Together we are the human network

2010 CSR Report

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Governance and Ethics

Cisco's corporate social responsibility (CSR) strategy is founded on a strong commitment to ethical conduct and robust management processes to govern our programs.

Our CSR business process mirrors our collaborative management model, tapping into cross-functional expertise and perspectives from across the company (see Management Approach).

The Cisco Code of Business Conduct guides our employees' behavior, and we require our business partners and suppliers to uphold the same high standards (see Business Ethics).

Engaging with key stakeholder groups including customers, investors, employees, communities, governments, and regulators provides important feedback and influence on our CSR strategy. This helps us to prioritize the issues that are most significant to stakeholders and our business (see Material Issues).

Management Approach

Our adaptive and collaborative management model is designed to enable Cisco to respond quickly to changing market conditions and seize emerging opportunities.

We use a similar model to align our CSR activities and stakeholder engagement with broader business strategies and corporate values.

We strive to refine our CSR initiatives and governance practices to increase long-term stakeholder value, business sustainability, and transparency, while at the same time reducing inefficiencies and risk.

Collaborative Management Model

We follow a collaborative management model in an effort to ensure that we engage fully across the business to achieve shared goals. We believe that a system of cross-functional councils, boards, and working groups enables us to:

- Improve productivity and achieve operational excellence
- Enhance innovation
- Make use of our diverse expertise
- Respond to changing market conditions with faster, more informed decisions about new business opportunities to pursue
- Align our resources more effectively behind shared goals and opportunities
- Integrate CSR and extend sustainable innovation across the business

The Cisco EcoBoard is an example of how this cross-functional approach guides CSR programs. The senior leaders on the board represent a wide range of different functions in the company. Through their diverse expertise and perspectives, the EcoBoard has been structured to avoid narrow compartmentalization and advance environmental sustainability goals across the company.

Management Approach

Corporate Governance

Cisco's corporate governance policies are designed to facilitate ethical conduct and compliance with NASDAQ listing requirements and applicable laws.

Our Board is predominantly composed of independent Directors, who meet regularly. All members of the Board's Audit, Compensation, and Nomination/Governance Committees are independent Directors.

Responsibility for oversight of Cisco's operational and financial processes lies with the internal audit function, which reports on a regular basis to the Audit Committee.

Cisco's Code of Business Conduct sets forth the ethical principles that guide employees in their day-to-day activities. Our Ethics Office investigates reports of Code violations and any other breaches of Cisco policies (see Business Ethics).

See our Corporate Governance website for further information.

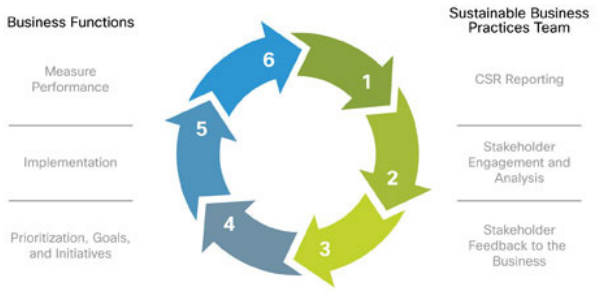
CSR Governance

Our CSR activities are designed to create long-term, sustainable benefits for our business and the global community.

The Sustainable Business Practices team monitors emerging CSR issues and identifies areas for action. In collaboration with relevant Cisco councils, boards, and working groups (see Management Approach), the team advises on CSR goals, policies and initiatives, and reports performance. The team reports key issues to the Connected Business Operations Council and works with our executive leadership to collaboratively prioritize CSR programs and performance.

We manage our corporate social responsibility initiatives using our CSR Business Process. This involves engaging with a wide range of internal and external stakeholders to obtain their feedback and help to formulate CSR strategy, goals, and programs (see diagram). Stakeholder input is also critical in prioritizing issues (see Material Issues).

CSR Business Process



Learn more about our CSR Business Process from Cisco Senior Director of Corporate Affairs, Kathy Mulvany.

For information on our CSR performance, see the Report Card.

Risk Management

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. Our management is responsible for day-to-day risk management activities. The Board of Directors, acting directly and through its committees, is responsible for the oversight of Cisco's risk management.

With the oversight of the Board of Directors, Cisco has implemented practices and programs that are intended to help manage the risks to which we are exposed in our business and to align risk-taking appropriately with our efforts to increase shareholder value.

Cisco teams analyze issues that could affect our business sustainability and employee safety, then look to implement processes designed to mitigate these risks in our day-to-day business model. These teams include:

- Global Risk Sponsors: an executive level committee within Cisco that meets quarterly. Its role is to review Cisco's portfolio of risks and opportunities and to drive action and accountability

Management Approach

- Enterprise Risk Management: a program designed to work across the business to identify, assess, govern, and manage risks, and Cisco's response to those risks
- Risk and Resiliency Operating Committee (RROC): established in FY10 and includes members from Cisco's Global Risk Sponsors. The RROC uses Cisco's collaborative model to establish a cross-functional risk expert network, forum, and decision-making authority, leveraging Cisco's enterprise risk expertise as well as enabling the coordinated evaluation and resolution of critical risks at the company. Matched with ongoing risk management efforts and capabilities that drive business processes, the RROC aims to drive increased education, awareness, and information sharing on risk across the company
- Global Risk Management: addresses financial risks, including accident liability and theft of physical or intellectual property
- IT Global Risk Management: focuses on business continuity for Cisco and our service customers in the event of a disaster
- Worldwide Brand Protection: works to combat damage to our reputation from unauthorized sales channels
- Global Safety, Security, and Business Resiliency: looks to safeguard the physical safety and security of Cisco employees and facilities, and to provide a framework for business continuity and incident management to enable an immediate response to, and quick recovery in the event of, business interruptions caused by natural disasters, acts of terrorism, utilities failure, security breaches, or other events
- Supply Chain Risk Management: works with suppliers to manage risks to our reputation and continuity of supply (particularly for manufacturers of our products). We ask suppliers to respond to our annual Business Continuity Planning Assessment questionnaire to help us assess their ability to maintain business continuity

Business Ethics

Cisco is committed to conducting business ethically and honestly everywhere we operate. That commitment helps us attract and retain customers, business partners, and talented employees, and helps maintain our good reputation among regulators, government bodies, investors, and communities.

We expect all Cisco employees to follow our Code of Business Conduct and all business partners to comply with the complementary Supplier Ethics Policy (see Ethical Business Partners). Each of these policies includes a requirement of compliance with all applicable regional and national laws and regulations.

Our Ethics Office raises awareness about business ethics among employees, business partners and suppliers, and offers ethics training programs for employees. We encourage employees to report concerns about suspected unethical behavior promptly through our ethics helpline and other reporting channels.

Code of Business Conduct

Our Code of Business Conduct (COBC) defines our expectations for employees' ethical behavior. The COBC provides information about our ethics policies and procedures, guidelines for ethical decision-making and real-life examples of ethical dilemmas. Our Ethics Office oversees compliance, and reviews and revises the COBC annually.

The COBC strives to promote:

- Honest and ethical conduct
- Full, accurate, and timely disclosures to government agencies and in other public communications where appropriate
- Protection of confidential and proprietary information belonging to Cisco, our customers, and our suppliers
- Compliance with applicable government laws, rules, and regulations
- Prompt reporting of violations

Violations of the COBC may result in disciplinary action, including termination of employment in certain cases.

Each year, we ask all Cisco employees (who are located in countries where this is permitted by law) to recertify compliance with the COBC, to refresh their commitment to ethical conduct, and to ensure they are up-to-date with any changes Cisco has made to the COBC. In FY10, 100 percent of Cisco's eligible, regular employees completed this recertification.

Employees must also comply with our anticorruption policy.

Business Ethics

Training and Awareness

We have many training and awareness programs that promote ethical conduct among Cisco employees.

Our online Ethics Resource Center offers training modules, a discussion forum, and links to ethics and compliance policies for all employees.

Managers receive advice on talking to employees about ethics and handling disclosures made by employees. In FY10, we introduced a series of video training modules for managers, including an ethics decision-making course. We also organized a speakers' bureau to enable employees to hear experts speaking on ethics and compliance issues.

Some training courses are tailored to specific employee groups, including:

- New Recruits, a quarterly course with senior managers addressing Cisco's commitment to ethical business practices
- Cisco Sales Associates, live training for employees joining our sales teams
- Human Resource (HR) Professionals, designed to provide tools needed by our HR representatives to act as ethics advocates and respond to employee questions related to the Code of Business Conduct. This program was extended to Asia Pacific and Europe in FY10, following a pilot in Canada and the USA
- Public-Sector Sales Staff, anticorruption training for employees interacting with government representatives
- Employees Who Interact with Government Representatives and Officials, a course on the US Foreign Corrupt Practices Act (FCPA) monitored by our dedicated FCPA compliance team

See a video with senior managers addressing Cisco's commitment to ethical business practices.

Ethical Business Partners

Business partners include resellers, systems integrators, distributors, sales agents, and consultants who support sales. We expect them all to meet our high ethical standards.

Before inviting a company to partner with us directly, we evaluate its credentials and reputation through a vetting process that includes corporate and executive background checks and a review of its current and prior business dealings.

Cisco partners must follow the ethical guidelines set out in our document on "Promoting Successful Business Relationships." Once contracted, Cisco direct partners must periodically undergo additional background investigations.

We focus our efforts on our more than 2000 direct or primary global business partners. They are responsible in turn for ensuring the integrity and ethical behavior of any subcontractors, agents, or other third parties.

In addition, we promote ethical behavior throughout our value chain through our Supplier Code of Conduct. To qualify as a Cisco supplier, companies must also sign our Supplier Ethics Policy (see Our Value Chain).

Reporting Concerns

We encourage employees and other stakeholders to report concerns about suspected unethical behavior by:

- Speaking to a manager or human resources representative
- Contacting the legal department or Ethics Office about legal or accounting questions
- Contacting the Ethics Office directly by email or webform
- Reporting concerns (anonymously if preferred) through our global helpline, which is run by a third party

In FY10, we made our ethics helpline available to the general public, and published dialing instructions for over 60 countries on our website.

Employees may choose to report a concern confidentially, in countries where this is permitted by law.

We make it a priority to investigate all concerns raised and take appropriate action, when warranted.

See our Report Card for full performance data.

Human Rights

Cisco evaluates and responds to human rights issues within its business operations on a regular basis.

The Board routinely discusses human rights issues and our leadership invests significant effort to promote policies and activities that are consistent with our goals to protect human rights around the world.

Our employee policies incorporate ethical principles including those pertaining to human rights such as freedom of association, nondiscrimination, privacy, compulsory and child labor, immigration, wages, and working hours.

Cisco supports the United Nations Universal Declaration of Human Rights and, as outlined in our Code of Business Conduct and employee policies, we expect all our employees to "treat others equally and with respect and dignity."

Cisco has adopted the following two principles focused on human rights from the UN Global Compact:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

In fact, Cisco supports all of the 10 UN Global Compact principles.

Cisco has also stated publicly that it does not customize or develop specialized or unique filtering capabilities to enable different regimes to block access to information.

Cisco's sales activities are conducted worldwide in strict compliance with U.S. export rules and regulations, which are informed by human rights principles.

Freedom of Access to Information

Cisco wants everyone around the world to be able to experience the benefits of an open Internet.

Our business practices are designed to promote freedom of expression, privacy, and other fundamental human rights. These practices, combined with our networking technology, support free and open Internet access.

Cisco sells the same products worldwide. We do not customize or develop unique filtering capabilities to block access to information that facilitates repression or infringement of rights.

Human Rights

We do not have influence over how our customers implement our products. For example, the same functionality that allows a school to block access to inappropriate or adult content could also be used by a government to restrict citizen access to certain cultural or religious materials.

We believe that the threat to Internet freedom today does not reside in standardized equipment, but rather in efforts to force suppliers to adopt special protocols or standards that deviate from global norms and enable special censorship or filtering systems. We have worked in opposition to such efforts, and will continue to do so.

While we are not a network operator, we believe the network operation principles covering rights to freedom of expression and privacy adopted by the multi-stakeholder Global Network Initiative are appropriate.

Privacy

New technologies such as Internet-based (cloud) computing are changing communication and data sharing between organizations and individuals. The rapidly increasing amounts of data held online also bring new security challenges, particularly as cloud-based deployments and services expand into areas such as healthcare.

People are understandably concerned about how their personal information is used and shared, and they want to feel confident that data communicated or stored online is secure. Protecting privacy and data is paramount to maintaining trust, and Cisco works on an ongoing basis to develop robust processes and systems to protect customer and employee data and raise awareness about the importance of data protection and privacy.

We have robust internal procedures at Cisco to maintain data security and respect our customers' privacy. Our privacy statement outlines our approach to protecting customer privacy. In FY10, Cisco received the TRUSTe Privacy Seal, following an independent assessment by TRUSTe, a privacy certification organization, that our online systems and processes meet best practices.

Cisco is also a member of privacy associations and alliances, including the International Association of Privacy Professionals (IAPP) and The Direct Marketing Association (DMA).

Compliance with regulations on privacy and data protection is managed by a cross-functional team with representatives from Cisco's legal, IT, information security, sales, marketing, and HR departments. Training is a major component of our compliance program and includes comprehensive security training for employees specific to their responsibilities. In FY10, as part of our initiative to raise internal awareness, we invited employees to submit three-minute videos on how to increase security of personal data, including improving online security, protection against fraud, and preventing theft of physical assets.

We recognize our duty to help customers using our products to manage security. Customers can sign up for SMS Security Alerts, which provide updates on emerging security threats, software updates, and preventative measures. Additional advice is available on our website.

In FY10, we participated in Data Privacy Day, an international day of action organized by The Privacy Projects (a nonprofit think tank) to promote understanding of online privacy and data protection through events and educational activities.

Material Issues

We engage with stakeholders throughout the year to gain insight on key CSR issues and how they pertain to Cisco (see Stakeholder Engagement).

From this feedback, together with our own understanding of our business, we conduct a materiality assessment to identify the issues that are most important to both our stakeholders and our business. See the materiality matrix below.

The issues identified as most significant, or material, form the focus of our CSR strategy, programs, and reporting. We report performance on the most material issues in the main issue sections of this CSR Report. Additional performance information is included in our Report Card.

For a full index of report coverage, see our Index against the Global Reporting Initiative (GRI) reporting guidelines.

Stakeholder Engagement

Engaging with our stakeholders, the people and organizations that affect or are affected by our business, helps us align our business more closely to society's needs. Their input also helps us assess the issues that are most material to our business (see Material Issues). Through these interactions, we aim to:

- Gain valuable information on external perceptions of Cisco
- Obtain specialist insight from stakeholders with expertise in our industry on relevant CSR issues
- Build ongoing relationships with key influencers
- Update our stakeholders on our CSR efforts

Engagement with CSR organizations also enables us to benchmark our performance against our competitors and peers, and annual feedback sessions on our CSR reporting help us identify strengths and weaknesses in performance, disclosure, and readability.

Our Sustainable Business Practices team manages collaboration and feedback mechanisms between Cisco and stakeholders. See more on how we engage with key stakeholders below.

Stakeholder Engagement

Key Stakeholders

Stakeholder group	How we engage
Communities	We engage with communities through our social investment programs, including partnerships with corporations, nonprofits, governments and NGOs. Our employees also engage in programs in their local communities through volunteering activities and local civic councils. See Society for more information on our engagement in FY10.
Customers	We engage with customers as part of our everyday business through our sales and support services. Since 1992, we have been conducting an Annual Customer Satisfaction Survey. Using the valuable input we receive from our customers, we establish the principal objectives for each of our functional areas.
Employees	We engage with employees informally every day through team meetings and internal communications. Our annual Cisco Pulse Survey helps us understand satisfaction levels around the company and identify areas where we can improve. In FY10, a record 85 percent of employees took part. See Our People for more information.
Governments and regulators	Our Global Policy and Government Affairs team works with governments to help develop and influence public policy and regulations related to our industry. Government representatives contribute to our blog on High-Tech Policy: Thoughts and Opinions on Government Affairs. We also work with governments on public-private partnerships on CSR issues such as the Connected Urban Development program (see Low-Carbon Solutions) and the Government and Enterprise Leader education programs in China (see Education).
Industry	Cisco participates in industry partnerships to promote the role of ICT in sustainability. See Industry Collaboration for more information on our participation in FY10.
Investors and analysts	We communicate our business and CSR performance to investors through our Annual Report and this CSR Report. We hold regular one-to-one meetings with investors and welcome their views at the Annual Meeting of Shareholders, following their adherence to appropriate procedures. Cisco also provides CSR information through specific sustainability investment indexes such as the Dow Jones Sustainability Index. See Investor Relations for more information.
Sales business partners	We work with business partners to expand the market reach of our products. We conduct an annual Partner Pulse Survey, giving global partners the opportunity to provide feedback about key areas of our business.
Suppliers	We work very closely with suppliers for both product development and manufacture. We engage with them on CSR issues through our customer value chain management team (see Our Value Chain).

Industry Collaboration

Cisco works with other ICT organizations through industry partnerships on CSR issues. Collaboration helps us refine our CSR policies and initiatives to better address important issues in areas such as The Environment and Our Value Chain.

By participating in these partnerships, we also can be involved in industry responses to new regulations, help to develop standards, and promote the use of ICT solutions as a driver for sustainability.

We collaborate with industry through the following organizations and partnerships:

- Alliance for Telecommunications Solutions (ATIS): Cisco is a contributor to the Telecommunications Energy Efficiency Committee of ATIS, which aims to identify industry standards that facilitate interoperability of telecommunications products and services. Cisco was the coeditor of the ATIS Telecommunications Energy Efficiency Ratio (TEER) standard for measuring switch and router energy efficiency.
- Carbon Disclosure Project: an independent organization that encourages companies to publicly disclose their climate impacts and take action to reduce emissions. Cisco has responded to the CDP survey since it began eight years ago. We also support CDP by donating Cisco WebEx and Cisco TelePresence for its meetings with investors and members.
- Clinton Global Initiative (CGI): This nonpartisan initiative of the William J. Clinton Foundation focuses on expanding visibility, influence, and impact by building and strengthening partnerships with business and government leaders and nongovernmental organizations worldwide. These goals align well with Cisco's own business strategy. John Chambers and members of his leadership team actively participate in the annual and midyear CGI meetings.
- DIGITALEUROPE: Cisco cochairs the group on waste electrical and electronic equipment (WEEE) of this multi-stakeholder partnership that engages on environmental regulations in the EU.
- Electronic Industry Citizenship Coalition (EICC): an organization which promotes better working and environmental conditions in global electronics supply chains. Cisco participates in the Environmental Work Group and has collaborated with the EICC to establish a chain of custody for essential materials (see Story Highlight).
- EnergyStar: a program dedicated to environmental protection through energy efficiency. Cisco participates in EnergyStar programs to set standards for network equipment, such as set-top boxes, displays, and data center equipment.
- Environmental Protection Agency (EPA) Climate Leaders: a partnership that works with companies to develop comprehensive climate change strategies. Cisco has been a member since 2007 and announced its 25 percent greenhouse gas emissions reduction goal through the program (see Energy and Climate Change).
- EPA Green Power Partnership: a partnership between the EPA and organizations interested in purchasing green power. Cisco is a member of this partnership

Industry Collaboration

and has ranked in the top 10 of the National Top 50New window partners for several years.

- Ethics and Compliance Officers Association: Cisco shares its expertise in this association for individuals who are responsible for their organization's ethics, compliance, and business conduct programs.
- Global e-Sustainability Initiative: Cisco leads the European policy working group and participates in the climate change working group of this industry partnership dedicated to promoting sustainability through ICT.
- Green Grid: Cisco is working with industry peers on data center energy efficiency best practices through this global consortium of IT companies seeking to improve energy efficiency of data centers.
- International Electronics Manufacturing Initiative (iNEMI): Cisco has a leadership role in this industry consortium, which focuses on supply-chain and environmental issues.
- International Telecommunication Union (ITU): Cisco is a member of the UNESCO/ITU Broadband Commission on how ICT companies can help achieve the UN Millennium Development Goals, and we partner with the ITU to provide approximately 70 Cisco Networking Academy centers in developing countries. Cisco also contributes to the development of standards on issues such as ICT and the environment and serves as a collaborator in the ITU's work to build a culture of cybersecurity.
- The Climate Group: an independent organization working with government and business leaders on policies and technologies to enable a low carbon economy. Cisco has transferred leadership and governance of the Connected Urban Development program, a public-private partnership aiming to reduce greenhouse gas emissions and promote economic development, to The Climate Group (see Innovation for a Sustainable Future).
- United Nations Solving the e-Waste Problem Program: Cisco participates in the Policy and Recycling task forces alongside other industry, NGO, governmental, and academic participants to develop a sustainable approach for managing electronic waste.
- World Economic Forum (WEF): This impartial and not-for-profit foundation focuses on improving the state of the world. Cisco contributes to WEF global initiatives such as Education, Health, Climate Change and Corporate Global Citizenship. Cisco also collaborates with the WEF on industry initiatives such as Cloud Computing, Construction and Real Estate, Personal Data, Smart Grid and ICT and Sustainability. John Chambers and members of his leadership team attend the annual meeting in Davos, and a broad spectrum of corporate and regional executives participate in the regional summits as well as industry and global initiative events.
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Global Standards

Cisco supports a range of global initiatives and CSR frameworks, including:

- UN Global CompactNew window
- UN Millennium Development GoalsNew window
- Clinton Global InitiativeNew window
- World Economic Forum InitiativesNew window

Cisco strives to conform to global CSR management standards and guidelines that cover the breadth of our operations including:

- Global Reporting Initiative (GRI): CSR reporting guidelines (see our GRI Index)
- ISO 14001: Environmental management standard (see Environmental Management)
- U.S. Occupational Safety and Health Administration (OSHA) (see A Safe and Healthy Environment)

Our People

Engaged, talented, and motivated people are critical to our success. Cisco believes in inspiring employees to feel that their work is more than just a job. This begins with communicating our long-term strategy and aligning employees with our vision to change the way people work, live, play, and learn.

To sustain our competitive advantage, we are building a global culture and organizational capability, based on collaboration. Cisco collaborative technologies are transforming the way employees work and communicate across business functions.

We employed more than 70,700 people at the end of FY10. Over 17,000 are based at our headquarters in San Jose, California, and the rest work in over 420 locations in 93 countries. Employees come from diverse backgrounds and bring with them a rich variety of skills and experiences encompassing engineering, sales, and business support. We support their safety, health, and wellbeing, and provide programs to help them balance work and personal commitments.

