2015 Corporate Social Responsibility Report

CISCO

"What is good for the world and good for business are more closely connected than ever before."

Chuck Robbins
CEO

Contents

How to Use This Report

Cisco's 2015 CSR report is based on the Global Reporting Initiative G4 Guidelines.

Each topic shown to the right has two sections:

- Our Priorities: Highlights Cisco's strategy and key CSR issues

- The Details: Provides more information requested by our stakeholders

Bookmarks

This PDF is bookmark-enabled.

Recommended Software

Adobe Acrobat Version 7.0 and above.

Further information on Cisco's CSR activities are available online at csr.cisco.com.

Introduction

Cisco has pioneered the development of networking technologies for more than 30 years. We design and sell a broad range of routing, switching, and other networking-based technologies. Increasingly, we deliver our technology and services to our customers as integrated solutions including cloud, video, mobility, security, collaboration, and analytics.

Our products and solutions connect people, processes, data, and things in meaningful ways and are the foundation of the next wave of the Internet– the Internet of Everything (IoE). IoE enables countries, cities, industries, and businesses to develop new models, deliver better customer experiences, and create new revenue streams and operating models to drive efficiency and value.

Together with our ecosystem of partners and developers, these new capabilities are creating unprecedented opportunities for our customers–creating jobs, making cities smarter, and enhancing healthcare and education systems–changing the way the world works, lives, plays, and learns.

2015 Highlights

US$49.2 billion net sales in FY15

$49.2B

US$6.2 billion (12.6% of our FY15 revenue) invested in R&D

$6.2B

More than 71,500 employees

71,500

Operations in more than 165 countries

165

$286M

700 suppliers around the world

700

US$286 million in cash and in-kind contributions to community programs by Cisco and the Cisco Foundation

25,000

25,000 engineers focused on innovative research and development

A message from
Chuck Robbins

In today's world, technology is enabling us to create incredible value at a pace faster than we have ever seen. As we connect people, machines, and devices around the world, we create enormous opportunity while changing lives.

I am proud to introduce Cisco's Corporate Social Responsibility (CSR) report, which shows in so many ways how our focus on combining human and technological innovation is helping people and our planet.

As an example, over the last 18 years, our Cisco Networking Academy® program has helped more than 5.5 million students at 9500 learning institutions in 170 countries develop the skills to thrive in the digital economy. Our four-year investment in the Jordan Healthcare Initiative has benefited 150,000 patients through a series of projects that use collaboration and communication technologies to transform how healthcare is delivered.

In FY15, we also made solid progress on our environmental goals. We increased energy efficiency and renewable energy through our EnergyOps Program, and we broadened the scope of our goals to include our supply chain.

None of this would be possible without the dedication of our amazing people, who make all of this happen. We've challenged and empowered all of our employees to "connect everything, innovate everywhere, and benefit everyone," and we are investing in the tools, skills, and resources to support them in that effort. Cisco's new Executive Leadership Team is also more diverse in gender, ethnicity, age, and work experience than ever before, and one of the most diverse in the industry.

I truly believe that what is good for the world and good for business are more closely connected than ever before. As more and more people and things come online and become connected, we have more opportunity than ever to change the world. Our leadership role as a corporate citizen and steward is core to all that we do, and will be a key driver of our long-term success.

I look forward to continuing this important work in the years ahead.

Chuck Robbins
CEO

CSR & Our Business: A message from

Tae Yoo

In our digitized world, astonishing opportunities emerge when people connect. By 2020, there is the potential to connect 50 billion people, processes, data, and things through the Internet. When you consider the magnitude of that number, you can see how powerful digitization can be as we work to solve some of the world's most pressing problems.

Our vision is to empower people and societies to thrive in this new digitized economy to create exponential social, environmental, and business impact.

As our CEO Chuck Robbins noted in his message, CSR is core to Cisco's long-term success. Our strategy focuses on 4 primary areas:

1. Help advance positive social change through technology-based solutions and multi-stakeholder partnerships that support access to critical human needs, education, healthcare, and economic empowerment.
2. Address the challenges around the growing Information and Communications Technology (ICT) skills gap and global unemployment—especially youth unemployment—by empowering a new generation of global problem solvers who "innovate like technologists, think like entrepreneurs, and become social change agents".
3. Ensure that economic growth does not come at the expense of the environment by addressing energy consumption from our operations, supply chain, and products, while helping our customers address their own environmental sustainability challenges.
4. Invest in the future to create conditions for sustainable economic growth, earn the ongoing trust of our stakeholders, and promote ethical conduct and human rights in everything we do.

I am delighted that each section of the CSR report this year is introduced by executive leaders from the responsible business functions, reflecting alignment of CSR strategy with core business strategy. We will continue to drive this integration and further sharpen our focus on the most material CSR issues with our new Executive Leadership Team.

In 2015, Cisco was honored to be named to Fortune magazine's first-eve "Change the World" list, which recognizes companies that have made significant progress in addressing major social problems as a part of their core business strategy. This CSR report shares some of the stories about how technology has benefitted humanity.

In the end, the digitization era is bigger than Cisco—or any company, for that matter. It will require unprecedented cooperation between many companies, organizations, and governments. Together, I am hopeful we can make a difference in people's lives, communities, and the planet.

Tae Yoo
Senior Vice President, Corporate Affairs

CSR Materiality—Our Priorities

In FY15, we refreshed our CSR materiality assessment, bringing our teams across the business together to evaluate the key CSR issues identified with input from external stakeholders in FY14. We used this assessment to help prioritize our resources and investments in the context of the changing business environment and to inform the scope of the CSR report. Those CSR issues assessed as being of highest priority to the business and to our stakeholders are highlighted in Our Priorities, and are covered in more depth in The Details of each of the five CSR pillars in this report.

The assessment confirmed that many of our CSR priorities are consistent with previous years, but also that there is growing stakeholder interest and business opportunity in education and skills development, inclusion and collaboration, and product end-of-life management.

GOVERNANCE

OUR PEOPLE

SOCIETY

ENVIRONMENT

SUPPLY CHAIN

CLICK OR TAP ON EACH ISSUE TO GO TO THE RELEVANT SECTION OF THE REPORT.

Concern to Stakeholders — HIGH / LOW

Importance to Cisco's Business Success — LOW / HIGH

Hazardous Materials in Products

Local Community Impacts

Transport Emissions (Logistics)

Employee Health, Safety & Wellness

Data Security & Privacy
Talent
IT Enabling Effect
Economic Empowerment
Inclusion, Diversity, & Collaboration
Supplier Diversity
Digital Inclusion—Geographic Access
Ethical Conduct
Product Energy Efficiency
Supply Chain Labor Standards
Energy Consumption (Operations)
Ethical Sourcing
Social Application of ICT
Digital Rights

Water Use

Operational Waste

Digital Inclusion—User Accessibility

Liquid Effluents (Water Pollution)

Waste—Product End of Life

Sustainable Material Sourcing

Waste—Product Packaging

Supplier Energy Management

Non-GHG Airborne Emission

Biodiversity & Land Use

About This Report

This report covers our 2015 fiscal year (FY15), from July 27, 2014, to July 25, 2015. Data includes all of our operations around the world, unless otherwise stated. The report sets out our approach, objectives, and progress on each of the five core pillars of our CSR strategy: Governance and Ethics, Our People, Society, Environment, and Supply Chain.

In our CSR strategy and reporting, we prioritize the CSR issues that are most important to our business and our stakeholders. These issues are identified through a formal CSR materiality assessment (see page A6).

We encourage feedback from stakeholders and use this report to respond to what we have heard from a broad set of our stakeholders throughout the year. Changing our approach can take time given the complexity of our business, but we aim to be open and transparent about our progress and the challenges we face.

Assurance

We engage extensively with stakeholders and CSR experts throughout the year. We listen to their feedback to assess and enhance our CSR approach, performance, and reporting.

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

GRI Index

We align our reporting with the Global Reporting Initiative's Sustainability Reporting Guidelines, and this report is our first aligned with their G4 guidance.

An overview of our most material CSR issues is given in Our Priorities, with further information, data, and references to GRI indicators provided in The Details.

A full index of alignment with the GRI G4 indicators is available on page G1.

Governance & Ethics

Our Priorities

"A commitment to ethical conduct–and to the governance structures that ensure we walk the talk–provides the foundation for us to earn our stakeholders' trust. We are focused on addressing concerns around high-priority issues such as digital rights, ethical conduct, and data security and privacy."

Mark Chandler
Cisco Senior Vice President,
General Counsel and Secretary,
and Chief Compliance Officer

Cisco is committed to creating technology solutions that solve our customers' challenges and make the world a better place by connecting the unconnected. To bring that value to the world, it is essential that we have the trust of all our stakeholders—our employees, our employees, customers, and suppliers, and the communities in which we operate. A commitment to ethical conduct—and to the governance structures that ensure we walk the talk—provides the foundation for us to earn that trust.

Our ongoing commitment to governance and ethics is informed by the results of the CSR assessment we conducted this year. We are focused on addressing concerns around high-priority issues such as digital rights, ethical conduct, and data security and privacy. We strive to tackle challenging issues head on, make our communications and processes simple, be accountable for fulfilling our commitments, and empower all our employees to do what is right. Our Code of Business Conduct (COBC) sets out our expectations for employees and helps them make ethical decisions.

Respect for human rights plays a very important role in maintaining these foundational principles. Looking ahead, we will be increasingly vocal in advocating and defending a multi-stakeholder approach to Internet governance, maintaining open and global product standards, and supporting attempts to reform outdated privacy laws. Government interference that undermines a free and global Internet is a threat to human rights. We will continue to advocate for strong freedom of expression and privacy protections, which we believe are fundamental to successful business innovation and a thriving society.

We are proud of the strides taken in FY15 to promote governance and ethics and we look forward to further strengthening our approach in FY16.

Mark Chandler

Cisco Senior Vice President, General Counsel and Secretary, and Chief Compliance Officer
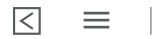
2015 Objectives and Progress

Objectives	Target Date	Progress
100 percent of eligible[1] employees to complete annual certification to the Cisco Code of Business Conduct.	End of FY15	●
Maintain a quarterly review and update of our Human Rights Roadmap, which aligns to the UN Guiding Principles on Business and Human Rights.	End of FY15	●
Engage with diverse stakeholder groups to inform our CSR strategy, performance, and reporting.	End of FY15	○
Augment and deepen engagement with key socially responsible investors for more meaningful dialogue on issues of importance to our investors.	End of FY15	○
Maintain an average positive response from at least 83 percent of employees to the CSR statements in our annual employee Pulse Survey.	End of FY15	●
Continue evaluating and refining our CSR materiality assessment.	End of FY15	●

1. Excludes employees in France (which has a separate system), those recently joining Cisco through acquisitions, those on a leave of absence, and interns; also excludes contractors, who must abide by our Supplier Code of Conduct.

● Achieved   ◐ Partially Achieved   ○ Ongoing
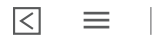
2015 Highlights

8 Years

Ethisphere Institute has recognized Cisco as one of the World's Most Ethical Companies® for eight consecutive years.

584

Cisco employees raised 584 ethical questions or concerns through the Ethics helpline. Nearly half of these were questions seeking further guidance.

Nearly 25,000 employees have completed our new "Human Rights in the Digital Age" video-based training course.

25,000

Digital Privacy

Promoted digital privacy rights through our support of the U.S. LEADS Act and our support in Microsoft's case with the U.S. government debating the legality of a search warrant for emails stored on servers in Ireland.

PRIORITY

Data Security and Privacy

Data security and privacy are concerned with how companies use consumer data for the purpose of improving their customers' online experience, and how that data is protected. To bolster consumer confidence, customer trust, and e-commerce, businesses must be committed to protecting their customers' privacy. We detail our position on security and customer privacy in our privacy position statement, our security position statement, and our online privacy statement, and it is discussed further in the Data Security and Privacy section of this report (see page B14).

As our Executive Chairman John Chambers shared at this year's World Economic Forum, we believe the Internet of Everything can positively revolutionize the way we connect as a society; however, we cannot ignore the omnipresent risk of potential security breaches. Chambers said, "There are two types of companies: those who have been hacked, and those who don't yet know they have been hacked." Recognizing this reality, we work to drive security innovation in our products and supply chain to combat the ongoing threats by groups and individuals seeking to compromise the security of networks.

Innovation is key to continuing the development of cyber technologies and security solutions. As such, we do not believe that governments should regulate the design or development of security technologies. Rather, we advocate for reasonable state, provincial, and national government policies that meet the needs of the global economy without hindering the continuous improvement of new technology

development. Where governments do regulate to address privacy concerns, this should be based on internationally recognized principles, and not to mandate the use of specific technologies or business models.

Our privacy policy is based on respect for our customers and a commitment to protect the information they have shared. In FY15, we retained the Privacy Seal by TRUSTe, demonstrating that our privacy policy and programs meet best practices for transparency, accountability, and choice in the collection and use of personal information. We also recertified our compliance with the U.S.-EU Safe Harbor framework with the U.S. Department of Commerce for customer, partner, and employee data.

Read more on B14.

> "There are two types of companies: those who have been hacked, and those who don't yet know they have been hacked."

John Chambers
Executive Chairman

PRIORITY

Ethical Conduct

We believe that long-term, trusting business relationships are built on honesty, acting ethically and with integrity. Our Code of Business Conduct (COBC) provides employees with a clear understanding and expectation of the high ethical standards we pride ourselves on, while our accompanying training is tailored to higher-risk functions and roles. Through these standards and practices, we have been recognized by the Ethisphere Institute as one of the World's Most Ethical Companies® for eight consecutive years.

Our COBC and ethics training is designed to educate our employees about unlawful or unethical conduct that may be wrongly used to secure direct business or preferential treatment. We have zero tolerance for corrupt behavior among our employees. In FY15, 99.9 percent of our employees completed an annual certification of compliance with the Cisco COBC.

Our Ethics Office provides our employees with a safe platform to report concerns regarding ethical behavior, and we encourage employees to do so in good faith. In FY15, 584 cases were submitted to the Office from Cisco's top five revenue-generating country locations, nearly half of which were questions seeking further guidance on integrity and ethics questions.

Our Global Anti-Corruption Policies enable our employees and partners around the world to understand how to comply with local and international laws.

Cisco does not make any political contributions to candidates that run for U.S. federal or state elected office, and we are transparent about any policy engagements we undertake on behalf of the technology industry's public policy priorities and interests.

Read more on B13.

Our Priorities | The Details

PRIORITY

Digital Rights

Digital rights is a core element of our Human Rights Policy. We believe that technology provides our customers with immensely beneficial access to information and an open platform for freedom of expression and communication. While Cisco's products continue to offer innovative opportunities and digital advancements, they also remain susceptible to modern-day security and privacy risks should our equipment be used inappropriately or our networks breached.

As a result, we are committed to designing risk-resilient products and dedicated to promoting reasonable government legislation that respects user privacy without transgressing the rule of law, such as our advocacy for the LEADS Act.

We are responsive to regulatory action that we believe impedes on individuals' digital rights. In FY15, we supported Microsoft's defense against the U.S. government's demands to access email account content stored on servers in Ireland.

We also support regulations and trends regarding increased transparency on digital rights. In FY15, we issued our first "transparency report," providing information on requests or demands for customer data that we receive from law enforcement and national security agencies around the world.

Cisco believes that industry self-regulation can be effective in protecting privacy, strengthened by innovative tools to provide consumers with choices to protect their personal data and understand how it is collected and used. We continue to seek new ways to improve the security of our products while upholding our customers' rights to enjoy technology without being subject to infringements on their freedom of speech and privacy.

Read more on B16.

In the February 6, 2015, issue of the Harvard Business Review (HBR), John Chambers was recognized as one of the world's ten best CEOs, based on Cisco's financial performance and our impact on employees, communities, governments, and society.

HBR's analysis suggests that financial performance accounts for only 35 percent of a CEO's legacy, whereas 65 percent is attributed to non-financial criteria, including governance, workplace, and corporate citizenship. HBR also found that high-reputation companies have higher returns and excel on other key measures investors use to assess corporate performance.

I want to emphasize that Cisco is committed to creating technology solutions that solve our customers' challenges and make the world a better place by connecting the unconnected. To bring that value to the world, it is essential that we have the trust of all our stakeholders. HBR's recognition emphasizes why we are committed to our governance structures and ethical conduct, which ensure we walk the talk to build trust and long-term business relationships. It also reinforces that our Corporate Social Responsibility focus is not only good for the world, but good for our business.

Mark Chandler
Cisco Senior Vice President,
General Counsel and Secretary,
and Chief Compliance Officer

Our Plans

In FY16, we will continue to monitor the CSR issues of greatest priority to our business and earn the trust of our stakeholders worldwide through ongoing dialogue and engagement.

We will review our governance policies and practices and provide our employees with the tools they need to make ethical decisions. To inform and guide our ongoing approach to respecting human rights, we will align with international frameworks such as the United Nations Global Compact and the UN Guiding Principles on Business and Human Rights. Through multi-stakeholder initiatives and public forums, we will work to promote an open and secure Internet that spurs innovation for the benefit of business and society.

2016 Objectives

Objectives	Target Date
Conduct annual CSR materiality assessment.	End of FY16
Human Rights Working Group quarterly review and update of our Human Rights Roadmap, which aligns to the UN Guiding Principles on Business and Human Rights.	End of FY16
Publish twice yearly transparency report that includes data requests or demands for customer data received from law enforcement and national security agencies around the world.	End of FY16
Engage with diverse stakeholder groups to inform our CSR strategy, performance, and reporting.	End of FY16
100 percent of eligible[1] employees to complete Cisco Code of Business Conduct annual certification.	End of FY16

1. Excludes employees in France (which has a separate system), those recently joining Cisco through acquisitions, those on a leave of absence, and interns; also excludes contractors who must abide by our Supplier Code of Conduct

Governance &
Sustainability
Management

Ethics

Data Security
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Governance & Ethics

The Details

Strong governance and ethical conduct are essential to the success of our business, helping us build a sustainable, resilient business and gain the trust of our employees, customers, and stakeholders. Governance and ethics are routinely identified as areas of great focus, both to our internal business success and our external stakeholders—in particular, data security and privacy, digital rights, and human rights.

We intend to sharpen our focus on these governance and ethics concerns as part of a larger effort to review our current CSR approach and develop a comprehensive long-term vision. This will include assessing our current CSR structure and identifying ways to better integrate processes and communication channels within our corporate governance structure. We are proud of our reputable standards for ethical conduct and believe it is important to continue our efforts to improve and build upon our strong foundation of good governance. The following section describes in detail how we have dealt with ethical concerns, as well as our intention to address emerging issues and strengthen our business resilience to CSR risks.

Governance and Sustainability Management

Key GRI G4 Indicators

GRI G4 Standard Disclosures: 15, 16, 24, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 45, 46, 47, 48, 51, 52, 53.

Details of our corporate governance policies and process are available in our Annual Report and on our Investor Relations website.

Risk Management

Our business grows through our culture of innovation—finding new ways to connect people and improve lives across the world.

The Board of Directors, acting directly and through its committees, is responsible for overseeing our robust risk management processes. Working groups across the business report directly to the Board's Audit Committee, which oversees financial and risk management policies. Cisco practices and programs are designed to help manage business risks and to align risk taking appropriately with our efforts to increase shareholder value.

Our strong incident management and business continuity programs allow us to respond quickly to disruptions or threats and minimize impact to our employees and business.

CSR Management and Corporate Governance

Tae Yoo, Cisco's Senior Vice President of Corporate Affairs, leads our CSR efforts through our Sustainable Business Practices (SBP) team. This team helps to

Table 1. Stakeholder Engagement

We maintain regular dialogue with our key stakeholders. Their views help us prioritize issues, better align our business to society's needs, and develop our CSR strategy and programs. In addition to valuing our ongoing engagement with stakeholders in regards to CSR issues, we also offer our shareholders the opportunity to provide feedback on our remuneration policies at annual meetings.

Stakeholder Groups	Engagement Forums and Tools	
Communities	Cisco Foundation	Cisco Platform blog
CSR opinion leaders	Cisco support forums	High-Tech Policy blog
Customers	Annual Customer satisfaction survey	Industry working groups
Employees	"We're Listening" blog	Annual meeting of shareholders and company reporting
Government and regulators		
Industry	Annual Employee Pulse Survey	Investor Relations
Investors	Quarterly "all hands" meetings	Partner community forums
Nonprofits	Ethics Helpline	Partner Education Connection
Sales channel partners	Public policy engagement	Social media—Facebook, Twitter
Suppliers		

develop our CSR strategy by managing our reporting, engaging with external stakeholders, feeding their insights back into the business, and helping business units prioritize CSR issues (see Figure 1).

The SBP team acts as a catalyst for improvements by collaborating with others throughout the business to design programs that create long-term, sustainable benefits for our business and society. Local CSR teams and relevant functions—such as supply chain, engineering, and ethics and integrity—embed our CSR efforts into our business activities, set goals, implement plans, and measure performance. Our Sustainability Executive Team (SET) governs our major environmental initiatives and is responsible for Cisco's strategy and performance in this area. SET is discussed in more detail

in the Environment chapter. The SBP team manages the strategy, funding, resources, organization, schedule, and execution of SET, as well as environment-related issues not requiring SET engagement.

In FY15, John Chambers served as Cisco's Executive Chairman of the Board of Directors and our Chief Executive Officer. Our Nomination and Governance Committee recommends candidates for election to the Board, taking into consideration diversity, business experience, and other areas that contribute to an effective Board. More information on our corporate governance structure, remuneration policies, and committee duties can be found in our Annual Proxy Statement, and further details can be found in each committee's charter.

Our Priorities | The Details

Cisco's executives and the SBP team regularly engage in CSR/sustainability activities, including attendance at the World Economic Forum and responding to stakeholder inquiries, such as those from the Business and Human Rights Resource Centre and the socially responsible investor (SRI) community.

Our current corporate governance structure provides robust oversight of corporate affairs through our various committees. In FY16, we plan to review our approach so we can better integrate CSR issues into the overall governance and management of Cisco, paying special attention to CSR issues that are most relevant to our business and our stakeholders.

Public Policy and Political Support

Our Global Government Affairs team works with industry stakeholders, partners, and government leaders to influence global, national, and local policies that affect our business. Further details can be found on our Cisco Public Policy Engagements website and our High Tech Policy blog.

Cisco does not make political contributions to candidates for U.S. federal or state elected office. Cisco also does not engage in independent expenditures or electioneering communications, nor do we make payments to trade associations or other industry groups to be used specifically for political purposes. To assess whether trade associations, industry groups, and other politically active tax-exempt organizations, such as those organized under Internal Revenue Code section 501(c)4, comply with this policy, Cisco informs all of its groups of this restriction by written communication on an annual basis. We occasionally make contributions in support of U.S. local and state ballot measures on issues that affect our operations, such as transportation or education. Cisco fully complies with all reporting requirements regarding such contributions and we are planning to disclose those contributions on our Government Affairs webpage. In addition, Cisco will review these contributions with the Board of Directors on at least an annual basis.

Cisco's employee-sponsored political action committee (ePAC) enables eligible U.S. employees to contribute to the campaigns of U.S. federal and state elected officials and political candidates who champion the technology industry's public policy priorities.

Global Partners and Forums

We partner with a wide range of global and local organizations to shape and extend the reach of our CSR programs, including governments, nonprofits, multilateral organizations, and peers. A member since 2002 of the World Economic Forum (WEF), Cisco's engagement with the WEF influences our CSR strategy and helps us learn from and share best practices. Other memberships include the Clinton Global Initiative (CGI), Business for Social Responsibility (BSR), the Conference Board's Sustainability Council II on Products, Technologies and Solutions, and the UN Global Compact.

Figure 1. Our CSR Business Process

Business Functions

Sustainable Business Practices Team

Performance Measurement — 6

CSR Reporting — 1

Stakeholder Engagement and Analysis — 2

Stakeholder Feedback to the Business — 3

Prioritization, Goals, and Initiatives — 4

Implementation — 5

Governance &
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Ethics

Key GRI G4 Indicators

GRI G4 Standard Disclosures: 49, 50, 54, 56, 57, 58.

GRI G4-HR3: Total number of incidents of discrimination and corrective actions taken.

GRI G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.

