political Support
103-3	Evaluation of the management approach	Governance/Public Policy and Political Support
415-1	Political contributions	Governance/Public Policy and Political Support



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GRI GENERAL DISCLOSURES		LOCATION AND NOTES
Topic: Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	Governance/ Extending our Values to the Supply Chain Society/ Digital Rights: Product Use Society/ Responsible Sourcing and Manufacturing
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-1	Assessment of the health and safety impacts of product and service categories	Governance/ Extending our Values to the Supply Chain Environment/ Life-Cycle Assessments Environment/ Hazardous Materials
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Society/ Responsible Sourcing and Manufacturing Society/ Digital Rights: Product Use
Topic: Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	Environment/ Environmental Sustainability
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
417-1	Requirements for product and service information and labeling	We meet all applicable laws, regulations, and standards related to product labelling
417-2	Incidents of non-compliance concerning product and service information and labeling	Cisco has received no fines, penalties, or grievances greater than US\$10,000 reporting threshold in the past five years.
417-3	Incidents of non-compliance concerning marketing communications	2017 Annual Report - Legal Proceeding Disclosures
Topic: Customer Privacy		
103-1	Explanation of the material topic and its Boundary	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Data Security and Privacy Society/ Digital Rights
103-2	The management approach and its components	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Data Security and Privacy Society/ Digital Rights



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GRI GENERAL DISCLOSURES		LOCATION AND NOTES
Topic: Customer Health and Safety		
103-3	Evaluation of the management approach	Governance/ CSR Materiality Assessment Society/ CSR Materiality Assessment: Society Society/ Data Security and Privacy Society/ Digital Rights
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Society/ Data Security and Privacy 2017 Annual Report - Legal Proceeding Disclosures
Topic: Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	Governance/ Code of Business Conduct and Trainings
103-2	The management approach and its components	2017 Annual Report
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	2017 Annual Report - Legal Proceeding Disclosures



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Cisco supports many of the **UN Sustainable Development Goals** through our CSR programs, and through Grantees and Partners*.

		Cisco Alignment	Cisco Grantees & Partners	Cisco Programs
	No Poverty	1.1, 1.2	Anudip (also SDG 5, 8), CARE (also SDG 5, 8, 9, DDD (also SDG 5, 8), Laboratoria (also SDG 5, 8), Living Goods (also SDG 3, 5, 8), Kiva (also SDG 5, 8, 9), Opportunity International (also SDG 5, 8, 9), Innovations for Poverty Action, InSTEDD (also SDG 9), Kobo Toolbox, Mercy Corps (also SDG 2, 9), NetHope (also SDGs 9, 17), American Red Cross (also SDG 13), Ushahidi	TacOps
	Zero Hunger	2.1, 2.2, 2.4	Feeding America, World Food Programme, Mercy Corps (also SDG 1)	
	Good Health and Well-Being	3.1, 3.2, 3.4, 3.7	Living Goods (also SDG 5, 8)	
	Quality Education	4.1, 4.3, 4.4, 4.5, 4.6, 4.7c	Citizen Schools, FIRST, KQED, MIND Research Institute, Gooru Learning, GenerationYES, Museum of Science, New Teacher Center, Reynolds Center, Science Buddies, Teaching Channel, Teach for All, War Child	Networking Academy (also SDG 8)
	Gender Equality	5.6, 5a, 5b	Anudip, (also SDG 1, 8), CARE (also SDG 1, 8, 9) Digital Divide Data (also SDG 1, 8), Good World Solutions (also SDG 8), Laboratoria (also SDG 1, 8) Living Goods (also SDG 1, 3, 8), Kiva (also SDG 1, 8, 9), Opportunity International (also SDG 1, 8, 9), Million Women Mentors	Networking Academy (also SDG 4 and 8), Girls Power Tech , DARE , JUMP
	Clean Water and Sanitation	6.1, 6.2, 6.3, 6.4, 6b	AKVO Foundation, CAWST, Safe Water Network, Water for People	Waste water treatment requirements for extended operations/supply chain. Internet of Things (IoT)/LoRa technologies for water monitoring.
	Affordable and Clean Energy	7.2, 7.3		Goal for renewable energy powering operations. Product energy efficiency/productivity.



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		Cisco Alignment	Cisco Grantees & Partners	Cisco Programs
	Good Jobs and Economic Growth	8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.10	Anudip (also SDG 1, 5), CARE (also SDG 1, 5, 9), Digital Divide Data (DDD, also SDG 1, 5), Good World Solutions (also SDG 5), TaroWorks, Laboratoria (also SDG 1, 5), Living Goods (also SDG 1, 3, 5), Kiva (also SDG 1, 5, 9), Grameen Foundation (also SDG 1, 9), MIX (also SDG 9), NESsT, Opportunity International (also SDG 1, 5, 9) I, Women's World Banking (Also SDG 1, 5, 9), Harambe Entrepreneurial Alliance, Responsible Business Alliance (RBA)	Networking Academy , Veterans program , Supplier Code of Conduct
	Industry, Innovation, and Infrastructure	9.4		IoT and analytics, networking infrastructure platforms , The Network Intuitive
	Sustainable Cities and Communities	11.1	Community Solutions, Community Technology Alliance, Habitat for Humanity, Housing Trust of Silicon Valley, Lu'ma Native Housing Society	Smart + Connected Communities
	Responsible Consumption and Production	12.2, 12.4, 12.5, 12.6.1, 12.7		Circular Economy: product return, go-to-market models, IoT, product design, corporate social responsibility reporting
	Climate Action	13.1	Cisco disaster response	
	Life Below Water	14.1		Used product recycling/100% product return; operations and supply chain waste management
	Life on Land	15.5, 15.7		Connected Conservation
	Partnerships for the Goals	17.7, 17.17	World Economic Forum (WEF), Responsible Business Alliance (RBA), Committee Encouraging Corporate Philanthropy (CECP), Clinton Global Initiative (CGI), The Conference Board's Sustainability Council II	

* Note: "Cisco Programs" refers to Cisco-run programs. "Cisco Grantees" refers to nonprofit/non-government organizations that have received cash and/or product grants from Cisco and/or the Cisco Foundation (cash only), as well as advisory/consulting support. "Cisco Partners" refers to other organizations that we engage with through membership/sponsorship to address SDG related issues.



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