Our commitment to collaboration underpins our approach in five key areas:

- Working Together: Embedding a collaborative working culture
- A Safe and Healthy Environment: Ensuring our people's safety, and promoting their physical and mental wellbeing
- An Open and Diverse Culture: Engaging our employees and promoting diversity and inclusion

Our People

- Employee Opportunities: Realizing the potential of our employees through development and training opportunities
- Rewarding Our People: Rewarding employees through competitive, performance-based compensation and benefits

FY10 Performance Highlights
A record 85 percent of employees completed the annual Pulse employee survey, up 5 percentage points from FY09
Talent Connection and CareerPath initiatives were piloted to facilitate career development opportunities for Cisco employees
70 percent of employees using the Global Ergonomics Program reported an increase in comfort levels
See our Report Card for full data.

Working Together

Communication and collaboration are at the heart of our working environment. We promote flexible, cross-functional teams that work together to enhance new business opportunities.

Our technology is a great enabler, helping employees collaborate regardless of location. Telecommuting is used by 95 percent of employees and the number of remote workers rose to 1100 in FY10. (See the flexible working information in A Safe and Healthy Environment).

Communications

It is essential that all employees understand our goals and expectations. Internal Vision, Strategy, and Execution plans ensure that individual business functions are aligned with Cisco's overall vision and help working groups understand their role and impact. Employee communications foster a culture of openness around the company's goals, and help to support our collaborative management model.

Various company events provide opportunities for employees to engage with senior management and learn about the company's strategy. They include:

- Annual virtual strategic leadership meetings and virtual sales meetings
- Quarterly companywide and leadership meetings, earnings announcements and videos, and functional meetings
- Bimonthly Q&A sessions with CEO John Chambers for employees whose birthdays fall within the two months
- Cisco Employee Connection intranet site
- Special events like Cisco's 25th anniversary celebration

Collaborative Leadership

The Cisco Center for Collaborative Leadership focuses on organizational transformation, executive talent management, and leadership development. Cisco's competency model, C-LEAD, defines what leadership looks like at Cisco and is named for five capabilities: Collaborate, Learn, Execute, Accelerate, and Disrupt.

The Executive Action Learning Forum develops strategic and leadership qualities of high-potential leaders through hands-on experience.

In FY10, we launched a new Leadership Channel for our leadership and management offering collaborative, technology-based events, blogs, moderated chats, and discussion forums with both Cisco and external global thought leaders.

A Safe and Healthy Environment

We seek to provide a working environment that supports our employees' health and wellbeing. By using our collaborative and remote working technologies, we offer employees greater freedom about how, when, and where they work to help them balance work and personal responsibilities.

Health and safety

The safety of our employees is paramount. Cisco's Occupational Health and Safety Program aims to identify and reduce the risk of illness or injury for all employees by standardizing health and safety management across our operations and enabling local teams to monitor its effectiveness.

Our Global Ergonomic Program provides in-person and virtual support to help identify, measure, and reduce ergonomic risks for office-based employees. In 2010, 70 percent of employees who used the program reported a significant to outstanding improvement in their comfort levels. Our Lab Safety Program provides guidance on assessing, communicating and managing lab-based safety hazards. It uses a risk-based approach that utilizes global regulatory and industry standards. Remote workers fall under our wider occupational health and safety scheme.

The majority of employee workplace injuries are ergonomic issues and in FY10 we continued to focus on ergonomic related injury awareness and prevention. Our employee injury and illness rate for U.S. operations fell from 0.34 in FY09 to 0.33 per 100 full-time employees (FTEs), and the rate of injuries and illnesses resulting in lost time increased from 0.03 in FY09 to 0.14 per 100 employees.

Cisco's Global Safety, Security, and Business Resiliency Group is charged with protection of our employees. As well as providing physical security (see Risk Management), the group plans the company's response to emergencies and natural disasters, such as the Chile earthquake of February 2010 (see Story Highlight).

Health and wellbeing

We provide health insurance covering medical, disability, and life benefits. Cisco's HealthConnections program (see Story Highlight) provides customized information and guidance for common health-related issues. Supporting initiatives that encourage healthy and balanced lifestyles include onsite health screenings, access to an online personal health assessment tool, health coaching, education, and a global employee assistance program.

U.S. employees have access to additional support programs from prenatal to eldercare assistance, and our San Jose headquarters offers a health center, pharmacy, fitness center, and vision center. A health and fitness center is also provided in Bangalore, India. Employee-led community and resource groups offer a forum for employees to share their experiences and offer support on a range of issues.

A Safe and Healthy Environment

Many of our employees have to balance work and family demands. Two onsite childcare centers serve approximately 850 children at our headquarters in San Jose, California, and we plan to open another in Bangalore in FY11. Mothers' rooms, which provide a space for breast-feeding, are available in many of our sites globally. We also provide child scholarship funds, a global tuition assistance program, and referral services for employees struggling to balance their work and personal commitments.

Flexible working

Cisco technology is changing the way people work. (These tools also reduce travel-related environmental impacts: see more on Low-Carbon Solutions.) Flexible work practices are widely adopted by our employees:

- Telecommuting and flextime opportunities are long-standing and used by 95 percent of our employees.
- Remote working (employees primarily working from home) is available in 85 percent of the regions in which we operate.
- Part-time opportunities are available in Europe and the United States, and some sites in Asia Pacific. The number of part-time workers at Cisco rose by 7 percent in FY10 to just over 220.
- Cisco's Off/On Ramp program, launched in FY10, allows eligible employees to take a career break for one to two years and then return to the company. Participating employees are not paid but are still eligible for company-paid benefits during the first year.

In FY10, we clarified our flexible work policies to provide better guidance for employees and managers on their options for balancing work and personal commitments.

An Open and Diverse Culture

Fostering an environment of inclusion and diversity helps us create and maintain an engaged and valued workforce.

Pulse survey

The annual Pulse survey is our most important tool for understanding the employee experience and assessing engagement. A record 85 percent of employees participated in the FY10 survey, up 5 percentage points from FY09. We believe the increase reflects ongoing efforts to make employees aware of how their feedback influences leadership and management decision making.

Pulse scores were down slightly from FY09, and Recognition continued to be a low-scoring area, in light of the economic environment. The decline in employee survey scores also was consistent with wider industry trends. We take low scores seriously and work hard to respond. In FY10, we focused on recognition in a number of ways, including a review of company targets. We also piloted new career development initiatives (see Employee Opportunities). During FY11, we will continue the review of our rewards strategy and will launch career development initiatives across Cisco. In addition, we are working with employees to develop a new definition of the type of experience that employees can expect from their employment at Cisco.

Despite the overall dip in employee survey scores, we saw an increase in Communication scores from 77 to 79, while Employee Engagement, Collaboration, and Respect for People all scored above 80. Pulse and function-level survey results have been available to all employees since 2009 to encourage openness and communication.

An Open and Diverse Culture

Pulse survey results

Category	2010 scores	2009 scores
Employee Engagement Index	82	87
Collaboration	85	86
Respect for People	82	83
Communication	79	77
Organizational Alignment	79	82
Inclusion Index	78	79
Innovation and Excellence	77	78
Manager Index	77	NA
Development	72	73
Recognition	65	66

Inclusion and diversity

An inclusive and diverse culture brings value to our business, giving us access to the widest range of talent and helping to ensure that our workforce mirrors our customers and communities. Our Global Inclusion and Diversity Board is supported by inclusion and diversity groups to direct our efforts in four key areas:

- Promoting diversity on our leadership and management councils and boards.
- Offering development and progression programs for employees from diverse backgrounds, such as the Inclusive Advocacy Program that provides mentors and training to high-potential Cisco employees.
- Building a culture of inclusion through 11 Employee Resource Groups (ERG). In FY10, two new online communities were launched: the Integrated Workforce Experience for Women and the Working Moms' intranet website.
- Supporting our customers with inclusion and diversity practices through an external Inclusion and Diversity Resource Center that provides tools and resources for customers to build their diversity approach.

In FY10, women made up just under 24 percent of our global workforce, 20 percent of new hires, and more than 15 percent of senior roles of Vice President or above.

In the United States in FY10, non-Caucasian employees made up more than 44 percent of our workforce, 42 percent of new hires, and just under 22 percent of senior roles of Vice-President or above.

Cisco's Who You Are campaign (see Story Highlight) celebrates our employees' diversity and shows how their unique skills, perspectives, and experiences make Cisco a great place to work and contribute to our success.

The Cisco Accessibility Initiative is a companywide effort that stresses the importance of creating accessible products, websites and documentation. For more, see Product Accessibility.

An Open and Diverse Culture

Recognition in FY10
Ranked 37th in Diversity Inc's Top 50 companies for diversity
Placed in the Working Mothers Magazine Top 100 Best Companies and one of five top companies in the magazine's list of Best Companies for Multicultural Women
Included in the National Association for Female Executives' Top 50 Companies for Women Executives list
Scored 100 percent for the fifth consecutive year in the Human Rights Campaign's Corporate Equality Index
Ranked fifth in the International Gay & Lesbian Chamber of Commerce's 2010 International Business Equality Index
Received the Association of Diversity Council's Honors Award recognizing the top 25 diversity councils in the United States
Ranked eighth in the Diversity Journal's Innovations in Diversity Awards: Laura Ipsen, SVP of Smart Grid, was placed on the magazine's list of Women Worth Watching
John Chambers received the Diversity Best Practices 2009 CEO Diversity Leadership Award
Ranked 39th in Careers and the DisABLED Magazine's Top Companies for People with Disabilities list
Included in the Top 50 places for Women to Work in the United Kingdom and Ireland by The Times newspaper
Named Most Admired Company for Minority Employees 2009, by US Black Engineer, Hispanic Engineer, and Women of Color magazines
Awarded " Most Woman Friendly Employer" at the Women in Leadership India Awards
Included in Top 50 Companies for Diverse Managers at Work by Diversity MBA Magazine
See our Report Card for full data.

Employee Opportunities

Flexible learning opportunities are key to responding quickly to changing market conditions and succeeding in new market adjacencies. By understanding our employees' core skills and addressing their development needs, we strengthen their ability to work within teams and across business functions to support innovation and exceptional performance. We provide a range of formal and informal learning and development opportunities to encourage employees to pursue their career aspirations. This, in turn, helps us to retain top talent.

Learning and development

Cisco uses a variety of standard and customized courses covering management, technical, and professional development. During FY10, Cisco spent more than $90 million on employee training and development. Eighty-two percent of employees participated in at least one course, spending more than 1.5 million hours in learning and development training courses.

Annual Employee Performance Management Reviews allow employees to review their development and performance from the previous year and plan their needs for the upcoming year with managers.

Mid-Year Career Discussions, introduced companywide in FY10, provide an opportunity for managers and employees to discuss their development opportunities half way through the year. In the FY10 Pulse survey, 76 percent of employees said this discussion was effective.

Career progression

We continually review our hiring strategy to ensure that it supports our business goals. In FY10, we piloted Talent Connection, an internal tool that allows recruitment teams, managers and employees to work together to match skill sets against internal job openings. Talent Connection will help us respond quickly to internal talent demands as Cisco expands into new markets. During the 10-week pilot program, nearly 80 percent of positions were filled by internal candidates, and the time to fill a position dropped by an average of 22 days. Feedback from both candidates and managers indicated a high level of satisfaction with the new process.

Rewarding Our People

We have a long-standing culture of sharing our success with our employees. We provide competitive, performance-based pay and benefits that reward innovation, collaboration, and profitability.

Compensation and recognition

We provide competitive levels of compensation including base pay and cash bonus payments based on company and individual performance factors. Cisco's bonus program provides a direct link between the company's performance and employee pay, helping to align employee and company goals.

Spot cash awards and one-time stock awards recognize exemplary contributions and high performers. Additional recognition and awards are provided for outstanding sales performance, collaboration and technology, and long-term service milestones.

Additional benefits include tax-efficient retirement savings support with company contributions, tuition assistance, paid time off and paid holidays, culturally relevant family leaves, and an employee stock purchase plan, as well as a range of health benefits (see A Safe and Healthy Environment).

Cisco employee benefits

- Adoption Assistance
- Autism Benefit (Global)
- Children's Scholarship Fund (Global)
- Death Benefits for Family (Global)
- Education Benefits: Employee Tuition Assistance (Global)
- Education Benefits: Family Services
- Family Crisis Assistance (Global)
- Elder Care Program (Global)
- Employee Assistance Program (Global)
- Bonus Program (Global)
- Employee Discount Program (U.S. and UK)
- Financial Education (U.S.)
- Flexible Work Practices (Global)

Rewarding Our People

- Health & Wellness Programs (Multi-country)
- Health Insurance: Medical, disability and life benefits; dental and vision where prevalent (Global)
- Insurance: Healthcare Domestic Partner eligibility (Global)
- On-site Cafeterias
- On-site Child Care Centers (two centers in San Jose, CA, one in Bangalore, India, opening November 2010)
- On-site Fitness Center (Multiple Locations)
- On-site Health Centers (San Jose, CA; Bangalore, India; HealthPresence in RTP)
- On-site Pharmacy, Vision Center (San Jose, CA)
- Relocation Assistance (Global)
- Tax-Advantage Long-Term Savings with company contribution (ex. Retirement: 401(k))
- Off/On Ramp Program (Up to two years off work, first year with medical benefits)
- Employee Stock Purchase Plan

Cisco provides culturally relevant leave of absence and time off programs for employees globally. Examples of these programs in the U.S. include:

- Adoption Leave: Paid
- Bereavement Time Off: Paid
- Educational Leave: Unpaid
- Jury Duty Time Off: Paid
- Pregnancy Disability Leave/Maternity Leave: Paid
- Family Medical Leave and Long-Term Medical Leave: Paid (STD, LTD, SDI/VDI income replacement)
- Military Leave: Differential Paid
- Paid Time Off: Paid
- Paternity Leave: Unpaid
- Personal Leave: Unpaid

Environment

Cisco's communications and networking solutions are enabling a fundamental change in the way people interact, bringing individuals together to work, live, play, and learn in new and more sustainable ways.

Our technology promotes environmental sustainability through innovation and collaboration. We work with industry peers and others to develop strategies and utilize information and communication technologies (ICT) to address global challenges like climate change (see Advocacy).

Low-carbon solutions and energy-efficient products are a significant business opportunity for Cisco as our customers work to reduce carbon footprints.

At the same time, we work hard to minimize the environmental impacts of our products and operations.

Our strategy

Our environmental strategy takes a holistic approach, looking at both direct and indirect impacts. We focus on three key areas:

- Low-carbon solutions: developing innovative solutions to help Cisco and our customers use less energy and reduce carbon footprints
- Products: making our products more energy and resource-efficient in their design, manufacture, use, and end-of-life
- Operations: improving resource efficiency and changing the way we work

We undertake partnerships with suppliers, industry peers, and other stakeholders to help us implement this strategy. We also work through industry groups to advocate appropriate environmental regulations (see Advocacy).

Environment

INDICATORS	FY06	FY07	FY08	FY09	FY10
Environmental Management					
Number of Cisco sites with ISO 14001 EMS	19	25	25	26	26
Employee base covered by ISO 14001 EMS	75%	73%	71%	68%	68%
GHG Emissions					
Total gross (1) GHG emissions: Scope 1 (metric tonne CO2e)	27,586 (3)	51,399	51,661	53,453	53,363
Total gross (1) GHG emissions: Scope 2 (metric tonne CO2e)	317,666 (3)	461,456	539,867	590,755	597,257
Total contractual (1) GHG emissions: Scope 2 (metric tonne CO2e)	316,893 (3)	397,167	300,516	235,520	339,640
Total contractual (1) GHG emissions: Scope 1 and 2 (metric tonne CO2e)	535,419 (3)	448,566	352,177	288,973	393,003
Scope 1 and 2 reduction goal and performance Change in Scope 1 and 2 from FY07 EPA global goal: 25% absolute reduction against CY07 baseline (2)			-22% (goal yr is 2012)	-36% (goal yr is 2012)	-12% (goal yr is 2012)
Total air travel GHG emissions: Scope 3 (metric tonne CO2e)	190,940	205,796	197,867	118,602	104,937
Scope 3 air travel reduction goals and performance: 1. Change in air travel GHG emissions from FY06 CGI global goal: 10% absolute reduction against FY06 baseline 2. Change in Scope 3 air travel from FY07 EPA global goal; 25% absolute reduction against CY07 baseline (2)		+8%	+4%	-38% (both goals met)	-45% (both goals met)

INDICATORS	FY06	FY07	FY08	FY09	FY10
Energy and Electricity Use					
Energy usage (GWh)	889 (3)	1282	1438	1533	1524
Electricity usage (GWh)	749 (3)	1054	1203	1293	1296
Product Return and Recycling					
Product return (metric tonnes) (4,6)			10,030	10,730	8580
Materials to landfill (percent of returned product not reused or recycled) (4, 5)			0.46%	0.44%	0.333%
Water Consumption					
Total water consumption (m3) (7)		1,725,618	1,547,025	1,455,662	1,492,297

1 Gross and contractual are used consistent with Carbon Disclosure Project 2010 survey terminology. Gross GHG emissions figures do not include reductions from Cisco's renewable energy purchases. Contractual GHG emissions figures include the impact of buying low-carbon electricity.

2 Cisco's EPA Climate Leaders 25 percent reduction goal is measured against a calendar-year baseline per EPA requirements, but all public Cisco reporting is on a fiscal-year basis. We are reporting progress against the EPA goal using fiscal-year emissions. Cisco does not publically report calendar-year emissions to avoid confusion with previously reported fiscal-year data. Although EPA Climate Leaders is being discontinued, Cisco will continue to report against the goal.

3 In our FY06 CSR report, Cisco reported only the Scope 1 and 2 emissions data actually collected from Cisco sites and separately noted the estimated completeness of the data. We now collect actual emissions data for over 90 percent of our real estate portfolio and estimate the balance based on building square footage and type of usage. We do not believe the Scope 1 and 2 data collected for FY06 are sufficient to support extrapolation to 100 percent. Therefore, FY06 GHG Emissions and Energy and Electricity Use data in the table should not be trended against FY07 or later data.

4 Through FY08, Cisco reported weight of material sent to Cisco's recyclers. Leveraging process improvements started in FY09, we are now reporting weight of material received from end users, which is the metric of primary concern to stakeholders. Available historical data, prior to FY08, is not comparable to more recent years, and is not reported.

5 Landfilled material consists of nonrecyclable materials (such as broken pallets, wet cardboard, and shrink wrap).

6 Values reported in our FY09 CSR report have been converted to metric tonnes for FY10 reporting.

7 Prior and existing year data adjusted to same nine sites to permit trending comparison.

NB: All prior-year Scope 1, 2, and 3 emissions data vary to some extent from previously reported values, either in CDP 2010 or our 2009 CSR Report, because of updates to emissions factors, methodology, and correction of minor errors found upon repeated review. (No significant error has been found.) Cisco continues to invest in improving the accuracy of our GHG emission calculations. To support standardization and benchmarking across companies, Cisco uses the Greenhouse Gas Protocol Corporate Accounting Standard as the basis for our Scope 1, 2, and 3 (business air travel) emissions calculations. Cisco has received technical assistance from the U.S. EPA in determining organizational and operational boundaries, in identifying the most appropriate emission factors for Cisco's business, and in documenting these decisions in an Inventory Management Plan (IMP) that is designed for consistency and transparency in the inventory over time.

Unlike in FY09, greenhouse gas calculations were not in scope for either our internal or external annual ISO 14001 audit. The Carbon Trust audited our greenhouse gas data collection and analysis processes in June 2010 as part of the Carbon Trust Standard assessment process for U.K. operations.

Cisco is now focusing resources on developing standards to better characterize, measure, and report indirect emissions categories, including emissions from Cisco's supply chain and product use. Key activities in FY10 included participation in the development of the Scope 3 Accounting Standard of the Greenhouse Gas Protocol, led by the World Resource Institute and World Business Council for Sustainable Development.

Carbon Disclosure Project (CDP)

Cisco has reported to the Carbon Disclosure Project (CDP) in all eight years of the CDP's existence. CDP is an independent, not-for-profit organization that holds the largest data base of GHG emissions in the world. Cisco was ranked the #2 Information Technology company in 2010 for disclosure and joint #1 for carbon performance, based on our responses to the Carbon Disclosure Project's CDP7 survey, which was submitted in May 2009. The CDP questionnaire and our answers provide a comprehensive view of the following topics related to climate change: risks and opportunities, actual emissions, reduction goals, avoided emissions, and regulatory and policy activities.

Environmental Management

The environment is a key consideration in all aspects of our operations and in our solutions' definition, design, manufacture, support, use, and end of life. This approach is set out in our Corporate Environmental Policy.

An EcoBoard of senior executives representing key business functions steers Cisco's environmental strategy, supported by a Green Task Force that implements operational change. These groups promote innovation through cross-functional collaboration and a wide-reaching network of contacts across the business.

Environmental management system

Our Environmental Management System (EMS) provides a set of processes and practices to monitor and manage environmental impacts, including:

- Energy management
- Operational waste reuse and recycling
- Electronic waste reuse and recycling
- Environmental product design
- Sharing best practices on environmental issues
- Value chain management

The EMS is used to identify the most significant impacts at each Cisco site and to set relevant local targets. Site teams monitor performance and report key metrics, and we communicate progress to employees using an EcoDashboard. For an overview of our performance in FY10, see our Report Card.

To embed environmental practices as part of our standard business operations, training on our business management system includes an explanation of our EMS and environmental policy, and what these mean to employees. In FY10, we updated the course and 14,221 employees completed the training.

Auditing

Our EMS is certified to internationally recognized environmental management standard, ISO 14001. We conduct regular audits of the EMS at all our ISO 14001-certified sites. Our trained auditors use a combination of onsite and remote audits using Cisco collaboration technologies (see Low-Carbon Solutions).

The frequency of audits depends on criteria such as the size and type of site, and previous audit findings. Typically within a three-year period every site receives one onsite audit and one remote audit. In FY10, we conducted 29 audits (15 of them remotely) of sites representing approximately 43 percent of our employees. In addition to site audits, we also audit each of the workgroups under the EcoBoard annually to assess if and how their team goals have been achieved.