At Cisco we put our values into practice every day; doing the right thing is just a part of our DNA. Doing business honestly, ethically, and with integrity helps us build long-term, trusting relationships with our customers, suppliers, employees, and stakeholders worldwide.

Code of Business Conduct

Our user-friendly Code of Business Conduct (COBC), offered in 15 languages, helps guide our employee behavior and decisions in an engaging way, providing interactive elements including an ethics decision tree, videos, FAQs, and links to other resources.

Ethics Training

All regular employees (where permitted by law) must recertify compliance with the COBC each year.

Anti-corruption training is mandatory for most legal staff; employees in sales, marketing, and services; and channel partners, distributors, and sales-supporting consultants.

Other ethics training materials are available via an internal ethics website that includes videos, links to policies, and an ethics discussion forum. As with the COBC, some training is tailored for different functions and roles, such as sales teams, finance professionals, and employees who interact with government officials.

Reporting a Concern

We encourage employees and other stakeholders to promptly report concerns to us about suspected unethical behavior.

To do this, they can:

- Speak to a manager or Human Resources representative.
- Contact members of our Legal or Ethics Offices directly.
- Contact the Ethics Office by email at ethics@cisco.com or through our anonymous web form.
- Call our global Ethics Helpline, available 24 hours a day in more than 150 languages.
- Submit a concern via the Ethics Fax Line.
- Submit a concern by mail.

No one will face retaliation when a concern is raised in good faith.

Most concerns raised relate to conflicts of interest and Human Resources issues. All concerns are addressed and investigated appropriately. Violations of the COBC are subject to discipline, which may include termination of employment. Find out more in our COBC.

CASE STUDY
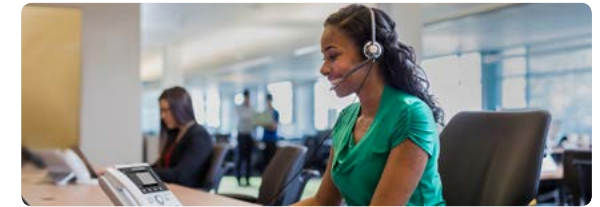
Ethics Helpline FY15 Results

We provide several confidential ways to get help with an ethical question or concern. We do not tolerate retaliation against individuals for reports of misconduct that are made honestly and in good faith.

Our Ethics Office accepts incident reports in five ways: by phone, mail, email, fax, or online. We strive to manage all inquiries promptly and confidentially, to the extent provided by law.

In FY15 the Office received 584 cases in total; nearly half were questions seeking further guidance on integrity and ethics questions. This is an increase from 467 cases in FY14, and demonstrates increased awareness of and confidence in the Ethics Helpline.

The five most common types of cases in FY15 related to the receipt of gifts (70), relationships (72), employee relations (76), policy issues (160), and outside business commitments (264).

In addition, following the rollout of our human rights training certification, we received two inquiries from employees seeking further information. No human rights grievances were filed.

Where violations of our ethics and integrity expectations were found, the types of action taken by Cisco included formal warnings and disciplinary action.

The Ethics Office reports quarterly to the Cisco Audit Committee.

Governance &
Sustainability
Management

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Human Rights

Data Security and Privacy

The Internet of Everything brings significant benefits to society, but also raises potential data security and privacy concerns. People can now access and share personal or business information anywhere, at any time, on any device. This makes securing data more difficult and increases the design challenges.

We are accountable for trustworthy product development, supply chain security, customer data protection, and transparency to earn the verifiable trust of our customers, partners, shareholders and employees. This is clearly reflected in our Trust and Transparency Center, which we launched in FY15.

Security and Privacy by Design

At Cisco, "data security by design" means that security is not an add-on but a core component of the development of our products, services, and systems. A dedicated Cisco team provides guidance and targeted training on designing with security in mind throughout our business. These activities complement our annual Global Security Education event, privacy and security videos, and other training.

Our guidelines and other resources help engineers and product managers understand how to integrate security, privacy, and data protection into new products and applications. This helps them design features and functionality that make it easier for Cisco, customers, and end users to protect their personal information and comply with relevant regulations. For example, the Cisco Secure Development Lifecycle is a repeatable and measurable process we have designed to increase the resiliency and trustworthiness of our products. Read more.

Securing the Cloud

Cloud computing has changed the way people and organizations share information. Our cloud systems help companies to secure access to their cloud, and we protect them using best-practice security systems, such as Security Intelligence Operations. We analyze emerging trends, threats, and innovations to help identify new opportunities and look for early warnings where security threats may occur. We use the Cloud Security Alliance guidance to assess potential security risks related to cloud solutions.

We use our cloud security services to help maintain the integrity of our own operations. This helps reduce risks and improve the protection of proprietary information. Our supplier review program assesses service providers to mitigate potential risks for cloud solutions in particular.

Learn more about Cisco's commitment to cloud security.

Compliance

Compliance with privacy regulations is managed by a team of representatives from our Legal, IT, Information Security, Sales, Services, Marketing, and Human Resources functions. Our global program for reporting and tracking incidents provides a standard process to report, categorize, monitor, refer, and investigate alleged incidents.

Training is a key component of our compliance program. We make online privacy training modules and resources available to all employees and contractors through our internal privacy portal. We also provide privacy and security training specific to certain roles; this is also part of our COBC and accompanying training.

In addition to regulatory compliance, we voluntarily support several ambitious and successful industry-led initiatives, such as the Online Privacy Alliance and TRUSTe, which are well-respected efforts that achieve a reasonable balance between consumer protection and business requirements.

Providing Transparency

It is our priority to drive increased transparency into our security and privacy approach. For this reason, our new Trust and Transparency Center is dedicated to providing the information, resources, and answers to cybersecurity questions that help manage security and privacy risk.

The Center contains:

- Our Trust Principles, which describe our commitment to strong protections for our customers, products, and company—such as providing equal and simultaneous access to security vulnerability information for all parties globally.

- Our approach to building the highest levels of security into everything we do.

- Our data protection program and policies.

- Our new Transparency Report, which contains data and Cisco's principles regarding requests or demands for customer data that we receive from law enforcement and national security agencies around the world. Like other technology companies, we will publish this data twice yearly.

Read more.

Governance &
Sustainability
Management

Ethics

**Data Security
& Privacy**

Human Rights

Promoting Security Awareness

The Cisco Security Education Program uses our experience to help other organizations increase security awareness. The Cisco Security blog offers regular updates and tips, while our weekly Cyber Risk Report highlights current data security concerns and activity. The report addresses seven major risk management categories: vulnerability, physical, legal, trust, identity, human, and geopolitical.

We also collaborate with peers to share our experiences through organizations such as:

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

Supporting Industry Peers and Protecting International Law Compliance

Cisco has been a prominent supporter in Microsoft's landmark case with the U.S. government which debated the legality of a search warrant for msn.com emails stored on a server in Ireland. Microsoft refused to comply with the request to provide the content of the user's emails, arguing that the U.S. has no authority to issue a search warrant outside its territory. Rather, the company suggested the government process this request for personal data through the U.S.–Ireland Mutual Legal Assistance Treaty (MLAT).

In June 2014 Cisco joined with Apple to submit an amicus brief to the U.S. District Court in support of Microsoft, supporting their position that the warrant does not apply overseas and that the MLAT process is the best course of action. The Electronic Frontier Foundation submitted a similar brief, providing further support on behalf of our industry as we try to balance the interests and privacy of our customers with the appropriate application of domestic and international law. Cisco continues to support Microsoft as the case continues into the Second U.S. Circuit Court of Appeals.

Taking a LEAD to Update Privacy

In February 2015 the Law Enforcement Access to Data Stored Abroad (LEADS) Act was introduced to Congress with the intent to update privacy law and preserve the U.S. tech industry's access to overseas markets. Its passage will give law enforcement the tools needed to execute search warrants in a manner that respects user privacy and the sovereignty of host nations.

Cisco has joined a coalition of technology companies through the ACT | The App Association to lend our support for the LEADS Act. As a signatory to a joint letter to the U.S. Congress advocating for the passage of the LEADS Act, we believe this timely amendment to outdated laws will strengthen consumer privacy rights, clearly define the framework for law enforcement, and allow U.S. technology companies to continue innovating.

We will continue to advocate for or against proposed legislation that we find either aligned to or incongruent with our approach to data security and protecting user privacy.

Read more.

Human Rights

We use the power of our business to enable social, environmental, and economic progress. We believe it is our responsibility to realize this progress in a way that respects human rights across our operations, business relationships, products, and services.

Our approach and commitment to upholding and respecting human rights is governed by our Human Rights Policy. First published in 2012, our policy is informed by international human rights frameworks, including the Universal Declaration of Human Rights (UDHR), the International Labour Organization (ILO) core labor standards, and the UN Global Compact. The policy reflects our commitment to apply the UN Guiding Principles on Business and Human Rights, which establish clarity on the relationship between the state's duty to protect human rights and the corporate responsibility to respect human rights. We review the policy annually.

Governance

We have a formal, company-wide human rights governance structure to implement our commitment to human rights. Our Human Rights Working Group includes experts from functions across the business, including Supply Chain, Privacy, Government Affairs, Business Strategy, Communications, and Investor Relations. The Working Group is overseen by our Corporate Affairs and Legal departments and is sponsored by Randy Pond, Cisco's Senior Vice President of Operations.

Digital Rights: Freedom of Expression and Privacy

We believe that the rights to freedom of expression and privacy are fundamental to our business and society. The Internet has transformed these rights, allowing billions of people in nearly every nation to access information previously unavailable to them—and we are proud of our role in this. However, technologies, including ours, can be used by governments and organizations to both enable and impede communications, and to both protect and impair privacy.

Our goal in developing ICT systems is to expand access to information and promote innovation. To meet this objective, we build our products on open, global standards, which we believe are critical to overcoming censorship, protecting privacy, and keeping the world connected. Our work across the world is guided by the following principles:

- We do not participate in business activities that would aid repression.

- We do not support attempts by governments to fragment the Internet or create a "closed" Internet; such attempts undermine fundamental human rights, including the right to freedom of expression.

- We do not customize or develop specialized or unique filtering capabilities to enable regimes to block access to information.

- We do not supply or support mediation equipment that allows the interception of telephone calls made over the Internet using Voice over Internet Protocol (VoIP).

- We do not deliberately build backdoors into our products, and we do not knowingly enable backdoors in our products.

A full appreciation of the human rights issues associated with network equipment requires an understanding of the equipment's core features. The nature of Internet routing is such that in order to deliver messages and content, service providers generally can see the IP addresses of the senders and recipients of information and, in the absence of adequate encryption, the contents of messages and attachments.

Individuals, companies, and countries make their own decisions with respect to how they operate networks and network security in terms of protecting the network itself from denial of service and other attacks and protecting users from spam, hacking, and virus attacks. This requires operators to have capabilities that can also be used to block access to particular websites or copy and download users' communications. For network management purposes, network operators also require the ability to identify the protocols used for different types of traffic. We cannot shut down such networks— only network operators have that capability. We advocate that users should have access to workable encryption, and we have opposed the efforts of some governments to block users from adequate encryption.

For these reasons, we believe that the threat to freedom of expression and Internet freedom today resides not in standardized equipment, but in efforts to adopt special protocols that deviate from global norms and efforts to enable special censorship or filtering systems. We have worked in opposition to such efforts and will continue to do so. We do not and will not supply video surveillance cameras or video surveillance monitoring software in our public infrastructure projects in China. We are strongly committed to a standards-based global Internet that maximizes the opportunities for freedom of expression, and we do not customize our equipment to help any government to censor content, track Internet use by individuals, or intercept Internet communications.

INTRODUCTION   GOVERNANCE & ETHICS   OUR PEOPLE   SOCIETY   ENVIRONMENT   SUPPLY CHAIN   GRI INDEX

Our Priorities | The Details

Governance & Sustainability Management

Ethics

Data Security & Privacy

Human Rights

Digital Rights: Product Use

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

We also believe in an open Internet where people can access the same information no matter where they are in the world. We design our products and services to enable this access while safeguarding human rights. Our commitment to an approach that balances protecting user data privacy and the rule of law is further demonstrated by our support for the LEADS Act introduced to the U.S. Congress earlier this year. We will continue to support legislation that is an appropriate response to the modern innovation era, which generates great technological advances that need to be used and regulated responsibly.

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

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

Digital Rights: Internet Security

There is undoubtedly a tension between security and freedom today. We want governments to detect and disrupt terrorist networks while respecting their citizens' basic human rights.

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

Human Rights Training

To help Cisco employees understand the relationship between technology and human rights, we now offer "Human Rights in the Digital Age," a new video-based training course. Human rights training is part of our commitment to help everyone at Cisco understand what human rights are and the human-rights-related concerns in the IT sector.

In FY15, this training was rolled out to more than 36,000 employees who work in business functions most likely to have direct engagement with human-rights-related business decisions, such as our Sales, Services, and Supply Chain teams. At the close of FY15, 24,465 employees had completed the training.

In FY15, we also expanded our coverage of human rights in our Code of Business Conduct (COBC) annual certification process for all eligible employees. The COBC achieved a 99.9-percent completion rate.

We continue to encourage leaders to share this training with their teams, and we plan to enhance the training in FY16.

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Digital Rights: Global Standards

We believe that open and global product standards play an important role in protecting and respecting human rights. For this reason, we work with policy makers and participate in standards-setting bodies, working groups, and industry coalitions to create and maintain a secure global standard for many of our leading technologies, ranging from wireline and wireless local-area network (WLAN) connections to video encoding/decoding and security/encryption services. Some examples include:

- The Institute of Electrical and Electronics Engineers (IEEE)
- The Internet Engineering Task Force (IETF)
- The International Standards Organization (ISO)
- The Common Criteria for Information Technology Security Evaluation
- The International Telecommunications Union (ITU)
- The World Summit on the Information Society (WSIS)

In addition, Cisco continues to be an active participant in important discussions relating to the future of Internet governance.

For example, alongside other companies and civil society organizations, we are continuing our efforts to ensure that the ITU does not replace the existing multi-stakeholder approach to internet governance with a government-led multilateral approach. We believe that Internet governance needs to remain a multi-stakeholder process, a proven approach that created the open Internet of interconnected network of networks in which anyone can access content and use applications from anywhere on the globe. Read more.

We are also active participants in the World Economic Forum's Future of the Internet Initiative, which aims to strengthen trust and expand cooperation on Internet-related challenges and opportunities. The purpose of the initiative is to help develop the Internet as a core engine of human progress and safeguard its globally integrated, highly distributed, and multi-stakeholder nature. It will consider topics such as internet governance, privacy, cybercrime, access, and business models.

Codes of Conduct

The rights of our employees are enshrined in our COBC and in policies and guidelines that direct our day-to-day activities and business decisions. These policies and guidelines incorporate relevant laws and ethical principles, including those pertaining to freedom of association, non-discrimination, privacy, freedom of expression, compulsory and child labor, immigration, fair pay, and working hours. We are also working to increase awareness of human rights among our employees through the human rights training described on page B17.

To help protect the rights of workers in our supply chain, we maintain a Supplier Code of Conduct, which describes our expectations on key human rights issues, including the prevention of child and forced labor.

We partner with suppliers who share our values, maintain a supplier audit process and capability-building programs, and uncover and remediate human rights violations. For more information about our supply chain program, including our positions on slavery and human trafficking, and conflict minerals, see Supply Chain page F19.

As we continue to grow our business through acquisitions and commercial agreements, we understand the necessity of performing due diligence and including appropriate clauses in our contracts for human-rights-related issues.

Our Human Rights Engagement

We regularly engage and collaborate with our stakeholders on human rights issues to gain greater understanding, measure the ongoing effectiveness of our work, and to help us gauge expectations.

Examples of our collaboration in FY15 include:

- **Institute for Human Rights and Business (IHRB):** Engagement with IHRB helps us understand potential areas of concern and our ability to address them.
- **Business for Social Responsibility (BSR):** We are active participants in BSR's Human Rights Working Group, a forum for companies from all industries to share ideas, exchange best practices, and discuss challenges. We also work closely with BSR to develop and execute a strategic Human Rights Roadmap. At BSR's 2014 annual conference, Mark Chandler, Cisco's Senior Vice President, General Counsel, and Secretary participated in a discussion on respecting human rights in the technology sector, moderated by Eileen Donahoe, Director of Global Affairs at Human Rights Watch.
- **Electronic Industry Citizenship Coalition (EICC):** Cisco is a founding member of the EICC. For more information about our involvement with the EICC, see Supply Chain, page F13.
- **Global Network Initiative (GNI):** We support the principles of the GNI applicable to operators of public Internet access networks and include them in contracts and processes where applicable.
- **Business and Human Rights Resource Center (BHRC):** Cisco has earned a 100-percent response rate in regards to BHRC inquiries about our business in Myanmar.

Our Human Rights Roadmap

We have updated our Human Rights Roadmap to focus our efforts on Cisco's key role of supporting an open and secure Internet, as well as integrate human rights issues more systematically across the company. Our updated roadmap and intentions for FY16 and beyond are:

1. Human Rights Stakeholder Engagement

We will deepen our engagement with stakeholders on the relationship between human rights and the future of the internet. This will include topics such as multi-stakeholder internet governance, internet security and privacy, trust and transparency, and open and global product standards.

2. Human Rights Advocacy

We will use policy, diplomatic, and standards-setting channels to be increasingly vocal in our support for open and global product standards, and a multi-stakeholder approach to Internet governance.

3. Policy and Strategy

Our global Human Rights Policy articulates our commitment to human rights and our approach to managing concerns such as privacy, data security, labor rights, and freedom of expression. We will review the policy on an annual basis, and continue to refine our strategy. Read more.

4. Governance and Sustainability Management

Our cross-functional Human Rights Working Group meets every quarter to discuss the implementation of our Human Rights Roadmap, including stakeholder engagement and refining our governance model and processes. To strengthen the integration between this working group and our other CSR efforts, we will review our approach to the overall governance and management of CSR at Cisco.

5. Due Diligence

We will implement approaches to human rights due diligence consistent with the UN Guiding Principles on Business and Human Rights.

6. Remediation

Employees and other stakeholders can submit questions or concerns related to human rights by email or telephone through our Ethics Helpline. We will review the level of uptake, and the types of concerns raised.

2015 World Economic Forum

In January 2015, Cisco Executive Chairman John Chambers and top company executives joined other business, political, and international organization leaders in Davos, Switzerland, for the World Economic Forum meeting. Cisco regularly participates in this annual meeting to gain valuable insight on economic and social challenges and opportunities in markets around the world, and show our ongoing commitment to improving societies and economies through digitization.

John Chambers participated in a broadcast panel on "The New Digital Context" and explained the Internet of Everything (IoE) and how everything will soon be digital—from cars to clothing to cities. He also noted Cisco's ongoing commitment to providing customers with secure products that can help mitigate the growing risks of security breaches.

Cisco was also central to conversations on technology's role in workforce development. We were part of the 2014 Global Talent Competiveness Index launch, which ranked countries on their ability to attract, develop, and retain talent. Cisco contributed a chapter on "Talent Growth as an Equaliser," discussing how addressing the growing shortage of ICT professionals through programs like Networking Academy™ can help emerging economies reach their full potential.

Climate change was another key topic. Chris Dedicoat, our President of EMEAR at the time, participated in discussions on the business and environmental value of a circular economy to overcome the current "take-make-dispose" economic model.

Also, during the WEF, Cisco's nonprofit partner NetHope announced its collaboration with Cisco, Facebook, Inveneo, and the Paul G. Allen Family Foundation to improve communications for those fighting the Ebola virus in West Africa. Cisco donated more than a half-million dollars in cash, expertise, and product to deliver reliable communications needed to stop the crisis. This highlights the power of public/private partnerships.
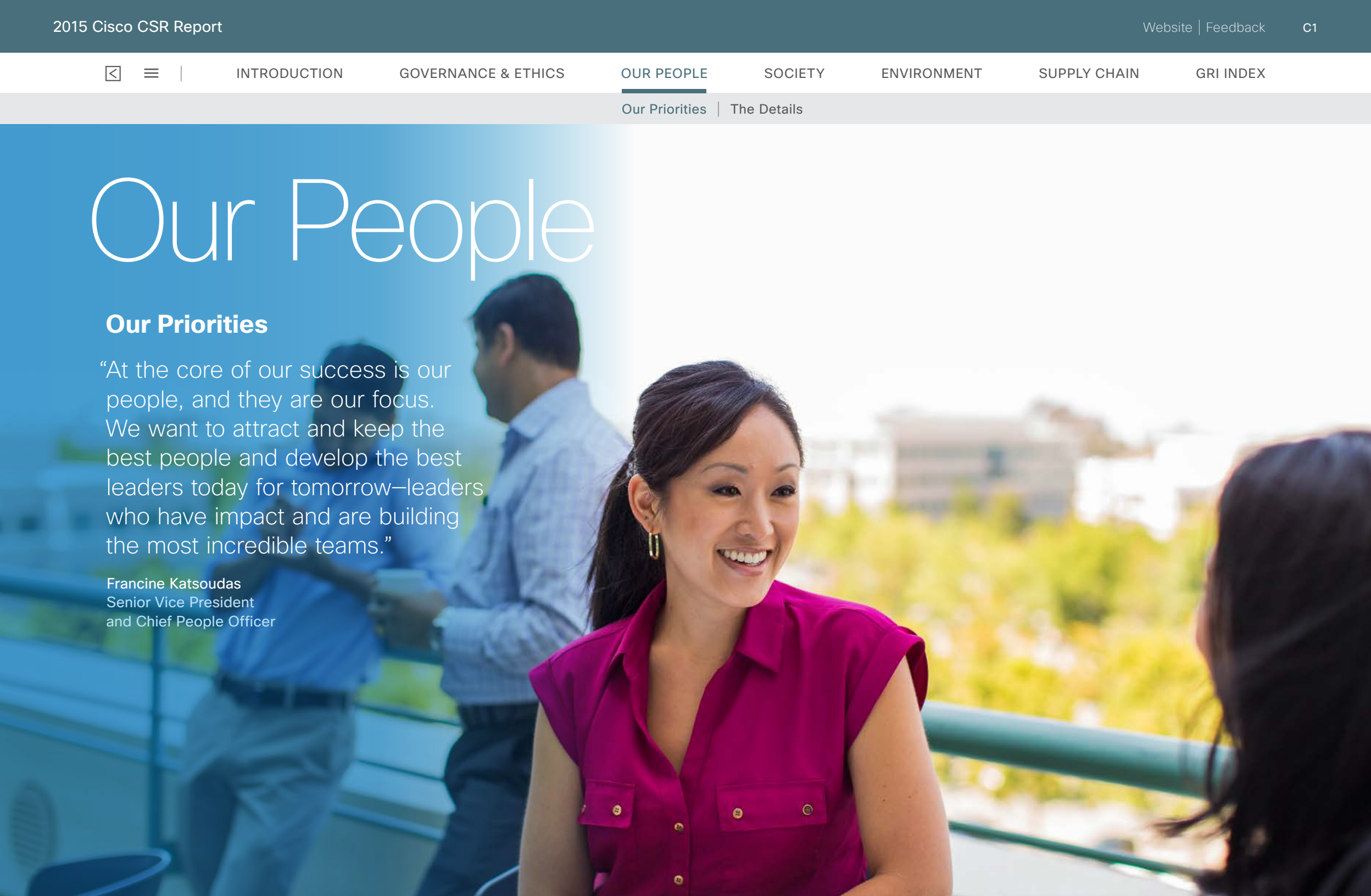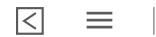
Our People

Our Priorities

"At the core of our success is our people, and they are our focus. We want to attract and keep the best people and develop the best leaders today for tomorrow—leaders who have impact and are building the most incredible teams."

Francine Katsoudas
Senior Vice President
and Chief People Officer

It is an exciting time at Cisco. We are building our next chapter. Together, we are doing amazing things, and we are impacting the world.

We are driving the evolution of our business and creating a culture of learning, passion and innovation. This requires us to be bold. To be agile and quick. To lead transformations. To create and support an environment where our people can be their best selves.

At the core of our success is our people, and they are our focus. We want to attract and keep the best people and develop the best leaders today for tomorrow—leaders who have impact and are building the most incredible teams.
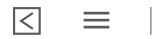
In 2015 we launched Our People Deal, which is centered on unleashing every employee's potential. Our people told us what they needed to make Cisco and the world a better place. We listened. We were inspired. Our People Deal focuses on how:

- We connect everything—people, processes, data, and things—and we use those connections to change our world for the better.

- We innovate everywhere to create fresh ideas and possibilities. Taking bold risks to shape the future because we understand every failure can become a success if we learn from it.

- We make a meaningful difference for our people, our customers and the world around us. We support each other and work together to create shared success that will benefit everyone.

Our people share in our mutual success and we reward their incredible work in many ways from both an individual and family perspective. This includes providing competitive pay and their birthday day off, as well as offering on-campus state-of-the-art medical care, fitness centers, childcare, paid family time and college coaches. Our people are core to our business, and we want to show our commitment to them every single day.

Francine Katsoudas
Senior Vice President and Chief People Officer

2015 Objectives and Progress

Objectives	Target Date	Progress
Launch a new People strategy focused on: • **Talent:** Deliver innovative and consistent career development and employee experience. • **Leadership:** Build diverse and global leadership capabilities and pipeline. • **Culture:** Inspire employees to embrace culture, values, and integrity. • **Organizational effectiveness:** Deliver organizational transformation through workforce planning and organizational health analytics.	End of FY15	●
Launch a new performance management program.	End of FY15	●
Establish leadership commitments and introduce a capability assessment model. Use this leadership assessment to drive accountability and provide managers with the capabilities they need to develop their teams.	End of FY15	●
Establish a differentiated compensation model that rewards behaviors and outcomes that support business success.	End of FY15	●
Strengthen recruitment by building a clear picture of what Cisco offers prospective employees.	End of FY15	◐
Develop a talent plan for key strategic roles, with a priority on internal talent progression.	End of FY15	◐
Transition to an enterprise-wide approach to drive awareness, increase our workforce diversity, and integrate inclusion into key business and talent systems, policies, and practices.	End of FY15	◐

● Achieved   ◐ Partially Achieved   ○ Ongoing
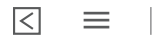
2015 Highlights

Our People Deal

We launched Our People Deal, focused on transforming the employee experience at Cisco.

Great Place to Work™

No. 1 Italy
No. 1 Portugal
No. 1 Switzerland
No. 2 Spain
No. 3 Chile
No. 4 Norway
No. 4 Peru

International Recognition

Fortune 100 Best Companies to Work For

No. 1 Aon Hewitt Best Employer (in Czech Republic and Canada)

Performance Management

We developed Sync Up, a new way of managing performance. 72 percent of people leaders and 70 percent of employees agreed that Sync Up allows for more meaningful performance and development discussions.

Best Teams

We established our People Leadership Commitments to drive transformations, build the best teams, and create the best employee experience.

Leadership Diversity

We created an executive leadership team diverse in gender, ethnicity, generation, and work experience.

PRIORITY

Talent: The Right People, at the Right Time

Our business strategy is clear. We are now transforming the work experience, investing in our employees to be at their best, and enabling them to innovate.

That's where Our People Strategy and Our People Deal come in. We are connecting our business strategy with Our People Strategy, which will help us achieve our business outcomes through our people and teams. Our People Deal details our values, what our employees can expect of us, and what we ask of them in return.

Our People Strategy and Our People Deal will help us:

- Drive improvements in the way leaders manage people
- Enable an innovative employee experience that attracts the best
- Take inclusion and collaboration further than ever
- Identify and keep our top talent to spark innovation and secure our future

Keeping and developing our people is fundamental to Our People Strategy. We have so many talented people who choose to build their careers with us. In fact, around 40 percent of our jobs are filled by people who already work here.

One way we make this happen is through the Stretch Assignment Marketplace (SAM). In addition to the traditional career development path through internal requisitions and career advancement, SAM is a place where employees can find a short-term project or assignment to develop their skills. The assignments do not exceed six months or eight hours per week and give our people the opportunity to expand their skills and network, creating access to future growth opportunities. Anyone at Cisco can post a stretch assignment or apply to an available assignment. We filled 300 stretch assignments in FY15; 79 percent of the assignments were cross-functional. On average, one new assignment is posted each day.

Read more on C21.

Developing Tomorrow's Leaders—Right Now

Leadership Pipeline

We don't just train. We nurture people's skills and invest in their leadership potential.

One of Cisco's many initiatives is an 18-month development program for high-potential people leaders at early career stages. Our goal is to retain this top talent, accelerate their impact on the company, and prepare them for influential roles within the company. Our reach with the program is global and crosses every function, enabling us to foster a global community of tremendous talent, ready to address the challenges that arise in every area of our business. Currently, we have retained 97 percent of this population and have over 260 participants engaged in innovation projects across the company, aggressively working to deploy their learnings on current business challenges.

Further, 52 percent of the program participants have received a promotion within the last 18 months to the next level of responsibility. The acceleration of this talent is creating tremendous depth for us at critical leadership positions across the company.

We also have created an alumni network for this talent to continue to have an accelerated impact on the company following the completion of the program. They are expected to be catalysts for innovation and change within their role and across their teams.

PRIORITY

Inclusion, Diversity, and Collaboration

To achieve our business goals and accelerate our transformation through our people, we need innovative strategies to fuel a highly diverse, inclusive, and collaborative culture. This need offers a growing opportunity to Cisco, as both customers and investors are focused on increasing the number of women and minorities in all leadership roles, including the composition of our Board of Directors. In 2014, we created the Office of Inclusion and Collaboration (OIC) to blaze the trail—beginning with the groundwork needed to support an inspired vision of unleashing the full power and potential of our people.

To start, we have redefined how we talk about diversity, inclusion, and collaboration; look at key challenges and opportunities; communicate what's at stake; and come together to create strategies to drive exponential value for Cisco, our customers, and our communities.

We have expanded our view of diversity, creating a broader, deeper understanding of the power of diverse perspectives from across different cultures, abilities, genders, generations, ethnicities, orientations, and points of view.

Read more on C15.

We have used years of research and thought leadership to lead the way and help fulfill the promises of Our People Deal. We have sharpened our focus on the initiatives that have the ability to create exponential value in driving inclusion, diversity, and collaboration, laying the groundwork by:

- Expanding our insight into diverse representation
- Exploring new practices to attract and hire diverse talent
- Driving leadership capabilities
- Accelerating the development of emerging leaders
- Growing vibrant communities

CASE STUDY

All In: Global Momentum Through Inclusion and Collaboration (I&C)

Accelerating our transformation through our people starts with creating the right opportunities to inspire and support them. In 2015, we gained global momentum in doing just that, bringing people together on a global scale to connect and discuss what it really takes to be inclusive—to collaborate, to overcome obstacles, to step outside comfort zones, and to blaze new trails that benefit everyone.

This year, we saw record attendance at our Women of Impact Conference—a flagship event for the development and advancement of women in technology. Attendance doubled to over 6500 employees, customers, and partners across 80 sites worldwide. Our theme—"Be Fearless"—resonated well with our global group, which included a strong showing by Cisco's Men for Inclusion employee network. Approximately 18,000 new connections were created during the day, and 98 percent of the participants agreed the conference was a worthwhile investment in their career.

In Japan and EMEAR, we created I&C Week, expanding on a three-year tradition of bringing forward-leaning employees together to connect, share, learn, and grow. In 2015, the agenda focused on making the conversations around inclusion and collaboration relevant to our customers and partners and on driving innovation—such as the "Do Something Different Tool" to inspire and track new inclusive behaviors.

CASE STUDY

Inspiring Imaginations: Hackathons and Incubators

Hackathons are marathon-style events. We set a challenge, then give teams just 24 hours to dream up and build a working prototype.

HackIT

Our biggest hackathon is now in its sixth year. Fueled by caffeine, snacks, and video games, and spurred on by the chance to win US$10,000 in prizes, more than 550 would-be hackers from across our company took part in the latest one. Teams submitted more than 100 projects. No less than 15 percent of them have the potential to become real products and services.

Network Programmability Hackathon

In March, we ran a hackathon to create new "killer" apps or scripts, attracting 450 people from 27 countries who came up with 100 ideas. We put the best ones into our "incubators" and gave out prizes totaling $10,000.

IT Incubators

To get the most ground-breaking ideas off the ground within 90 days, we place them into "IT incubators." We give the Cisco people behind the ideas the resources they need to get the projects going, including lab space, mentors, tools, and access to investors, sponsors, and other team members. We've completed 15 projects; 14 more are underway, and three are in the final stages.
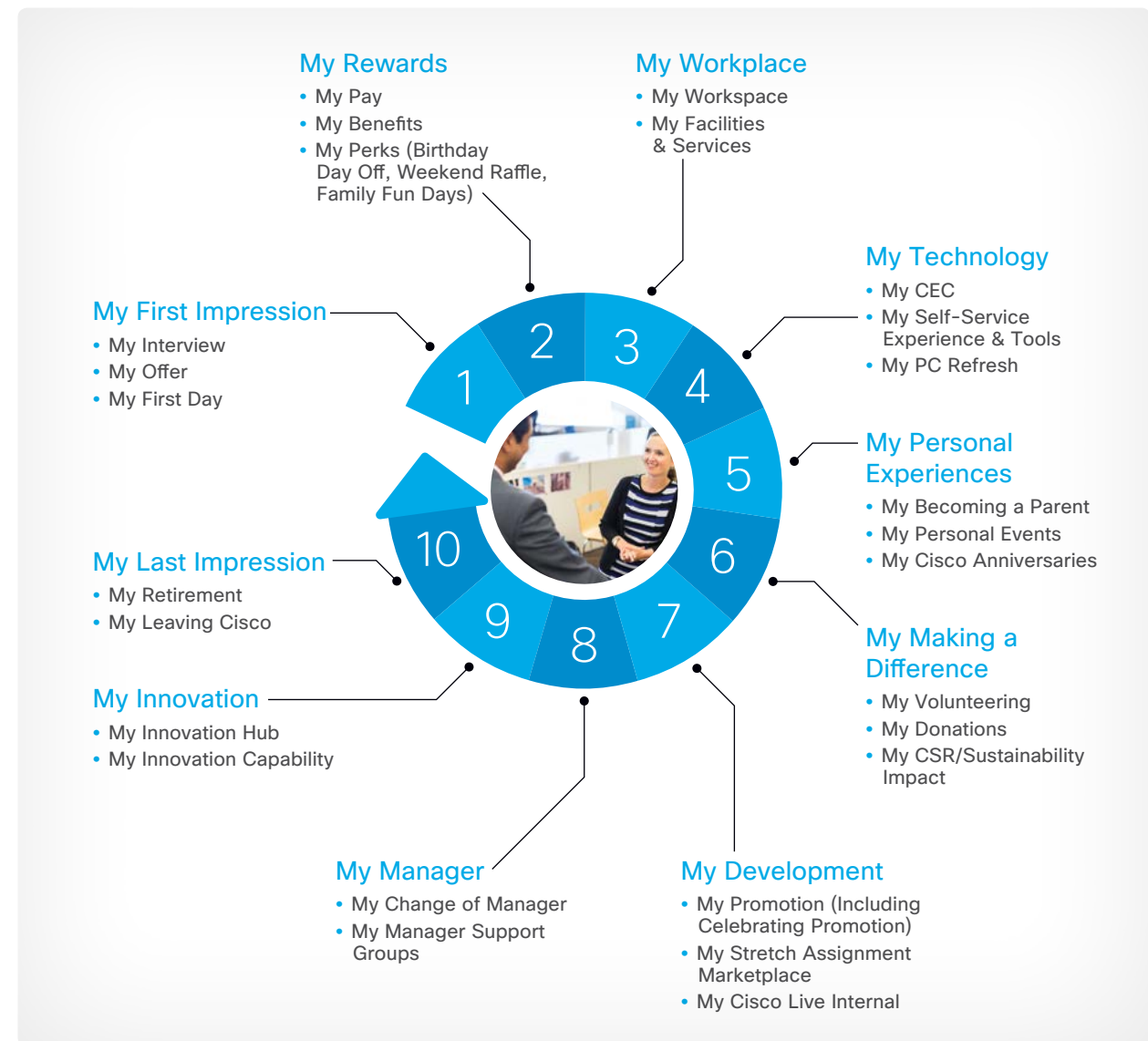
Our Plans

To create the most innovative experience for employees, we asked our people what matters most, and based on their feedback, we have pinpointed the "Moments That Matter" in their careers. Now we are working to improve them so we can fulfill the promise of Our People Deal.

Some of this work is big and will take time. We can make other changes more quickly. However, all of these changes are crucial, so we are working on all of them right away, rather than prioritizing just a few. The key is that we are keeping our eyes set squarely on creating the best employee experience.

"I want Cisco to be known for having the most innovative employee experience. I want us to be known as a company that builds amazing teams, transforms how work is done, and changes the world."

Chuck Robbins
CEO

Moments That Matter

My Rewards
• My Pay
• My Benefits
• My Perks (Birthday Day Off, Weekend Raffle, Family Fun Days)

My Workplace
• My Workspace
• My Facilities & Services

My Technology
• My CEC
• My Self-Service Experience & Tools
• My PC Refresh

My First Impression
• My Interview
• My Offer
• My First Day

My Personal Experiences
• My Becoming a Parent
• My Personal Events
• My Cisco Anniversaries

My Last Impression
• My Retirement
• My Leaving Cisco

My Making a Difference
• My Volunteering
• My Donations
• My CSR/Sustainability Impact

My Innovation
• My Innovation Hub
• My Innovation Capability

My Manager
• My Change of Manager
• My Manager Support Groups

My Development
• My Promotion (Including Celebrating Promotion)
• My Stretch Assignment Marketplace
• My Cisco Live Internal

2016 Objectives

Objectives	Target Date
Transform the employee experience through Our People Deal by: • Focusing on Connecting Everything, Innovating Everywhere, and Benefiting Everyone; continuing to focus on our employee experience by delivering the Moments that Matter (those defining career/personal moments for employees) • Launching a new performance management experience (building on our new Sync Up approach) • Continuing to engage employees to innovate through creative forums including the Innovation Challenge	End of FY16
Accelerate Leadership Development to elevate the Power of Teams by: • Using analytics and technology to provide leaders with insight into their team's strengths, work priorities, and engagements • Launching the best teams at Cisco, understanding what the leaders of these teams do to accelerate excellence	End of FY16
Build a plan for digital HR that will seamlessly allow our talent to be mobile, productive, and agile.	End of FY16
Scale and accelerate our enterprise-wide approach to drive awareness, increase our workforce diversity, and integrate inclusion into key businesses and talent systems, policies, and practices.	End of FY16

Our People Deal

Inclusion, Diversity, & Collaboration

Developing Our People

Rewarding Our People

A Safe & Healthy Workplace

Our People

The Details

We are writing our next chapter. We are going to connect more things than ever, innovate more than ever, and benefit more people than ever.

At the center of it all is our people. Our success depends on them—their engagement, their talent, their innovation, and their desire to continue to learn and grow.

We can attract and keep the best people by making their experience with us the best it can be. We are going to give them a flexible work environment where they will be safe and healthy, where they can be their authentic selves, where they can get training and improve themselves, and where they will be rewarded for hard work.

Our People Deal

Inclusion, Diversity, & Collaboration

Developing Our People

Rewarding Our People

A Safe & Healthy Workplace

Our People Deal

This year, we created Our People Deal. We have always wanted it to be a movement—not a mandate. Something to inspire and empower our people. We listened to our people and used their own ideas to create it.

Our People Deal sums up what it means to be part of Cisco and it is integral to everything we do. It is our vision of who we want to be and what people can expect from us. It is about connecting everything, innovating everywhere, and benefiting everyone.

It's Already Working

Our people have spoken, and we have listened. Here are some of the changes we have already made.

- **Better ways to manage performance:** We now focus on our people and their development. For example, Sync Up gives us real-time feedback between people leaders and employees—and keeps it all informal.

- **Clearer expectations for people leaders:** Our leaders now have People Leadership Commitments to guide them in driving transformation, building the best teams, and creating the best experience for our people. Now our people also can give their leaders direct feedback on how they are living up to these commitments.

- **Better benefits:** We now have "take your birthday off," for example. We have also changed our formula for bonuses to be more equitable.

- **More supportive culture:** We are more focused on supporting amazing teams and transforming how people do their work. We have also created an environment where 88 percent of our people believe they are able to bring their authentic self to work regardless of background or beliefs.

- **More recognition for good work:** Our Connected Recognition program lets people praise their colleagues and reward them in real ways.

- **Improved office technology:** Our people can be more agile, connect better, and innovate more. We use our Cisco TV, WebEx,® TelePresence,™ Spark,™ and Jabber® technologies to connect with people anywhere in the world in real time.

- **Better communication:** We help our people communicate more freely and closely by using the latest communication technology. The Cisco Employee Connection (CEC) is a hub where Cisco people from all over the world can get the latest news on our business, strategy, brand, culture, and awards. We refreshed our CEC to be more dynamic and agile and to enable employees to find information faster. It is updated constantly and approximately 90 percent of our people use it as their main source of company news.

- **Improved recruiting:** We want the best. We use social media, events, and our career website to connect, engage, and attract those people. In addition, we launched a social media recruiting tool we call Social Avengers, and it has increased our followers by 40 percent.

"We listened. We evolved."

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We're Still Listening

Everybody's voice matters. We work to make sure everyone is heard.

People Leader Feedback Survey

This year, we launched our People Leadership Commitments that spell out what makes a great leader. To see how effective they were, we asked our employees how their leaders were living up to those commitments.

Those results included 60,000 suggestions and individual reports for our 7330 leaders (including 95 percent of our vice presidents).

Pulse Survey

Since 2006, our annual Pulse survey has given our people a voice. Over the last 10 years, more than 75 percent (50,000 people) got back to us each year.

Through Pulse, every leader sees how their team views life at Cisco, from our culture to their confidence in our future. For example, in 2014, 71 percent of our people said they believed in our strategy, and 73 percent were confident about our future. We wanted more, so we simplified our strategy statement, developed Our People Deal, and engaged our employees. Now, 93 percent of our people agree with our strategy statement, 82 percent say they believe in it, and 83 percent are confident we will succeed.

CASE STUDY

Sync Up: Shifting Our Performance Mindset

From	To
Annual	Ongoing
"Lifeboat Drill"	"America's Cup"
The Talk	Let's Grab Coffee

Managing Performance Better

In FY15, we made a bold decision: We eliminated performance ratings and distribution curves. Instead, our leaders have ongoing, real conversations with their people. This is Sync Up, and it is an important part of Our People Deal.

A lot of people were skeptical at first, because they thought that getting rid of ratings would make the relationship between leader and employee less transparent. However, now that the vast majority of our people have started having Sync Up conversations, they realize that the elements that make a successful Cisco employee have remained the same. The difference is that it is now easier for leaders and employees to speak clearly about these things, without a rating getting in the way.

In fact, 72 percent of people leaders and 70 percent of employees agreed that Sync Up allows for more meaningful performance and development discussions than the former performance rating system.

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Key GRI G4 Indicators

GRI G4 Standard Disclosures: 10.

GRI G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender, and region.

GRI G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

A year ago, we transformed our Global Inclusion and Diversity function into a first of its kind—the Office of Inclusion and Collaboration (OIC). The formation of the OIC was based on four years of thought leadership and groundbreaking research on the business value that is possible from the convergence of diversity, inclusion, collaboration, and technology.

Inclusion and Collaboration (I&C) is a critical part of Our People Deal. We listened and used ideas from our leaders, our employees, our customers, and forward-leaning thinkers across industries to create an organization that could drive transformation through our people. I&C is our vision of how we will unleash the full potential of our people.

We have taken critical steps to expand our insight into the challenges and opportunities for increasing diverse representation. We are building inclusive leadership capabilities, starting with the top two levels of executives across the company. We have also created results-driven Inclusion Leadership Teams within every region and function.

We have focused on exploring new approaches to attracting the full spectrum of diverse talent, and are beginning the process of building new models and frameworks for innovation. We have amplified and accelerated successful initiatives to develop our emerging leaders. We have also almost doubled the number of people joining in our growing Cisco I&C Communities, from 13,000 last year to over 23,000.

It has been a milestone year for Cisco and the new OIC and we have built a strong foundation. Here are some of the significant steps we have taken:

Expanding Our Insight into Diverse Representation

Diversity is fundamental to who we are. Our view of diversity is expansive—a full spectrum of different backgrounds, abilities, genders, generations, cultures, ethnicities, orientations, work styles, and points of view. As a global company, we see diverse representation as foundational to value creation. We still have challenges to overcome. They're challenges that are common within our industry and we have come to understand that we need an uncommon approach to resolving them.

Enhancing our insight into what it truly takes to increase diverse representation was an important step this year. To gain this insight, we expanded our view into our workforce diversity data, adding new details on gender and ethnicity representation across technical, non-technical, and manager-level roles.

With new insight, we have started a powerful new dialogue across our leadership about what's at stake, what value we can create, and how we can come together to create it.

Leading the conversation is a new Chief Inclusion and Collaboration Officer, a new Chief People Officer, and a new CEO. Our Executive Leadership Team (ELT) is potentially one of the most diverse in our industry and reflects the full spectrum of Cisco's diversity—gender, generation, ethnicity, culture, experience, expertise, ability, nationality, and tenure at Cisco.

Our diverse ELT gives us new perspective and demonstrates that diversity is fundamental to our business.

Building Leadership Capability

Our insights into representation have given us an important edge in building a strong foundation. However, representation is just one part of a much larger vision. We have also been building inclusive leadership capabilities.

Starting with the top two levels of executive leaders, we are changing the way we talk about diversity, inclusion, and collaboration; the way we measure our progress; and how we connect our business strategies and our inclusive practices.

"Connect everything."

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We also have made commitments to intensify our accountability for inclusive leadership. We are committed to lead by example, and to create an inclusive environment where people openly share their own perspectives and are respected, valued, and heard. We want to inspire and attract diverse talent, break silos, and unleash the power and potential of our people so that we can clearly see how to connect everything, innovate everywhere, and benefit everyone.

We scaled the highly successful I&C Planning Process, including our Business Stakeholder Reviews, across our leaders within these top two levels. This included creating a targeted methodology for sharing and discussing organization-specific diversity data and trends and engaging leadership teams in new strategies. We built Inclusion Leadership Teams (ILTs) across every region and function to translate new insights and ideas into business-relevant strategies and align actions to goals to accelerate the culture of diverse hiring, retention, development, and inclusion. We also launched the Global ILT Innovation Forum, to give our ILTs a collaborative environment to share successful practices and drive innovation.

In order for our leaders to continue to develop the advanced skills necessary to accelerate diverse hiring, all managers and above are asked to complete our Managing Bias training. This training strengthens their ability to recognize bias and to drive the policies, practices, and systems that will help us neutralize it.

We have also made cultural competency a top priority, launching Project Horizon for 66 of our Country Leaders. Project Horizon centers on our belief that cultural competency is foundational to creating value through the power of teams across our global company. The program

Figure 1. Executive Leadership Team

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starts with rigorous assessments for each Country Leader, identifying gaps in capabilities to leverage diversity and integrate teams across cultures. Targeted development plans follow, along with transformational practices for resolving existing challenges and creating innovative solutions.

We are asking a lot of our leaders. We are asking them to align on how to build a stronger foundation and create a framework for innovation. We are asking them to break down barriers, drive action and accountability, and model greatness in inclusive leadership.

In 2015, our Pulse scores indicated an improvement within two key measures of inclusive leadership capability. The scores for the questions: "My team has a climate in which diverse perspectives are valued" and "Cisco senior leaders emphasize the value of a diverse workforce" increased year over year.

Our People Leadership Feedback Survey results affirmed our growing capabilities. The scores for the questions "My manager is committed to maximizing his/her skills, my manager is self-aware and holds herself/himself accountable for leading by example" and "My manager creates an environment where people openly share their own perspectives, are respected, valued, and heard" were the two highest rated in the 2015 survey.

Exploring New Practices to Attract Diverse Talent

As our leaders have gained new capabilities, we have explored new foundational practices to attract, retain, and promote the full spectrum of talent. In 2015, we focused on accelerating the full scale adoption of proven practices for excellence in inclusive hiring.

Our Diverse Hiring Practices are part of an integrated and holistic approach, beginning with the way we attract qualified applicants to the way we talk to candidates about their qualifications—and the people we gather to lead those conversations.