Environmental Management

In FY10, 26 sites (covering approximately 68 percent of our employees) were certified to ISO 14001 following an annual audit by an independent third party. Our Hong Kong site achieved certification for the first time.

An important component of our audit process is the identification of best practices, which are shared across the business through our internal newsletter on environmental management and at ISO 14001 committee meetings. In FY10, best practices that were identified as part of these efforts included optimization of data center cooling in Bangalore, India (saving 260,000 kWh a year) and a waste management video to train employees in San Jose, California.

Compliance

We monitor emerging regulations and standards, and raise awareness among our employees. Cisco works closely with suppliers to ensure that our products comply with relevant regulations through our product compliance assurance process.

We set clear specifications on the use of hazardous substances to ensure compliance with legislation such as the Restrictions on Hazardous Substances (RoHS) Directive and the Registration, Evaluation, Authorization, and Restriction of Chemicals Regulation (REACH) (see Product Impacts).

Advocacy

Global environmental challenges can only be addressed effectively by working together. Cisco collaborates with industry peers and engages with governments and other key stakeholders on the development of relevant environmental regulations and standards. Through targeted awareness and education efforts, we encourage people inside and outside Cisco to make the commitment to reduce their environmental impacts.

Industry partnerships

We collaborate on environmental issues through international partnerships such as these:

- European Commission ICT for Energy Efficiency Forum aims to develop a framework to measure and report ICT energy footprints. Cisco was involved in the management and steering committee to help launch the forum in February 2010.
- Electronic Industry Citizenship Coalition (EICC) promotes better working and environmental conditions in global electronics supply chains. Cisco serves on the EICC's Board of Directors, participates in its Environmental Work Group, and is piloting its Carbon Reporting System.
- Environmental Protection Agency (EPA) Climate Leaders: a partnership that works with companies to develop comprehensive climate change strategies. Cisco has been a member since 2007 and announced its 25% greenhouse gas emissions reduction goal through the program (see Energy and Climate Change).
- Global eSustainability Initiative (GeSI) is an industry partnership dedicated to promoting sustainability through ICT. Cisco was a board member in FY10, cochairs the European policy working group, and participates in the climate change working group. Cisco also cosponsored and contributed to a follow-up study to GeSI's "Smart 2020 Report" on the enabling effects of ICT to reduce greenhouse gas emissions (see Low-Carbon Solutions).
- International Telecommunication Union is the leading UN agency for ICT issues. Cisco led one of its energy efficiency working groups in FY09 and FY10.
- World Economic Forum (WEF) Task Force on Low-Carbon Economic Prosperity aims to highlight the role of ICT in mitigating climate change. Cisco CEO John Chambers is a WEF Climate Change Ambassador.
- International Electronics Manufacturing Initiative (iNEMI) is the leading technical industry consortium developing sustainable solutions. Cisco is on the Board of Directors and the Technical Committee, and chairs the Eco-Impact Evaluator Project to develop a simplified method for assessing a product's lifecycle environmental impacts (piloted on one of our products in FY10). The project is initially focused on product carbon footprint and will expand to other environmental factors.

For a fuller list of organizations we work with on environmental and other CSR issues, see Industry Collaboration.

Advocacy

Engaging with governments

Cisco engages with governments to monitor and influence the development of sound, focused environmental regulations (see, for example, our position on climate change). This engagement is often done through the environmental policy groups of trade associations such as Digital Europe and the Information Technology Industry Council.

We work with governments to promote the role of ICT in sustainability and to implement low-carbon solutions through public-private partnerships (see Low-Carbon Solutions).

Advocating action at Copenhagen

Cisco was the exclusive technology sponsor for the United Nations Climate Conference (COP15) in December 2009. Our Cisco TelePresence technology enabled wider participation in the conference through over 250 hours of virtual meetings, avoiding greenhouse gas emissions from travel (see video).

We signed the Copenhagen Communiqué in September 2009 to publicize our support for an international climate change agreement and Laura Ipsen, Senior Vice President and General Manager of the Cisco SmartGrid business unit, spoke at the summit in support of a binding agreement. We were disappointed by the failure to reach a globally binding agreement at Copenhagen.

Promoting individual action and innovation

We encourage our employees to reduce their environmental impacts at work and at home (see Embedding a Green Culture at Cisco).

In Canada, South Korea, and the United States, Cisco sponsors One Million Acts of Green, an online campaign and forum for schools, cities, businesses and individuals to make pledges to improve their environmental practices. Since it was launched in 2008, 2.5 million pledges have been made, avoiding an estimated 272,000 metric tonnes of greenhouse gases.

Cisco is the Presenting Sponsor of the X Prize Foundation's Energy and Environment Prize Group, which aims to generate breakthroughs in climate change and energy efficiency and use. The current competition asks participants to design a vehicle that exceeds 100 miles per gallon energy equivalent efficiency.

Low-Carbon Solutions

Our low-carbon networking and communications solutions help users reduce environmental impacts and support the transition to a low-carbon economy.

The potential of ICT to reduce greenhouse gas emissions

The Smart 2020 Report, published by the Global e-Sustainability Initiative (GeSI) in 2008, estimated that ICT could enable reductions in greenhouse gas emissions of 7.8 gigatonnes of CO2 by 2020 in Europe alone. That reduction represents a 15 percent drop compared with business as usual and would be five times larger than the predicted emissions from the ICT sector itself.

The report identified five key areas for emissions reductions:

- Dematerialization (virtual alternatives to physical objects)
- Transportation
- Buildings
- Power distribution
- Industry processes

Cisco cosponsored a follow-up study to Smart 2020 on the enabling effect of ICT in reducing greenhouse gas emissions across all industry sectors. Published in September 2010, the study applies lifecycle assessment standards to six ICT solutions with real-world examples to inform policy makers and businesses adopting low-carbon practices (see Story Highlight).

Realizing our products' potential

We see a business opportunity in low-carbon solutions. We invest in research and development of new technologies with the potential to address global sustainability challenges. We focus on four key areas:

- Collaboration and remote working technologies: reduce the need for business travel and commuting, and help customers use office space more efficiently
- Connected energy management: enables better control and monitoring of energy-consuming systems through the network
- Connected living and working: uses the network to bring together people and services, promoting low-carbon urban living and working
- Innovation for a sustainable future: develops and pilots network-enabled solutions to environmental issues through partnerships with industry peers, governments, and NGOs

Low-Carbon Solutions

To fully realize their potential, our low-carbon solutions must be accompanied by cultural shifts: new business processes, management practices, and individual work practices. By marketing both the business benefits and the environmental benefits of our solutions, Cisco aims to influence a wider change in corporate culture to embrace these technologies. Using our solutions has transformed the way we work at Cisco.

Collaboration and Remote Working Technologies

Cisco's products and services enhance mobility and enable people to collaborate remotely, cutting greenhouse gas emissions by reducing travel.

Our network-based, integrated solutions range from IP communications to mobility, customer care, web conferencing, messaging, enterprise social software, and telepresence as described below.

Many of these solutions also enable faster decision making, improved cross-cultural communications, broader dissemination of information, and more efficient use of business resources.

Cisco solutions and their impacts

Cisco TelePresence combines high-definition audio and video for live, life-sized, face-to-face interaction over the network.

The acquisition of Tandberg in FY10 is enabling us to bring telepresence to desktop and mobile workers. Cisco TelePresence facilities were introduced by partners in 25 public locations in eight countries, extending the benefits of the technology to a much wider user base.

Cisco WebEx enables users anywhere in the world with an Internet connection to participate in dynamic web-based meetings, share presentations and documents in real time, and promote collaboration without the need for travel.

In FY10, WebEx had more than 3.2 million registered users around the world hosting an average of 225,000 meetings a day. More than 11 million meeting participants connect through WebEx each month (see Story Highlight on how the University of Notre Dame is embracing WebEx). We have also extended the service to a range of mobile devices.

Cisco Virtual Office supports flexible working by providing remote workers with access to high-quality secure network services, including IP phone, wireless, data, and video services. This helps to reduce travel and enables energy savings from more efficient use of office buildings.

More than 19,000 Cisco employees use Cisco Virtual Office. In a Teleworker Survey of Cisco employees in FY09, the average user gained 2.4 hours per week by reducing commute time and saved approximately 23 travel miles per day. We estimate that net greenhouse gas emissions savings from telecommuting (allowing for increased energy costs at home) by Cisco employees alone total 47,320 metric tonnes of CO_2e a year.

Connected Energy Management

Our networking solutions allow people to monitor and reduce their energy use, and related costs and greenhouse gas emissions, by improving product efficiency and enabling remote control access.

They can also be used by power companies to create "smart grids" that improve the efficiency of energy delivery by matching supply to demand and by improving the reliability of the grid.

Cisco solutions and their impacts

Cisco EnergyWise allows organizations to monitor and reduce the energy used by IT equipment, which accounts for an estimated 25 percent of energy costs in commercial buildings. This energy management technology, embedded into Cisco Catalyst switches, reduces power use of all devices connected to a network, from Power over Ethernet (PoE) devices such as IP phones, PCs, and laptops to building and lighting control systems.

In FY10, we continued to extend EnergyWise functionality across our range of networking products, including the Cisco

ISR series used by smaller offices as both a switch and a router. We also introduced the EnergyWise Orchestrator, which extends power management to all PoE devices, giving users control over 60 percent of the power used by their IT assets. By using EnergyWise to implement a nightly shutdown and other energy policies, an organization with 10,000 PCs could cut energy costs from those PCs, and related emissions, by more than half.

Data center virtualization reduces the number of servers needed to hold the same quantity of data, making more efficient use of equipment. This in turn helps reduce power needs for supporting infrastructure such as cooling, as well as reducing impacts from the manufacture of unnecessary equipment.

Improved energy and cooling efficiency are important motivators. Cisco data center solutions achieve resource savings of up to 70 percent through virtualization.

Cisco Connected Grid solutions enable electrical utilities to create a "smart grid" using an end-to-end communications infrastructure that interconnects critical areas of the electrical system, from generation to consumption. The two-way, real-time information and control capability delivered by these solutions will support demand management programs with consumers, enable more efficient integration of renewable energy sources, and reduce power outages.

The substation automation solution, featuring the Connected Grid switch and router, allows utilities to consolidate services onto a single network, predict failures with remote diagnostics, and reduce service disruptions.

The home energy management solution allows utilities and their customers to monitor and reduce energy consumption or shift demand to off-peak times to reduce pressure on the grid and enable increased use of lower-carbon sources of electricity.

The Connected Grid portfolio was launched in June 2010, following field trials with several customers (see Story Highlight on Duke Energy).

Connected Living and Working

Cities account for 80 percent of global greenhouse gases. With the urban population expected to rise by half a billion in the next five years and at least 100 new cities of one million people predicted by 2050, the need to reduce environmental impacts is critical.

Cisco solutions can help by transforming the way people live and work. Connecting people remotely with their offices and community services cuts impacts from travel, and using networks to control energy use in buildings can also bring significant savings.

Cisco solutions and their impacts

Cisco Connected Workplace facilitates flexible workspaces by giving employees a full range of communications tools and secure access to company networks from any location. It is designed to support employee mobility and make more efficient use of office space by enabling "hot-desking," a practice where employees do not have assigned desks but make use of communal desks as available.

Flexible workspaces using Connected Workplace can support around 40 percent more employees than a traditional static office layout, substantially reducing the environmental footprint and associated costs from buildings. Approximately 9.4 percent of Cisco's real estate space has been converted to Cisco Connected Workplace, and we plan to extend this further.

Cisco Smart Connected Building solutions transform the way buildings are built, operated, and used by integrating the IP network with building systems like HVAC, lighting, and elevators. This helps organizations monitor and analyze energy used by these systems and look for ways to reduce it.

In FY10, Panduit Corporation, a Cisco partner, used our Smart Connected Building solutions to reduce annual energy costs by 30 percent at a new headquarters building in Tinley Park, Illinois.

Smart+Connected Communities are Cisco's vision for

sustainable development. In the cities of the future, they give the network a central role in the delivery of vital services from transportation, utilities, and security to entertainment, education, and healthcare. Buildings, appliances, utilities, hospitals, and schools will be connected, intelligent, and resource-efficient, and the network will bring businesses and people together for strong collaboration, productivity, and economic growth without compromising the environment.

We estimate that within 20 years, a city of 5 million people could increase GDP by 9.5 percent, reduce electricity and transport use by 30 percent, and create 375,000 new jobs if Smart+Connected Communities are fully implemented. In FY10, we continued work to implement our vision in Songdo, South Korea (see Story Highlight).

Cisco's Building B14 in Bangalore, India, showcases Smart+Connected Communities technology and is one of the first and largest Smart Connected buildings to receive LEED certification, achieving a Platinum rating (see Story Highlight).

Innovation for a Sustainable Future

Our products have great potential to help people live and work more sustainably. In addition to the programs we are already implementing, we continue to invest in innovation for a sustainable future.

Cisco works with public and private partners to explore how the carbon-reducing benefits of our networking solutions can be expanded. We also participate in research on the use of technology to assess and coordinate responses to global environmental challenges.

Cisco R&D programs

Connected Urban Development (CUD) aims to reduce greenhouse gas emissions and promote economic development by changing the way cities deliver services, how residents work, how traffic flow is managed, how public transportation operates, and how buildings are used and managed.

Through the Clinton Global Initiative, we contributed $15 million to the CUD public-private partnership over the five-year period from 2006 to 2010. We worked with cities around the world to demonstrate how ICT and network connectivity can increase efficiencies and reduce greenhouse gas emissions in urban environments.

In June 2010, Cisco handed over the leadership and governance of the CUD program to the global non-profit organization The Climate Group. The Climate Group will continue the program with an increasing number of cities, companies, and innovative sustainable technology projects.

Pilot projects are underway in Amsterdam, San Francisco, Seoul, Birmingham (U.K.), Hamburg, Lisbon, and Madrid (see Story Highlight). Cisco has also developed a CUD Solutions Toolkit that includes lessons learned, best practices, economic and environmental value case models, and CUD project outcomes.

For more on Connected Urban Development, see connectedurbandevelopment.org.

Planetary Skin is a public-private partnership that aims to harness the power of ICT and networks to help decision-makers manage resources and risks more effectively and provide a platform for open global collaboration to address challenges such as climate change and energy efficiency.

In March 2009, Cisco, NASA, and The Climate Group partnered to form the Planetary Skin Institute (PSI), a nonprofit organization between leading corporations, government agencies, and research institutions around the world to address global challenges through R&D.

PSI is working with partners to develop decision support tools for resource and risk management that have the potential to increase food, water, and energy security and protect ecosystems such as tropical forests (see Story Highlight).

For more details on the Planetary Skin Institute, see www.planetaryskin.org.

Product Impacts

While we focus on the potential for our products to enable greenhouse gas emissions reductions in other sectors (see Low-Carbon Solutions), we are also trying to reduce the impacts of the products themselves.

We look for ways to reduce environmental impacts throughout the product lifecycle by:

- Integrating environmental considerations into product design, from minimizing use of potentially hazardous materials to improving product energy efficiency
- Working with partners in the supply chain to reduce impacts from manufacturing, product packaging and transport in five key areas: energy use, greenhouse gas emissions, water availability and quality (see Story Highlight), waste management, and materials management
- Managing waste at end-of-life through product take-back and recycling programs

Environmental design

Our Green Engineering Task Force promotes education on environmental design. Environmental specifications are included in our Product Requirements Document template for customized use by individual product managers.

We take a collaborative approach to product design, working closely with component suppliers, manufacturers, and packaging partners to reduce the total materials used, eliminate potentially hazardous materials from our products, and increase recycled content of packaging (see Minimizing Use of Potentially Hazardous Materials and Product Packaging and Documentation).

Our Value Chain Management team is responsible for ensuring that all partners in our value chain use environmentally and socially responsible practices (see Our Value Chain).

Minimizing Use of Potentially Hazardous Materials

Some substances used in electronic components may pose health and environmental risks if they are not used or disposed of appropriately.

We seek to eliminate the use of these substances in our products and look for reliable alternatives through our Product Materials Management program. Through our take-back programs (see Product Take-Back and Recycling), we also encourage the responsible disposal of our products to prevent hazardous materials from contaminating ground water.

Product Impacts

Cisco requires suppliers to comply with our Controlled Substances Specification, which lists substances that are restricted for use or must be reported if used in Cisco products. These include substances restricted by the EU RoHS Directive and other regulations, as well as substances which are not restricted by regulation but which Cisco seeks to minimize such as brominated flame retardants (BFRs) and polyvinyl chloride (PVC).

We aim to validate the viability of alternatives for BFRs and PVC in our products by 2011. To do this, Cisco is working with industry standards technical committees and academia to assess the implications of substituting these substances and evaluating the impact on our supply chain and the integrity of our products.

We are also continuing our efforts to remove leaded solder from our products. By the end of FY10, we had conversion plans in place for 99 percent of our hardware products and had completed conversion for 35 percent.

These measures help us understand how controlled substances are used in our value chain and enable us to comply with applicable global regulations such as RoHS and REACH, for which we publish a Declaration Regarding Substances of Very High Concern in Cisco products (see Environmental Management).

Product Packaging and Documentation

We work with suppliers to reduce the environmental impact of packaging while minimizing shipping damage to products. A packaging methodology within our Product Requirement Documents targets minimizing material and energy use, as well as increasing recyclability and use of recycled content.

In FY10, we reduced the environmental impact of our packaging through innovation focused on redesign and efficient use of packaging, and ease of recycling of packaging material.

Over 99 percent of all our packaging material (by weight) is recyclable in areas with robust recycling. We achieved this by ensuring that 95 percent of our packaging parts were either made of one material or were designed to be easily separated for recycling in FY10.

We also use recycled materials where possible. For example, we used corrugated cardboard, which contains approximately 50 percent recycled content, and we expanded the use of 100 percent recycled plastic packaging cushions to three new product families. This has helped Cisco eliminate 300,000 pounds of materials annually.

By redesigning the packaging for sub-assemblies that move from one manufacturing site to another, we have eliminated 750,000 pounds of packaging material annually.

To improve packaging efficiency, we have removed and repositioned materials within cartons, optimized spare part packaging, and installed pluggable modules prior to shipment to eliminate 500,000 pounds of packaging material annually.

Reducing impacts with our "Purchase only what you need" option

In FY09, we piloted a "green accessory kit" for the Cisco 2800 Series Router that gives customers an option to receive only the essential components and product documentation they need, without extras such as rubber feet and readily available items such as Ethernet cables they may already have. Following feedback from customers on this pilot, we have introduced similar options for several of our product families.

Collectively in FY10, we removed 1160 metric tonnes of materials from our value chain including documentation, raw materials, and packaging. We also streamlined processes to further reduce environmental impacts, while saving Cisco approximately $28 million in FY10.

See more on our Approach to Product Packaging.

Product Energy Efficiency

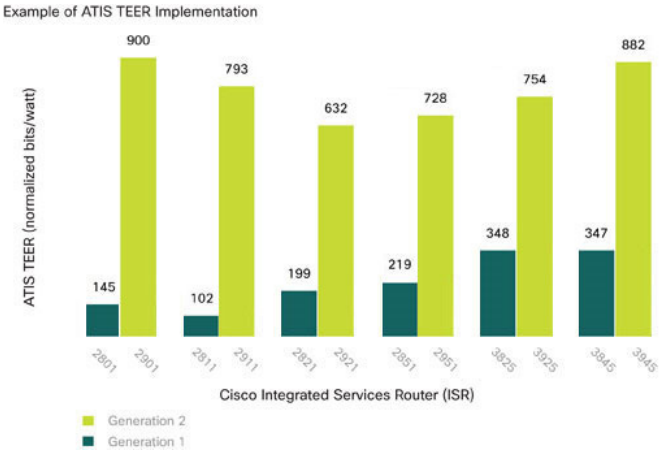
As customers and regulators increasingly demand products that minimize energy costs and greenhouse gas emissions, energy efficiency is a growing consideration in our product

Product Impacts

design.

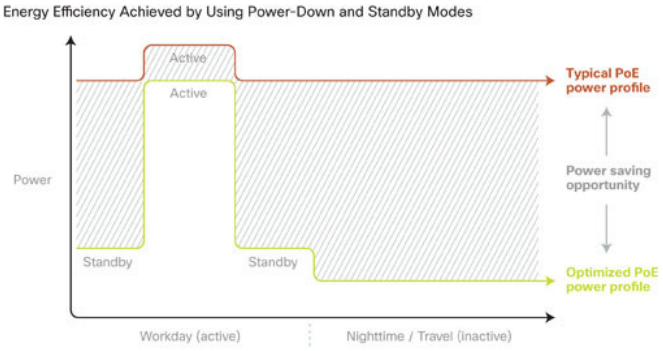
Cisco engages with regulators and industry peers to support the development of clear standards that enable effective measurement and comparison of product energy efficiency. In FY10, we signed the EU Code of Conduct on Energy Consumption of Broadband Equipment and continued to support the Alliance for Telecommunications Industry Standards (ATIS) in the development of standards for networking equipment.

We created a methodology with industry peers to measure product power consumption at typical networking loads to determine energy efficiency and understand energy use in the network, targeting improvements across product generations.



Targeting efficiency gains

Standby and power-down modes reduce power use. Significant power savings are possible for peripheral devices, including those that receive power over network cables (Power over Ethernet, or PoE devices) such as IP phones. Using the network to automatically darken the display units of IP phones out of business hours can cut each phone's energy use by up to 25 percent.



However, powering down critical equipment like routers is not always an option as they must operate on demand at all times. We can reduce their energy use in other ways.

Our Product Requirement Documents mandate that all power supplies must be at least 85 percent efficient. By improving the efficiency of the power supply for our Cisco Catalyst 6500 Series Switch from 80 to 90 percent, we enabled annual savings of more than 3500 kWh (if it is on 12 hours a day). See more details on how we cut power use from the Catalyst 6500 Series.

Making each component of our products more efficient also reduces overall energy use. We have introduced a range of measures to cut power used by Application-Specific Integrated Circuits (ASICs), chips used in most Cisco products. These include voltage scaling to regulate the power needed to perform a particular task, and "clock gating" to power down portions of the chip circuitry that are not in active use.

Another way to achieve significant energy savings is to reduce the overall number of devices needed by designing equipment that integrates multiple services. The Cisco ASR 1000 Series Router, for example, provides the equivalent functionality of four separate networking devices using half the power requirement of those four prior devices.