We have accelerated the adoption of Diverse Interviewer Panels (DIPs) as a key part of the interview process for all hiring opportunities across every function and every region in our company. Our data shows that Diverse Interviewer Panels, which include a set of interviewers of mixed gender and/or diverse ethnicity, increase the odds for hiring Black/African Americans by 70 percent and Hispanic/Latinos and women by 50 percent within a group of applicants for a single job requisition. Our Inclusion Leadership Teams are leading the acceleration—making sure we connect talent acquisition practices across the company and building the leadership capabilities that will enable us to amplify the value.

We also ramped up resources and training for those who make and influence hiring decisions. In FY15, all talent recruiters globally participated in training to enhance their understanding of recruiting diverse talent. They now create personal strategies for connecting with diverse talent on social media.

Accelerating the Development of Emerging Leaders

As we have created new capabilities for our top leaders, we have also created opportunities for our emerging ones. We have listened to our employees and they have told us what really makes an impact in their ability to connect, collaborate, grow, and develop the mindsets and skillsets to move forward and lead.

CASE STUDY

Marriage Equality

Benefit Everyone: The Long-Reaching Value of Marriage Equality

We were one of the very first U.S. companies to recognize that marriage inequality outside of the workplace significantly hindered our ability to provide equal benefits to the families of our LGBT employees. So we took action—years of persistent action—to address this fundamental problem.

Starting in 2009 with our groundbreaking "True Up" tax equalization measure, which provided equal tax treatment for our U.S. employees regardless of the state in which they live, we created policies and practices to break down the obstacles. We took this battle to the U.S. Supreme Court, signing "friends-of-the-court" briefs along with other forward-leaning companies arguing that "the burden imposed by inconsistent and discriminatory state laws of having to administer complicated schemes to account for differential treatment of similarly situated employees breeds unnecessary confusion, tension, and diminished employee morale."

In June 2015, the Supreme Court agreed, ruling in Obergefell v. Hodges to guarantee the right for marriage equality.

Benefitting everyone starts with equality everywhere. To achieve it, we will fight the good fight, for our employees, for our customers and partners, for our country, and for our world.

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That is why we have sharpened our focus and streamlined our strategic programs, initiatives, and events to what we call the "critical few." We are putting our investment and energy into a more targeted portfolio of internal development initiatives with proven high returns for our diverse emerging leaders.

Our success is demonstrated by the exponential growth in participation in some of our top internal development programs. JUMP, a nine-month program that brings high-potential female participants together to focus on authentic leadership, strategic thinking, and increasing impact, grew 24 percent this year. JUMP has improved our retention of this critical group—by 81 percent in the first year after completing the program. Participation in DARE—short for Development, Authenticity, Readiness, and Excellence—was up 107 percent this year over 2014. The program targets our early-in-career women, focusing on visibility, internal politics, and positive branding. In 2015, DARE improved retention within the group by 72 percent.

Our Next-Generation Leader (NGL) Program, a nine-month development intensive program designed to increase retention and promotion of high-potential Pacific Rim Asian leaders from mid- to senior-level roles, created significant gains within its initial pilot group. Current NGL participants were promoted 74% higher than non-class participants. In FY15, we expanded the scope of this successful program to emerging African-American/Black leaders. The initial NGL: African-American/Black program expanded on the original design and brought managers and their high-performing employees together to embrace differences, unlock talent, and foster disruptive thinking and collaboration. Next year, we will expand again to include Hispanic/Latino participants.

In Japan, we created Project Quantum, a year-long program designed to rapidly accelerate the development of high-potential women and create a breakthrough in gender diversity in leadership positions. Along with in-depth training, participants actively shadowed and interacted with global senior executives, created stretch assignments, and met frequently to share their experiences and learning.

The impact of the program has been huge—over 50 percent of the participants have been promoted since joining the program and 15 percent have been elevated to people leadership roles. To share their insights and inspire others to take the leap, participants in Project Quantum created a book titled "Finding the Aspiring Leader in You: Bringing the People Deal to Life."

As we have sharpened our focus on the critical few internal initiatives, we have also focused on key strategic collaborations to expand our capabilities to develop, engage, and empower our people. We collaborate with over 25 world-class organizations that excel in the areas of social advocacy, groundbreaking research and insights, and individual and team development. Some examples of our global strategic partnerships include: Anita Borg Institute, Hispanic IT Executive Council, Disabilities Matters, Out and Equal, Diversity Best Practices, Global Advancement of Women, and the Executive Leadership Council (ELC).

Through a wide range of live and virtual events, conferences, and programs, the organizations we work with drive business value from the convergence of diversity, inclusion, collaboration, and technology.

Growing Vibrant Communities

At Cisco, our culture of inclusion is fueled by a vibrant I&C Community—a platform for diverse groups to come together, collaborate, and deliver high-impact initiatives. Our I&C Community includes Employee Resource Organizations (EROs), virtual groups built around the unique needs of diverse groups of employees, such as Conexion, Connected Black Professionals, and Connected Women. Our Business Initiated Networks, including Women in Cyber Security and Men for Inclusion, are aligned by function to support critical business imperatives and facilitate employee development. The I&C Community also includes our Employee Virtual Groups to help connect remote workers and I&C Ambassadors, who advocate for and help drive our culture of inclusion at Cisco.

We have driven expansion in our I&C Community over the last year, growing from 13,000 to 23,000 strong—a 75-percent increase. With over 160 chapters in 43 countries, the I&C Community engages every function and region in the company, and 33 percent of Cisco employees now participate.

Connecting and collaborating through communities ultimately benefits everyone. It offers powerful opportunities to network, build relationships, and grow capabilities; deeper insight into diverse viewpoints; and better ability to attract, hire, develop, and promote diverse talent.

Diversity Data

We have published workforce diversity statistics in our Corporate Social Responsibility Report since 2005. This year we have expanded the data to include additional gender, race, and ethnicity information from Cisco's 2014 EEO-1 report. Our 2015 EEO-1 submission can be found online.

Table 1. Gender Diversity			
	FY13	FY14	FY15
Female employees globally	23%	23%	23%
Female new hires globally	23%	23%	25%
Female managers globally (including directors)	20%	19%	18%
Female vice presidents globally	16%	17%	19%
Female employees in the United States	26%	26%	26%
Female managers in the United States (including directors)	23%	22%	20%
Female vice presidents in the United States	19%	18%	19%

Table 2. Ethnic Diversity			
	FY13	FY14	FY15
Percent of non-Caucasian employees in U.S. operations	46%	46%	45%
Percent of non-Caucasian new hires in U.S. operations	48%	44%	47%
Percent of non-Caucasian vice presidents in U.S. operations	24%	28%	27%

"The biggest advantage that Cisco has is our people, who wake up every day with a passion for winning and changing the world. Cisco's Inclusion and Collaboration strategies give us a huge opportunity to increase the impact of a diverse workforce and the drive toward the business outcomes our customers are asking for. Our industry is experiencing so much change, and in an environment this dynamic, no one person can have all the answers—there is incredible power in diverse perspectives, now more than ever."
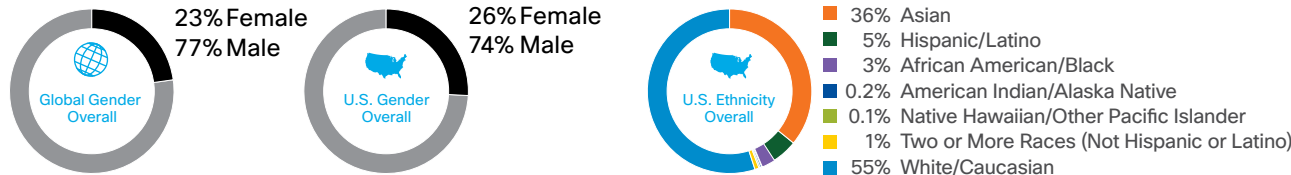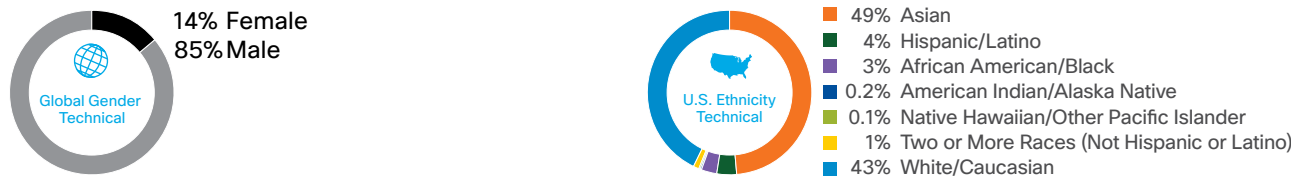
Chuck Robbins,
CEO

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Figure 2. FY15 Diversity Snapshot[1] (Total Employees in FY15: 71,822)
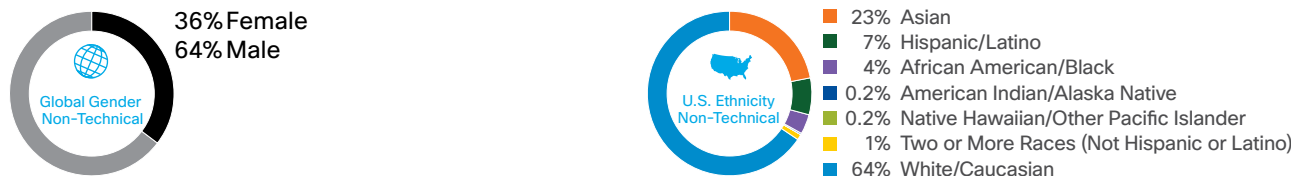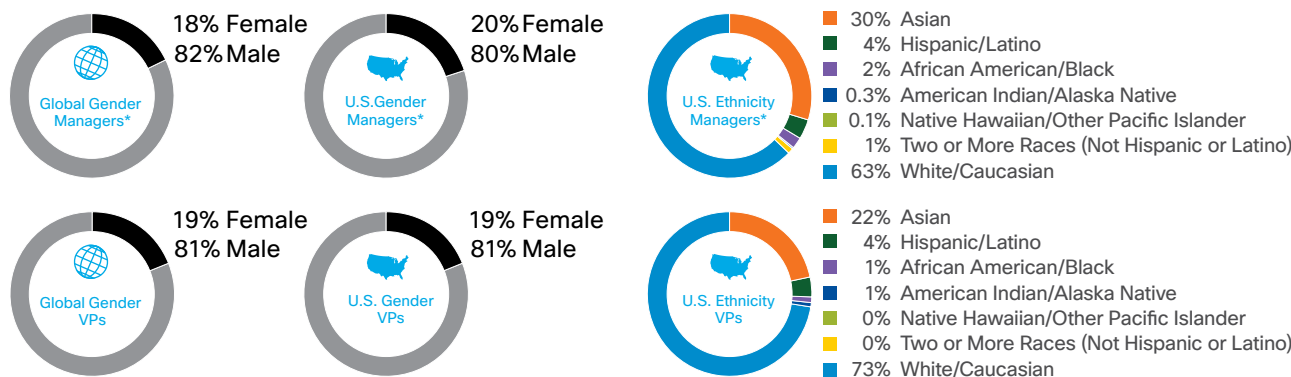
Workforce Diversity—Overall

23% Female
77% Male
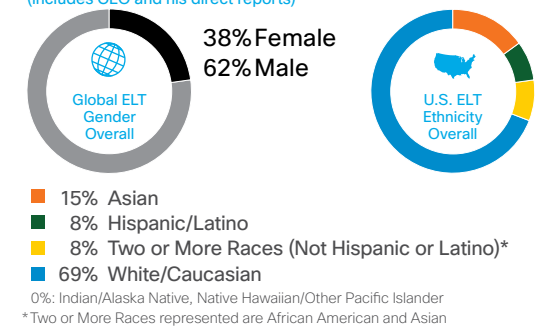Global Gender Overall

26% Female
74% Male
U.S. Gender Overall

U.S. Ethnicity Overall
- 36% Asian
- 5% Hispanic/Latino
- 3% African American/Black
- 0.2% American Indian/Alaska Native
- 0.1% Native Hawaiian/Other Pacific Islander
- 1% Two or More Races (Not Hispanic or Latino)
- 55% White/Caucasian

Workforce Diversity—Technical[2]

14% Female
85% Male
Global Gender Technical

U.S. Ethnicity Technical
- 49% Asian
- 4% Hispanic/Latino
- 3% African American/Black
- 0.2% American Indian/Alaska Native
- 0.1% Native Hawaiian/Other Pacific Islander
- 1% Two or More Races (Not Hispanic or Latino)
- 43% White/Caucasian

Workforce Diversity—Non-Technical[2]

36% Female
64% Male
Global Gender Non-Technical

U.S. Ethnicity Non-Technical
- 23% Asian
- 7% Hispanic/Latino
- 4% African American/Black
- 0.2% American Indian/Alaska Native
- 0.2% Native Hawaiian/Other Pacific Islander
- 1% Two or More Races (Not Hispanic or Latino)
- 64% White/Caucasian

Workforce Diversity—Leadership Managers[3] and VPs

18% Female
82% Male
Global Gender Managers*

20% Female
80% Male
U.S.Gender Managers*

U.S. Ethnicity Managers*
- 30% Asian
- 4% Hispanic/Latino
- 2% African American/Black
- 0.3% American Indian/Alaska Native
- 0.1% Native Hawaiian/Other Pacific Islander
- 1% Two or More Races (Not Hispanic or Latino)
- 63% White/Caucasian

19% Female
81% Male
Global Gender VPs

19% Female
81% Male
U.S. Gender VPs

U.S. Ethnicity VPs
- 22% Asian
- 4% Hispanic/Latino
- 1% African American/Black
- 1% American Indian/Alaska Native
- 0% Native Hawaiian/Other Pacific Islander
- 0% Two or More Races (Not Hispanic or Latino)
- 73% White/Caucasian

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

38% Female
62% Male
Global ELT Gender Overall

U.S. ELT Ethnicity Overall
- 15% Asian
- 8% Hispanic/Latino
- 8% Two or More Races (Not Hispanic or Latino)*
- 69% White/Caucasian

0%: Indian/Alaska Native, Native Hawaiian/Other Pacific Islander
*Two or More Races represented are African American and Asian

Cisco Board Diversity

27% Female
73% Male
Global Board Genders Overall

U.S. Board Ethnicity Overall
- 9% Asian
- 91% White/Caucasian

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

Hiring Diversity

25% Female
75% Male
Global Gender New Hires

U.S. Ethnicity New Hires
- 35% Asian
- 5% Hispanic/Latino
- 4% African American/Black
- 0.2% American Indian/Alaska Native
- 0.3% Native Hawaiian/Other Pacific Islander
- 2% Two or More Races (Not Hispanic or Latino)
- 53% White/Caucasian

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

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> **Key GRI G4 Indicators**
>
> GRI G4-LA9: Average hours of training per year per employee by gender, and by employee category.
>
> GRI G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
>
> GRI G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

We help people be the best they can be, so we can all succeed.

Developing Their Skills

Whatever their role, function, grade, or location, our people always have the opportunity to learn new skills. In FY15, we provided 3.86 million hours of training and development for our people.

Our Professional Skills program has more than 800 courses to build people's skills and make them better leaders. In FY15, 23,500 employees took advantage of the program, totaling approximately 135,000 hours of training. We ask our employees to rate the courses, which consistently get a rating of four or more out of five.

We adapt our training to the ways people learn best. Training can take place over the web or in virtual classes, real classes, workshops, or short tutorials. It can be specialized or general.

To better understand our culture and get better at their role, employees have the opportunity to choose a mentor. Our Global Mentoring Connection website makes it easy to find the right fit.

Developing the Way They Lead

Our new CEO, Chuck Robbins, has been with us for 17 years. He is a testament to what we do for our leaders. At every level of our business we are training, coaching, and creating opportunities to help our employees develop the right skills to advance in their careers at Cisco.

Our leadership framework, C-LEAD, has helped our leaders develop the five skills and behaviors we look for in any leader: the ability to collaborate, learn, execute, accelerate, and disrupt.

We have formal training programs for anyone who wants to become a better leader—from live, virtual, and online learning to one-on-one coaching. Our Leadership Development Roadmap lets people at any stage in their career quickly see what training and support we offer to help them move up the leadership ladder.

Developing New Executives

Our High Potential Senior Director Program is an 8-week program that gives our next-generation VPs early exposure on how to work beyond what they do.

They get a chance to apply a strategy framework to a current business issue with the goal of making us better. We assess how well they lead and coach them on how to be more effective. On top of that, they get to meet our company's top leaders and learn from them as role models.

Since the program started in FY14, we have had four groups of senior directors who have started the program together. To date, we have reached 15 percent of our senior director population. By the end of FY16, we will achieve our program goal of 20 percent. Program benefits have included:

- **Improved leadership pipeline:** 12.5 percent of program participants have been promoted to VP, which accounts for 20 percent of all VP promotions since program inception.
- **Business value through strategic projects:** 18 projects have been completed with these cross-functional teams of senior leaders. Projects have ranged from understanding new market dynamics and looking for new industry segments to standardizing language and processes and improving global business coordination.
- **New career opportunities:** Many participants have been exposed to different parts of the company outside their previous job roles and have continued to develop their leadership skills through different job assignments and ongoing coaching.

We also want to develop more female leaders. This program helps us identify them. It also gives women insight into how our business is evolving—and how they can evolve their careers alongside it. Women account for 23 percent of our past participants. That's about the same ratio of women to men in our company but a full six points above our FY14 percent of women VPs, which is good progress.

"Innovate everywhere."

Spreading Their Wings

In addition to training people, we give them experience in different areas of the business. That could be through stretch assignments or a job rotation. This gives people the chance to develop new skills, while also helping us fill any gaps.

In FY15, we expanded our Stretch Assignment Marketplace (SAM) across the entire enterprise. This evolution of our SAM will let people find challenging work, so they can use their skills and fulfill their aspirations. It gives people the chance to work on diverse assignments and develop their potential.

Career Progression

All this helps keep our people with us, in long and thriving careers. Career Days, Learning Days, University Days, and our Career Advisory Services also help our people explore the opportunities available to them.

More than 60,000 employees used our Career Development website to take advantage of Plan Your Career, to learn about assignments they could take, and to connect with mentors, peers, and advisors. Our Talent Connection Program also helps our people find and apply for available jobs around the business.

People Leadership Commitments

Focus	Why "My Goal"	What "My Commitment"
Me as a Leader	Be self-aware and confident. Lead by example, be curious, and create an inclusive environment.	• I'm committed to maximize my strengths and developing my skills, I'm self aware and hold myself accountable for leading by example. • I create an environment where people openly share their own perspectives, and are respected, valued and heard.
My Team	Drive horizontal engagement and lead linear and exponential execution.	• I inspire and attract diverse talent, I frequently provide actionable performance feedback and development coaching, and actively build a high-performing team. • I communicate and own Cisco's strategy, creating strongly aligned, challenging goals for my team to realize our business outcomes.
Our Company cisco	Outpace the competition and drive growth and profitability.	• I unlock my team's energy and passion to drive the next wave of change and develop leading edge solutions. • I break siloes, connect my team across functions, and support talent movement to achieve shared success.
Our Customer	Enable our customers' Business Goals: Be the #1 IT Partner	• I lead my team to know our customers' challenges and partner with them to identify and deliver the outcomes they need. • I foster a culture that fuels innovation, curiosity, bold risk taking and fast decision making.

Finding the Greatness in People

People leaders inspire our people, so we are making them the best leaders they can be. In FY15, we rolled out our People Leadership Commitments and related initiatives to help them understand how to build and lead successful teams.

What do we expect of our people? It's all in our People Leadership Commitments, with our goals divided into four areas: **Me as a Leader, My Team, Our Company, Our Customer.**

Making Sure It's Working

The People Leader Feedback Survey lets our leaders know how they are doing. After the survey, leaders meet with their own managers to talk about the feedback and their team's suggestions. Then they go back to their teams to talk about the survey's themes and make plans to deal with them.

This helps us shape our training. It helps us make our leaders the best they have ever been. More than 7000 leaders have participated in our events and 95 percent of them have put what they learned into practice.

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Key GRI G4 Indicators

GRI G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

Everyone at Cisco contributes to the company's performance. That's why we want to share Cisco's success with our employees. We want to share even more with those who contribute great results and leadership. We want all our employees, regardless of their role at Cisco, to be rewarded based on performance, not seniority.

Total Rewards

We want our people to feel like their job is rewarding in every sense of the word—not just financially, but intellectually and emotionally.

Therefore, our Total Rewards package is not just about money (though that's part of it). It is also about giving people flexible hours, with more time to pursue their personal ambitions and look after their loved ones. It is about giving people more help with life's essentials, like on-campus state-of-the-art medical care, childcare, and fitness centers.

We give people compensation, benefits, and long-term savings packages that are competitive. Our goal is that "total cash" (their base pay and bonus) should be at or near the top quartile of market (compared with our competitors), no matter where they work.

In FY15 our total compensation was approximately US$14 billion. That includes salary, benefits, bonus, commissions, stock awards, and retirement benefit.

People also want to know their work makes a difference, and you can't show that through a bonus. We reward our people in lots of other ways, from big awards to a simple "bravo."

Giving Kudos

"Thank you" means so much more when it comes from your peers. That's why we launched our Connected Recognition program. It is a way for colleagues to praise their peers, immediately. Last year, our leaders and people recognized 57,000 people (that's 80 percent of our business), with approximately 187,000 nominations.

Family Friendly Leave

Time with family is important. In 2015 we introduced two new types of leave for our U.S. people.

- **Paid Bonding Leave:** This gives all new parents three weeks of paid bonding time to spend with their new child.

- **Paid Family Leave:** This gives employees up to one week of pay to care for a seriously ill family member. Alternatively, they can increase their Paid Bonding Leave by one week.

If someone is adopting a child, they get up to one week of Paid Adoption Leave as well, giving them a total of up to five weeks.

Childcare Services

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

In both San Jose and Bangalore, for example, we have childcare on campus. Both centers are nationally recognized and accredited with services available through Cisco Family Connections and Families@1st. San Jose provides services to children from six weeks to 12 years old. Bangalore offers the same service for children three months to five years, as well as a summer camp for school-aged children.

"Benefit everyone."

INTRODUCTION   GOVERNANCE & ETHICS   OUR PEOPLE   SOCIETY   ENVIRONMENT   SUPPLY CHAIN   GRI INDEX

Our Priorities | The Details

Our People Deal

Inclusion, Diversity & Collaboration

Developing Our People

Rewarding Our People

A Safe & Healthy Workplace

A Safe and Healthy Workplace

Key GRI G4 Indicators

GRI G4-LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

GRI G4-LA7: Workers with high incidence or high risk of diseases related to their occupation.

We offer a number of medical and wellness resources. We have technology that allows people to work flexibly. And we provide a wide range of benefits. All to keep our people healthy, safe, productive, and creative.

Occupational Health and Safety

In FY15 we continued to spread the word about our occupational health and safety management system, modeled on the OHSAS 18001 standard. We have:

- Improved how we assess and keep occupational health and safety risks in check
- Run training and promotions to make people more safety conscious
- Driven consistency across the organization
- Evaluated operations for regulatory compliance

Our local teams continue to investigate injuries, work with management, and keep track of how well the program is working.

Ergonomic injury is still our greatest occupational safety risk. Our Global Ergonomic Program helps our people who work in offices identify, understand, and reduce ergonomic risks. To help prevent these injuries we provided more adjustable furniture.

We address occupational hazards through our programs, risk assessments, tools, and training. We base our occupational health and safety programs on global regulatory and industry standards that help manage and reduce specific hazards.

"Work safely" is our key message. We establish controls covering labs, contractors, off-site work, radiation, electrical, hazardous energy, and many other safety issues.

In FY16 we are going to focus on office ergonomics, slips, trips, and falls. We will also prioritize raising awareness and evaluating third-party certification of our management system.

Emergency Response

More than 2900 of our people are part of 130 Emergency Response Teams worldwide, ready to respond in emergency situations. They are trained to give first aid, help evacuate buildings, and provide other support.

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

Health and Wellness

We want to create a healthy workplace that encourages people to stay well. We have a wide range of programs and initiatives to help.

A healthy mind is as important as a healthy body. We have a free, confidential Employee and Family Assistance Program that lets people talk to trained counselors who give personalized support for emotional, family, financial, and legal issues. We also offer specialized guidance on concerns like caring for an elderly parent, adopting a child, and dealing with an illness such as cancer.

To help our people stay fit and well, we have contemporary fitness centers with modern equipment at our five largest U.S. campus locations. Providing convenient access to quality medical care, we offer comprehensive onsite health centers in San Jose, California; Research Triangle

Park, North Carolina; and Bangalore, India. Each health center location provides primary medical care integrated with alternative medicine. Services include:

- Primary and family medical care
- Lab services and travel medicine
- Physical therapy
- Tele-health
- Chiropractic and acupuncture (U.S. only)
- Dental center and vision center (U.S. only)

Flexible Working

When people have a choice over how, where, and when they work, engagement and productivity rise. We give our people that choice and flexibility, depending on their job function and management approval.

Our employees can choose from many different spaces to work in: workstations, open collaboration areas, quiet rooms, audio privacy rooms, eCafes, and "creativity/fun zones."
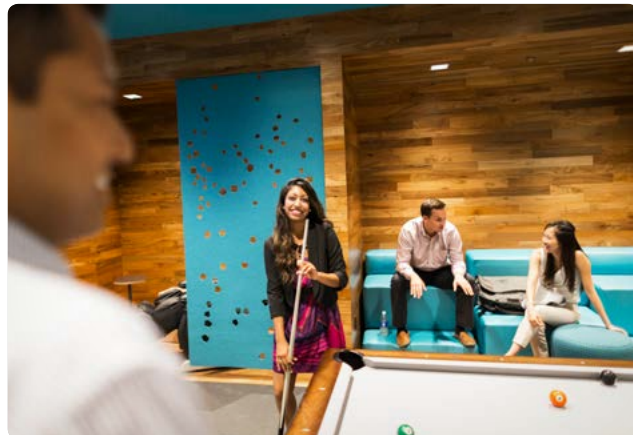
In addition, we have technology that allows flexible working, including high-speed wireless access, a wide variety of TelePresence™ video devices, and social software platforms that drive community connections.

Injuries and Lost Time

Increased safety awareness has brought down the injury and lost time rates in the U.S. This is the first year we are reporting global injury rates. We will continue to monitor for trends.

Table 3. Health and Safety Data	FY13	FY14	FY15
Total incident rate, per 100 full-time-equivalent (FTE) employees	0.23	0.38	0.28
Lost work days, per 100 FTE employees	0.7	3.67	2.85
Global All Injuries (new metric in FY15)	–	–	0.41
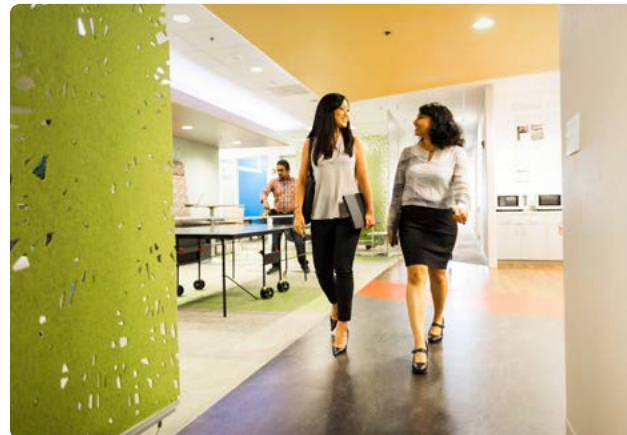
CASE STUDY

Global Expert Medical Opinion

Our Advance Expert Medical Opinion program gives Cisco employees and their families the chance to get a free second opinion on medical conditions from leading physicians from all over the globe.

These physicians will look at an individual case and give recommendations and a treatment plan.

The program is open to everyone at Cisco, as well as their dependents, their spouse, and their parents—anyone who has a serious or complex condition and is looking for advice, no matter where they live.

It is global and completely free, and our people do not have to be enrolled in our medical plan to take advantage of it.

It has been a huge success. People have told us the Expert Opinion has either changed their course of treatment or validated their choice, giving them peace of mind.

"This service and the compassion of the team—from intake to final delivery—made my wife and I feel very loved and cared for by Cisco. I could not believe that Cisco would do this for an employee. Dr. Walsh was compassionate and expert. We felt finally like we had some grasp on the very bad medical problems experienced by my children."
— Cisco Marketing Manager, Orlando, Florida

Society

Our Priorities

"Whether creating better access to education and healthcare, restoring communications after disaster strikes, or helping nonprofits better serve more people, information and communications technology (ICT) can strengthen communities and improve lives."

Kathy Mulvany
Vice President, Corporate Affairs

Cisco has been integral to the growth of the Internet, and we recognize that digitization can help solve some of the world's biggest challenges.

Through our social investments, we empower global problem solvers to harness technology to address these challenges. Whether creating better access to education and healthcare, restoring communications after disaster strikes, or helping nonprofits better serve more people, information and communications technology (ICT) can strengthen communities and improve lives.

In FY15, our Cisco Networking Academy® program helped one million people develop valuable ICT and career skills. Many of them were women, people with disabilities, and underrepresented minorities. Our unique approach of making early-stage investments of cash and product to innovative nonprofits is speeding the pace of social change. Cisco grantee Living Goods developed a mobile platform to empower women entrepreneurs in Africa to sell affordable health products in their communities. An FY15 study showed the Living Goods program is helping to reduce child mortality by 27 percent

in Uganda. Meanwhile our Supplier and Partner Diversity programs also support wider economic empowerment, while giving us the benefit of more diverse and innovative businesses.

Finally, our employees are embracing Cisco's commitment to connect everything, innovate everywhere, and benefit everyone in their own communities. They volunteered 155,600 hours in FY15, with 28 percent of time spent mentoring young people in science, technology, engineering, and math (STEM)–critical fields in an increasingly digital world. Through our direct programs and those we implement with partners, we are reimagining how connectivity can foster positive social change.

Kathy Mulvany
**Vice President,
Corporate Affairs**

2015 Objectives and Progress

Objectives	Target Date	Progress
Provide at least 7 million meals for people in need through employee donations to our annual Global Hunger Relief Campaign.	End of FY15	●
Reach 145,000 employee volunteer hours.	End of FY15	●
Engage 500 employees in 10,000 STEM volunteer hours as part of our 7-year commitment to the US2020 initiative.	End of FY15	●
Support 5500 remote patient visits worldwide through Cisco collaboration technologies.	End of FY15	●
Connect 7000 U.S. military veterans to ICT training, credentials, and job opportunities through Phase 2 of the IT Training and Certification Program and similar state initiatives.	End of FY15	○ [1]
Reach 250,000 factory and farm workers through the Labor Link mobile platform developed by Good World Solutions and supported by Cisco.	End of FY15	●
Reach 70 social enterprise customers supporting 80,000 farmers and microentrepreneurs and 3 million poor beneficiaries through our support for Grameen Foundation's TaroWorks initiative.	End of FY15	●
Integrate diverse suppliers, partners, and business solutions into the sales department to meet customer requirements.	End of FY15	○

1. Phase 2 of the IT Training and Certification program was not launched. In FY15, we directed our efforts to the NC4ME program for military personnel exiting the service in North Carolina (see page D18).

● Achieved   ◖ Partially Achieved   ○ Ongoing

2015 Highlights

US$3.8 million in employee donations and Cisco Foundation matching gifts raised through our annual Global Hunger Relief Campaign, enough to provide 15 million meals.

$3.8M

155,600 hours volunteered by Cisco employees, a 14-percent increase over FY14; 43,459 hours were devoted to mentoring in science, technology, engineering, and math (STEM).

155,600

Networking Academy contributed to 1.3 million Cisco CCNA® students getting new jobs between 2005 and 2014[1]

One million students gained the skills to thrive in the digital economy through Networking Academy™ courses offered at 9500 learning institutions in 170 countries.

1M

1.3M

$286 million in cash and in-kind contributions to community programs by Cisco and the Cisco Foundation, including $223 million in in-kind contributions for the Cisco Networking Academy® program.

150,000 patients have benefited from the Jordan Healthcare Initiative, our 4-year investment to transform healthcare delivery with Cisco collaboration and communication technologies.

$286M

150,000

1. Our student outcome surveys were the foundation of the new job extrapolation analysis. This methodology (post-stratification weighting) is a standard methodology used by Penn State and other research institutions. For this analysis, a conservative approach was applied.

PRIORITY

Economic Empowerment and ICT

Businesses worldwide are struggling to find skilled IT workers. According to a 2015 Manpower survey of hiring managers in 41 countries, 34 percent of employers cite "lack of technical competencies" as the reason they have difficulty filling jobs. Yet millions of people are un- or under-employed, unable to participate in the growing digital economy because they lack the skills that employers demand.

We are addressing this problem through our Cisco Networking Academy® program and our investments in other skills-to-jobs initiatives. Networking Academy™ courses provide in-depth technology training and encourage students to solve problems together, just as they will in the workplace. Courses are offered in multiple languages and delivered through 9500 schools, community colleges, universities, and other organizations through a blend of online and classroom learning. In FY15 alone, one million people in 170 countries were enrolled in Networking Academy courses—and 20 percent of students were female. According to surveys, 52 percent of students say Networking Academy contributed to them getting a new job, and 90 percent say the program had a positive impact on their lives.[1]

One student, Tylor Kytasaari, worked in construction and tended a bar to support his family of five before enrolling in Networking Academy courses at a community college in Missouri. Before he completed his associate degree, Tylor was hired as a network engineer apprentice at Cerner, a healthcare IT company. Armed with his Cisco CCNA®

and CCNP® certification, he is now a network consulting engineer at an infrastructure solutions provider and a Networking Academy instructor at his alma mater.

We also support organizations that help people gain the skills and experience they need to find long-term employment and stable income. Digital Divide Data (DDD) is a social enterprise that provides business process outsourcing services to clients worldwide via a model called impact sourcing. In FY14 and FY15, we helped DDD launch and expand its first U.S.-based delivery office, Liberty Source, which offers employment opportunities to un- and under-employed military spouses and veterans. Our support helped fund recruitment and training, launch accounting and finance services, and enroll participants in higher education and certification programs.

Read more on D15 and D18.

1. Based on 38,492 surveys between March 2005 and July 2015 from students who completed courses through Cisco CCNA Routing and Switching 4 or higher.

PRIORITY

Digital Inclusion

The Internet gives billions of people around the world access to information and to new ways to connect, as well as access to the basic ICT skills employers look for and new ways to support themselves and their families.

We are proud of our role in this. We use our networking technologies to create new opportunities for more people everywhere. Our technology powers the Internet, improving access for more than one billion people. We believe that no one should be excluded from the benefits of connected technology, so we strive to design our products to meet the needs of people with disabilities through the Cisco Accessibility Initiative.

We also work to enable people to have the skills necessary to make the most of the technology available to them. Through the Cisco Networking Academy, we have prepared 5.5 million students since 1997 for careers in the ICT field. While the Get Connected course introduces people to basic computer and Internet skills, other more advanced courses prepare students with the knowledge and skills needed for a career in ICT. Networking Academy courses are also offered in orphanages, prisons, refugee camps, and other locations where people can benefit from building ICT skills that can help them build a career and improve their quality of life.

Russia is expected to face a shortfall of more than 100,000 workers skilled in networking technology by 2016. Meanwhile, only 20 percent of working-age people with disabilities in that country are employed,

and their opportunities are often limited by lack of access to education, workplaces, transportation, and other services.

The Academy of Borderless Possibilities offers free enrollment in Networking Academy CCNA courses to students with disabilities in Russia. Students access the training materials online so they don't have to overcome the challenges of leaving their homes. The courses prepare students who complete the program for industry-recognized certifications that can lead to in-demand jobs. One hundred students completed the program in the first year alone. This is only one of several programs we have established worldwide for people with disabilities, such as hearing and visual impairment.

Read more on .

PRIORITY

The Role of ICT in Healthcare and Disaster Response

A global shortage of specialized physicians prevents many people, especially children, from receiving care that could improve their well-being. Likewise, when disasters strike, relief efforts are often delayed when the communications infrastructure is degraded or destroyed.

We use our expertise in ICT to address these issues. We have partnered with governments and healthcare institutions to use Cisco collaboration technologies to extend the reach of doctors and other healthcare providers through virtual interactions. One program in the U.S. brings top pediatric oncologists from six leading institutions in five states into the same virtual room. Our partner, the Children's Hospital of Orange County, is the hub for this virtual pediatric network, which offers an unprecedented, collaborative approach to treating some of the rarest, most complicated cancers in children and adolescents.

We have worked with the Jordanian government to deliver a service exchange platform (SXP) that provides affordable, high-quality radiology services to hospitals in underserved areas with limited or no radiology specialists. Launched at three public hospitals in both metro and underserved areas, this pilot program integrates a picture archiving and communication system (PACS) and Cisco collaboration software. This cloud-enabled access to PACS-as-a-service allows hospitals to realize savings by eliminating film and achieving faster turnaround times for radiology reads. The SXP is part of the Jordan

Healthcare Initiative, which has benefited 150,000 patients in four years through four strategic initiatives.

We also support the implementation of emergency communications systems after natural disasters and other crises. Our Tactical Operations (TacOps) team, which provides emergency communications support free of charge, responded to four crises in FY15. For example, when a massive earthquake struck Nepal in April 2015, a member of the TacOps team spent two weeks there, setting up emergency communications so responders could more efficiently deliver food, water, and medical care. The Cisco Foundation also gave a US$100,000 cash grant to help our nonprofit partner NetHope enable communication and information sharing among responding organizations.

In response to the Ebola crisis in West Africa, Cisco contributed on-site hotspot equipment to link more than 100 locations in Sierra Leone, Guinea, and Liberia, as well as a $100,000 cash grant to NetHope to enable responders to connect laptops, phones, and tablets to improve communications and to help digital volunteers turn large amounts of data into visualizations and data sets for more informed decision making.

Read more on D21 and D22.

CASE STUDY

Improving ICT Skills in Spain

When a recession crippled Spain's economy in 2007, thousands of workers lost their jobs. By 2014, youth (ages 15 to 24) unemployment rates in Spain were higher than 50 percent. Although the IT industry in Spain remained strong, young workers lacked the skills and training needed for these types of jobs.

In 2014, Fundacio Trinijove, a nonprofit organization specializing in professional training in Barcelona, adopted the Cisco Networking Academy curriculum to help more than a dozen young people launch new technology careers.

Over 12 weeks, students attended in-class and online training, building skills in computer assembly, hardware troubleshooting, and software configuration. Cisco employees from the Barcelona office volunteered to help the students improve their English skills and translate difficult networking terminology. Fundacio Trinijove also partnered with local companies to provide internship opportunities. One student, Evelyn Iturra Molina, was hired as a help desk technician by Cirsa, a casino gaming company in Barcelona, just months after completing the program.

Read more.

Evelyn Iturra Molina

PRIORITY
Supplier Diversity

Cisco spends billions of dollars with suppliers every year. Where appropriate, we source products and services from diverse suppliers and support diverse partners in our sales channel. We believe that diverse backgrounds and ideas throughout our supply chain drive innovation and resiliency and help us keep pace with changes in the industry.

We look to recruit and develop diverse suppliers and to provide them with access to opportunities. This supports economic empowerment and gives us access to a wider group of innovative, diverse businesses.

We believe that increasing supplier diversity is essential to meet growing stakeholder, customer, and regulatory demands. We engage directly with diverse suppliers and encourage our major partners to cultivate their own programs.

In FY15, we showed our commitment to supplier diversity by responding to information and reporting requests from more than 86 customers. We improved our ability to track, verify, and recognize diverse suppliers (see page F6.) In countries where supplier diversity is a requirement, including Australia, South Africa, and the U.S., we look to meet all applicable regulatory obligations.

We also launched the Partner Mentor Program (PMP) in FY15, a new pilot to help diverse businesses build their capabilities and provide additional support to Cisco channel partners (see case study on page D10).

Also in FY15, Cisco awarded WebEx® product grants worth nearly US$20,000 to nonprofit organizations to help them support more diverse businesses.

Read more on D23.

CASE STUDY

Partner Mentor Program

The Diversity Business Practices' Partner Mentor Program brought together Global Blue Inc., a Service-Disabled Veteran-Owned business, and Dimension Data, a global leader in the provisioning and management of specialized IT infrastructure solutions and services. They have built a partnership which brings together Dimension Data's expansive footprint and engineering resources and Global Blue's access to veteran technicians who can do the physical installations.

Their partnership has brought opportunities to both businesses, attracting new business, including eight new large enterprise accounts and successes with the State of California. These organizations value the security of a large company that also supports their goals of working with Service-Disabled Veteran-Owned businesses.

As a result of their partnership, Global Blue has hired three new account managers, all disabled veterans, who are benefiting from Dimension Data's diversity development program.

The relationship has benefited other disabled veteran-owned businesses. To support the partnership and grow the geographical scope, Global Blue has begun to build a sub-contractor network of other disabled veteran-owned businesses to expand the field services teams to new areas.

CASE STUDY

Building ICT and Entrepreneurship Skills in Mexico

In poor urban areas of northern Mexico, young people who lack traditional job skills are often tempted into a life of crime as the only means of making a living. At the same time, employers are struggling to find people qualified to fill IT and networking jobs.

The ICT Networking and Entrepreneurship Skills Development program aims to foster stronger and more resilient communities, give at-risk youth access to safe spaces, and build the ICT and entrepreneurship skills base in the northern Mexican cities of Ciudad Juarez, Monterrey, and Tijuana. The program is a collaborative effort between Cisco, the U.S. Agency for International Development (USAID), World Learning, and the Mexican Secretariat of Public Education.

The program offers Cisco Networking Academy courses at public high schools to prepare students for meaningful careers as computer-networking professionals. A series of entrepreneurship workshops is also offered.

In the first two years (2012–2014), 1100 students completed the program, exceeding the goal by 66 percent. Nearly 52 percent of participants were women. One participant, Luis Alfonso, had dropped out of high school and become involved with a gang. Upon returning to school at his mother's insistence, he enrolled in the program and was one of its first graduates. Luis earned a four-year university scholarship to study networking technology and engineering and even started his own small business, hiring three young men from the same program he completed.

Read more.

Our Plans

Our social investment strategy is to create opportunities for people to thrive in the digital world being created by the Internet of Everything. By capturing this market transition, we seek to create new and better ways of preparing people to innovate and succeed—to become the global problem solvers of the new digital economy. We will accomplish this by continuing to evolve our flagship Cisco Networking Academy program, by developing relevant skills for our Networking Academy students that lead directly to in-demand jobs, and by building connections between our students and organizations that need IT talent. For example, in FY16 we are launching new Networking Academy curricula on the Internet of Everything and giving students more opportunities to gain real-world work experiences that align to employer needs. Put simply, our future focus is on preparing people for and connecting them to jobs. More than 200 million people are unemployed globally, yet jobs that require technical skills are going unfilled. We know our experience in cultivating IT talent can help close this gap. As we prepare for a digitized world, we will help build the workforce of tomorrow.

We will continue to support innovative nonprofits in education, economic empowerment, and critical human needs and disaster response, with our employees playing a key role. We will empower them to become global problem solvers, including mentoring young people in STEM in their own communities; contributing financially to relief efforts after global emergencies like earthquakes, floods, and humanitarian crises; and putting their core competencies to work providing technical expertise to nonprofit organizations.

2016 Objectives

Objectives	Target Date
Inspire and support our employees to reach or exceed 155,000 employee volunteer hours.	End of FY16
Engage 3500 Cisco employees in science, technology, engineering, and math (STEM) mentoring globally.	End of FY16
Empower Cisco employees to donate at least US$2.5 million to critical human needs nonprofit organizations through our annual employee giving campaigns.	End of FY16
Provide IT skills development for 1 million students globally, including women, minorities, veterans, and the underserved.	End of FY16
Reach 450,000 factory and farm workers through the Labor Link mobile-enabled, cloud-backed platform developed by Good World Solutions and supported by Cisco.	End of FY16
Reach 90 social enterprise customers supporting 250 micro-entrepreneurs and 5 million poor beneficiaries through the TaroWorks initiative, supported by Cisco.	End of FY16
Provide support to 250 diverse-owned partner organizations.	End of FY16

Employee Volunteering

Education

Economic Empowerment

Healthcare

Critical Human Needs & Disaster Relief

Supplier Diversity

Society

The Details

We use our expertise, technology, and resources to empower global problem solvers to speed the pace of social change. We work with others—nonprofits, governments, and educational and healthcare institutions—to build thriving communities, improve people's lives, and create a pipeline of IT talent for industries worldwide.

Our strategy is focused on:

- **Education:** Training people in ICT through our Cisco Networking Academy program and using technology to improve education outcomes.

- **Economic Empowerment:** Promoting skills development, job creation, entrepreneurship, and financial inclusion in underserved communities.

- **Healthcare:** Using networking technology to improve access to healthcare in remote regions and enable health professionals to share expertise.

- **Critical Human Needs and Disaster Response:** Helping improve access to food, clean water, and shelter and supporting communities affected by disasters.

One component of our approach is to support nonprofits that use technology in innovative ways to address global problems. Our strategy is to provide cash and product grants to support early stage ICT-enabled solutions that have the potential to scale, replicate, and become financially sustainable.

Our core business activities also make a positive difference to society through the economic empowerment we provide and the accessibility of our products, which enables people with disabilities to benefit from using our technologies. Similarly, to support economic empowerment among diverse suppliers, we provide advocacy, development, opportunities and support to diverse-owned suppliers and partners throughout the supply chain.

Employee
Volunteering

Education

Economic
Empowerment

Healthcare

Critical Human
Needs &
Disaster Relief

Supplier Diversity

Employee Volunteering

Key GRI G4 Indicators

GRI G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.

Empowering employees to volunteer with nonprofit and educational organizations is an essential part of our culture. Volunteering inspires employees, helping them gain new perspectives, develop leadership and other skills, and work better as a team. Our employees have unique talents, career aspirations, and passions that extend beyond their day-to-day work.

In FY15, Cisco employees volunteered more than 155,600 hours, a 14-percent increase over FY14. Also in FY15, employee donations and matched funds amounted to US$12 million for nonprofit organizations.

Our internal Community Connection tool helps employees track their volunteering, find nonprofits to support, make donations, and request matching funds from the Cisco Foundation. Regional employee-run Civic Councils work with our Community Relations team to identify volunteer opportunities, manage grants, and build strong relationships with local nonprofits and nongovernmental organizations.

The Cisco Foundation matches up to $1000 for cash donations and $1000 for volunteering (at $10/hour) per employee per year. Employees can choose from nearly 2900 approved organizations in 45 countries to receive matched funds for their own cash donations and volunteer hours. As a result, we support organizations of all sizes—from small local programs to nationwide charities. To be approved, organizations must be nominated by an employee and are subject to reviews to determine eligibility with our giving policies.

CASE STUDY

US2020

Cisco is a founding member of US2020, an initiative to increase the number of STEM professionals who mentor students, with a focus on girls, underrepresented minorities, and low-income children.

Cisco has pledged that 20 percent of our U.S. workforce will participate in STEM mentoring by 2020. In two years, more than 3100 U.S. employees have volunteered 36,000 hours. In FY15, 20 percent of the workforce at our campus in Research Triangle Park (RTP), North Carolina, volunteered as STEM mentors.

In April 2015, RTP participated in STEM Week, hosting 400 students, 52 percent of whom were African American, Latino, or Native American. More than 500 Cisco employees engaged participants in activities such as speed mentoring and an Internet of Everything challenge. Pre- and post-event surveys indicated a 14-percent increase in students who said they want a job that focuses on STEM and a 15-percent increase in students who said "I know what steps to take to get a STEM job when I am an adult."

We also worked with Techbridge, which offers programs in the San Francisco Bay Area to help expand academic and career options in STEM for girls and increase the number of women and underrepresented minorities in those fields. Fifth-grade students from two Oakland schools visited our San Jose headquarters, where they engaged in hands-on activities, tours, role model conversations, and Cisco TelePresence® sessions. For many of the girls, it was their first experience with networking technology. Watch the video.