Product Take-Back and Recycling

Today, equipment can become quickly obsolete. We aim to reduce the amount of waste generated from our products by designing our equipment for modularity, upgradeability, refurbishment, and reuse and by encouraging customers to recycle end-of-life equipment through take-back programs.

Before any Cisco product is made, our engineers consider what will happen at the end of its useable life. Extending useable life reduces the need for replacements, decreasing demand for resources and reducing waste. The modular design of our products means that new versions are compatible with previous versions, enabling users to upgrade certain components while retaining others. Designing products for easy disassembly also facilitates reuse or recycling of components.

When products reach end of life, our reverse logistics programs offer customers the option to return them for reuse or recycling. In FY10, we collected 8580 metric tonnes of products, 13 percent of which were refurbished for reuse.

The Cisco Technology Migration Program offers discounts on new products when a customer trades in a functioning product. These are wiped clean of data and either sold again or redeployed by Cisco. Our TakeBack and Recycle Program offers customers the opportunity to return older or broken equipment that cannot be reused.

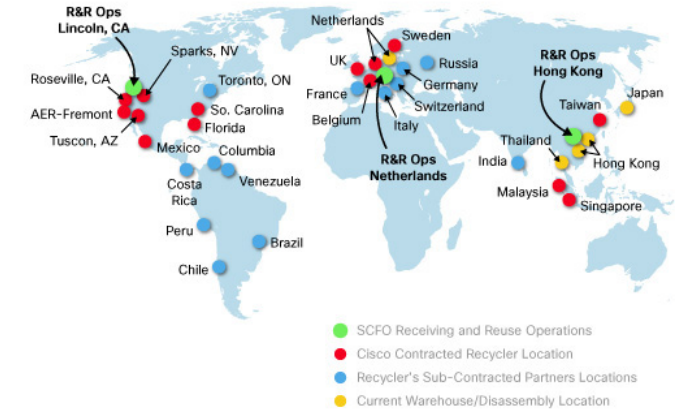
The products that are sent to recycling facilities are demanufactured and broken down into their constituent fraction commodities such as steel, aluminum, copper, cardboard, plastic, shredded printed circuit boards, and wire and cable. These are sold to downstream recyclers to be made into other products and Cisco receives a share of the revenue. The redeployment of the traded-in products and the revenue share generated from the sale of recycling fractions totaled $203 million for Cisco in FY10.

The electronic waste we collect is channeled through four select global ISO-14001 certified recycling partners. They are contractually required to ensure that their subcontractors also follow our strict requirements. Our recycling partners report the weight of materials submitted before and after shipping to check that nothing goes missing along the way. From this, we can calculate the proportion of material that is recycled.

In FY10, we reused or recycled all electronic equipment returned to us. Only 0.333 percent of waste collected was made up of nonrecycleable materials that were sent to landfill (such as broken pallets, wet cardboard, and shrink wrap from packaging).

As our business expands in emerging markets, we will work with industry peers and regional leaders to ensure that adequate facilities are available for collection, recycling, and disposal of e-waste. In FY10, we extended our TakeBack and Recycle Program globally and continued to build our network of local recycling partners, with new subcontractors in Costa Rica and Russia.

Cisco Reverse Logistics - Global Footprint



Operational Impacts

Almost all of our manufacturing is outsourced to suppliers with which we work closely to monitor and manage environmental impacts throughout our value chain (see Our Value Chain).

Cisco's operations are primarily based in offices and lab research facilities. The most material environmental impacts from our operations include:

- Energy use and greenhouse gas emissions
- Waste
- Water use

Our Report Card summarizes data on these issues, along with other emissions and effluents.

Cisco facilities also have an impact on land use and biodiversity. We are reducing our demand for office space by using Cisco solutions such as Cisco Connected Workplace and Cisco Virtual Office to promote remote working. This approach also reduces greenhouse gas emissions by reducing the need for office space and cutting travel impacts from commuting (see Low-Carbon Solutions).

Our objective is to integrate the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) requirements into all new facilities. By the end of FY10, 17 Cisco facilities had achieved LEED certification, 11 of them to Gold or Platinum status.

See our materiality matrix for an assessment of the issues that are most significant (or material) to our business and our stakeholders.

Embedding a Green Culture

We harness the creativity of our employees to promote sustainability at Cisco and beyond. Our campaigns aim to inspire employees to become "green ambassadors." We are proud of their passion and dedication to live and work sustainably.

Think Green, Act Green

Our Think Green, Act Green campaign, now in its second year, encourages employees to commit to act green at work, at home and in their communities. Employees have already made 4128 pledges, ranging from installing energy-efficient light bulbs to taking shorter showers, and our target is to reach 10,000. For every pledge made, Cisco donates $1 to Water.org, a global nonprofit organization committed to providing safe drinking water for people in developing countries.

Operational Impacts

My Green Life

Our Green Life Video In FY10, the "My Green Life" video challenge encouraged employees to live more sustainably at work and at home. The competition asked employees to highlight their approach to their homes and communities. Click on the photo to view a video from one employee and his family on "Our Green Lifestyle."

Read Video Transcript

Entries were featured on the Cisco Green website, an online community for employees to learn about Cisco's environmental strategy, share ideas and swap tips. Over half (65 percent) of our employees visited the site in FY10 and around 2000 also subscribe to our monthly e-newsletter on the environment.

Virtual Earth Day

Cisco's Earth Day event in April 2010 showcased one of our Low-Carbon Solutions. Through Cisco WebEx, our online tool enabling virtual collaboration, around 1200 employees participated in 34 sessions that were designed to share best practices and to educate on how Cisco solutions and other ICTs can enable environmental sustainability. The event was also attended by external stakeholders including customers, industry peers, government representatives, academia, and NGOs. See more on Virtual Earth Day.

Think before you print

Raising staff awareness of the environmental impacts of printer use was a focus in FY10. In October 2009, we ran a pilot "no print day" in India, asking employees not to use printers on a given date. Following the success of the pilot, which cut printer use that day by 41 percent, we have made it a monthly global campaign. Since the introduction of this campaign, we have reduced printing by 10 to 29 percent on "no print days."

By requiring employees to enter a personal identification number to retrieve printed documents, we have reduced printing by 10 to 15 percent a month since January 2010. In the Asia Pacific region, printer statistics are used to encourage individuals who print frequently to reconsider the need to print paper

Energy and Climate Change

Our climate commitment

We are committed to reducing the climate impact of our operations. In FY08, as part of the U.S. Environmental Protection Agency's (EPA) Climate Leaders Program, we committed to reduce all Scope 1, 2, and business-air-travel Scope 3 greenhouse gas (GHG) emissions worldwide to 25 percent below the CY2007 baseline by CY 2012.

By the end of FY10, our scope 1 and 2 GHG emissions from operations were 12 percent lower and scope 3 GHG emissions from air travel were 45 percent lower than the 2007 baseline. The challenge is to improve our scope 1 and 2 emissions reductions and sustain scope 3 air travel reductions in the context of a recovering global economy and projected business growth.

See our Report Card for a full account of our energy use and greenhouse gas emissions in FY10 and previous years.

Our approach

To reduce greenhouse gas emissions, our plan is to:

- Use our solutions to collaborate remotely, and travel less
- Consume less energy using our global energy management program, especially for the research labs that account for two-thirds of our global electricity use
- Purchase electricity from certified low-carbon and renewable sources where available, making up 27 percent of our total energy use in FY10

We also raise employee awareness of energy and climate change through campaigns including Earth Day events, energy awareness month in October, and ongoing messaging on the Cisco Green website. See Embedding a Green Culture at Cisco.

Using technology to reduce travel

We use our own operations to test and showcase Cisco

solutions that can reduce greenhouse gas emissions (see Low-Carbon Solutions). Employees used our 868 telepresence rooms and our collaboration tools such as Cisco WebEx and Cisco Unified MeetingPlace to hold meetings equivalent to 19.3 million people hours. Use of our virtual collaboration and remote working solutions helped us cut greenhouse gas emissions from business travel by 45 percent in FY10.

Improving energy efficiency

Efficiency measures helped us cut greenhouse gas emissions and save money. We established a self-sustaining fund in FY10 to invest the savings from energy efficiency programs into new programs.

- Installing smart power distribution units on approximately 12,000 devices at 11 Customer Advocacy Lab Operations sites, where remote shutdown of unused equipment via the network cut energy use by one-third on those devices, saving approximately $1 million in FY10 alone (see Story Highlight).
- Raising the ambient temperature to 77° F in all our research facilities, saving an estimated 10 million kWh and over $1 million a year in energy needed for cooling.
- Removing and upgrading approximately 29,000 lights at Cisco's San Jose campus in California, which saved approximately 5 million kWh and over $500,000 per year.

Our energy conservation measures have cumulatively reduced energy use by 132 million kWh per year at sites worldwide, saving approximately 66,116 metric tonnes of greenhouse gas emissions and $13.2 million in energy costs since FY07. These measures include installing high-efficiency lighting and LED exit signs, retro commissioning HVAC systems, modifying the timing of office and parking lot lights, programming environmental test chambers to automatically shut down when not in use, and taking out water fountains and their pumps.

2 "People hours" are calculated by multiplying the number of people attending a remote meeting by the number of hours the meeting runs for.

Water

Cisco is aware of the challenges and opportunities associated with fresh water access in many regions of the world. With headquarters in the drought-prone region of northern California, we are aware of the impact of water scarcity on communities. In recent years, we have launched a range of water conservation programs, particularly at our San Jose campus, Cisco's largest site.

At the San Jose campus, conservation initiatives saved an estimated 11.5 million gallons (44,500 cubic meters), a 10 percent saving of irrigation water year-on-year. In FY10, we implemented a range of new initiatives which are saving an additional 166,000 cubic meters of water per year in San Jose (see Story Highlight).

We plan to extend these measures to other Cisco sites. In India, we also installed a water harvesting system at our Bangalore campus in FY10 to capture rainwater for filtering and use.

Our global water footprint

Cisco's total FY10 water consumption was 1,492,927 cubic meters, an increase of 2.56% from FY09.

We continued to develop a global water data reporting system in FY10 to better understand water use at site level, assess usage in the context of regional water issues, and take a more strategic approach to our water reduction efforts globally.

In FY10, data collection expanded to include 16 sites in the U.S., Europe and Asia. Our complete data inventory for water usage represents approximately 68 percent of our employees. In FY10, domestic water use at sites included in the FY09 reporting cycle increased 2.59 percent to 1,182,097 cubic meters. The increase is a result of:

- More reporting locations
- Warmer temperatures at some locations
- A change in the calculation methodology at our Richardson and Austin sites

Operational Impacts

- A higher Cisco employee headcount at most sites where filtered water has replaced bottled water

We reduced absolute water consumption per person at these sites by 0.72 cubic meters, and we reduced irrigation water consumption by 46.89 cubic meters, a 7.8% reduction from FY09 (see Story Highlight).

We also work with suppliers to reduce water use in the manufacturing of our products. In FY10, we completed a conversion that eliminates water washing of printed circuit boards and saved approximately 75 million liters of water (see Story Highlight).

Operational Waste

Our sites collect items for recycling, including batteries, CDs and diskettes, bottles, cans, cardboard, paper, packaging materials, and toner cartridges.

Waste and recycling goals and progress are consistently reported by 26 major Cisco sites as part of their ISO 14001-certified management system. These sites in North America, representing approximately 43 percent of Cisco employees globally, produced a total of 4659 metrics tonnes of waste in FY10, 72 percent of which was recycled.

In addition, our San Jose headquarters recycled 79 percent of its operational waste, again exceeding its goal of 75 percent. Cisco was recognized by the California Department of Resources Recycling and Recovery's Waste Reduction Awards Program (WRAP) for outstanding waste reduction and recycling efforts at the San Jose campus.

The installation of water purification systems in FY10 has virtually eliminated plastic water bottles from the waste stream at all our sites, following a successful trial in Boxborough, Massachusetts. In FY10, we also expanded a composting program to recycle food waste, introduced in San Jose, to six other sites in Belgium, Italy, the Netherlands, and the United States.

Raising employee awareness

We encourage employees to reduce and recycle as much waste as possible. Employees and contractors at 79 Cisco sites around the world returned over 190 metric tonnes of e-waste through our annual Recycle IT Day campaign, part of our Earth Day activities (see Embedding a Green Culture at Cisco).

We continue to cut paper use by setting printers to double-sided as default, and by running a series of campaigns in FY10 to promote a "think before you print" attitude (see Embedding a Green Culture at Cisco).

Society

We work to maximize the positive impacts of our business on society. Our social investments focus on four areas where Cisco technology can make the biggest difference

- Education
- Healthcare
- Economic Development
- Critical Human Needs and Disaster Relief

Programs that use information communication technologies (ICT) are supported by investment of cash (from Cisco, our employees and the Cisco Foundation) and in-kind contributions (from Cisco). In addition to their fundraising efforts, our employees get involved through volunteering (see Employee Engagement).

Improving the accessibility of our products for people with disabilities helps us expand the range of benefits to more people (see Product Accessibility).

Society

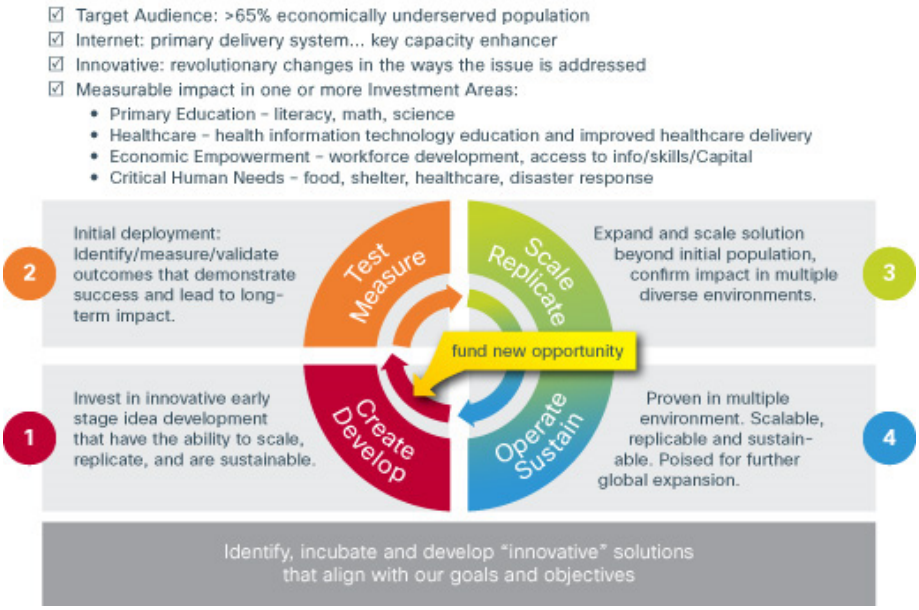
FY10 Performance Highlights
* US$138.7 million corporate and foundation cash and in-kind contributions
* 148,355 hours volunteered by employees
* More than 900,000 students enrolled in Cisco Networking Academy courses
* Networking equipment installed at 83 schools, hospitals, and clinics as part of our Connecting Sichuan Initiative
* Helped establish more than 23 Community Knowledge Centers in sub-Saharan Africa
See our Report Card for full data.

Our Approach

We want our business to benefit the communities in which we operate around the world. As a global industry leader, Cisco recognizes that we have a role to play in addressing global challenges. Healthy communities are also good for business. By helping communities thrive, we stimulate new markets that support our business growth.

Our history of innovation and entrepreneurship guides our community investment. We choose to support programs where we can apply our technological expertise, business skills, and financial strength. We work with a broad range of stakeholders to form partnerships that create scalable, replicable, and sustainable solutions. By focusing on a long-term approach, we ensure that our contributions make a lasting difference.

Social Investment Criteria and Process



Our networking communications products and services bring together people and ideas to solve global challenges, connect friends and family, provide access to essential information and services, and promote economic development. Making our products accessible means everyone can enjoy these benefits.

See our 2010 Report Card to see Cisco's financial contributions over five years.

Education

Well-educated and skilled technology professionals are essential for countries to compete globally. But developing countries lack resources to invest in education, while developed countries face a triple challenge: spending cuts, rising demand, and a shift toward lifelong learning, as people frequently change careers throughout their lifetime.

Cisco is demonstrating how networking technologies can increase access to learning, enhance teaching quality, and improve student performance regardless of economic challenges. Our education programs and initiatives seek to support access for all through multi-stakeholder partnerships and sustainable models of social investment in education and ICT skills training.

Cisco Networking Academy

Cisco Networking Academy, established in 1997, aims to equip students with skills for the global economy. In FY10, 900,000+ students in 165 countries learned how to design, build, secure, and maintain computer networks, in partnership with governments, academic institutions, NGOs, and nonprofits.

Our partnership with Youth for Habitat promotes youth empowerment in Turkey (see Story Highlight), and course modules and interactive games, such as Passport 21 and ASPIRE, focus on developing technology-based entrepreneurial skills. Networking Academy plays a key role in Cisco's Connecting Sichuan Initiative (see Story Highlight), Workforce Retaining Initiative (see Healthcare) and Community Knowledge Centers (see Economic Development).

See more on Networking Academy at www.cisco.com/go/netacad.

Education engagements

Cisco engages with education providers on practical uses of ICT to improve education around the world:

- Australia: In FY10, Cisco and the State of Victoria explored ways to use collaborative and video technology to improve education for students at more than 1500 rural schools.
- Mexico: Since 2009, Cisco has been supporting the Mexican government on a pilot project to promote new ways of learning in 40 schools (see Story Highlight).
- United States: Cisco is helping the New York City Department of Education use technology to create more engaging classes. The iZone initiative has improved attendance and examination results (see Story Highlight).

Education

We partner with others to promote innovation and collaboration in education. For example:

- GETideas.org is a Cisco-sponsored online community where more than 1250 education specialists from over 70 countries participate in monthly online roundtables to promote dialogue and encourage innovation. The United Nations Educational, Scientific and Cultural Organization (UNESCO) selected GETideas.org as the platform for its Partnership for Education online community (www.pfore.org)New window, launched at the World Economic Forum in January 2010.
- With our cash grant, technical support and equipment, MIND Research Institute created a web-based version of its math education program by which a single MIND representative can deliver the program to 50 schools at the same time, rather than travelling to each. It will soon reach more than 1000 U.S. schools with more than 190,000 students. The program is now scalable and sustainable, with tens of thousands of new users and no increase in support staff. MIND's program has improved math proficiency levels at underperforming schools by an average of 15-20 percentile points over two years.

Healthcare

Technology is changing the provision of healthcare around the world. Networking technologies, such as Cisco's HealthPresence™ video conferencing and data sharing facility, are extending healthcare to rural or underserved communities by connecting patients with medical providers (see video). Coupled with patient electronic health records, networking technologies provide a new digital infrastructure that is improving healthcare and creating new jobs.

Workforce retraining

Launched in July 2009, the Workforce Retraining Initiative supports innovation and job creation through ICT education in Michigan, United States. The program delivers training in healthcare ICT and broadband through Cisco Networking Academy courses at partner community colleges and universities.

By the end of FY10, over 160 students at four schools completed the initial Health IT course module, and another 48 students completed a semester-long course that prepared them for entry-level healthcare ICT jobs. We plan to expand the course to more schools in FY11 as part of Cisco Networking Academy (see Education). We are developing new courses to cover practice management, electronic health records, telemedicine, mobility, telephony, and the use and integration of information.

Connecting Sichuan healthcare initiative

We continue to work with the Sichuan Department of Health in China to rebuild the region's healthcare infrastructure after the 2008 earthquake. This is part of our Connecting Sichuan initiative. By the end of FY10, new ICT infrastructure had been installed in 41 hospitals and three mobile clinics, helping to bridge the healthcare divide between rural and urban communities. The infrastructure connects the region's health institutions, while training provided to medical professionals and ICT experts will help ensure the project's sustainability (see Story Highlight).

Economic Development

Our economic development programs harness the power of the network to improve access to skills, knowledge, and financial services. We work with NGOs and companies to encourage long-term employment, entrepreneurship, and innovation, helping disadvantaged communities develop and achieve economic growth and self-sufficiency.

Supporting ICT infrastructure

We have been working with state and nongovernmental partners in Lebanon (see Story Highlight) and Palestine to boost ICT investment as a route to sustainable economic growth. Our three-year, $10 million investment in the Palestinian Territories supports job creation and economic development through knowledge sharing and collaboration, helping to attract further investment in local ICT companies. Since 2008, Cisco's investment has grown into a self-sustaining business relationship between Cisco Israel and three Palestinian ICT companies. We also support skills training, and in 2010, 16 Palestinian participants earned the advanced Cisco Certified Internetwork Expert certification.

Community Knowledge Centers

In 2007, as part of our commitment to the Clinton Global Initiative, Cisco announced a four-year, $10 million investment to promote scalable and sustainable models of community development in Cameroon, Ethiopia, Kenya, Nigeria, Rwanda, and South Africa.

Our partners are Appleseeds Academy, Inveneo, and One Global Economy. Over 23 Community Knowledge Centers have been established in Ethiopia, Kenya, and Rwanda to encourage economic development. Additional CKCs are planned for Nigeria in FY11, and in South Africa in the next phase of our commitment. The centers offer courses on ICT, entrepreneurial, and language skills. Access to community-based websites provides local information on health, education, jobs, and business, as well as offering access to microloans and knowledge to improve agricultural productivity.

This model has been replicated in Israel, Lebanon, Mexico, and Palestine. Cisco is building on this experience to fund a wireless network management system that allows community knowledge centers to develop, share, and market their broadband services, promoting economic development. A similar system was used to coordinate relief efforts in Haiti after the 2010 earthquake (see Critical Human Needs and Disaster Relief).

Economic Development

Facilitating investment

We partner with microfinance institutions to find ways to use technology to improve their services. For example:

- In February 2010, we made a $500,000 grant to the Grameen Foundation Microfinance Open-Source Initiative. The initiative supports the delivery of microloans by developing open-source technology to boost the scale, efficiency, and impact of microfinance institutions. At least 15 microfinance institutions, serving more than 700,000 customers, currently use this technology.
- Cisco developed the ImagineNetwork in partnership with ImagineNations, a global alliance of NGOs, financial institutions, and industry that promotes investment in youth employment and entrepreneurship. The ImagineNetworknew window website is a social networking platform for young entrepreneurs that was featured at the U.S. Presidential Summit on Entrepreneurship in April 2010.
- Since 2008, the Government and Enterprise Leader Programs at the Guanghua Leadership Institute (a Cisco and Peking University collaboration) have worked with China's political and business leaders to develop a sustainable growth model. These two programs increased awareness and understanding by program participants of the strategies, options, and enabling role of ICT for accelerating economy/enterprise transformation.

Critical Human Needs and Disaster Relief

By improving project management and response times, our technology and expertise can help our NGO partners meet people's critical needs for food, water, and shelter.

Water is a new focus area. In FY10, we began partnering with Water.org, a nonprofit dedicated to improving access to safe drinking water and sanitation. Cisco donated $74,000 to Water.org, to help develop open-source web tools to track and report on activities in the field. We have committed to donate $1 to Water.org for every "Green Pledge" our employees make (see Embedding a Green Culture at Cisco).

Also in FY10, we began working with the Blue Planet Network's Peer Water Exchange, which aims to provide safe drinking water to 200 million people by 2027. Our $75,000 investment supports the expansion of a global water network to improve data collection and reporting, facilitate collaboration, reduce costs, and attract funding.

We have also funded open-source technology to help organizations like Feeding America (see Story Highlight).

Disaster relief

We work with disaster aid agencies to improve their effectiveness. For example, we made a cash grant to nonprofit Ushahidi, which offers open-source information systems to collect, map, and share data on crisis situations to enable agencies to target relief where it is most needed. The software has been used around the world, and in FY10 it was put into action in Haiti.

Working with NetHope, a nonprofit consortium, Cisco provided ICT communications for frontline aid workers to coordinate relief efforts in the aftermath of the Haiti earthquake in January 2010. Cisco employees raised $1 million for the Haiti appeal (see Story Highlight).

In India, Cisco announced a two-year $10 million donation of cash, services, and equipment to construct new education and health infrastructure after devastating floods in the state of Karnataka (see Story Highlight).

In FY10, we launched a global training partnership with the American Red Cross. Cisco employees are training for emergency response with more than 20 Red Cross chapters in the United States and affiliates throughout the world. Volunteers are learning to apply essential principles to disaster response; to provide mass care related to distribution of first aid, shelter, food, and supplies; and to identify volunteer opportunities.

Employee Engagement

We encourage our employees to support their local communities by donating their time, expertise, and money.

Many initiatives are sponsored by Cisco executives and spearheaded by more than 30 Civic Councils worldwide, employee-led teams around the world that organize projects and support product and cash grants. Community relations employees facilitate campaigns and manage key partnerships. Approved organizations receive funds matched to employee donations (starting at $50 in most developed countries and $12 in developing countries) and community volunteering ($10 per eligible hour). Cisco matches cash donations and volunteering up to $1000 per employee per year.

In FY10, we launched the Community Connection online tool for employees to log their volunteer hours, make donations, and request matching funds. The site facilitated over $3.19 million in donations and 148,355 volunteer hours, generating $4.81 million in matching funds. Highlights include:

- In January, employees from over 40 countries logged on to donate to Haiti earthquake relief efforts; donations and matching funds exceeded $1 million within a month (see Story Highlight).
- Employee donations of $1.2 million plus Cisco matching funds raised $2.2 million for Cisco's annual Global Hunger Relief Campaign.

To mark Cisco's 25th anniversary in December 2009, we challenged employees to volunteer at least four hours each by November 2010 to achieve a total of 200,000 hours. By September 1, 2010, more than 12,000 employees had collectively volunteered over 170,000 hours.

External recognition

Cisco received the California Business Volunteer Program of the Year Award 2010 for its volunteering record from the previous year.

Employee Engagement

Local initiatives

Employee volunteering highlights in FY10 include:

- Australia: Over 100 Cisco employees contributed time and equipment to improve educational opportunities for indigenous students at Djarragun College (see Story Highlight).
- Southeast Asia: Employees in Cambodia, China, Laos, Thailand, and Vietnam worked on building projects with Habitat for Humanity as part of the 2009 Jimmy & Rosalynn Carter Work Project (see Story Highlight).
- United Kingdom and Ireland: Hundreds of Cisco employees participated in the national Sports Relief fundraising event, collecting over $150,000 in sponsorship by completing a triathlon, as well as cycling events.
- United States: In our first annual Silicon Valley employee volunteer fair, some 900 employees from our San Jose headquarters discussed volunteering opportunities with local nonprofit organizations covering education, critical human needs, healthcare, and the environment. California State Secretary of Service and Volunteering, Karen Baker, addressed the crowd and praised Cisco's approach (see the video).

Product Accessibility

ICT can help change the life of people with disabilities. By breaking down the physical barriers they face, our products and services can open new social and economic opportunities.

Cisco's Accessibility Initiative works to include accessibility at every stage of design. The initiative partners with all our business functions to guarantee that Cisco accessibility design requirements conform to relevant regulations.

We work closely with business partners. For example, in FY10 we partnered with Tenacity, a leader in accessible Internet-based and digital telephone solutions. Its Accessaphone software allows people with vision or mobility impairments to control Cisco IP phones using computer keyboards or verbal commands, and its ipTTY software aids communication between IP networks and teletypewriters used by people with hearing impairments.

We support research by U.S. National Technical Institute for the Deaf to explore how Cisco TelePresence can be improved for people with hearing disabilities.

Our Value Chain

Our approach to our value chain focuses on every stage in the lifecycle of our products. This means managing the whole value chain, including issues such as ethics, product security, environmental impact, and labor relations.

Nearly all (95 percent) of the manufacture, testing, delivery, return, reuse, and recycling of Cisco products is outsourced to partners in Asia, Europe, and North and Central America. The management of our value chain is understandably complex, and the quality of our relationships with suppliers is critical to our success.

We address CSR issues in our value chain through:

- Aligning our work around four key sustainability pillars, and embedding these into routine business practices (see Our Approach)
- Supplier self-assessments, supported by joint audits and Cisco-initiated reviews against our Supplier Code of Conduct (see Audit Findings)
- Open collaboration with industry partners to develop a common approach (see Working with Industry)

Minimizing the environmental impacts of our products is a key focus of our value chain program. See Environment for more information on environmental innovation and standards.

We promote a diverse supplier base through a range of initiatives designed to build business skills and capabilities across the globe (see Supplier Diversity).

Our Value Chain

FY10 Performance Highlights
Worked with the Electronics Industry Citizenship Coalition (EICC) to map the supply chain for conflict minerals and develop a reliable and transparent process for identifying the chain of custody for these materials
Completed site audits at all medium- and high-risk first-tier electronics manufacturing supplier facilities
Developed a Juvenile Labor Policy in collaboration with our suppliers for launch in FY11
Corrected all outstanding substandard audit findings
Strong interest from diverse suppliers in Advanced Mentoring program
See our Report Card for full data.

Our value chain is aligned with four pillars:

- Labor and worker rights
- Security and integrity, including ethics and intellectual property protection
- Health and safety
- Effective use and preservation of natural resources

We want to embed these pillars in routine business practices at Cisco and our suppliers. This will further improve the management of our supply chain and ensure business continuity by reducing risk.

Full collaboration with our partners is essential. In FY10, we worked with more than 750 suppliers to manage production of over 46.7 million Cisco network hardware products.

Monitoring and improving performance

Our Supplier Code of Conduct, which conforms to the Electronics Industry Citizenship Coalition (EICC) Code of Conduct (see Working with Industry), sets out our expectations of suppliers. Our comprehensive audits and assessments against our Supplier Code of Conduct are consistent with the EICC's supplier engagement policy.

Cisco follows a six-step process:

- 1. Share the Code of Conduct with suppliers and communicate our expectations on how it should be applied
- 2. Evaluate suppliers to identify facilities at risk of noncompliance
- 3. Evaluate those facilities through self-assessments
- 4. If warranted, commission an audit of facilities, either via the EICC-validated audit process, or using Cisco-sponsored third-party auditors
- 5. Work with suppliers on corrective action plans to resolve any findings
- 6. Validate that issues are resolved and continue to monitor and talk with suppliers

Our Approach

Our Value Chain Knowledge Center provides a central point for Cisco employees to understand sustainability risks in the value chain. In FY10, we introduced a wiki that provides information on risks that are key focal issues in specific markets.

In FY10, we developed a comprehensive Juvenile Labor Policy to clarify for suppliers their obligations around legally hiring and managing workers younger than 18. This policy evolved from concerns about the labor pool in China. We plan to deploy the policy initially among suppliers in China, focusing on electronic manufacturing services and original design manufacturing partners.

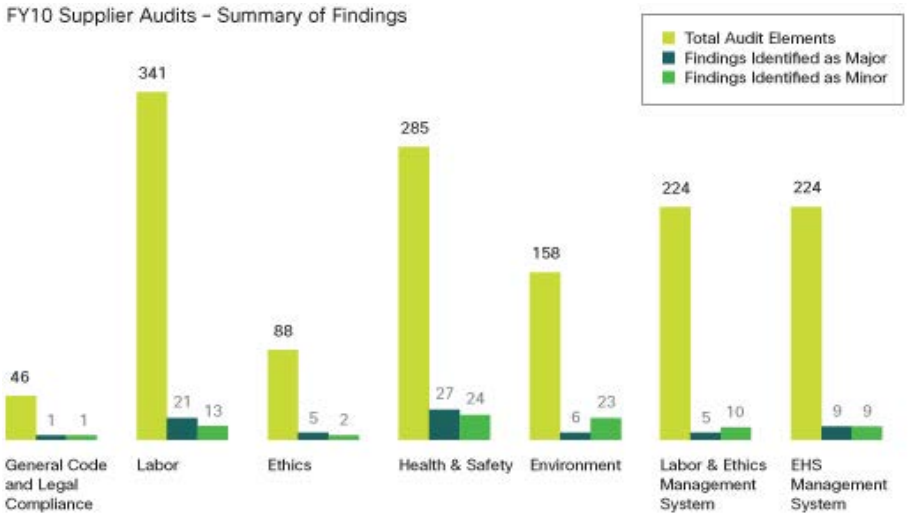
Cisco continues rise in supply chain rankings

Each year, research company AMR (now a member of the Gartner Research family) publishes the Supply Chain Top 25, a list of companies that exemplify best practices throughout their supply chain. Sustainability is increasingly important to the assessment, acknowledged in FY10 by AMR highlighting sustainability advances as one of two emerging themes among its top companies. Cisco's work in sustainability in the value chain contributed to our advancement to third place in FY10, from fifth in FY09. Find out more about the AMR top 25 at www.gartner.com.

Audit Findings

Corrective action plans in FY10 resolved all noncompliance issues uncovered in FY09 audits. We audited all medium- and high-risk first-tier electronics manufacturing suppliers in FY10.

The following chart summarizes the findings from our FY10 supplier audits, which reviewed supplier performance across all four pillars of value chain sustainability. Cisco undertook 1366 unique areas of investigation in our audits. Those audits revealed that the suppliers reviewed, on average, were fully compliant to 94 percent of those 1366 areas of investigation. Cisco and our suppliers ensured that each major and minor finding identified was fully addressed within the fiscal year.



Audit findings revealed three areas on which Cisco needs to direct focus: labor, health and safety, and environment. The following table provides a snapshot of common significant issues in these categories and how Cisco and our suppliers collaboratively respond:

Audit Findings

Significant Issue	Typical Response
Labor	
Juvenile labor management	Root cause analysis of issues; management system and worker testing ensured
Excessive overtime and consecutive days worked	Implement tracking system; retrain managers on issue; work with Cisco to address root causes
Improper deductions from pay	Stop practice; retrain management on issue
Health & Safety	
Improper or missing permits	Immediately obtain proper permits; strengthen management system; and ensure adequate supplier oversight
Inadequate emergency preparedness equipment	Replace inadequate equipment; establish periodic equipment testing program
Air quality issues	Test air, identify sources and remediate
Sanitation concerns in cafeteria	Clean up problem; retrain workers on correct practices; implement oversight program
Environment	
Improper management of chemicals and hazardous materials	Address all existing issues; reevaluate management system and oversight; retrain workers and management
Inadequate pollution management	Develop procedures to meet legal requirements; implement program and ensure adequate management oversight

Capability Building

We want to help our partners improve their long-term sustainability performance, emphasizing the business benefits. We collaborate with them to build their ability to manage, implement, and track the necessary processes.

In FY10, we helped develop two web-based training courses for members (and their supply chain partners) of the Electronics Industry Citizenship Coalition (EICC) and the Global eSustainability Initiative (GeSI). These courses help procurement, supplier, and facility managers understand our sustainability program, while offering best-practice models and management tools to enable suppliers to meet our expectations.

We will customize the courses for Cisco's internal value chain group and offer them to commodity and supply chain managers in FY11.

Working with Industry

Cisco promotes responsible practices in the wider ICT value chain through industry collaboration. Our participation in the Electronic Industry Citizenship Coalition (EICC) enables Cisco to exchange ideas and pool resources with industry peers, respond to stakeholder concerns, and influence the development of industry standards.

In FY10, we worked with the EICC on various programs, including:

- Rolling out the industry's carbon reporting program to key suppliers
- Participating in the EICC's Validated Audit Process for shared audits
- Launching specialized work groups to address water pollution and employee health and wellness
- Developing a membership compliance program to ensure shared commitment from all members

Our collaboration includes work with organizations to increase diversity in our value chain.

Supplier Diversity

Working with certified diverse suppliers and partners ensures Cisco's access to a wide range of skills and innovation. Customers expect diversity among Cisco's suppliers. In FY10, more than 60 customers, representing $1.3 billion revenue for our business, asked for information about our collaboration with diverse suppliers.

Cisco executives sit on the boards of 15 diverse supplier organizations in seven countries, including Canada, China, the United Kingdom, and the United States.

In FY10, all of our top first-tier value chain suppliers reported their use of diverse suppliers.

Building capability

Our mentoring programs continue to enhance the capabilities of diverse suppliers. In FY10, diverse suppliers participated in:

- Basic skills building: The UCLA Management Development for Entrepreneurs Academy is a four-day skills development program through the University of California at Los Angeles. In FY10, Cisco funded scholarships for two diverse suppliers to participate in this program.
- Executive mentoring: Nine suppliers participated in FY10. The program teams Cisco executives with supplier CEOs.
- Advanced mentoring: Cisco engages diverse suppliers with revenues of over $50 million and with whom we have a long-term relationship (more than three years). The focus is on a specific business solution to bring benefits to customers.

Increasing supplier diversity

We expand our base of diverse suppliers through relationship-building, including:

- Global Diversity Partner Forums: These help create a network of diverse suppliers that encourage closer and more effective partnerships.
- Global Business Missions: U.S.-based partners and suppliers joined Cisco on business trips to Australia, China, South Africa, and the UK with the National Minority Supplier Development Council, WeConnect International, and the America-China Business Women's Alliance. This helps to expand networks and expertise.

See our FY10 Report Card for data on diversity at Cisco.

Governance and Ethics

A collaborative approach to emerging countries

Our collaborative management model creates cross-functional councils and boards that aim to help Cisco capitalize on market opportunities to make decisions regarding our vision, strategy, and execution.

In our view, the model is particularly salient for emerging markets, where Cisco is working to build a strong market presence. Through our Emerging Countries Council, which pools the resources of Cisco's functions and major stakeholders, we have established a vision to use information and communications technology to help transform whole countries, stimulating economic growth and social development.

We have also created replicable business models that we believe will help us draw from experiences of operating in different countries at similar stages of development.

Screening for ethics

Knowing the ethical course of action for a situation is not always clear. To make sure our employees know how to act ethically, or who to ask for help if they are unsure, training needs to be engaging and informative. We regularly update our ethics training platforms to provide new content and experiences so employees understand the best way to handle concerns.

In FY10, we introduced training videos that depict real-life situations. Guided by a presenter looking through the eyes of a virtual employee, participants are shown videos of ethical problems and are asked to choose how to respond from a list of alternatives. These videos are based on real-world scenarios or questions that have been raised in the past.

The videos target managers, our first line of defense on issues related to the Cisco Code of Business Conduct, equipping them to handle questions from employees. The videos are also available to all employees via our intranet.

Several thousand users have taken the training since its launch in FY10, and feedback has shown the videos and situations to be lifelike and informative.

Refining our report

CSR reporting evolves from year to year as do our material issues and the environment in which we operate. What meets the needs of certain audiences one year may not satisfy a different group of stakeholders the next year. That's why Cisco conducts stakeholder engagement sessions to gain feedback about our annual CSR report and stay up-to-date with emerging reporting trends.

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After the publication of our FY09 CSR report, we sought feedback from a range of stakeholders, including:

- MBA students from Georgetown University
- SustainAbility, a sustainable development think tank and strategy consultancy
- Representatives of the socially responsible investment community including SAM and the Vigeo Group
- Experts in environmental issues including Gartner, Inc.

This year, our stakeholders highlighted the need to make our report more concise, focusing on materiality and robust performance-related data. We also heard from stakeholders that we should be making greater use of the web.

Cisco has since been working to address these concerns. We have also used the feedback as an opportunity to educate employees about the importance of focusing on the most significant issues and to track progress on our key performance indicators.

We are focused on improvement in our reporting each year. We welcome your feedback on this year's report. Contact us at citizenship@cisco.com.

Our People

Cisco 25th anniversary celebration

In December 2009, Cisco celebrated its 25th anniversary in style. More than 25,000 employees from around the world tuned in through Cisco TV and telepresence to hear CEO John Chambers celebrate the company's past and look to the future at a special meeting.

Chambers reflected how Cisco has grown from a five-person, garage startup to a business leader, with over 70,700 employees. He attributed Cisco's success to, among other things, staying close to its customers and fostering a culture willing to set dreams and aspirations at an almost impossible level. He went on to explain how Cisco is well positioned for the future with a structure in place that will allow it to expand into and exploit new market opportunities.

Chambers was followed by special appearances from two celebratory guests and the "Cisco's Got Talent" employee competition, where three finalists from more than 300 entries showcased their talents to be voted overall winner by their colleagues.

Cisco's response to the 2010 Chile earthquake

In February 2010, a magnitude 8.8 earthquake struck southwest of the Chilean capital of Santiago, with devastating results. Cisco's incident management team and Latin American country managers rallied to support employees and customers.

Cisco first confirmed that all local employees and contractors were safe, then offered support to those who were vacationing with their families. Cisco's Santiago office suffered minor damage, so a temporary office was established to keep the team together and deliver critical support for customers affected by the quake. Once engineering tests had confirmed it was safe, the Santiago office reopened where employees, contractors, and their families were offered counseling on managing the aftereffects of a natural disaster.

A global employee giving campaign to support relief efforts raised more than $56,000 from donations and Cisco Foundation matching funds. This was a significant amount considering that it came so soon after the employee giving campaign following the January earthquake in Haiti.

HealthConnections

Our HealthConnections program unites our various health programs and initiatives in an online portal, through which employees and their families can easily access a range of tools to stay healthy. These include:

Personal health assessments (PHA): More than 70 percent of employees have completed a PHA since they became available to employees and partners in 2008. In FY10, over 60 percent of employees and over 5000 of their partners (up from approximately 200 partners the year before) completed an assessment. Cisco offers health incentives worth up to $1200 to encourage people to take part. We also offer onsite

health screenings to assist in completing the biometric section of PHAs. We've seen a 4.6 percent health risk improvement among employees who have taken a PHA, rising to 13.3 percent for those who also completed a recommended health activity.

Health coaching programs: Through one-to-one and telephone coaching sessions, employees with health risks can make positive lifestyle changes to manage, reduce, or eliminate those risks. Our programs encourage weight loss, smoking cessation, fitness improvements, stress management, heart health, and diabetes management. Since December 2007, more than 2400 employees have taken part.

Healthy living programs: We tailor these six-week diet and exercise online programs to match employees' health profiles, goals, risks, and preferences. Since 2007, more than 19,400 employees have enrolled, with over 7100 completing at least one program. Programs are also available to help employees and their families manage chronic health conditions such as diabetes, cardiac disease, and asthma.

"Who you are"
Cisco employees don't just come from different countries; they come from different backgrounds, genders, ages, and ethnicities. Each has a unique approach to life.

Since FY08, Cisco's Who You Are campaign has been showcasing the diversity of our employees. The campaign profiles employees around the world and is featured in Cisco advertisements and online at www.cisco.com/go/diversity.

In FY10, we expanded the campaign across our European operations to focus on the benefits and understand the opportunities diversity brings to Cisco. "More Together" emphasizes how it is increasingly important to know, understand, and be able to work with different cultures. Diversity isn't just the right thing to do, it is essential for Cisco to compete successfully in a global economy.

The Environment

Evaluating the carbon-reducing impacts of ICT

In September 2010, the Global eSustainability Initiative (GeSI) published a follow-up to its 2008 Smart 2020 report, which estimates that information and communications technologies could cut "business as usual" greenhouse gas emissions by 15 percent globally.

The latest report, Evaluating the Carbon Reducing Impacts of ICT, was produced in cooperation with Cisco and 17 other GeSI members together with the Boston Consulting Group. It provides case studies that more thoroughly assess the overall impact of six ICT solutions. Each case study explains how the carbon costs and benefits of a particular solution should be determined, including taking into account potential rebound effects of greater use of those solutions.

Throughout FY10, Cisco was a GeSI board member and participant on the Policy and Climate Change Working Groups that led to the study. We provided a detailed case study on the use of Cisco TelePresence to reduce air travel, helping business customers and policymakers understand the net enabling effect of this solution.

The case study was based on data from use of telepresence in Cisco's own operations since 2006 and air travel data for three years before that. It also looked at impacts of telepresence units in both use and non-use phases. This research established that an hour's use of telepresence emits 4.3 kg CO2e, with Scope 3 emissions from raw material extraction, production, and disposal (recycling) totaling 3.2 kg CO2e. Using telepresence rather than flying to an hour-long meeting saves approximately 1000 kg CO2e.

See the full case study and others here.

University of Notre Dame uses Cisco WebEx to cut costs and CO2 emissions
The University of Notre Dame, based in Indiana, USA, has realized major cost and emissions savings by using WebEx to connect its thousands of faculty members, staff, and students around the world.

With satellite campuses across the globe, video services

associate Jeffrey Miller wanted to build stronger ties with the Indiana hub and help people to collaborate. "Getting several grad school professors in the same room at the same time is almost impossible," says Miller. Cisco WebEx not only helps Notre Dame get people together, but also reduces the university's greenhouse gas emissions.