Table 1. Performance Summary

	FY12	FY13	FY14	FY15
Total corporate and Cisco Foundation cash and in-kind contributions (USD)	$294 million	$297 million	$275 million	$286 million
Number of hours volunteered by employees	107,150	129,000	136,000	155,600
Number of active students in Cisco Networking Academy courses	1 million	1 million	1 million	1 million

Our annual Global Hunger Relief Campaign encourages employees to donate to charities and increases their impact with matching gifts through the Cisco Foundation. In FY15, employee donations and matching gifts to this campaign generated $3.8 million—enough to provide 15 million meals. The campaign also brings employees together for group volunteering and team-building to fight hunger around the world. For example, during our 12th annual campaign in FY15, employees in Richardson, Texas, sorted 19,000 pounds of food to make 16,000 meals for the North Texas Food Bank in Dallas.

Employee Volunteering

Education

Economic Empowerment

Healthcare

Critical Human Needs & Disaster Relief

Supplier Diversity

Education

> ### Key GRI G4 Indicators
>
> GRI G4-EC7: Development and impact of infrastructure investments and services supported.
>
> GRI G4-EC8: Significant indirect economic impacts, including the extent of impacts.

We use our technology and resources to improve access to education, provide ICT skills development, and build the future IT workforce.

Cisco Networking Academy

The Internet of Everything will generate unparalleled demand for skilled workers and opportunities for creative, tech-savvy people everywhere. Our Networking Academy program identifies and develops the skills that people and businesses need to thrive in a digital economy.

Since 1997, Networking Academy has helped more than 5.5 million students worldwide build IT and career skills. In FY15 alone, one million people in 170 countries were enrolled—20 percent of them female.

Our courses provide in-depth and hands-on technology training, encouraging students to solve problems and work together, just as they will in the workplace. Courses are delivered in collaboration with 9500 schools, community colleges, universities, and other organizations through a blend of online and classroom learning.

In FY15, we made in-kind contributions of more than US$223 million for curriculum development and network simulation tools, instructor professional development, and technical support.

We also partner with employers and others to deliver mentorships, internships, and other hands-on experiences that help students prepare for and get jobs. For example, our Dream Team program gives dozens of Networking Academy students each year the chance to work side-by-side with professional systems engineers to set up and maintain networks for large events hosted by Cisco for our customers.

To understand the impact of Networking Academy, in 2005 we began conducting exit surveys of students who complete courses through Cisco CCNA Routing and Switching 4 or higher. According to the responses, 52 percent say Networking Academy contributed to them getting a new job and 90 percent say the program had a positive impact on their lives[1].

Gaining skills through Networking Academy can help people lift themselves and their families out of poverty in developing countries. For example, students who take networking courses through our partner, Passerelles numériques Cambodia (PNC) earn nearly five times the national average salary three years after graduating from the program and send 30 percent of their salaries to their families. Read more.

Companies tap into Networking Academy to fill ICT jobs and drive business growth in a digitized world. For example, Barclays partnered with Networking Academy to train university students and attract top talent to its technology center in Lithuania. Watch the video.

Networking Academy Dream Team

Each year, we give top Networking Academy students from the United States and Canada the chance to gain real-world experience by setting up the network at Cisco Live, our annual customer event.

"Dream Team" members gain hands-on experience working under the direction of Cisco's Network Operations Center engineers. They set up hundreds of wireless access points and provide help-desk support and network troubleshooting. The Dream Team gives students an opportunity to work in a fast-paced, high-pressure, real-world environment while networking with industry professionals and showcasing their skills for potential employers.

In July 2015, Dream Team members helped install 1250 access points throughout the San Diego Convention Center and two adjacent hotels, establishing a network with 99.9 percent uptime.

Team member Nick Saylor impressed Cisco engineers with his ability to communicate and was later hired as a Technical Assistance Engineer for Cisco. The program has expanded to other Cisco events and organizations, including the National Basketball Association (NBA).

Read more.

1. Based on 38,492 surveys between March 2005 and July 2015 from students who completed courses through Cisco CCNA Routing and Switching 4 or higher.

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Support for Education Nonprofits

STEM education is a business imperative for Cisco and is critical to all industries worldwide. We use our expertise, product donations, and cash grants to help our nonprofit partners engage and inspire students and deliver STEM education more effectively. We have maintained long-term relationships with several effective education nonprofits, including Citizen Schools, City Year, MIND Research Institute, and Teach For America, that achieve strong results for the students they serve.

For example, late in FY14, we provided a cash grant to the Silicon Valley Education Foundation's Elevate [Math] program, a summer intervention program that prepares rising 8th graders for success in 8th-grade math, a critical course on the path to college and careers. The program is designed to address the needs of students who score below proficiency in 7th-grade math, 88 percent of whom are students of color. Just over a year later, a WestEd study showed that students completing the Elevate [Math] program scored nearly 24 percent better on an algebra-readiness test than similar students who had not participated. This increase is more than twice the typical effect found in a large sample of similar intervention programs. We will consider another grant to scale Elevate [Math] throughout California and beyond in FY16.

CASE STUDY

Girls Power Tech

Every April, we support Girls in ICT Day, a global event organized by the United Nations International Telecommunication Union.

In FY15, Cisco grew the initiative into the Girls Power Tech Global Mentoring Initiative. During April and May, employees at Cisco offices worldwide mentored girls and young women ages 13 to 18, encouraging them to consider education and careers in science, technology, engineering, and math (STEM). Our goal was to inspire them to pursue a career in ICT by providing hands-on exposure to the latest technology and engagement with industry professionals.

"I saw great opportunities in the Internet of Everything. Now I have an idea of the work I want to do in the future," said Kristina Krachmarova, 16, a participant at our office in Sofia, Bulgaria.

In 2015, Kristina was among 3300 young women who participated in events at 91 locations in 56 countries; 1500 of our employees signed up to volunteer.

Bridging the Digital Divide

In Baltimore, Maryland, the four-year high school graduation rate was 68.5 percent and the unemployment rate for African-American men between the ages of 20 and 24 was 37 percent in 2013. At Bridging the Digital Divide (BDD), which offers Cisco Networking Academy courses, the certification rate is 95 percent. BDD's mission is to provide training, certification, and job search assistance at a reduced cost to African-American males, immigrants, and other underserved groups.

Since its founding in 2014, BDD has prepared more than 100 students for IT industry certifications, helping them stand out to potential employers. Partnering with Networking Academy and other companies, BDD is able to offer courses that prepare students for certification exams and entry-level jobs. Courses like Cisco CCNA Routing and Switching help students develop in-demand skills that employers are seeking.

Cisco offers the Networking Academy curriculum and learning platform free of charge to educational institutions and other organizations. BDD makes the classes affordable and accessible to those who wouldn't normally have the means to pursue such a career path.

Read more.

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Women Rock-IT

In FY15, Cisco's Asia Pacific Social Innovation Group held a four-part Cisco TV series called Women Rock-IT, designed to inspire young women to pursue careers in the Internet of Everything economy.

The sessions featured four women from Cisco who have challenged stereotypes and turned their passion for technology into rewarding and successful careers, including Monique Morrow, CTO of Cisco Services, and Vanessa Sulikowski, the first woman at Cisco to earn the prestigious designation of Distinguished Systems Engineer.

More than 7700 students attended the events over Cisco collaborative technologies, including Cisco TV and TelePresence, as well as in-person at Cisco offices and learning institutions that offer Cisco Networking Academy curriculum. An additional 900 students downloaded the recordings. Of those who attended, 74 percent were Networking Academy students or alumni. Ninety-three percent of attendees said they were "very satisfied" with the event and 38 percent said they expected to enroll in a technology course within six months.

The program will continue in FY16 and will feature female leaders from outside of Cisco.

Preparing Diverse Students for IT Jobs

At North Lake College, a two-year public community college serving Irving, Texas, and northern Dallas County, 35 percent of students are Hispanic and 20 percent are African American. Each semester, about 700 students are enrolled in Cisco Networking Academy courses offered under the leadership of program director Jerry Mesquita, who believes the courses are the "surest route to a good-paying job." Indeed, nearly all students who complete Networking Academy courses at North Lake obtain a job, and more than 80 percent of them earn one or more Cisco certifications.

Jerry, a former telecommunications network engineer, has helped make North Lake one of the top 10 Networking Academy schools worldwide for growth in enrollment. To help students get jobs, he fosters relationships with area companies so they are aware North Lake College is a talent pipeline for their IT needs. For example, one area company was interested in bilingual tech graduates. "We have a good percentage of students who are bilingual, so we were able to bring great candidates to their attention," Jerry said. "The companies keep coming back to us when they have new positions. That drives up our job placement numbers, which in turn strengthens our reputation in the community." Jerry hopes to offer some of the Networking Academy courses in Spanish and Portuguese to attract even more students because "bilingual technical graduates are in high demand." Read more.

Connecting Military Veterans to IT Training and Jobs

Warren and David Neal are brothers from Michigan who enlisted in the U.S. Army and were deployed to Iraq. Warren handled radio communications for Humvees traveling between bases and maintained phone systems and networks for a technology control center. David installed communication systems aboard Black Hawk helicopters.

Despite having hands-on skills, a strong work ethic, and leadership qualities, veterans like Warren and David often have a hard time translating their military experience to something that resonates with civilian hiring managers. By enrolling in Cisco Networking Academy courses at Davenport University in Michigan, the Neals built on their military skills in classrooms and labs using real Cisco equipment.

Networking Academy courses are designed to prepare students for industry certifications that employers recognize. Both brothers were hired by NetSource One, a technology solutions company that provides cabling, data center solutions, managed services, VoIP, and networking to hundreds of clients in Michigan. Read more.

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Economic Empowerment

> **Key GRI G4 Indicators**
> GRI G4–EC8: Significant indirect economic impacts, including the extent of impacts.

We depend on thriving economies for business growth. We support programs and organizations that use technology to help people in disadvantaged communities gain skills, find meaningful employment, start their own businesses, and promote financial inclusion.

Employability Skills and Employment

We work with several nonprofits that provide training and employment for students and workers, particularly women, to help them gain the skills and experience they need to find long-term employment and stable incomes.

For example, Digital Divide Data (DDD) employs disadvantaged youth who provide business process outsourcing services—such as digital content development, data and research services, image processing, and back office finance, accounting, and human resources services—to global corporate clients and governments from operations centers in Cambodia, Kenya, and Laos. DDD provides IT training, employment, university scholarships, and career counseling to give young people the skills they need to thrive.

DDD's program graduates find jobs where they typically earn three to four times the average salary in the region where they live. Total earnings over an employee's lifetime once they leave DDD are estimated to increase by US$175,000.

Cisco began supporting DDD in 2010 and has since provided $685,000 in cash investments as well as Cisco product donations to help the organization work more efficiently, add new business services for clients, enhance its product offerings, and build the capacity to reach more disadvantaged youth.

In FY14 and FY15, Cisco helped DDD launch and expand its first U.S.-based delivery office, Liberty Source, at Fort Monroe in Virginia. Liberty Source offers employment opportunities to un- and under-employed military spouses and veterans. Spouses have a limited ability to pursue their own careers and as a result are 30 percent more likely to be unemployed, despite being more educated than the civilian population on average. Liberty Source provides services to clients such as finance and accounting, human resources, and customer care. Cisco support helps to fund recruitment and training, launch accounting and finance services, and enroll participants in higher education and certification programs.

We also help military veterans transition to civilian life. We have provided $2.5 million in seed funding to Futures, Inc. to support development of a cloud-based job pipeline, which uses a sophisticated algorithm to match military job codes with civilian jobs and career paths. Active-duty military personnel, military spouses, reservists, National Guardsmen, and veterans can access this job portal through the U.S. Military Pipeline. Between January 2013 and the end of FY15, more than 250,000 veterans and military personnel found work through this portal.

In March 2015, we partnered with the North Carolina Military Foundation to help veterans in North Carolina find employment. The pipeline technology is being used to help connect the state's transitioning military personnel

to civilian jobs. Cisco is leading a coalition of IT companies that will post training programs, certification programs, and jobs on the North Carolina Military Pipeline.

In addition, in FY15, more than 12,100 service members across the United States took Cisco Networking Academy courses at 23 military bases, learning the skills needed to manage the U.S. military ICT infrastructure in the field. Since we began working with military bases in 1998, more than 58,300 military personnel have completed Networking Academy training and are better equipped for career opportunities once they have completed their service.

Another example of improving job opportunities around the world comes from Israel, where Cisco is leading the Ma'antech program to place Israeli-Arab engineers, who are underrepresented in the Israeli ICT sector, in high-quality jobs. Working with 52 other ICT companies, collectively we have placed more than 1400 Israeli-Arab engineers in ICT jobs, doubling the number in the sector since we launched the program in 2011.

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Supporting Financial Inclusion and Entrepreneurship

More than two billion people live on less than $2 a day. Without access to financial services it is hard to break the cycle of poverty. Technology is helping to connect people to these services so they can save for the future, provide for their families, start small business ventures, and become financially stable.

For example, Living Goods is a nonprofit that gives entrepreneurs (mainly women) an opportunity to make a living in their communities as agents for affordable health products and information. The agents sell mosquito nets, clean-burning cook stoves, and basic medications. They also educate their communities about public and family health issues. An early stage investment from Cisco in 2012 helped Living Goods make mobile technology the backbone of its model, using it to expand sales, lower costs, and drive improvements. In FY15, a study from MIT, Yale, and University of Stockholm researchers showed that Living Goods is reducing child mortality by 27 percent in Uganda among its clients. Today, Living Goods has more than 1200 agents in Uganda and Kenya who have treated more than 563,000 children. Read more.

Cisco is also a long-time supporter of Grameen Foundation, which develops innovative tools that social enterprise organizations serving the poor can use to enhance efficiency, increase scale, and maximize social impact. Our FY15 grant supported development of TaroWorks, a cloud-based platform that allows social enterprises working in remote parts of the world to manage their field operations, staff, and business impact in real time. Built on the Salesforce platform and accessed via Android devices, TaroWorks provides a full suite of features for managing large distributed workforces, such as mobile data collection, project and

Good World Solutions Gives Factory and Farm Workers a Voice

In September 2014, Good World Solutions, a long-time Cisco CSR partner, received a Gratitude Award in the Community Development category for its Labor Link mobile platform. Gratitude Awards honor social entrepreneurs who have created groundbreaking innovation in education, poverty alleviation, health, environment, community sustainment, and other areas.

Since 2010, Cisco grant support has helped Good World Solutions design, implement, and scale the Labor Link platform, which uses mobile technology to give a voice to global factory workers and farmers and deliver real-time data to companies to align sourcing practices with worker needs.

Cisco was one of Good World Solutions' earliest funders, recognizing the potential of Labor Link to help people thrive and to improve supply chain transparency. Our support enabled the organization to prove the Labor Link concept and grow its reach from a few hundred sweater artisans in Peru in 2010 to more than 340,000 workers in 16 countries today. Cisco's supply chain team has used Labor Link with its own manufacturing partners. Read more.

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client registration, and ongoing monitoring and evaluation. Illumexico, which provides solar lighting systems to marginalized urban communities in Mexico, adopted TaroWorks to improve its business operations. It has been able to save approximately 84 work hours per month in data management, grow from a single branch to five branches across Mexico, cut time to access operational reports from three months to one day, and decrease the percentage of its portfolio at risk by 30 percent. Read more.

Cisco has provided cash grants to design, implement, and scale TaroWorks and develop a business model for financial sustainability. In just over two years, TaroWorks has signed on 70 customers working in 26 countries, who support nearly 175,000 microentrepreneurs and impact nearly 3.5 million beneficiaries.

Product Accessibility

We seek to design products that meet the needs of people with disabilities so that everyone can benefit from the social and economic opportunities our technology can bring.

Through the Cisco Accessibility Initiative, we consider product accessibility at all stages of the lifecycle, from design and shipping to product use. We regularly refresh products, packaging, and documentation and offer training to product managers to emphasize the importance of accessibility.

In FY15, more than 500 project managers and engineers completed the accessibility training. Delivering accessible products also helps us comply with legislation and meet the needs of many of our customers, including state and federal governments. A mandatory record-keeping process for Cisco products took effect on

January 1, 2013, that will allow us to monitor accessibility throughout a product's lifecycle.

Our accessibility team interacts regularly with customers with disabilities who contact us on the Cisco.com accessibility help page. Support is provided for people with disabilities who are having product issues (such as visually impaired people or those using hearing aids or cochlear implants, etc.), assisting them with solutions, and in some cases passing on recommendations to Cisco Engineering for product improvements. Over 300 Cisco.com customer support cases were handled by our accessibility team in calendar year 2015.

We give demonstrations on the accessibility of our products and also provide training sessions and give talks on accessibility issues at events such as Cisco Live 2015

San Diego and at the FCC co-sponsored M-Enabling Summit in Washington, D.C. As well as allowing us to share our work and ideas, these events provide us opportunities to gain feedback on our products and real-life accessibility challenges.

We also continued our support of the Rochester Institute of Technology National Technical Institute for the Deaf and the DeafTEC initiative in California by rolling out training for educators and employers. DeafTEC is a resource for high schools and community colleges that educate deaf and hard-of-hearing students in STEM-related programs and for employers hiring deaf and hard-of-hearing individuals.

Learn more about Cisco product accessibility.

Healthcare

Technology is helping to connect people to healthcare in remote or underserved regions. Cisco networking technology can help improve access to quality healthcare for people who need it most.

Cisco TelePresence,® WebEx,® and HealthPresence®[1] collaborative technologies enable "care at a distance" by extending the reach of doctors and other healthcare providers through virtual interactions. Using handheld cameras and stethoscopes, healthcare providers can gather patient information for doctors and specialists remotely. High-quality video and audio systems also facilitate face-to-face interactions with remote patients.

The Jordan Healthcare Initiative (JHI), launched in 2011, is a prime example of these efforts. Cisco partnered with the Jordanian government on a series of projects that use collaboration and communications technologies to transform healthcare delivery. For example, a mobile cancer screening unit uses Cisco TelePresence and other technologies to send images from around the Kingdom to the radiology department at King Hussein Cancer Center in Amman for timely consultation.

At the end of FY14, we launched the final component of JHI, a service exchange platform (SXP) for a radiology pilot that delivers affordable, high-quality radiology services to public hospitals, including underserved areas with limited or no radiology specialists. The SXP radiology pilot launched at three public hospitals and integrates a picture archiving and communication system (PACS) with Cisco collaboration software. This cloud-enabled access to PACS-as-a-service allows hospitals to realize savings

by eliminating film and achieving faster turnaround times for radiology reads. In May 2015, JHI was recognized with a Network Middle East Innovation Award for "Cloud Implementation of the Year" for SXP. In four years, more than 150,000 patients have benefited from JHI.

Extending Access to Pediatric Care

Our healthcare programs are dedicated to improving care for children through innovative and virtual technologies. Our Connected Healthy Children initiative supports children's healthcare programs in Brazil, Canada, China, India, Kenya, and the United States. Our technology connects rural health clinics to pediatric specialists, while roving teams use mobile technology to extend support to even more remote areas.

In one program in the United States, a program with Children's Hospital of Orange County brings top pediatric oncologists from six leading institutions into the same virtual room. Children's Hospital is the hub for this virtual pediatric network (VPN), which offers an unprecedented, collaborative approach to treating some of the rarest, most complicated cancers in children and adolescents. By breaking down geographic and institutional barriers, the best minds in medicine are able to share essential medical knowledge and collectively inform treatment plans. VPN participants reviewed 100 children's cancer cases in FY15.

In northern California, children often have to wait up to nine months and travel long distances to see a specialist. In 2012, we partnered with Lucile Packard Children's Hospital to bridge this gap through a pilot program that connected Lucile Packard specialists in Palo Alto to patients at the Pediatric Group of Monterey and California Pacific Medical Center in San Francisco.

Following the success of the pilot program, the hospital took over management of the effort and expanded the program by adding telehealth capabilities at new regional clinics. In FY15, Lucile Packard reported that physicians have used HealthPresence[1] to see more than 500 patients. Patients and their families reported 100 percent satisfaction with the quality of the exam and more than 92.3 percent overall satisfaction with the experience.

Our Connected Healthy Children programs in Brazil, Canada, China, India, Kenya, and the United States (VPN, Lucile Packard) have been transferred to government or private organizations for sustainability.

While we remain committed to promoting health and well-being through our technologies, in FY16 we are shifting our priorities to put greater focus and resources on employability and employment.

1. Cisco networking and collaboration products are not intended for use in emergency situations or for real-time patient monitoring. Cisco technology enables enhanced communications to occur across geographies; availability varies based on regulatory status country by country.

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Key GRI G4 Indicators

GRI G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.

We support nonprofit organizations around the world that help meet critical human needs for food, drinking water, and shelter, and we support relief efforts following natural disasters.

Critical Human Needs

We help nonprofits provide basic resources to communities and make their organizations more financially sustainable and effective.

We have supported Water For People since 2010, helping the organization reach its ambitious goal to secure permanent access to safe drinking water for 30 districts in nine countries by 2018.

With our cash grant support, Water For People developed the web-based Re-Imagine Reporting (RIR) platform, which transforms data from various sources into a visual form to aid decision making about water and sanitation programming. RIR demonstrates how effective data gathering and analysis can support smarter decision making that leads to social change. Through RIR, Water For People has increased access to reliable water and sanitation by 14 percent and increased the likelihood of sustained access to reliable water by 26 percent across the 30 districts where it works. In October 2014, Water for People announced it had reached 90 percent of its targets in Malawi, and had surpassed goals in some districts.

Additional grant support in FY15 will help Water For People enhance RIR to allow for visualization of a full range of monitoring metrics to better assess service delivery and predict sustainability for any given water system.

On the Front Lines of Disaster Relief

Every year, natural disasters cause devastation around the world. We support organizations such as NetHope, CARE, Feeding America, Habitat for Humanity, and the American Red Cross to help communities recover and rebuild.

When major disasters strike, we establish special giving campaigns that allow our employees to donate to relief efforts and increase their impact through matching gifts from the Cisco Foundation. Since we began tracking the data in FY08, employee donations and matching gifts have raised US$10.5 million for disaster relief, including $1.05 million in FY15. The Cisco Foundation will match up to $10,000 per employee for disaster campaigns each year.

Cisco Tactical Operations (TacOps) is critical to our disaster response capabilities, providing emergency communications when traditional communications are degraded or destroyed. By responding to emergencies and natural disasters within the first few days, TacOps often enables agencies to get communications up and running faster than government or local providers can. When a massive earthquake struck Nepal in April 2015, Cisco set up a campaign that raised more than $650,000 in employee donations and matching gifts. The Cisco Foundation also gave a $100,000 cash grant to help NetHope enable communication and information sharing among responding organizations. A member of the TacOps team spent two weeks in Nepal, setting up emergency communications so responders could deliver food, water, and medical care. He brought two rapid response kits built with Cisco Meraki® cloud-based security appliances and several high-capacity Meraki

NetHope: Using Technology to Support the Developing World

NetHope aims to better serve the developing world through the smarter use of technology. We helped found NetHope in 2001 in collaboration with Save the Children and they remain an important strategic partner. We continue to support the organization with equipment, employee time, and expertise.

In FY15, Cisco hosted the annual NetHope Global Member Summit, bringing more than 200 leaders from dozens of technology companies and international humanitarian and conservation organizations to our San Jose, California campus. Collaboration is at the heart of the NetHope summit, where CIOs and CTOs from some of the world's most recognized nonprofits share tools, demonstrate their best practices, and receive feedback to improve the way they do business. It is their opportunity to spend a week networking, sharing best practices, and talking about the newest innovative technologies.

outdoor access points that remained in place after his deployment ended to provide ongoing communications infrastructure.

We also made significant contributions to the Ebola response in Western Africa. Our giving campaign generated $177,000 in employee donations and matching gifts. We partnered with NetHope to expand effective communications capabilities and promote sustainable

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recovery in the region. We contributed on-site hotspot equipment, as well as a $100,000 cash grant to NetHope to enable responders to connect laptops, phones, and tablets to improve communications. This also allowed digital volunteers to turn large amounts of data into visualizations and data sets. Cisco TacOps team members helped design a network that linked more than 100 locations in Sierra Leone, Guinea, and Liberia, then worked with partners on the ground to implement it. TacOps assisted with two other disasters in FY15—the King Fire in California and Cyclone Pam in Vanuatu, South Pacific.

In FY15, TacOps marked its 10-year anniversary of providing humanitarian assistance. The team has completed more than 30 humanitarian responses since assisting in the aftermath of Hurricane Katrina, which struck the U.S. Gulf of Mexico coast in 2005.