WebEx provides a single digital conferencing service across all departments and locations, making much intercontinental travel unnecessary. Professors now lecture and evaluate students remotely, and colleagues meet from their own separate labs. Miller recalls an interview with a candidate in Antarctica: "He was able to do the interview and share documents, no problem."

Miller estimates that WebEx has saved the university over $700,000 in travel expenses, and avoided over 78,000 metric tonnes of carbon dioxide emissions in 2009. It is also helping Notre Dame establish stronger ties with the global academic community and expand its distance learning program.

Duke Energy and Cisco lay Smart Grid foundations
Electric utility Duke Energy, based in North Carolina, USA, is working with Cisco to pilot and further develop a smart grid-enabled home energy management solution that will provide its customers with secure and reliable energy information and a simple-to-use tool to help them reduce the amount of energy wasted in their homes.

Duke Energy is testing the first-generation Cisco Home Energy Management Solution with customers in Charlotte, North Carolina, and in Cincinnati, Ohio, where the company has installed digital smart grid technologies. Through these year-long tests, Duke Energy and Cisco will gather feedback about customer interactions and build in additional functionality accordingly.

"Home energy management functionality is an important step in providing customers with an enhanced energy experience that is simply not achievable with today's analog grid," says Gianna Manes, Duke Energy senior vice president and chief customer officer.

"Customers want to save money on their energy bills, but it has to be easy. With Cisco's proven expertise in IP-based, open system networks, we're confident our collaboration with them will result in a solution that provides customers back-of-mind simplicity and real back pocket rewards," Manes says.

In addition to home energy management, Duke Energy and Cisco will work to bring together manufacturers of household products like appliances, electrical outlets, air conditioners, water heaters, and plug-in electric vehicles to create a portfolio of products that connect with the Cisco Home Energy Management Solution.

The two companies will also test a new generation of durable, weatherproof communications equipment designed for use at Duke Energy's electric substations.

Building networked cities in Songdo, South Korea and the Meixi Lake District of Changsha, Hunan Province in China
When the first residents move into apartment complexes in the new South Korean city of Songdo, they will access many community services from their homes, through portals like Cisco TelePresence screens. These services will allow them to attend classes, parent-teacher meetings or doctor's consultations without leaving home. Residents will be able to use the same portals to access and control their home's energy and security.

Songdo is being built from scratch as the first of many Smart+Connected Communities. Intelligent networking helps cut energy use in buildings, as well as linking the inhabitants with services and information to create a connected community. This is the foundation for the sustainable networked city of the future.

Expected to be completed in 2015, Songdo is the first in a string of Smart+Connected Communities we are helping to create. Another is underway in the Meixi Lake District of Changsha, Hunan Province in China. Changsha vice mayor Xie Jianhui says: "Our vision for the Meixi Lake District is to create a harmonious society that integrates innovative technology with environmental and sustainable design. The involvement

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of Cisco, a leader in intelligent systems, will ensure that the Meixi Lake District will become a world-class city."

Case Studies from Connected Urban Development

- Personal Travel Assistant (Seoul and Amsterdam): The Personal Travel Assistant (PTA) is designed to help make on-the-go travel decisions in complex urban environments that take into account time, cost, and carbon impact. Streamlining information on available routes, transactions, and potential travel disruptions (like traffic congestion), PTA delivers dynamic, real-time support through information devices, including PCs and mobile phones. Piloted in Seoul and Amsterdam in 2009, PTA aims to both reduce greenhouse gas emissions and increase users' satisfaction with their urban mobility options, particularly public transportation.
- Urban EcoMap (San Francisco): A pilot codeveloped with the city of San Francisco, the Urban EcoMap enables citizens, businesses, and policy makers to visualize and monitor their carbon footprints and build action plans for reducing their greenhouse gas emissions. The pilot subsequently launched in Amsterdam at the end of 2009.
- Connected Bus (San Francisco): The Connected Bus is designed to increase efficiency in public transport. Given real-time information on bus locations and wait times, riders can reach their destinations more reliably. The cost-benefit analysis of the Connected Bus pilot in San Francisco demonstrated long-term environmental and economic benefits due to increased ridership and more efficient traffic flow. Connected Bus is projected to increase ridership in San Francisco by 12,000 people per year, reducing the number of individual cars on the road and greenhouse gas emissions from transportation. Based on this initial success, the pilot is now being replicated in other cities.
- Smart UrbanEnergy for Schools (Lisbon): A partnership with the city of Lisbon and the Portuguese Ministry of Education, this project showcases how technology can improve energy efficiency in both the physical environment and energy networks. Energy savings of 33 percent were achieved during the first few months of the pilot. Originally launched in three schools, the project is now being extended to other schools and municipal buildings.
- Smart Transportation Pricing (Seoul): Currently run as a technical pilot in Seoul, Smart Transportation Pricing aims to reduce traffic and parking congestion by using a charging system based on time and distance.
- Urban Energy Management (Madrid): This pilot partnership with the city of Madrid explores how energy is generated, managed, and consumed. A 33-unit apartment building outfitted with bioclimatic design and an innovative broadband infrastructure shares information about energy generation, consumption, and usage. The team is now developing a business case for further expansion.
- Smart Work Centers (Amsterdam): First piloted in Amsterdam, Smart Work Centers integrate telepresence with virtual office solutions to offer a professional work environment near residential areas, reducing energy use and greenhouse gas emissions. So far, Amsterdam users have saved an average of 66 minutes of commute time per day. The concept and business model are now being scaled to locations in Europe, India, South Korea, and the United States.

For more on Connected Urban Development, see www.connectedurbandevelopment.org.

Reflections on Planetary Skin

Two powerful trends are reshaping the world. The first trend is resource scarcity, the result of explosive demand growth for resources (for water, energy, food, land resources, etc) driven by growing populations with rising incomes and increasing constraints on resource supply given environmental degradation, land use change, weather variability, and the threat of climate change. The second trend is information abundance, driven by huge but siloed datasets and increasing information processing capabilities, sensor networks and emerging information and communication technologies. Planetary Skin Institute (PSI) aims to address the challenge posed by the first trend with the opportunity presented by the second.

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In March of 2009, Cisco and NASA agreed a multiyear R&D public-private partnership to address not only scientific and technical challenges in this domain, but also institutional and cultural challenges by pooling their R&D capabilities and assets in a partnership based on joint and open innovation.

Cisco has embedded the fruits of this partnership in the Planetary Skin Institute, a unique partnership between leading corporations, government agencies, and research institutions around the world that was named one of TIME Magazine's "Top 50 Inventions of 2009." PSI's nonprofit status is intended to facilitate cooperation across institutional, disciplinary, and national boundaries and to create a space for flexible pooling of assets and ideas between stakeholders. PSI has recruited a Global Advisory Council consisting of thought leaders in science, technology, economics and innovation to guide this work.

PSI is currently working with selected corporate, government and academic partners globally to build working prototypes of resource and risk management decision support tools that have the potential to increase food, water, and energy security and protect ecosystems such as tropical forests.

For more details on PSI and its work, visit www.planetaryskin.org.

Eliminating circuit board washing

We worked with three printed circuit board assembly partners to dramatically reduce water use in processes for Cisco products.

Up to 20 million gallons of water was being used each year to wash our printed circuit boards after they were soldered. By implementing a new soldering practice, the wash stage of the process became unnecessary. This led to a significant reduction in the amount of waste water produced and requiring treatment and disposal.

Cisco set out to eliminate this process in late FY09 and we achieved that goal in FY10. The result is less water use and increased assembly efficiency, saving Cisco over $1 million per year with no adverse impact on product quality.

Active energy management cuts greenhouse gas emissions from Cisco labs

We have saved one-third of the energy used by equipment in our Customer Advocacy Lab Operations (CALO) with an active energy management framework.

As with all data centers, cutting energy consumption is essential to reduce costs and greenhouse gas emissions. One simple way is shutting down the lab equipment when it is not being used. But with 18,000 devices in almost 3000 racks at our CALO facilities worldwide, introducing active energy management was a big challenge.

Our team at a pilot site fitted each rack of equipment with smart power distribution units. Attached to the Cisco network, these provide information on energy use and the means to control it automatically. Web-based tools apply automated power policies to the thousands of devices.

Seeing the benefits of this pilot, we quickly extended it to 10 other CALO labs around the world, saving 10 million kWh of power and over $1 million in the first year.

CALO manager Dave Katz says: "We now have a full view of energy efficiency data, an energy portal that enables real-time monitoring and control and analysis that has delivered real savings."

Networked buildings cut energy use in Bangalore

The Cisco Bangalore campus contains a flagship demonstration of our Smart+Connected Communities vision, designed to lower costs and reduce greenhouse gas emissions and water use in our operations. The B14 building on the Bangalore campus has been certified LEED (Leadership in Energy & Environmental Design) Platinum by the U.S. Green Buildings Council.

One of Cisco's first and largest projects to receive LEED Platinum certification, the B14 building demonstrates that integrating building and IT systems can provide both energy and cost savings, as well as resource and labor efficiencies.

For example, linking lighting and air conditioning systems to room reservation schedules allows meeting rooms to be lit and cooled a few minutes before use and powered down immediately after the meetings complete.

Cisco's Smart+Connected Communities solution also improves safety and security. Central monitoring and administration improves emergency response, sending affected employees alerts and updates automatically. The system can remotely activate emergency doors and use digital signage to direct employees to exit routes and safe areas.

By gathering and analyzing energy data, managers have identified anomalies and opportunities for further energy reductions. Cisco's Smart+Connected Communities solution has enabled operational savings of approximately $150,000 and 400 labor hours per year at the Bangalore campus. We are looking to extend these savings to other Cisco sites through retrofit projects worldwide and by incorporating the design principles in new construction.

Award-winning water conservation at San Jose, California
Our headquarters is setting an environmental example for our other sites by cutting water consumption and achieving significant improvements in energy efficiency and waste.

The site's efforts to cut water use, which also saves energy, were recognized by the 2010 Silicon Valley Water Conservation Award for Businesses.

Our conservation efforts now save more than 44,500 cubic meters of water a year. They include:

- Installing 99 irrigation controllers on the San Jose main campus
- Using recycled water for landscape irrigation and display fountains
- Reducing the amount of water used in cooling towers by improving the energy efficiency of our heating, ventilation and air conditioning (HVAC) systems
- Installing two-way valves for toilets, aerators for sinks, low-flow shower heads, and pre-rinse spray valves for kitchen sinks in 40 buildings on site

We also converted 12 decorative fountains on the San Jose campus into landscaped beds with native drought-resistant plants, replaced 84,000 square feet of turf with planter beds that require little water, and installed drip-irrigation lines for more efficient irrigation.

Society

Connecting Sichuan
Remote villagers in China's Wienchuan County can now access the country's leading healthcare specialists in three mobile clinics fitted with Cisco networking technology. The clinics are part of Cisco's three-year, $45 million Connecting Sichuan Initiative to help the Chinese government create a 21st century education and healthcare infrastructure in the wake of the 2008 earthquake.

Networking and collaborative technologies, such as teleconferencing and document sharing, have been installed at 41 hospitals in seven of the hardest hit counties. Four data centers and two operations centers are improving the provision of healthcare across the region. Patients are enjoying better healthcare services and medical professionals have access to the latest information and training. Over 4700 health, education, and IT professionals have received training, and a new training center in Shifang will meet their continuing needs.

Cisco is working closely with the Sichuan Department of Education and local education bureaus to improve education in rural areas and strengthen teacher training. Video streaming and distance learning technologies have been installed in 24 schools, two colleges, and over 500 21st century classrooms, reaching over 1000 teachers and 31,000 students. By the end of FY10, 50 new Networking Academy centers were reaching over 5000 students.

Improving New York City education
New York City's iZone initiative is active in 10 schools. The

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initiative uses networking technology to deliver innovative and engaging project-based classes, while opening up new career opportunities for students.

Launched in 2009 with $2 million in Cisco support, the initiative has plans to expand the model to another 10 schools in 2010. Participating schools achieved 94 percent attendance levels during the 2008–2009 academic year, compared with a citywide average of 89.9 percent. Ninety-three percent of participating students passed the Global History and Geography Regents Exam, compared with a citywide average of 50 percent. As well as providing technological expertise, we have trained over 90 teachers and administrators to keep the initiative running smoothly.

Our support builds on the successful 21st Century Schools (21S) program, an $80 million investment delivered in 2009 to support rebuilding efforts in the U.S. Gulf Coast region after Hurricane Katrina. In one class project, iZone students shared perspectives on issues from 9/11 to Hurricane Katrina with Gulf Coast students and leading experts.

Improving distance learning in Mexico

Mexico's education system serves more than 24 million students in 250,000 schools. The country faces considerable challenges delivering high-quality education, particularly among indigenous communities from low-income backgrounds. Cisco is supporting a pilot program for 40 schools in the states of Aguascalientes, Puebla, and Veracruz to improve educational standards through the use of technology.

Cisco networking technologies such as integrated video, voice, and data communications are opening up new opportunities for online collaboration, personalized instruction, and distance learning. Using these technologies, students can gain remote access to experts on subjects that are not taught locally. Cisco provides equipment plus training, supported by Digital Opportunity Trust (DOT) graduates, to help teachers operate the technology and understand its possibilities.

Delivered in partnership with the Organisation for Economic Cooperation and Development (OECD), federal and state government, other companies, and nonprofit organizations (including Unión de Empresarios para la Tecnología en la Educación – the Union of Entrepreneurs for Education Technology – and the DOT), the program aims to create a replicable model that can scale across the country.

Sparking ICT proficiency among Turkey's youth

SPARK (Youth Movement in Informatics) has been harnessing the energy of young volunteers throughout Turkey to develop ICT skills among their peers since 2006. Economically disadvantaged young people receive Cisco Networking Academy training, then transfer their skills to others. New graduates return as volunteer instructors, creating a sustainable cycle that continually expands the program.

By the end of FY10, 150 volunteer instructors were teaching in 20 cities. More than 1300 young people have taken the Academy's IT Essentials course. In early 2010 the program started offering the Cisco Certified Network Associate curriculum, giving students the skills to install, configure, operate, and troubleshoot small to medium-sized networks.

SPARK is a partnership between Cisco, Youth for Habitat, Istanbul Technical University, the Turkish Informatics Foundation, and the United Nations Development Program. It received the European Union's e-Inclusion award in 2008, and in 2010 volunteer instructors expanded the program to neighboring Azerbaijan. The SPARK initiative was featured at a Global IT conference in Istanbul in September 2010.

Boosting competence with competitions

NetRiders allows Networking Academy students to match their skills against each other, first within their country, then against representatives from elsewhere. The students answer technical questions and provide solutions to network problems that are evaluated by a panel of judges.

Networking Academy students also participated at WorldSkills International, a nonprofit organization for the exchange and comparison of competency standards. Cisco is a Global Industry Partner of WorldSkills International, providing

equipment such as routers, switches, and firewalls for its competitions and network structure. Twenty Networking Academy students from 20 countries participated in the 40th WorldSkills competition held in Calgary, Canada. Two of these students won first and second place, and another became the "top point winner" for WorldSkills Overall. In June 2010, 56 Networking Academy students from 40 states participated in the Skills USA National Internet Working Competition.

Partnership for Lebanon

Since 2007, Cisco has invested over $17 million in the three-year Partnership for Lebanon, a multi-stakeholder, public-private partnership involving Cisco, engineering company GHAFARI, Intel, Microsoft, and Occidental Petroleum. The partnership focuses on broadband development, private-sector investment, and education and community initiatives to support reconstruction efforts through job creation and economic development.

Cisco has worked closely with Lebanon's Telecommunications Regulatory Authority and Ministry of Telecommunications on a national broadband strategy promoting investment in fast, reliable, and affordable broadband services as a foundation for economic development.

In FY08, we announced a $1 million grant to Relief International to fund microloans for small businesses in rural Lebanon. By the end of FY10, 560 loans totaling $1 million had been distributed by microfinance institutions Al Majmoua and Ameen.

Education and training is key to the project's long-term sustainability. Forty-four Networking Academy centers provide ICT and networking training in Lebanon. We also support a development program that placed 100 qualified interns in public and private sector organizations in Lebanon and the United States by June 2010 (including 63 at Cisco). Upon completion of the program, over 90 percent of interns went on to full-time employment.

Fifteen community-based training centers have been established in partnership with nonprofit organizations ANERA and Mercy Corps. These centers use ICT training to encourage education and develop skills in disadvantaged communities.

Responding to the Haiti earthquake

Within a week of the catastrophic earthquake that hit Haiti in January 2010, Cisco engineers began to provide networking infrastructure and voice-over-IP support for the NetHope-Inveneo high-speed wireless internet and telephone network, which was established to coordinate relief efforts in the stricken country. Their effort was part of a $100,000 Cisco donation to help restore broadband access for 15 NetHope members in Port-au-Prince, which in turn sped the delivery of food, water, shelter, and medical assistance, saving many lives.

The donation was part of a coordinated effort by Cisco, its employees, and the Cisco Foundation to help the over one million people injured or made homeless. Within hours of the earthquake, the Foundation pledged $250,000 to the American Red Cross and launched a matching fund campaign for $1 million, a goal that employees reached in less than a month. By the end of FY10, total Cisco, employee, and Cisco Foundation donations to the campaign exceeded $2.4 million.

NetHope is a membership organization of 31 nonprofit organizations with the mission of improving relief efforts through communication and collaboration. Cisco has supported NetHope since its inception in 2001 with equipment, employee time, and expertise.

Project Samudaya community building

After devastating floods swept through the Indian state of Karnataka in October 2009, destroying crops and homes, more than a million people were left homeless, many losing everything they owned. The wider damage affected over 18 million people. Cisco committed to construct a total of 3600 houses, two schools, and a healthcare center in five flooded villages as part of Project Samudaya (community), a two-year, $10 million effort to help reconstruction efforts.

As well as focusing on long-term efforts, the Cisco

Story Highlights

Foundation decided to match employee donations up to a total of $250,000 to fund immediate disaster relief. By the end of FY10, over 150 Cisco employees had volunteered more than 1300 hours to help build new homes, repair damaged infrastructure, and provide one-on-one tutoring for children who could not attend school.

New health and education facilities will give villagers access to more services. For example, state-of-the-art health and education infrastructure like telepresence will facilitate remote classes and consultations with city-based teachers and doctors. It is hoped this will provide a platform for the region's further economic regeneration and become a blueprint for replicating similar initiatives in India.

Feeding America

Feeding America collects and distributes food through more than 200 food banks and 63,000 charitable partners. Coordinating this large network is a significant logistical challenge. Funding from Cisco is helping Feeding America pilot an open-source information system to streamline operations and enhance communications across the organization.

In FY10, Feeding America conducted 10 pilot implementations using Enterprise Resource Planning technology. This enables food banks to place orders online from an up-to-date list of available food. The results showed they could produce a cost-sharing model with the food banks to upgrade technology infrastructure. This has achieved their objective of developing a repeatable and cost-effective deployment program that reduces the organization's complexity, bringing efficiency savings such as reduced costs for transport, purchasing, marketing, and IT.

Demand is strong. In FY11, Feeding America will plan 17 additional implementation sites. To date, Cisco has provided a $100,000 cash grant and product grants worth $79,000 to Feeding America directly, $46,000 to the Food Bank of New York, $25,000 to United Food Bank Mesa, and $24,000 to Gleaners Food Bank of Indiana.

Creating affordable housing in Asia

Cisco employees joined nearly 3000 volunteers to help build new homes for over 500 families across Cambodia, China, Laos, Thailand, and Vietnam as part of the Jimmy & Rosalynn Carter Work Project 2009.

In China, Cisco Hong Kong employees spent a week in the November cold to begin work on residential buildings for low-income families in Qionglai city. In Thailand, 82 homes were built to celebrate the king's birthday. In Cambodia, 21 families who lived at the capital's dump were moved to new homes. In Laos, volunteers repaired and upgraded 11 houses, and in Vietnam volunteers joined Habitat Vietnam to decorate new homes for 30 families.

Organized by Habitat for Humanity, the annual event is an internationally supported weeklong effort to raise awareness of the need for simple, decent, and affordable housing for low-income families.

Helping Australia's indigenous people

Since 2008, over 100 Cisco employees in Australia have volunteered more than 2500 hours at Djarragun College in a bid to improve academic standards and career opportunities for its 700 Aboriginal and Torres Strait Islander students.

Djarragun College is located near Cairns in northern Queensland, with a sister campus about 100 kilometers away. Working during their free time, employees used donated Cisco equipment to install a virtual network connecting the two campuses. The network is connecting students with other schools in Australia and around the world, opening up new learning possibilities. Extra support includes mentoring to help students prepare for the world of work.

Our employees have raised over $75,000 (including payroll giving) through a range of fundraising activities and matched funding from the Cisco Foundation. Cisco has also donated just under $95,000 to build a computer library for Djarragun College and just under $30,000 toward laptops for students.

As an extension of this program, Cisco employees helped to

prepare a funding proposal that secured more than $1 million over three years to run Djarragun Enterprises, launched in February 2010. This is an innovative program that employs young people leaving school in social projects, helping them develop business skills. Eight young people have already been employed.

Our Value Chain

Telepresence enhances collaboration with Flextronics

How do you nurture business relations while minimizing travel? The importance and complexity of our relationships with suppliers makes trust and relationship-building imperative. That's why we rely on Cisco TelePresence collaboration video technology that allows participants to feel like they are in the same room with one another.

In FY10, we held our largest ever multipoint telepresence meeting, a quarterly business review with supplier Flextronics. Until then, a limited number of key people would travel to the review. Cisco TelePresence and Cisco WebEx Connect enabled the collaboration of over 55 participants from 11 locations around the world.

Widening the pool of participants and enabling them to experience a close, yet virtual, connection increased the productivity of the review, without the environmental impacts and personal disruption of travel.

Collaboration influences conflict mineral regulations

Increased scrutiny from campaign groups and growing interest from governments has put a spotlight on the use of metals in the electronics industry, specifically those derived from so-called "conflict" minerals, such as coltan, wolframite, cassiterite, and gold. The concern is that these key materials are mined in war zones and sold illegally to finance the efforts of armed militias, which enables prolonged conflict and leads to human rights abuses.

Resolving the issue demands extensive collaboration with many participants in the value chain. This is why Cisco, working with other members of the EICC, brought together previously uninvolved players such as capacitor makers, smelters, miners, and brokers to better understand the challenges in developing a chain of custody for these materials.

The EICC provided practical feedback on a pending U.S. regulation that would require manufacturers to report to the Securities and Exchange Commission (SEC) on the source of any conflict minerals in their products. We shared this feedback with U.S. legislators through the Information Technology Industry Council. Since the regulation recently became law, Cisco is now working with the EICC to develop a standard methodology for auditing the metals supply chain, which is intended to create a common way of reporting this information.

Opening markets through mentoring

Logistics supplier D.W. Morgan, a certified minority business enterprise, has boosted its business with Cisco through our mentor partnerships program.

D.W. Morgan has serviced Cisco's worldwide manufacturing sites for more than 10 years, winning three Cisco Value Chain Supplier Appreciation awards. But the company has struggled to sell its services to more sites within Cisco.

Within six months of joining our mentoring program, designed to help suppliers market their services internally, the company boosted its business with Cisco by 54 percent, while expanding its global footprint in Asia and the Americas.

Cisco benefited too. For example, we:

- Increased visibility of components inbound to our global hub
- Tightened control of finished products outbound from logistics centers
- Increased consistency and reliability in local pick-up and delivery processes
- Increased on-time delivery to 99.5 percent from 95 percent, with zero loss or damage
- Reduced transport costs by 10 percent in FY10

Key Products

Worldwide utilization of general-use Cisco TelePresence units remains just under 50 percent based on a ten-hour day. Many Cisco TelePresence units are booked at or over 100 percent capacity based on a ten-hour day. Further utilization is constrained by room availability or because of differences in time zone between meeting endpoints. The table below illustrates our rollout of Cisco TelePresence across the company since September 2006, which was the first quarter of FY07. We have installed various Cisco TelePresence models at many locations to accommodate the different requirements of each site. This includes models that accommodate anywhere from one or two users in a private office setting to larger group meetings of up to 18 people. By having a range of Cisco TelePresence units available, more types of interactions can be virtualized, avoiding more physical travel and reducing travel expenses and GHG emissions.

Cisco TelePresence room deployment

Cumulative, as of end of fiscal year	Total number of Cisco TelePresence rooms	Total number of cities	Total number of countries
FY07 (general use units)	72	50	20
FY08 (general use units)	179	109	37
FY09 (general use units)	369	156	44
FY10 (general use units)	534	214	59
FY07 (private or EBC units)*	26	6	3
FY08 (private or EBC units)	53	12	7
FY09 (private or EBC units)	179	47	21
FY10 (private or EBC units)	334	73	26

*EBC stands for Executive Briefing Centers, regional meeting facilities that Cisco uses for presentations to customers.

Cisco WebEx and Cisco MeetingPlace products are also part of the suite of solutions used by Cisco employees to avoid physical travel by using remote collaboration within Cisco and with our customers, partners, and other stakeholders. As shown in the following table, our use of Cisco MeetingPlace and Cisco WebEx has doubled each of the last two years, mirroring a similar growth in Cisco TelePresence use. A "people-hour" is one person attending a remote meeting for one hour, either by teleconference or via the web and a personal computer. Five people attending a two-hour meeting would equal ten people-hours. Use of web conferencing is pervasive at Cisco because of the global nature of our collaborative business processes and management practices.

Cisco WebEx and MeetingPlace usage*

Year	Total web-conferencing (millions of people-hours)
FY07	4.7
FY08	7.6
FY09	13.3
FY10	19.3

* Previous year metrics have been changed to reflect revised or corrected prior-year data.

As shown in the following table, employees have rapidly adopted Cisco Virtual Office technologies, which include an integrated services router and IP phone, to effectively work remotely. Although telecommuting or working in a flexible office space does not directly reduce air travel, it does afford opportunities to become more proficient in using collaborative technologies. This proficiency can be applied directly to business activities where remote collaboration does reduce air travel.

Cisco Virtual Office usage*

Calendar Year	Total users
2005	1467

* Previous year metrics have been changed to reflect revised or corrected prior-year data.

Calendar Year	Total users
2006	5006
2007	8234
2008	15,305
2009	17,488
2010 (through July)	19,195
* Previous year metrics have been changed to reflect revised or corrected prior-year data.	

People

Cisco employs more than 70,700 people in 93 countries and over 420 locations worldwide. Approximately one-quarter (24%) of our employees work at the headquarters site in San Jose, California. Our workforce has a wide variety of skill sets, but it can be divided broadly into engineering, sales, and other business functions.

Workforce by job function

Workforce	Percentage
Engineering	33.8%
Sales	25.5%
Other Business Functions	40.7%

The tables below characterize the employees we have hired over the past five years in terms of gender and ethnicity. The ethnicity figures in the second table are given for employees in the United States only.

Report Card

New Hires by Gender (Non-U.S.)

	FY06	FY07	FY08	FY09	FY10
Total Number of Hires	3120	4982	4517	2536	4970
Number of Female Hires	694	1029	1018	484	912
Percent of Female Hires	22%	21%	23%	19%	18%

New Hires by Gender and Ethnicity (U.S. Only)

	FY06	FY07	FY08	FY09	FY10
Total Number of Hires	3562	5821	5441	4208	3837
Number of Female Hires	1014	1712	1643	1034	835
Percent of Female Hires	28%	29%	30%	25%	22%
Number of Non-Caucasian Hires	1642	3108	2838	2191	1591
Percent of Non-Caucasian Hires	46%	53%	52%	52%	42%
Total Number of Female Caucasian Hires, and Male and Female Non-Caucasian Hires	2111	3858	3533	1249	2035
Total Percent of Female Caucasian Hires and Male and Female Non-Caucasian Hires	59%	66%	65%	57%	53%

Report Card

Cisco employees by world market region

Cisco is a global organization with a widely dispersed workforce. The table below indicates the number of Cisco employees working in various regions of the world.

Cisco Employees by World Market Regions

	FY06	FY07	FY08	FY09	FY10*
Asia Pacific	4411	7528	9276	10,169	11,938
Emerging Markets	1549	2406	2921	7860	8550
Europe	5778	6907	7604	8082	8814
Japan	1015	1158	1253	1278	1290
United States and Canada	28,659	33,494	35,832	38,156	39,173

*The FY10 numbers do not include a small number of employees from a recent acquisition.

Cisco employee benefits

- Adoption Assistance
- Autism Benefit (Global)
- Children's Scholarship Fund (Global)
- Death Benefits for Family (Global)
- Education Benefits: Employee Tuition Assistance (Global)
- Education Benefits: Family Services
- Family Crisis Assistance (Global)
- Elder Care Program (Global)
- Employee Assistance Program (Global)
- Employee Bonus Program (Global)
- Employee Discount Program (U.S. and UK)
- Financial Education (U.S.)

- Flexible Work Practices (Global)
- Health & Wellness Programs (Multi-country)
- Health Insurance: Medical, disability and life benefits; dental and vision where prevalent (Global)
- Insurance: Healthcare Domestic Partner eligibility (Global)
- On-site Cafeterias
- On-site Child Care Centers (two centers in San Jose, CA, one in Bangalore, India, opening November 2010)
- On-site Fitness Center (Multiple Locations)
- On-site Health Centers (San Jose, CA, Bangalore, India, HealthPresence in RTP)
- On-site Pharmacy, Vision Center (San Jose, CA)
- Relocation Assistance (Global)
- Tax-Advantage Long-Term Savings with company contribution (ex. Retirement: 401(k))
- Off/On Ramp Program (Up to two years off work, first year with medical benefits)
- Employee Stock Purchase Plan

Cisco provides culturally relevant leave of absence and time off programs for employees globally. Examples of these programs in the U.S. include:

- Adoption Leave: Paid
- Bereavement Time Off: Paid
- Educational Leave: Unpaid
- Jury Duty Time Off: Paid
- Pregnancy Disability Leave/Maternity Leave: Paid
- Family Medical Leave and Long-Term Medical Leave: Paid (STD, LTD, SDI/VDI income replacement)
- Military Leave: Differential Paid
- Paid Time Off: Paid
- Paternity Leave: Unpaid
- Personal Leave: Unpaid

Employee learning and development

Type	Amount
Total spent on employee training and development	$90 million
Percent of employees participating in at least one course	82%
Total hours spent in learning and development courses	1.5 million

Environment

Purchasing Renewable Energy

Cisco purchases renewable power where it is available in the local power market. Cisco plans to support non-carbon energy sources in other regions of the world as they become available in the marketplace.

Renewable electricity purchases
Purchasing Renewable Energy

	FY06	FY07	FY08	FY09	FY10
Electricity from renewable sources (GWh)	2	110	342	469	351
Electricity from renewable sources (%)	<1%	10%	28%	37%	27%
GHG emissions avoided (metric tonne CO2e)	773	65,736	243,450	355,235	257,616

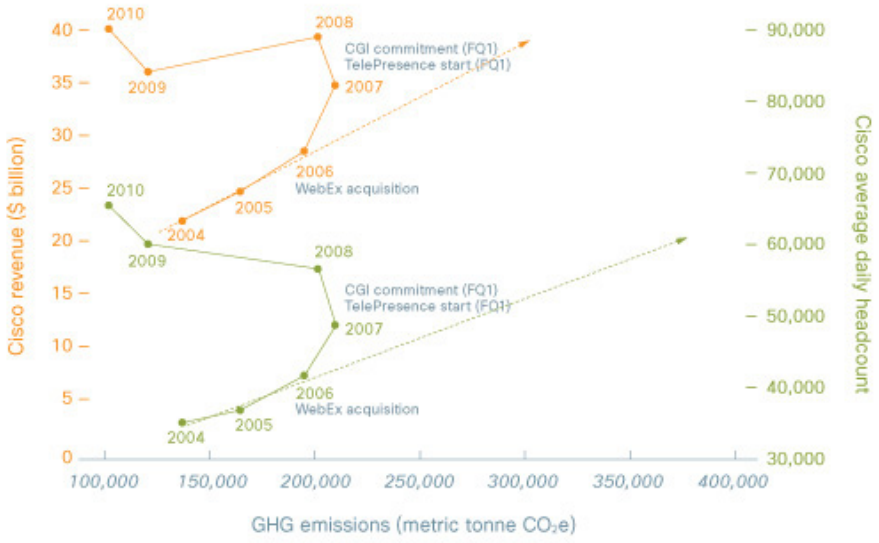
Renewable electricity purchases by region(1)

Region	Percent of FY10 electricity from renewable sources
Global	27%
United States	29%
Europe	65%

1 Cisco buys Renewable Energy Certificates (RECs) and has entered into green power contracts with various electricity suppliers in the United States. Purchased RECs are certified by Green-e, an independent auditor of renewable energy products, and are generated from hydropower, wind power, and biomass projects throughout the United States. Cisco also purchases renewable energy through various European green power suppliers. We follow the guidelines from the United Kingdom's Department for Environmental and Rural Affairs (DEFRA) and use a grid average rate when calculating emissions associated with this power. Cisco is ranked seventh in the U.S EPA's Green Power Partnership.

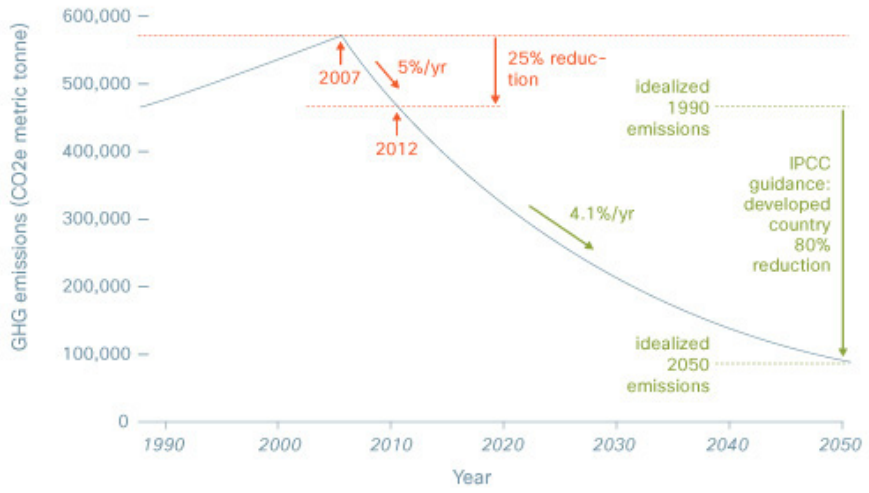
Avoided CO2 emissions from use of Collaboration Technologies

It is difficult to project with certainty what might have happened to Cisco air travel emissions without widespread use of these collaborative technologies. However, in response to stakeholder inquiries, Cisco has compared changes to our actual air travel emissions against changes to revenue and headcount. Revenue and headcount are the two factors believed to be the primary drivers of air travel. In the following figure, actual emissions are plotted against headcount (right axis) and revenue (left axis).

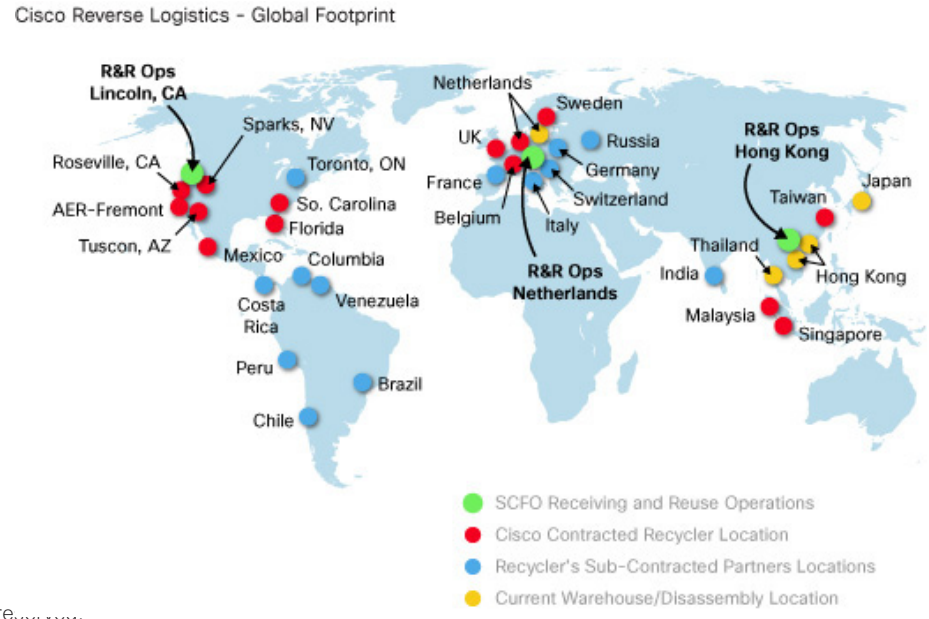


Idealized Greenhouse Gas emissions reduction model

Stakeholders have requested reduction goals beyond 2012. We believe our focus on executing existing commitments is best practice given the five-year horizon (2007 to 2012) of existing goals and the substantial existing challenge to the business. However, we have reviewed global reduction goals and Cisco's potential role in meeting the global challenge of climate change. The following figure places our 25 percent reduction goal in the context of the 80 percent goal for developed countries highlighted by the Intergovernmental Panel on Climate Change (IPCC). More discussion will be needed to better understand how developed and emerging country emissions allocation will affect future Cisco reduction goals.



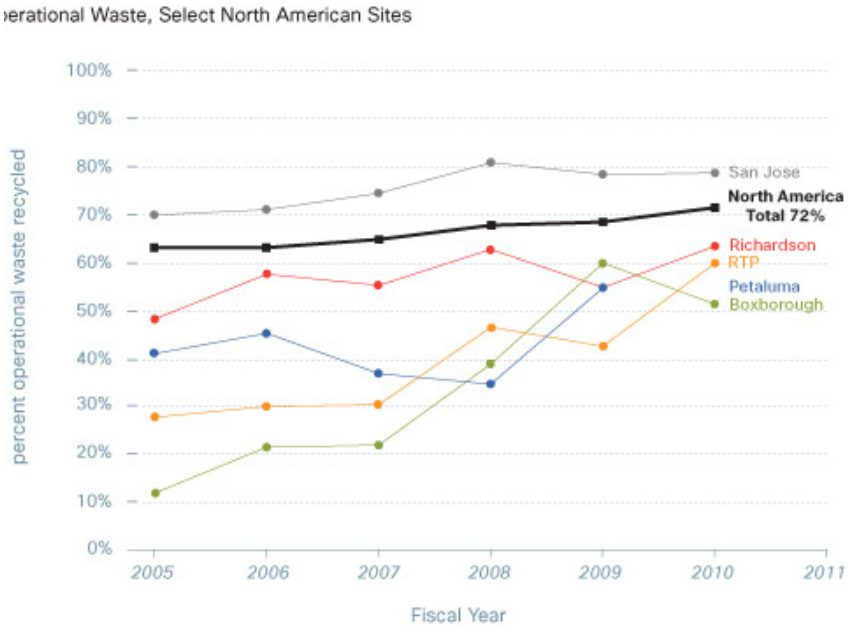
Cisco product reclamation, recycling and reuse operations



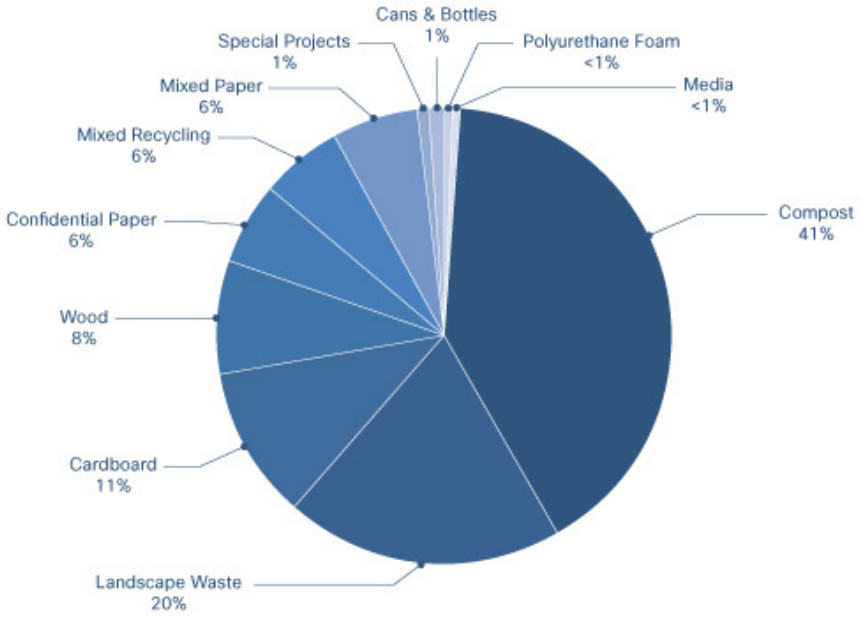
Report Card

Operational waste

Cisco's Waste Reduction and Recycling Program is a key component of Cisco ISO 14001 certification and our global environmental policy. We routinely collect and recycle batteries, CDs and diskettes, beverage containers, trash, wood and pallets, cardboard, mixed paper, confidential waste, packaging materials, toner cartridges, compost, polyurethane foam, landscape waste, mobile phones, food waste, and construction waste.



Breakdown of waste stream from Cisco's San Jose site



Society

Number of countries* with Active Networking Academy Sites, by year

Year (as of July 31)	Number of sites
1997	7
1998	27
1999	71
2000	128
2001	142
2002	149
2003	155
2004	163
2005	164
2006	164
2007	164
2008	166
2009	168
2010	165

*For administrative purposes, we have defined some geographical areas as countries that are not autonomous states or are not recognized as countries by international bodies such as the United Nations. Examples of these include American Samoa, Hong Kong, and Puerto Rico.

Report Card

Active students by education level

Education Level	Percentage
Upper secondary/high schools*	14%
Community colleges (two and three year)	34%
Four-year colleges/universities**	46%
Others***	6%

*Includes grades 6 through 12.
**Includes post-graduate.
***Includes community and nonacademic sites; also includes postgraduate outside four-year institutions.

Networking Academy student profile

View a table that gives a profile of Networking Academy students according to Cisco's major market regions and subregions.

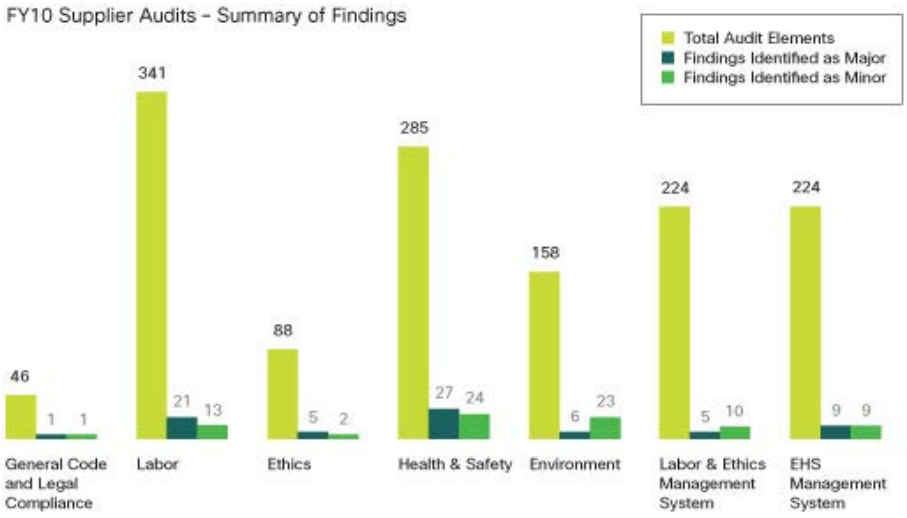
Cisco financial contributions over five years

Type	FY06	FY07	FY08	FY09	FY10
Foundation total (corporatewide)	$9.3	$8.8	$10.7	$10.1	$10.5
In-kind total (corporatewide product and people)	$39.4	$49.0	$37.9	$83.7	$96.7
Cash total (Foundation cash and corporatewide cash)	$76.1	$67.7	$54.1	$44.9	$42.0
Corporatewide giving total	$88.7	$93.6	$92.0	$128.6	$138.7

Type	FY06	FY07	FY08	FY09	FY10
Funds from Cisco to Cisco Foundation	26.8	23.2	0	0	0
Contributions as a percentage of earnings before income, tax (EBIT) from previous year	1.4%	1.5%	0.97%	1.25%	1.47%

Value Chain

The following chart summarizes the findings from our FY10 supplier audits, which reviewed supplier performance across all four pillars of value chain sustainability. Cisco undertook 1366 unique areas of investigation in our audits. Those audits revealed that the suppliers reviewed, on average, were fully compliant to 94 percent of those 1366 areas of investigation. Cisco and our suppliers ensured that each major and minor finding identified was fully addressed within the fiscal year.