Supplier Diversity

Cisco spends billions of dollars with suppliers every year. Where appropriate, we source products and services from diverse suppliers and support diverse partners in our sales channel. Supplier and Partner Diversity are central to Cisco in fulfilling our goal of being the number one IT company.

Our commitment to supplier diversity is realized by our ongoing efforts to recruit and develop diverse suppliers and to provide them with access to opportunities, and our efforts are recognized worldwide. This supports economic empowerment and gives us access to a wider group of innovative, diverse businesses.

Diverse backgrounds and ideas throughout our supply chain drive innovation and resiliency and help us keep pace with changes in the industry. We believe that increasing supplier diversity is essential to meet growing

stakeholder, customer, and regulatory demands. We engage directly with diverse suppliers and encourage our major partners to cultivate their own programs. (For more on the business benefits of supplier diversity, see page D9.)

Promoting Diverse Businesses

Diverse businesses are those that are at least 51-percent owned and operated by a minority or historically disadvantaged group. These include the eight groups defined by the U.S. federal government (see box). Cisco actively solicits diverse businesses to give them the greatest opportunity to supply us with goods or services.

In FY15, we improved our ability to track, verify, and recognize diverse suppliers (see page F6.). Many of our customers want to know about our spend with and support of diverse suppliers. In FY15, we responded to information and reporting requests from more than 86 customers. In countries where supplier diversity is a requirement, including Australia, South Africa, and the U.S., we look to meet all regulatory obligations.

Capability Building and Business Development

We connect diverse suppliers and channel partners with relevant Cisco business units and other potential customers through the Cisco Diversity Business Practices program (formerly Global Supplier Diversity Business Development). Suppliers and partners meet with executives from Cisco and other Fortune 500 companies to discuss potential business opportunities at our Partner Operations Diversity Forums. Our forums average 100 stakeholders in attendance or more.

Cisco supports women-owned businesses as a corporate member of WEConnect International and the Women's Business Enterprise National Council (WBENC).

Diverse Business Classifications

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

These organizations promote women-owned businesses by connecting them to multinational companies through networking events, business fairs, and conferences. Since 2002, we have sponsored diverse suppliers to complete training on leadership skills and strategy.

In FY15, we launched the Partner Mentor Program (PMP), a new pilot to help diverse businesses build their capabilities and provide additional support to Cisco channel partners (see page D9). PMP is intended to be a mutually beneficial business relationship between diverse and non-diverse Cisco partners. The pilot expectations include the following:

- Support customer diversity initiatives by using diverse Cisco partners.
- Introduce diverse and non-diverse Cisco partners for mentorship opportunities.
- Present partners with fresh perspectives on ways to further develop their businesses and gain access to a broad network of resources.
- Track and report all resulting business opportunities.

In FY15, Cisco awarded WebEx product grants worth nearly US$20,000 to nonprofit organizations to help them support more diverse businesses. Read more.
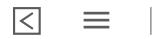
Environment

Our Priorities

"We've found strong environmental performance and reputation enhances customer loyalty, strengthens strategic relationships with governments, and helps attract the best employee talent."

Randy Pond
Senior Vice President,
Operations

I'm privileged to provide executive sponsorship of Cisco's major environmental initiatives in addition to, for almost a decade, being the senior executive responsible for Cisco's corporate sustainability function. Over that time, Cisco has built a best-in-class team that spans our business around the world to address environment-related challenges and opportunities in our operations, supply chain, and products.

We've built strong relationships with key global advocacy organizations and established credibility with customers who want to use Cisco solutions to improve their own environmental sustainability. At Cisco, we've found that strong environmental performance and reputation enhances customer loyalty, strengthens strategic relationships with governments, and helps attract the best employee talent.

Our two most important environment-related issues are energy consumption/greenhouse gas emissions (GHG) and product end of life. We continue to address the energy/GHG from our operations, supply chain, and products through:

• Setting a second five-year goal: to reduce operational Scope 1 and 2 emissions by 40% by 2017 (compared to 2007 baseline)

• Encouraging our suppliers to report to the CDP to address GHG emissions in our supply chain

• Developing system architectures for our products that enable efficient power consumption across a broad range of operating conditions

• Offering our customers Cisco solutions—energy management, remote collaboration, teleworking and mobility, and cloud—that help reduce energy consumption from IT equipment, buildings, business travel, and employee commuting.

Since 2010, Cisco has been a founding member of the Ellen MacArthur Foundation Circular Economy initiative. We are implementing circular economy principles and addressing product end-of-life impacts across our business by:

• Increasing the percentage of used product returned by our customers

• Developing cloud-based asset tracking for our products across other industry sectors

• Creating lease and network-as-a-service delivery models to improve asset utilization

I'm pleased with the solid foundation we've built and the opportunities for the business in the years ahead. Please read about all of our efforts in the following pages, and feel free to provide your thoughts via the link provided in the upper right of each page.

Randy Pond
Senior Vice President,
Operations

2015 Objectives and Progress

Objectives	Target Date	Progress
Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).	End of FY17	◯ −22.4%[1]
Reduce total Cisco business-air-travel Scope 3 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).	End of FY17	◯ *[2]
Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest International Energy Agency world average emission factor publicly available before the end of FY17.	End of FY17	◯ −64.7%[3]
Reduce total Cisco operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline).	End of FY17	◯ +2.5%[4]
Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17.	End of FY17	◯ +71.9%[5]

1. A −22.4 percent reduction equates to 56 percent progress toward our −40 percent reduction goal.
2. To be updated later once data is available.
3. In FY15 our net consumption-weighted electricity emission factor is 64.7% lower than the global IEA average.
4. In FY15 our emissions per unit of revenue increased 2.5% above our FY07 baseline intensity level.
5. Due to changes in GHG Protocol Scope 2 reporting requirements, Cisco has significantly increased our renewable energy purchased compared with FY14.

● Achieved   ◐ Partially Achieved   ◯ Ongoing
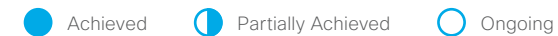
2015 Highlights

11,718

Customers returned 11,718 metric tonne of Cisco products for reuse and recycling, and we reused over US$365 million in Cisco equipment.[2]

Cisco tied for #1 across all sectors on CDP's 2014 investor carbon questionnaire announced September 2014.[1] We maintained our membership on CDP's Carbon Disclosure Leadership Index (CDLI) for the seventh year in a row and on the Carbon Performance Leadership Index (CPLI) for four of the last five years.

#1

71.9 percent of our global electricity came from renewable sources, exceeding our 25-percent goal for the year.

71.9%

$16M

Cisco spent US$16 million on energy efficiency and renewable energy initiatives as part of our global EnergyOps Program.

1. 2015 CDP results are not announced until November 2015, after the release of this report.
2. Based on cost of goods sold.

PRIORITY

Energy and Greenhouse Gas

The harm from increasing greenhouse gas (GHG) concentrations in the earth's atmosphere and associated climate change is real and significant. We are taking long-term actions to reduce our contribution to GHG emissions through improvements to our products and our operations, and through the actions of our suppliers. Energy and GHG emissions are our most important and complex environmental issues; they touch on every aspect of our business and value chain from our operations and the operations of our supply chain partners to product design, manufacture, distribution, product use, and end of life.

IT Enabling Effect

The information and communications technology (ICT) sector has a significant role to play in addressing climate change by enabling other sectors, such as transport, buildings, power, and industry, to become more efficient. Our products and services offer significant opportunities to help others reduce their carbon footprint—whether it is avoiding business travel by using videoconferencing, saving energy using a building management system, reducing transportation emissions using smart logistics, or promoting the circular economy. As well as enabling others, this offers new opportunities for our business to innovate and grow (see page E38).

Product Energy Efficiency

Between 80 and 95 percent of our products' carbon footprint is created in the use phase, making product energy efficiency of primary importance. Our greatest opportunity to reduce energy waste

is through improvements in low power mode and high utilization operation. Our Design for Environment approach causes us to consider these opportunities during product design, where we design for longevity and with end of life in mind. Creating smaller, lighter products and packaging also helps reduce our distribution footprint (see page E34).

Energy in Business Operations

In our own operations, we are rolling out Cisco Connected Workplace, which increases the number of employees assigned to a particular building and therefore maximizes workspace utilization and reduces the number of buildings required. We are incorporating sustainability into the design of new offices, labs, and data centers and are implementing energy-related upgrades at hundreds of our existing facilities. We also use our own remote-collaboration technologies to reduce the need for business air travel (see page E22).

GHG in the Supply Chain

We continue to promote reporting to CDP as a foundational step for our suppliers in reducing their GHG emissions. We are reducing Scope 3 emissions from our supply chain by shifting transport modality away from air and reducing product packaging. Product LCA results (see page E32) indicate transport emissions are a contributor to Scope 3 emissions.

Read more on E21.

Solar Power

In June 2015 Cisco partnered with NRG Renew LLC (wholly owned subsidiary of NRG Energy, Inc. [NYSE:NRG]) to develop a 20 MW solar energy facility to generate power for our San Jose, California, headquarters.

NRG Renew will finish development of the solar installation on its 153-acre parcel in the Sonoran Desert near the Arizona and California border by the end of 2016. Electricity generated by the solar installation will be sold to Cisco under a 20-year power purchase agreement (PPA). This will increase total use of GHG emission-free electricity at our headquarters and help us maintain our annual renewable energy purchases above 25 percent of global electricity use.

Our Priorities | The Details

PRIORITY

Product End of Life

Disposal of electronic products is Cisco's second most material environmental sustainability issue as identified by our stakeholders. As well as throwing away potentially valuable materials, some materials in certain components can leach into the water table if the product goes to landfill. We are committed to minimizing the amount of Cisco product that goes to landfill. This starts at design. Using our Design for Environment (DfE) approach, we design for longevity and with end of life in mind. Where possible, parts are of one material, easily separable and clearly marked for recycling (see page E16).

Reducing waste is also a commercial opportunity for Cisco that we are exploring in various ways. We provide comprehensive product end-of-life (EOL) services for our equipment. Our worldwide network of qualified recyclers processes products from customers, suppliers, partners, and inside Cisco. Reuse is our preferred option; wherever possible, we refurbish returned products for resale and reuse. If this is not possible, returned products are dismantled and recycled and the fractions sent to downstream recyclers to be sold on the global commodity markets (see page E42).

Our customer return programs are the Cisco Technology Migration Program (TMP) and the Exceptional Pick-Up Program (EPUP). These programs are aimed at customers who are upgrading their equipment. To encourage use of the programs, customers receive an additional discount for returning functional, used equipment to us.

These programs are the single largest source of product returned to Cisco and they provide the newest and best-quality used equipment for refurbishment and reuse. In FY15 our trade-in programs, along with the existing takeback and recycle program, provided Cisco with over 12.5 metric tonne of equipment. In FY15, 11,718 metric tonne of product were returned, 25 percent of which was refurbished, resold, or reused. Very little returned material is sent to landfill because our entire product is recyclable. One-quarter of one percent of returned material is sent to landfill and consists of packaging and other trash in the shipment that can't otherwise be recycled.

Read more on E42.

100% Product Return

In conjunction with several channel partners and customers, we are working on a 100% Product Return pilot. The goal of the pilot is to make it easier for our customers and partners to return Cisco gear to us. We will then either recycle unusable equipment or refurbish viable equipment for reuse.

The pilot will also help our customers and partners reach and report on their own sustainability goals. For example, a large channel partner, Dimension Data, announced in November 2014 a five-year goal to prevent a cumulative 4000 metric tonne of electronic waste from going to landfill.

"Cisco and Dimension Data share a common vision of a circular economy, where new ways are found to make best use of equipment at the end of its lifecycle. We've worked closely together to set ambitious targets to help our clients dispose of unwanted IT assets, and we're really excited about some of the innovative thinking and solutions that are happening as a result of this."

Colin Curtis
Group People & Planet Director,
Dimension Data

EnergyOps Program Overview

The EnergyOps program is a US$57 million, multi-year investment to meet our FY17 energy and GHG reduction goals. Between FY13 and FY17, the program is implementing hundreds of energy efficiency and renewable energy projects across our 21 million square feet of real estate. By the end of FY17, we estimate this program will implement approximately 500 projects, avoiding over 140 GWh of energy use and 500,000 metric tonne of CO_2e emissions on average per year.

Besides reducing our impact on the environment and helping us meet our sustainability goals, the program will also reduce our operational expenses and make our operations more cost efficient. We estimate the projects implemented through the program will achieve an average four-year simple payback and collectively result in a $69 million, 10-year net present value for Cisco.

Our Plans

We will continue to focus on our energy and GHG and product end of life priority areas. This includes:

Product Energy Efficiency

Increasing our product energy efficiency is critical to reducing environmental impacts from the use phase while achieving the projected, and required, product performance specifications for the next five to ten years. Cisco products will require an architecture that has energy scalability, meaning they can provide energy-efficient service at variable traffic types, traffic demands, customer usage, and installs. To achieve these requirements we have four primary product energy efficiency engineering initiatives underway (see page E35).

Energy in Business Operations (GHG Reduction Goals)

We will continue to invest in energy efficiency improvements, onsite renewable projects, and renewable energy purchase agreements across all our campuses globally to achieve our GHG emissions reduction goals.

Product Takeback

We will continue to work to improve our product takeback and return programs (see page E42).

Supply Chain GHG Emissions Reductions

We will continue to request that our supply chain partners report to CDP, and have established a goal that 90 percent of our key suppliers will report their GHG emissions to CDP by FY16. We will work with our supply chain to shift transport modalities away from air and to reduce product packaging.

2016 Objectives

Objectives	Target Date
Reduce total, Cisco, Scope 1 and 2, GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).	End of FY17
Reduce total, Cisco, business-air-travel, Scope 3 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).	End of FY17
Reduce total, Cisco, operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline).	End of FY17
Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest International Energy Agency (IEA) world average emission factor publicly available before the end of FY17.	End of FY17
Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17.	End of FY17

Environmental
Sustainability

Materials

Energy &
GHG Emissions

Water Use

Biodiversity &
Land Use

Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Environment

The Details

We believe our information and communications technology (ICT) can improve the world's standard of living, improve the effective use of the planet's resources, and improve energy efficiency, delivering new value to our customers and society.

We're building environmental sustainability into our business functions and processes. Energy consumption and greenhouse gas (GHG) emissions are the most important and most complex environmental issues for Cisco. We are working to increase energy efficiency and reduce GHG emissions in our operations, our supply chain, and our products. Since electricity generation is a large user of water (for turbine condenser cooling), we can best conserve water by reducing energy use in our operations and our products.

Improving the energy efficiency of our products is a priority because the energy consumed during their use accounts for up to 85 to 95 percent of our product life cycle carbon footprint. This means that innovation in our products and services that promotes energy efficiency and waste reduction can reduce GHG emissions by users of our products. In developing innovative products and solutions, we are using the power of the Internet to create sustainable business models for our customers.

Our Priorities | The Details

Environmental Sustainability

Environmental sustainability offers our business significant opportunities and challenges. We are taking decisive action and have strong processes in place to improve our environmental performance.

Environmental Sustainability Materiality Assessment

Our sustainability materiality assessment is based on input from stakeholders, results of life-cycle assessments (LCAs), and assessments by independent consultancies. The sustainability materiality process is described in more detail on page A6 of the Introduction.

Our priorities are based on the impact from Cisco's operations, our supply chain, and the use of our products by our customers. Table 1 summarizes our prioritization of environmental issues. Tier 1 and 2 are issues that receive increased investment and oversight. Tiers 3-5 are important, but are considered "due diligence" because the supporting processes are fully incorporated into the responsible business function.

In FY15 we continued to see a trend of increasing customer interest in sustainability as reflected in requests for proposals, surveys, and other customer inquiries.

In FY14 Cisco invited about 5000 customers across all regions and market segments to complete an online survey on environmental sustainability. Our customers confirmed our environmental sustainability priorities. The top three issues identified by customers are:

- Product energy efficiency (Tier 1)
- Sustainable product fulfillment, including electronic delivery of software, documentation, and product packaging (Tier 2)
- Product takeback and recycling (Tier 2)

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

Table 1. Sustainability Materiality Tiers for Cisco Environment-Related Issues	
Tier	Environment Topic
1	Energy consumption (operations)
	Product energy efficiency
	IT enabling effect
2	Waste (product EOL)
	Waste (product packaging EOL)
3	Transport emissions (from product logistics)
	Water pollution (liquid effluents)
4	Hazardous materials
	Biodiversity and land use
	Water use
	Waste (operational "trash")
5	Non-GHG airborne emissions

Principles

Cisco policies are developed under the following governing principles:

- We integrate environmental responsibility throughout our business while meeting customer expectations with respect to product function, delivery, quality, service, and EOL management.
- We work with our suppliers to integrate environmental responsibility into all life cycle phases of our products.

- We use the GRI G4 performance indicators to guide our environmental impact assessment, reporting, and initiatives.
- We provide complete, accurate, and public environmental reporting for our stakeholders.

We maintain the following governance for our environmental sustainability efforts:

- We seek stakeholder engagement and analysis on our sustainability materiality assessment, reporting, and the results of our initiatives.
- We maintain ISO 14001 certification for sites with significant potential for environmental impact.
- We use our CSR Business Process to govern reporting, stakeholder engagement, feedback to the business, initiative prioritization, goal setting, implementation, and metrics for environmental sustainability issues.

Our Sustainability Executive Team (SET) governs our Tier 1- and 2-related environmental initiatives. SET is organized around specific tracks. Each track is sponsored by an executive from the affected business function. All tracks are co-sponsored by the executive that chairs SET. The SET tracks include:

- Operational Energy Management—tracking GHG emissions, reducing overall energy usage, implementing local alternative energy sources
- 100% Product Return—increasing the return of used equipment from customers for recycling or refurbish/reuse
- Product Energy Efficiency—innovating products and facilities to use less energy
- Sustainable Product Fulfillment—offering bulk pack, multi-pack, and eDelivery to reduce materials for new product sales

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

Organization

Key executives, along with business functions covered by our environmental management system, create and implement operational change. Teams focus on corporate-level initiatives that directly enhance Cisco's environmental performance.

- SET provides oversight for our Tier 1- and 2-related environmental initiatives. The executive sponsor of SET during FY15 was Randy Pond, Senior Vice President of Operations.
- The Sustainable Business Practices team, within Corporate Affairs, is responsible for overall strategy and coordinates funding, resources, organization, schedule, and execution of each SET track.
- Cisco's Enterprise Risk Management program supports the identification, assessment, and management of enterprise risks. Executive-level oversight of the program is provided by a committee which reports to the Board of Directors. Risks associated with Corporate Social Responsibility & Sustainability are included in this process.
- Cisco's overarching CSR objective is to build sustainability into each business function and process.

Environmental Management System

Our Corporate Environmental Policy and environmental management system (EMS) provide us with a framework to monitor and manage the environmental impacts that we have identified are a priority for our business.

Cisco's EMS is certified by TUV SUD America Inc. to the international EMS standard ISO 14001:2004. Cisco sites for ISO 14001 certification are selected based on a set of criteria that includes:

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

These criteria focus on sites that will make the greatest contribution to reduce environmental impact. Once a site has been selected for certification, we evaluate its associated environmental impacts, including corporate functional areas; associated products, activities, or services at that location; and the environmental impacts associated with the generation or use of materials, impacts on air and water, and depletion of natural resources. We use this information to calculate an environmental score, which helps us prioritize facilities and issues and mitigate the associated negative environmental impacts. In 2016 Cisco plans to certify two new sites as part of its ISO 14001 program.

Figure 1 shows Cisco's ISO 14001 certified site locations.

Scope and Implementation

All of Cisco's ISO 14001 certified sites are audited by an independent third party. Sites that were part of an acquisition are included in the scope of the Corporate Environmental Policy and corporate environmental initiatives. Table 2 shows our ISO 14001 certification key performance indicators (KPIs).

Our EMS helps us identify the most significant environmental impacts at each Cisco site and set relevant corporate and local environmental objectives or targets. Based on potential impacts, site teams adopt one or more initiatives to implement, which are aligned to corporate-level programs where possible.

All ISO 14001 certified sites have teams that pursue environmental goals. Sites support corporate environmental initiatives and also have site-specific Environmental Aspect teams that report on goals, initiatives, and metrics to measure our environmental performance. Table 3 lists the number of Aspect Teams per region that report on site-specific goals and activities.

Cisco's primary corporate sustainability activities (such as GHG and energy management, product environmental compliance, and supply chain management) are included in our certified EMS and are part of the internal and external audits performed annually. This enables us to internally track key corporate environmental performance goals, initiatives, and metrics.

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

Environmental Sustainability

Materials

Energy & GHG Emissions

Water Use

Biodiversity & Land Use
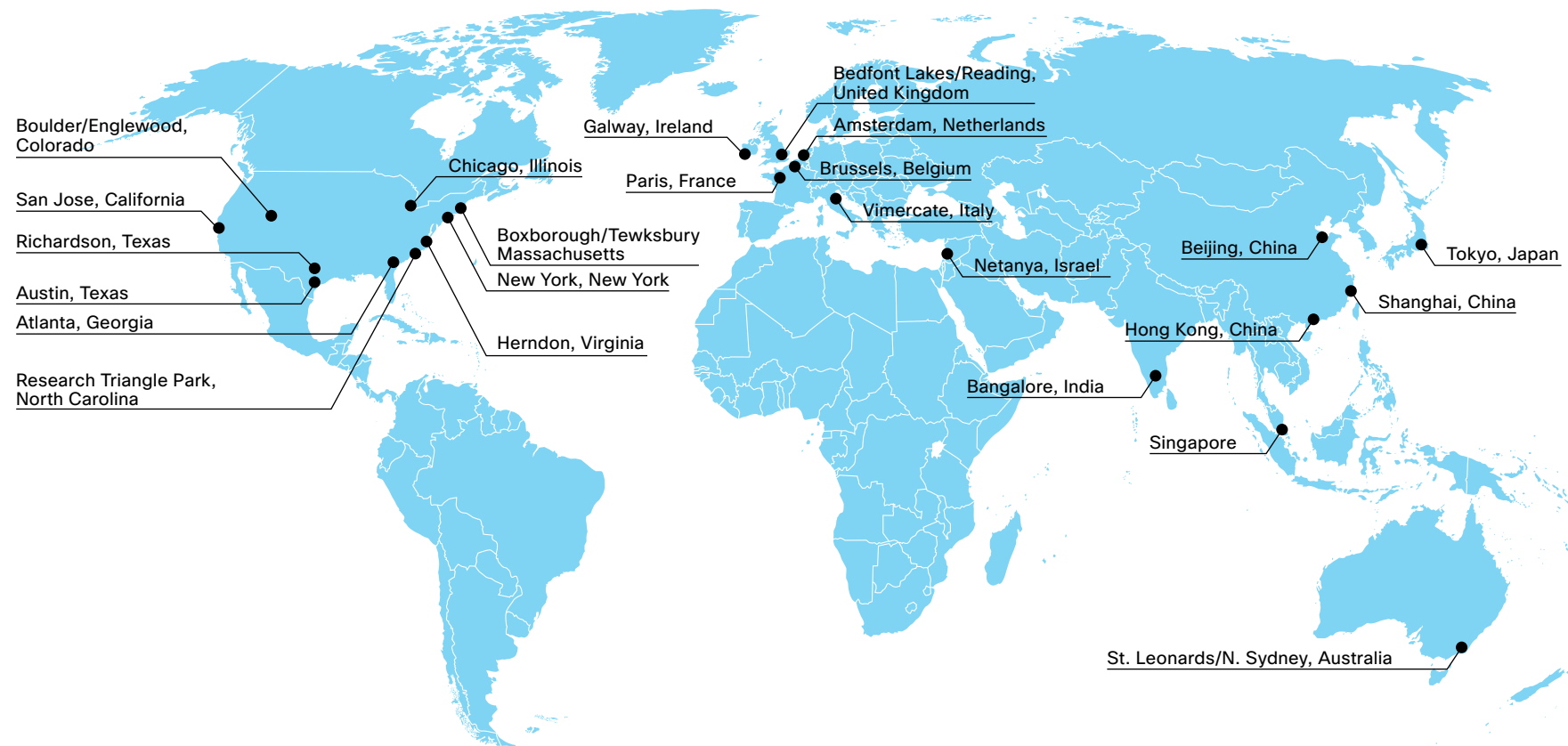
Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Internal EMS audits provide regular assessments as to whether our environmental processes and commitments have been implemented and how well we are improving our EMS at our certified sites. The frequency of these audits depends on criteria including the size and operational activities at the site and the results of

previous audits. In a typical three-year period, every site will receive one onsite audit and one virtual audit. In FY15, we conducted 22 internal audits, including seven virtual audits using Cisco TelePresence® or Cisco WebEx,® and one "hybrid" audit including an onsite and remote auditor using Cisco TelePresence or WebEx.