Report Card

Key Performance Indicators

Cisco's total global GHG emissions over the last five fiscal years are shown in the following table. Cisco reports emissions by fiscal year and uses fiscal-year emissions for initiative planning.

Cisco's total global GHG emissions

INDICATORS	FY06	FY07	FY08	FY09	FY10
Environmental Management					
Number of Cisco sites with ISO 14001 EMS	19	25	25	26	26
Employee base covered by ISO 14001 EMS	75%	73%	71%	68%	68%
GHG Emissions					
Total gross1 GHG emissions: Scope 1 (metric tonne CO2e)	27,5863	51,399	51,661	53,453	53,363
Total gross1 GHG emissions: Scope 2 (metric tonne CO2e)	317,6663	461,456	539,867	590,755	597,257
Total contractual1 GHG emissions: Scope 2 (metric tonne CO2e)	316,8933	397,167	300,516	235,520	339,640
Total contractual1 GHG emissions: Scope 1 and 2 (metric tonne CO2e)	535,4193	448,566	352,177	288,973	393,003
Scope 1 and 2 reduction goal and performance Change in Scope 1 and 2 from FY07 EPA global goal: 25% absolute reduction against CY07 baseline2			-22% (goal yr is 2012)	-36% (goal yr is 2012)	-12% (goal yr is 2012)
Total air travel GHG emissions: Scope 3 (metric tonne CO2e)	190,940	205,796	197,867	118,602	104,937
Scope 3 air travel reduction goals and performance: 1. Change in air travel GHG emissions from FY06 CGI global goal: 10% absolute reduction against FY06 baseline 2. Change in Scope 3 air travel from FY07 EPA global goal; 25% absolute reduction against CY07 baseline2		+8%	+4%	-38% (both goals met)	-45% (both goals met)

Report Card

INDICATORS	FY06	FY07	FY08	FY09	FY10
Energy and Electricity Use					
Energy usage (GWh)	8893	1282	1438	1533	1524
Electricity usage (GWh)	7493	1054	1203	1293	1296
Product Return and Recycling					
Product return (metric tonnes)4, 6			10,030	10,730	8580
Materials to landfill (percent of returned product not reused or recycled)4, 5			0.46%	0.44%	0.333%
Water Consumption					
Total water consumption (m3)7		1,725,618	1,547,025	1,455,662	1,492,297

1 Gross and contractual are used consistent with Carbon Disclosure Project 2010 survey terminology. Gross GHG emissions figures do not include reductions from Cisco's renewable energy purchases. Contractual GHG emissions figures include the impact of buying low-carbon electricity.

2 Cisco's EPA Climate Leaders 25 percent reduction goal is measured against a calendar-year baseline per EPA requirements, but all public Cisco reporting is on a fiscal-year basis. We are reporting progress against the EPA goal using fiscal-year emissions. Cisco does not publically report calendar-year emissions to avoid confusion with previously reported fiscal-year data. Although EPA Climate Leaders is being discontinued, Cisco will continue to report against the goal.

3 In our FY06 CSR report, Cisco reported only the Scope 1 and 2 emissions data actually collected from Cisco sites and separately noted the estimated completeness of the data. We now collect actual emissions data for over 90 percent of our real estate portfolio and estimate the balance based on building square footage and type of usage. We do not believe the Scope 1 and 2 data collected for FY06 are sufficient to support extrapolation to 100 percent. Therefore, FY06 GHG Emissions and Energy and Electricity Use data in the table should not be trended against FY07 or later data.

4 Through FY08, Cisco reported weight of material sent to Cisco's recyclers. Leveraging process improvements started in FY09, we are now reporting weight of material received from end users, which is the metric of primary concern to stakeholders. Available historical data, prior to FY08, is not comparable to more recent years, and is not reported.

5 Landfilled material consists of nonrecyclable materials (such as broken pallets, wet cardboard, and shrink wrap).

6 Values reported in our FY09 CSR report have been converted to metric tonnes for FY10 reporting.

7 Prior and existing year data adjusted to same nine sites to permit trending comparison.

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NB: All prior-year Scope 1, 2, and 3 emissions data vary to some extent from previously reported values, either in CDP 2010 or our 2009 CSR Report, because of updates to emissions factors, methodology, and correction of minor errors found upon repeated review. (No significant error has been found.) Cisco continues to invest in improving the accuracy of our GHG emission calculations. To support standardization and benchmarking across companies, Cisco uses the Greenhouse Gas Protocol Corporate Accounting Standard as the basis for our Scope 1, 2, and 3 (business air travel) emissions calculations. Cisco has received technical assistance from the U.S. EPA in determining organizational and operational boundaries, in identifying the most appropriate emission factors for Cisco's business, and in documenting these decisions in an Inventory Management Plan (IMP) that is designed for consistency and transparency in the inventory over time.

Unlike in FY09, greenhouse gas calculations were not in scope for either our internal or external annual ISO 14001 audit. The Carbon Trust audited our greenhouse gas data collection and analysis processes in June 2010 as part of the Carbon Trust Standard assessment process for U.K. operations.

Cisco is now focusing resources on developing standards to better characterize, measure, and report indirect emissions categories, including emissions from Cisco's supply chain and product use. Key activities in FY10 included participation in the development of the Scope 3 Accounting Standard of the Greenhouse Gas Protocol, led by the World Resource Institute and World Business Council for Sustainable Development.

Carbon Disclosure Project (CDP)

Cisco has reported to the Carbon Disclosure Project (CDP) in all eight years of the CDP's existence. CDP is an independent, not-for-profit organization that holds the largest data base of GHG emissions in the world. Cisco was ranked the #2 Information Technology company in 2010 for disclosure and joint #1 for carbon performance, based on our responses to the Carbon Disclosure Project's CDP7 survey, which was submitted in May 2009. The CDP questionnaire and our answers provide a comprehensive view of the following topics related to climate change: risks and opportunities, actual emissions, reduction goals, avoided emissions, and regulatory and policy activities.

Cisco's Employee Data

INDICATORS	DESCRIPTION	FY06	FY07	FY08	FY09	FY10
Workplace						
Employee Satisfaction	Percentage of employees who consider Cisco a great place to work (average)	85%	86%	87%	90%	84%
Voluntary employee attrition	Total voluntary attrition as percentage of ending headcount	5.45%	4.52%	5.01%	3.22%	4.74%
Health and safety (U.S. and Canada operations only)	Number of nonfatal injuries and illnesses	107	93	137	145	116

Report Card

INDICATORS	DESCRIPTION	FY06	FY07	FY08	FY09	FY10
Diversity						
Women	Women as a percentage of total global employees	22.10%	23%	23.50%	23.40%	22.90%
	Women in VP positions or above as percentage of global VP and above employees	14%	12.70%	15.50%	15.50%	15.42%
Ethnic minorities (U.S. only)	Ethnic minorities as percentage of total U.S. employees	42.80%	43.70%	44.70%	45.60%	44.20%
	Ethnic minorities in VP positions or above as percentage of U.S. VP and above employees	17.50%	15.60%	22.20%	20.80%	21.90%
Social Impact						
Social Investment	Total corporatewide and foundation cash and in-kind contributions ($ million)	115.5	166.8	92	128.6	138.7
Employee Volunteerism	Number of hours volunteered by employees	160,000	130,000	88,870	78,000	148,355
Cisco Networking Academy	Number of active students in Cisco Networking Academy courses8	600,000	625,000	700,000	800,000	900,000
Leadership Fellows	Cisco leaders who share their expertise with nonprofit organizations	8	17	20	13	29
Social and economic investment	Number of countries or regions where Cisco currently invests or manages programs	160+	160+	165+	165+	165+
Strategic partners	Significant collaborations with corporate partners, nonprofits and NGOs	36	34	41	58	70

8 These numbers have been rounded to the nearest 25,000.

9 The Leadership Fellows program was put on hold indefinitely in FY10. A review of the program determined that its efforts are best executed through Cisco's work with strategic partners (see last row of table).

Key Products and Impacts

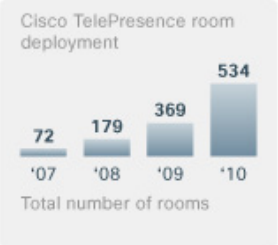
How Our Products Contribute to Sustainability

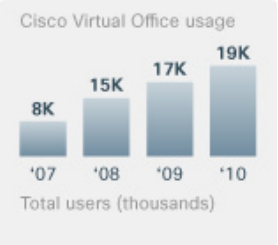
Cisco products have tremendous potential to help people live and work more sustainably. They bring people together to share ideas and create solutions to address global challenges, provide access to essential information, promote economic development, and support the transition to a low-carbon economy.

Environmental Benefits

Collaboration without travel

Cisco collaboration technologies like Cisco WebEx, Cisco TelePresence, and Cisco Virtual Office enable people to work remotely and meet virtually, cutting time, costs, and greenhouse gas emissions from travel.





Cisco WebEx enables anyone, anywhere to host dynamic web-based meetings virtually. All you need is an Internet connection.	Cisco TelePresence combines high-definition audio and video for live, life-sized, face-to-face interaction over the network.	Cisco Virtual Office supports flexible working by giving remote access to high-quality secure network services.

These technologies can help individuals and organizations significantly reduce their carbon footprint. But our solutions can do much more than cut impacts from travel.

Connected energy management

By tapping into the power of the network, Cisco solutions enable customers to monitor and control energy use and related emissions to:

- Improve the efficiency of power distribution through Cisco Connected Grid

- Cut energy use of IT equipment using Cisco EnergyWise
- Provide a holistic approach to the energy management of buildings with Cisco Smart+Connected Buildings

Innovation for a sustainable future
Our vision is to help people live and work more sustainably by bringing all these solutions, and more, together. The network will play a central role in bringing people together to solve global issues from transportation and healthcare to education and security.

This is not an idealistic notion. Cisco is already working with partners to make it a reality, and we continue to invest in innovation for a sustainable future.

See Low-Carbon Solutions for more information.

Social Benefits

Cisco collaborative solutions are connecting people with essential information and services across cultural, economic, and physical barriers. Our products bring people together and improve the delivery of healthcare and education.

Improving healthcare access
The use of video conferencing and data-sharing technology provides a direct link between patients and medical providers regardless of distance. It creates an environment similar to what patients experience when they visit their medical provider.

Cisco HealthPresence Solution extends healthcare to rural and underserved communities across the developed and developing world. It combines high-definition video, advanced audio, and network-transmitted medical data.

Find out more here

See our Healing Together video here

Video enabled teaching & learning
Video-based data sharing and communications technologies are transforming education delivery and development. Cisco's Campus Experience, a nextgeneration learning solution, incorporates multiple technologies to provide personalized and engaging learning experiences while improving operational efficiency and student-teacher collaboration.

Key Products and Impacts

Digital Media Suite includes Cisco Show and Share, and digital signage, which help deliver on-demand lectures, live broadcasts, and education materials direct to desktops and classrooms.

Cisco Advanced Services provide IT infrastructure planning and deployment support to help schools integrate and optimize networking and collaborative technologies.

Flip video cameras in the classroom allow students and teachers to record presentations. These can be shared among classmates and colleagues to enhance the learning environment.

Find out more about these solutions here

See our Learning Together video here

Safety & security

Cisco video and network security technologies are improving physical and IT security for schools and students in the United States. Our network and campus protection solutions integrate physical and IT security technologies, including the Cisco Notifi-ED solution, to provide a safe and secure learning environment while enhancing threat detection and response rates.

Photo of students using the Cisco Notifi-ED solution

Cisco Notifi-ED provides a simple, cost-effective, and easy-to-manage mass notification solution to help students feel safe and informed.

Find out more here

Global Reporting Initiative Index

The Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines are a set of internationally recognized indicators covering a company's social, economic and environmental impacts.

This table covers the GRI G3 indicators found in our 2010 Corporate Social Responsibility Report, 2010 Annual Report, and company website. It includes all G3 core indicators including those that we do not report against. We have only included additional indicators if we report against them.

Strategy and analysis

Section	GRI G3 guideline	Location
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Tae Yoo and John Chambers on CSR
1.2	Description of key impacts, risks and opportunities.	Governance and Ethics/Material Issues

Profile

Section	GRI G3 guideline	Location
2.1	Name of reporting organization.	Cisco Systems, Inc
2.2	Primary brands, products and or services.	Products & Services
2.3	Operational structure of the organization including main divisions, operating companies, subsidiaries and joint ventures.	Governance and Ethics/ Collaborative Management Model Corporate Overview
2.4	Location of organization's headquarters.	Worldwide Contacts

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Section	GRI G3 guideline	Location
2.5	Number of countries where organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Worldwide Contacts
2.6	Nature of ownership and legal form.	Restated Articles of Incorporation of Cisco Systems, Inc
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Worldwide Contacts
2.8	Scale of the reporting organization including: Number of employees Net sales Total capitalization broken down in terms or debt and equity; and Quantity of products or services provided	Worldwide Contacts 2010 Annual Report/Selected Financial Data
2.9	Significant changes during the reporting period regarding size, structure or ownership, including: • Location of, or changes in operations, including facility operations, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations.	Corporate Development
2.10	Awards received in the reporting period.	CSR Awards and Recognitions

Report Parameters

Section	GRI G3 guideline	Location
3.1	Reporting period for information provided.	July 25, 2009 – July 31, 2010
3.2	Date of most recent previous report.	CSR Report 2009
3.3	Reporting cycle.	Cisco FY10
3.4	Contact point for questions regarding the report or its contents.	citizenship@cisco.com
Report scope and boundary		

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Section	GRI G3 guideline	Location
3.5	Process for defining report content, including: · Determining materiality. · Prioritizing topics within the report; and · Identifying stakeholders the organization expects to use the report.	Governance and Ethics/Material Issues Governance and Ethics/Stakeholder Engagement
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Cisco and subsidiaries
3.7	State any specific limitations on the scope or boundary of the report.	Only as noted in report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Acquisitions
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Report Card/KPIs
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Report Card/KPIs The Environment
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Report Card/KPIs
GRI content index		
3.12	Table identifying the location of the Standard disclosures in the report.	This table
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider.	Governance and Ethics/Stakeholder Engagement

Global Reporting Initiative Index

Governance, Commitments and Engagement

Section	GRI G3 guideline	Location
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance and Ethics/Corporate Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Governance and Ethics/Corporate Governance Corporate Governance
4.4	Mechanisms for stakeholders and employees to provide recommendations or direction to the highest governance body.	Governance and Ethics/Stakeholder Engagement Our People/Working Together Investor Relations
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements) and the organization's performance (including social & environmental performance.	Compensation and Management Development Committee Charter
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	Governance and Ethics/Management Approach/Collaborative Management Model
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation.	Governance and Ethics/Business Ethics/ Code of Conduct Our Value Chain/Our Approach

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Governance and Ethics/Corporate Governance Governance and Ethics/CSR Governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Governance and Ethics/Corporate Governance Corporate Governance
Commitments to external initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Governance and Ethics/Management Approach/Risk Management The Environment/Product Impacts
4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organization subscribes or endorses.	Governance and Ethics/Global Standards Governance and Ethics/Industry Collaboration
4.13	Members in associations and/or national/international advocacy organizations in which the organization: · Has positions in governance bodies · Participates in projects or committees · Provides substantive funding beyond routine membership dues; or · Views membership as strategic	Governance and Ethics/Industry Collaboration The Environment/Advocacy
Stakeholder Engagement		

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
4.14	List of stakeholder groups engaged by the organization	Governance and Ethics/Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Governance and Ethics/Stakeholder Engagement Governance and Ethics/CSR Governance Governance and Ethics/Material Issues
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Governance and Ethics/Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Governance and Ethics/Stakeholder Engagement

Performance: Economic

Section	GRI G3 guideline	Location
Disclosure on Management approach		Governance and Ethics/Management Approach Society/Economic Development Annual Report 2010/Letter to Shareholders
Economic Performance indicators		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	2010 Annual Report/Consolidated Statements of Operations 2010 Annual Report/Consolidated Statements of Cash Flows 2010 Annual Report/Consolidated Statements of Shareholder's Equity Report Card/KPIs

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	The Environment/Low-Carbon Solutions
EC3	Coverage of the organization's defined benefit plan obligations.	Our People/Rewarding Our People Report Card/KPIs
EC4	Significant financial assistance received from government.	Cisco does not receive financial government support
Aspect: Market presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Cisco provides competitive levels of compensation above local minimum wage requirements
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	Our Value Chain/Supplier Diversity
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	
Aspect: Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement.	Society/Education Society/Healthcare Society/Economic Development Society/Critical Human Needs and Disaster Relief Report Card/KPIs
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Society/Education Society/Healthcare Society/Economic Development Society/Critical Human Needs and Disaster Relief Report Card/KPIs

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Performance: Environmental

Section	GRI G3 guideline	Location
Disclosure on Management approach		The Environment/Environmental Management
Environmental Performance indicators		
Aspect: Materials		
EN1	Materials used by weight or volume.	
EN2	Percentage of materials used that are recycled input materials.	The Environment/Product Impacts/Product Packaging and Documentation
Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	Report Card/KPIs
EN4	Indirect energy consumption by primary source.	Report Card/KPIs
EN5	Energy saved due to conservation and efficiency improvements.	The Environment/Operational Impacts/ Energy and Climate Change Report Card/KPIs
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	The Environment/Product Impacts/Product Energy Efficiency
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	The Environment/Operational Impacts/ Energy and Climate Change The Environment/Low-Carbon Solutions
Aspect: Water		
EN8	Total water withdrawal by source.	The Environment/Operational Impacts/ Water Report Card/KPIs

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
EN10	Percentage and total water volume of water recycled and reused.	The Environment/Operational Impacts/ Water
Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity outside protected areas.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	The Environment/Operational Impacts
Aspect: Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	Report Card/KPIs
EN17	Other relevant indirect greenhouse gas emissions by weight.	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	The Environment/Operational Impacts/ Energy and Climate Change The Environment/Low-Carbon Solutions Report Card/KPIs
EN19	Emissions of ozone-depleting substances by weight.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	
EN21	Total water discharged by quality and destination.	
EN22	Total weight of waste by type and disposal method.	The Environment/Operational Impacts/ Operational Waste Report Card/KPIs

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
EN23	Total number and volume of significant spills.	
Aspect: Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	The Environment/Product Impacts
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	The Environment/Product Impacts/Product Take-Back and Recycling Report Card/KPIs
Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Annual Report, Notes to Consolidated Financial Statements, Legal Proceedings
Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	The Environment/Operational Impacts/ Energy and Climate Change

Performance: Labor Practices and Decent work

Section	GRI G3 guideline	Location
Disclosure on management approach		Our People/Working Together Our People/A Safe and Healthy Environment Our People/An Open and Diverse Culture Our People/Employee Opportunities
Labor Practices and Decent Work Performance Indicators		

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
Aspect: Employment		
LA1	Total workforce by employment type, employment contract and region.	Our people Report Card/KPIs
LA2	Total number and rate of employee turnover by age group, gender and region.	Report Card/KPIs
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Our People/Rewarding Our People/ Report Card/KPIs
Aspect: Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Cisco meets all applicable laws, regulations and standards where we do business.
Aspect: Occupational health and safety		
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work related fatalities by region.	Our People/A Safe and Healthy Environment Report Card/KPIs
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Our People/A Safe and Healthy Environment
Aspect: Training and education		
LA10	Average hours of training per year per employee by employee category.	Our People/Employee Opportunities Report Card/KPIs
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their careers.	Our People/Employee Opportunities

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
LA12	Percentage of employees receiving regular performance and career development reviews.	Our People/Employee Opportunities
Aspect: Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Our People/An Open and Diverse Culture Report Card/KPIs
LA14	Ratio of basic salary of men to women by employee category.	

Performance: Human Rights

Section	GRI G3 guideline	Location
Disclosure on management approach		Governance and Ethics/Business Ethics Governance and Ethics/Human Rights Our Value Chain/Our Approach
Human Rights indicators		
Aspect: Investment and procurement activities		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Governance and Ethics/Business Ethics/ Ethical Business Partners
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Our Value Chain/Our Approach
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees that are trained.	Governance and Ethics/Business Ethics/ Training and Awareness
Aspect: Non- discrimination		
HR4	Total number of incidents of discrimination and actions taken.	

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Section	GRI G3 guideline	Location
Aspect: Freedom of Association and Collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	
Aspect: Child Labor		
HR6	Operations identified as having a significant risk for incidents of child labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Our Value Chain/Our Approach
Aspect: Forces and compulsory labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	

Performance: Society

Section	GRI G3 guideline	Location
Disclosure on management approach		Governance and Ethics/Business Ethics Society/Our Approach
Society performance indicators		
Aspect: Community		
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
Aspect: Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Governance and Ethics/Risk Management Governance and Ethics/Code of Business Conduct
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Governance and Ethics/Business Ethics/ Training and Awareness
SO4	Actions taken in response to incidents of corruption.	Governance and Ethics/Business Ethics/ Reporting Concerns Annual Report, Notes to Consolidated Financial Statements, Legal Proceedings
Aspect: Public policy		
SO5	Public policy positions and participation in public policy development and lobbying.	Global Policy and Government Affairs (GPGA)
Aspect: Anti-competitive behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes.	Annual Report, Notes to Consolidated Financial Statements, Legal Proceedings
Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Annual Report, Notes to Consolidated Financial Statements, Legal Proceedings

Performance: Product responsibility

Section	GRI G3 guideline	Location
Disclosure on management approach		Governance and Ethics/Human Rights The Environment/Product Impacts/ Minimizing Use of Hazardous Materials

Global Reporting Initiative Index

Section	GRI G3 guideline	Location
Product responsibility Performance indicators		
Aspect: Customer Health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	The Environment/Product Impacts/ Minimizing Use of Hazardous Materials
Aspect: Product and service labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and service subject to such information requirements.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Annual Customer Satisfaction Survey
Aspect: Marketing communications		
PR6	Programs for adherence to laws, standards and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.	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.
Aspect: Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	There were no reportable breaches during FY10
Aspect: Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Annual Report, Notes to Consolidated Financial Statements, Legal ProceedingsNew Window