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

Figure 1. Cisco ISO 14001 Certified Site Locations

Boulder/Englewood, Colorado
San Jose, California
Richardson, Texas
Austin, Texas
Atlanta, Georgia
Research Triangle Park, North Carolina
Chicago, Illinois
Boxborough/Tewksbury Massachusetts
New York, New York
Herndon, Virginia
Galway, Ireland
Bedfont Lakes/Reading, United Kingdom
Amsterdam, Netherlands
Paris, France
Brussels, Belgium
Vimercate, Italy
Netanya, Israel
Beijing, China
Tokyo, Japan
Shanghai, China
Hong Kong, China
Bangalore, India
Singapore
St. Leonards/N. Sydney, Australia

During internal and external ISO 14001 audits in FY15, Cisco received two Best Practices and 40 Positive Comments on its ISO 1400 certified Environmental Management System. One Best Practice was from the external ISO 14001 audit in Sydney for energy management in labs. The other Best Practice was received in Amsterdam during an internal ISO 14001 audit for their cross-functional volunteer green team that works to improve environmental awareness and promote environmental performance at the site.

All numeric claims made in the Environment chapter of the CSR report are subject to a multi-day, detailed, bottom-up audit conducted by our internal ISO 14001 audit team. In 2015 this internal audit included seven different business functions and verified the data collection, analysis, and reporting process for 120 numeric environmental claims in the 2014 CSR report. Verification of both data and processes is key to reporting valid data and is a proactive process to identify corrective action. Environment-related claims in the 2015 CSR report will also be audited in 2016.

Employee Training

To incorporate environmental design principles into our products and solutions, we run companywide events and training such as video-on-demand classes. These show employees how they can contribute to our environmental goal of reducing carbon emissions by creating new products, improving upon existing product designs, and working with our supply chain to make upstream operations more environmentally conscious.

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

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

Cisco works in collaboration with the Electronic Industry Citizenship Coalition (EICC) to develop common industry training, tools, and standards to support suppliers in improving their sustainability capabilities and performance. For more information on Cisco's engagement with EICC, see Supply Chain, page F13.

Table 2. Cisco Environmental Management System ISO 14001 Certification

KPI	FY11	FY12	FY13	FY14	FY15	Comments
Number of Cisco sites with ISO 14001 certification	28	30	30	28	28	
Percent of real estate portfolio with ISO 14001 certification	95%	96%	93%	93%	>90%*	

* Initiative to certify high percentage of our real estate portfolio is complete and will not be reported going forward.

Table 3. Aspect Teams per Region

Aspect Teams	Global Teams	Americas	Europe and Emerging Markets (EEM)	Asia Pacific, Japan, China (APJC)	Total
Waste reduction and recycling		8	7	7	22
E-scrap management[1]	√	7	8	3	19
Energy management[2]	√	0	1	7	8
Green initiative/environmental awareness[2]		4	2	0	6
Wastewater management		1	0	0	1
Total per Region		20	18	17	57

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

Life-Cycle Assessment

Cisco uses life-cycle assessments (LCAs) to estimate GHG emissions associated with our products. LCAs are a holistic approach for assessing the environmental impact of a system, process, or product. LCAs help us:

- Assess the materiality of various contributors to environmental impact.
- Select alternative materials that are environmentally preferable.
- Understand the impact of product power consumption.
- Develop more energy-efficient manufacturing processes by comparing assembly and test scenarios.
- Inform packaging and accessory kit reduction projects; in particular, the trade-offs in using alternative and reduced materials.
- Understand the relative carbon efficiency of different modes of transport for distributing our products.

To support our LCA work, we utilize external tools and data sources, including thinkstep GaBi 6.4 and other publicly available data sources, such as the International Energy Agency (IEA), the United Kingdom Department for Environment, Food and Rural Affairs (DEFRA), and the Greenhouse Gas Protocol (GHGP).

Design for Environment

We have incorporated environmental design principles into our products and manufacturing processes so that less raw material, packaging, and transportation are used, and product refurbishment and recycling are more effective. To this end, environmental design features were incorporated into our product requirements document. We have incorporated a Design for Environment (DfE)

approach into our standard design processes that focuses on the following areas:

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

Cisco's DfE principles are derived from a combination of sources, including formal requirements (for example, ECMA-TR/370) and other best practices developed within our business. In FY16, we will begin to update our DfE principles to include evolving customer requirements and industry and regulatory trends. Implementation will include training for a growing community of new employees.

Hazardous Materials

As a global supplier of network equipment to industry, we conform to applicable regulations for product, packaging, and battery materials. We have developed our Controlled Substances Specification to fulfill global environmental regulations and we are committed to reducing the impact of the materials used in our products and in our supply chain. The purpose of this specification is to communicate Cisco's substance use and reporting requirements to engineering/component suppliers and manufacturing partners. The specification outlines

Realizing the Enabling Effect of the Internet of Things (IoT).

In FY15 we piloted a Connected Supply Chain program to model the economic and environmental benefits of web-enabled connectivity within our supply chain. IoT connectivity within our supply chain will allow devices to transmit information about various aspects of business operations, such as energy consumption or productivity, enabling more efficient management of resources.

As part of our FY15 pilot program, Cisco has been working with our supply chain partners to further develop the scope and application of the technologies our Cisco Energy Manager (CEM) solution can support. Specifically, we have installed thousands of sensors in a plant in Malaysia to monitor energy consumption. With this project, Cisco is exploring how such data can inform decision making, drive energy efficiency, and reduce the carbon footprint associated with the production of our products. With the success of this pilot, we are looking to expand the program in FY16.

the controlled substances and any conditions of use; regulatory restrictions, such as Restriction on Hazardous Substances (RoHS); substances to be reported and phased out; and substances under study for potential inclusion on the controlled substances list. For additional information on RoHS and other materials-related regulations, visit Cisco's Materials webpage. In addition, for up-to-date product-level information, visit our self-service Product Approvals Status (PAS) tool.[1]

There are a number of materials that, while currently not prescribed for use in our industry, we are working to reduce or substitute in our products where possible.

1. Cisco.com registration is required. Register here.

Halogenated Flame Retardants and Polyvinyl Chloride

Polyvinyl chloride (PVC) and nonregulated halogenated flame retardants (HFRs) are used in printed circuit boards, plastic parts we have designed, and cable insulation. We are working with manufacturing partners, industry standards technical committees, and academia to validate proposed alternatives for HFRs and PVC. Over the past four years, we have performed material assessments, surveyed suppliers, and identified the areas within our business with the greatest opportunity to move to HFR- and PVC-free materials.

HFRs in Printed Circuit Boards (PCBs)

We have continued to identify, confirm, and qualify alternatives to plastics containing HFRs used in our products.

In FY12 we tested and qualified new PCB laminate materials that do not contain HFRs for use in new high-end switching and routing products. The cost, design flexibility, and performance of these qualified laminates make them attractive for a growing percentage of Cisco products, and we are encouraging our business units and suppliers to select these laminates for new designs.

Since FY12 we have qualified additional halogen-free PCB laminate materials and have increased their use in many new products. We will continue to research new laminate materials as they become available and apply them to new products where quality and performance requirements can be met.

HFRs in Cisco Designed Plastic Parts

We are monitoring the plastic resins and presence of HFRs used in the parts we design through design documentation and surveys with our manufacturers. Approximately 86 percent of resin compounds (by component volume) used in Cisco products either do not contain a flame retardant or use a halogen-free flame retardant. This percentage will continue to increase as new products adopt recommended alternatives to HFRs in plastics.

PVC in Cable Insulation

Cisco worked on the International Electronics Manufacturing Initiative (iNEMI) PVC Alternatives Project to reduce cable insulation PVC content. This effort focused on understanding the environmental trade-offs of standard, halogen-free, and bio-based cable jacketing.

Cisco complies with applicable packaging regulations that restrict the use of heavy metals and dangerous substances in our packaging.

Batteries

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

Supply Chain

We have embedded responsible practices into our supply chain business processes. We continue to improve these processes to make environmental sustainability a key criterion in our relationships with and assessment of our suppliers. Discussion of these practices is provided in the Supply Chain and Environment sections of this CSR report as indicated below:

- EICC Supplier Code of Conduct
- Audit Findings
- Supplier Scorecard
- Conflict Minerals
- Supply Chain Emission Reduction Program
- Scope 3 Cradle-to-Gate Emissions

Employee Engagement

In FY15, Cisco encouraged and supported employee interest in the environment in the following activities:

- Environmental Management Newsletter: Internal, quarterly newsletters used to share information with employees on Cisco's recent environmental activities across the globe.

- Year-end shutdown: Cisco requires employees in North America to take time off at the end of December. This is a great opportunity to communicate to employees the importance of turning lab and ICT equipment off before the shutdown begins. In FY15, the shutdown was 11 days long and resulted in Cisco avoiding approximately US$950,000 in energy costs and 4100 metric tonne CO_2 equivalent (CO_2e) of GHG emissions. During the period, 13 buildings located in India, Germany, and the United States were able to reduce their entire electricity load by 50 percent or more compared to normal operating levels.

- Recycle IT Days: Each April, employees can bring in used electronics to Cisco sites around the world to have them recycled using the same vendors used for our takeback and recycling process. This year, 129 sites provided 431,726 pounds, or 196 metric tonne, of e-scrap. (See page E44, Internal Programs for Cisco.)

- Employee Solar Discount Program: In October 2014, Cisco launched a program to give employees and contractors (and their friends and families) the ability to install solar panels on their homes at around a 10 percent discount.

- Employee commuter incentives: The San Francisco Shuttle Pilot program continues to provide transportation to employees and contractors living in San Francisco to our San Jose headquarters. In FY15, Cisco provided about 48,000 rides to and from work, which prevented about 2.1 million miles (3.5 million

km) from being driven by employees. At some sites we offer programs that allow eligible employees to purchase mass-transit passes with pre-tax dollars. Additionally, Cisco continues to install electric vehicle (EV) charging stations for our employees and visitors in certain locations (see Electric Vehicles on page E31.)

- Amsterdam Green Community: This team, which consists of volunteers from multiple departments, is focused on ways to reduce energy usage, waste, and travel at the Cisco Amsterdam campus.

Regulatory Fines

Key GRI G4 Indicators

GRI G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

G4-EN34: Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.

Cisco has received no fines, penalties, or grievances greater than our US$10,000 reporting threshold in the past five years.

Materials

Key GRI G4 Indicators

GRI G4-EN1: Materials used by weight or volume.

Packaging

The amount of packaging waste being added to landfills is an environmental concern for Cisco. To address our impacts in this area, our packaging designs minimize

material usage while protecting our product during shipping, warehousing, and delivery. Packaging engineers work with the product design teams to reduce protrusions, product fragility, and product dimensions to reduce product packaging and packing efficiency during transport.

Products that are damaged in transit have both negative business and environmental impacts. Our customers are dissatisfied while additional resources, energy, and materials are needed to repair or replace the damaged product.

Each packaging design goes through rigorous drop and vibration testing to confirm it provides the required level of product protection. Once basic packaging and material requirements have been met, Cisco evaluates four additional aspects of environmental package design:

1. Packaging Material Optimization: Designing a package that adequately protects the product from transport damage or waste while optimizing the volume of material and complying with all relevant environmental regulations.
2. Space Efficiency Optimization: Designing a package that optimizes space/cube efficiency during transport.
3. Optimizing Distribution: Designing the product for distribution in order to further reduce the amount of packaging material used and/or greenhouse gases emitted in transportation.
4. Environmentally Friendly Materials: Designing in recycled content and recyclability.

Packaging Material, Space Efficiency, and Distribution Optimization

Key GRI G4 Indicators

GRI G4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.

We continue to apply the four dimensions of environmental packaging design as part of our release process for both new products and some legacy product offerings. Aligned to the SET Sustainable Product Fulfillment track, Pack It Green is a cross-functional, cross-product initiative to eliminate the waste and costs associated with packaging while also improving the customer experience. Project leads work to identify opportunities, sponsor pilot and best practices projects, and assist in educating others. The Pack It Green initiative continues to view our packaging challenges from the product fulfillment level in order to prioritize, design, and implement improvements that go beyond just the packaging itself.

We measure product packaging efficiencies for shippable products. Our packaging efficiency metric is the total weight of the product packaging over the weight of the product plus its packaging. We look at packaging efficiency ratios and shipment volumes to identify the best opportunities for packaging and fulfillment optimization.

To identify the causes of inefficiencies for our target product tiers, we conducted detailed investigations. These historically have included customer surveys and a Six

Sigma "green belt" process improvement project. We have addressed losses of efficiencies in the following ways:

- Business participation in Pack It Green
- Expanded sustainable packaging and fulfillment solutions best practices across the business
- Continued development of new capabilities

In total, approximately 413 metric tonne of material (corrugated board, plastic, wood, and other packaging materials) and 6402 metric tonne[1] of CO_2e were avoided in FY15. In addition, these changes have saved US$5.7 million through material and freight cost reductions.

Cisco's sustainable packaging and fulfillment solutions reduce unwanted or redundant items often included in a typical shipment. All of these packaging and fulfillment strategies not only reduce our material usage, but also help reduce GHG emissions through lower transportation weights. To read more about Cisco's efforts in this area, see Table 3. For more information about how Pack It Green helps reduce Scope 3 emissions, see page E34 (Scope 3 Transportation & Distribution).

Best practices developed for these categories are regularly incorporated into our product design process through our DfE guidelines (see page E16).

Recycled Content

> ### Key GRI G4 Indicators
> GRI G4-EN2: Percentage of materials used that are recycled input materials.

Understanding the materials that make up our products, regulatory requirements, and our customers' needs helps us to identify opportunities to reduce or eliminate waste. A key

requirement for our product designs is minimizing materials while still achieving performance and reliability targets.

Packaging
Generally, our packaging uses corrugated cardboard that includes about 30 percent recycled content.

Generally we use thermoformed medium-density polyethylene (MDPE) cushions made from virgin material or recycled substitutes which are recyclable in most regions after use. When regionally available and technically feasible we use cushions made from 100 percent recycled polyethylene, which are also recyclable.

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

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

Based on planned volume, customer input, and projected savings, we redesign some existing packaging to reduce the volume of material used and to improve recyclability. As products become more widely available to our customers, our overall packaging becomes more resource efficient.

The plastic used in Cisco packaging falls into categories identified by codes 1 to 7. Polyethylene (codes 2 and 4) is the predominant material. Many but not all of the plastic

components carry labels indicating their plastic recycling code number to aid end-of-life recycling.

While we promote recyclable packaging, sometimes this is not possible. Although metallized anti-static bags are not easily recycled, they are essential to the safe transport of products susceptible to damage from electrostatic discharge (ESD). For example, a Cisco CRS blade shipped as an upgrade for an existing Cisco CRS chassis would require an anti-static bag. Bags are sized to fit the product being shipped and minimize the amount of material used.

Products
We use recycled content in our products as well as in our packaging. Electronic products consist primarily of electronic circuit boards, steel, and plastics. Cisco does not require a minimum percentage of recycled content in new product manufacturing. However, we continue to research the percent of recycled materials already being used in our products, and the potential for us to specify such a requirement.

We use reground plastic (a product of the excess material manufacturing) in certain portions of our IP phone. In addition, we have begun to assess the possible use of recycled plastics within both our IP phone and storage product lines. In the future, improved return rates have the potential to effectively scale this kind of material reuse.

Most product documentation is distributed electronically to consumers. However, some physical documentation is still necessary, such as regional regulatory requirements, safety materials, and operating instructions. We ask vendors to use natural inks and recycled paper where possible. We continue to work on ways to reduce the amount of physical documents shipped, including the evaluation of new fulfillment technologies that may provide region-specific documentation solutions.

1. As calculated using UK DEFRA factor for air freight including a multiplier of 1.9 to account for radiative forcing.

Table 4. Sustainable Packaging and Fulfillment Solutions: Focus Area

Category	Benefits	Cisco Product Examples
Primary product configurable options	Reduce packaging and shipping costs by integrating product, subcomponents, and accessories into one carton.	• Cisco routers and switches • Cisco UCS® blade servers
Secondary product configurable options	Reduce materials, packaging, and shipping costs by providing customers with a way to opt out of receiving cables, brackets, and similar items.	Customers can choose not to receive: • UCS storage product power cables • Aironet® wireless access point mounting brackets and clips We intend to expand the availability of such options to address growing sustainability-minded customer demands. However, widespread customer awareness and adoption of such options remains a challenge.
Bulk packaging	Reduce packaging and shipping costs, and increase operations efficiencies, by shipping like products in a carton selected during packing based on the order quantity.	Bulk-pack models are now available for high-volume spare products, including cables, optics pluggables, memory, and rack gear kits.
Electronic delivery of software, licenses, and product documentation	Increase dematerialization and operational efficiencies. Reduce CDs, paper, and packaging. Reduce packaging and fulfillment costs.	The eDelivery program updates software-related products available for electronic delivery though unique product IDs and/or CCW-based electronic fulfillment preferences. "Pointer cards" continue to be used across Cisco product lines to consolidate web links for product and compliance documentation.
Multipack products (or eco-pack products)	Reduce packaging and shipping costs, and increase operations efficiencies, by selling "bundles" of like products in specific volumes. Increase customer satisfaction; identified as a significant issue by customers in our 2013 Sustainability Customer Survey, page F5.	Cisco Aironet products are offered in eco-packs of five and ten units. However, we continue to work internally to address process-related roadblocks which can inhibit the adoption of this solution by our distributors and partners. Once addressed, we plan to expand eco-pack availability to more of our high-volume products.
Dense packaging	Reduce packaging and shipping costs by optimizing supply chain packaging between our factories.	In FY15, we made strides in optimizing our inbound shipments for the Cisco C4000 product line, avoiding over 225 metric tonne[1] of CO_2e and achieving US$1.1M of savings.
Packaging reuse and recycling within our supply chain and to our customers	Reduce packaging and related costs.	Cisco products use recyclable polyethylene bags for moisture protection or consolidation of accessory kit subassemblies. Over the years, we have reduced the thickness and size of many bags, and we have regularly encouraged suppliers to reuse these and any electrostatic discharge (i.e., static shielding) bags. In addition, Cisco continues to substitute metallized antistatic bags with a fully recyclable antistatic bag when possible, particularly for high-volume products (for example, optical modules).

1. As calculated using UK DEFRA factor for air freight including a multiplier of 1.9 to account for radiative forcing.

Our Priorities | The Details

Energy and GHG Emissions

Cisco supports the reduction of global GHG emissions through improvements to our products and operations and through the actions of our suppliers. We use our own products to demonstrate at-scale innovative and cost-effective methods for reducing GHG emissions, helping our customers to do likewise.

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

Our commitment to reduce our GHG emissions is a long-term goal that we have been working toward for many years. We have already made great improvements. By the end of FY12 we reduced our Scope 1, Scope 2, and business-air-travel Scope 3 GHG emissions by 25 percent (FY07 baseline) as part of our U.S. Environmental Protection Agency (EPA) Climate Leaders commitment.

In February 2013, we announced five new goals related to our operational energy use and GHG emissions. The goals recognize energy and GHG emissions as a key area of focus for us.

1. Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).
2. Reduce total Cisco business-air-travel Scope 3 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).
3. Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest International Energy Agency (IEA) world average emission factor publicly available before the end of FY17.

4. Reduce total Cisco operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline).
5. Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17.

We formed our new goals based on our FY12 goals, internal best practices, and expert opinion, including recommendations from the Intergovernmental Panel on Climate Change (IPCC), World Wildlife Fund (WWF), CDP (formerly the Carbon Disclosure Project), and the U.S. Environmental Protection Agency (EPA).

According to EPA predictions, ICT industry revenues will grow significantly through the FY17 goal year, and industry emissions normalized to millions of dollars will increase 16.5 percent over the same period. These two projections indicate a business-as-usual increase in absolute emissions, so any goal to reduce absolute emissions is considered aggressive. Our current GHG goal is to reduce absolute emissions by an additional 15 percent by FY17, which combined with our 2012 achievement will give a 40 percent absolute reduction using our original FY07 baseline.

Cisco has made five-year commitments because long time horizons allow for large investments, which have a potential for big payoffs. For example, to achieve our new goals, we secured a five-year spending plan of approximately US$57.5 million to implement hundreds of energy-related projects throughout our operations. We estimate this investment will result in over 140 GWh of energy savings and 500,000 metric tonne CO_2e of avoided emissions on average per year, while also achieving a $69 million 10-year net present value.

We believe we demonstrate a best-practice approach to goal setting by:

- Committing to realistic longer time-horizon goals, befitting the scale of the problem.
- Consistent and precise wording of goals with clear measurement methodology.
- Consistent and transparent reporting from year to year.
- Third-party assurance for all goal-related reporting.

We have been recognized for our GHG management and reporting by CDP, the EPA Center for Corporate Climate Leadership, the Sustainability Roundtable, and the Association of Energy Engineers (AEE):

- In September 2014, for the second year in a row, Cisco achieved the best possible CDP disclosure score of 100 with an "A" performance rating. These rankings are based on information submitted to CDP in June 2014.[1] This represents our seventh year on the Carbon Disclosure Leadership Index (CDLI) and our fourth on the Carbon Performance Leadership Index (CPLI). For a long-term problem like climate change, consistently high rankings over an extended period are strong evidence of a company's commitment to improving GHG emissions disclosure and performance.
- Cisco was presented with the International AEE Corporate Energy Management Award in September 2015 for promoting the practices and principles of energy engineering and energy management.

For more information on the CSR awards Cisco received in 2014, please visit our CSR website.

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1. In each annual CSR report, we report on activities within the previous, completed fiscal year (through end of July). CDP's latest scoring was released in September 2014 during our FY15 and was based on our submittal using FY14 data.

Operations Scope 1 and 2

Key GRI G4 Indicators

GRI G4-EN3: Energy consumption within the organization.

GRI G4-EN4: Energy consumption outside of the organization.

GRI G4-EN5: Energy intensity.

GRI G4-EN18: Greenhouse gas (GHG) emissions intensity.

GRI GRI G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1).

GRI GRI G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2).

Our Scope 2 emissions result almost exclusively from electricity use and represent over 94 percent of our Scope 1 and 2 emissions. As a result, identifying and implementing projects that reduce our electricity use is a major part of our energy and GHG reduction strategy. In FY15, our Scope 1 and 2 GHG emissions were 22.4 percent lower than our FY07 baseline on an absolute basis; solid progress against our plan to meet a 40 percent absolute reduction by FY17 (see Table 5).

To support standardization and benchmarking across companies, Cisco uses the GHG Protocol Corporate Accounting and Reporting Standard as the basis for

our Scope 1 and 2 calculations. The EPA Center for Corporate Climate Leadership provides additional program guidance.

Historical Scope 1 and 2 emissions data often vary from previous publicly reported values, either in the most recent CDP survey or our previous CSR report, because of updated reporting guidance, emissions factors, adjustments for acquisitions or divestitures, or correction of any errors found during review. In particular, all Scope 2 emissions reported this year have been adjusted to reflect the Greenhouse Gas Protocol's recently updated Scope 2 guidance, which has had significant impacts

Table 5. Summary of Scope 1 and 2 GHG Emissions

KPI	FY07 Baseline Year[1]	FY11	FY12	FY13	FY14	FY15	Comments
Total GHG emissions: Scope 1, metric tonne CO_2e	50,579	60,718	65,832	55,811	49,901	43,181	
Total GHG emissions: Scope 2 (location-based), metric tonne CO_2e	451,647	599,528	628,164	666,393	702,785	724,839	"Location-based" is used consistent with GHG Protocol and does not include renewable energy purchases.
Total GHG emissions: Scope 2 (market-based), metric tonne CO_2e	402,051	457,599	418,568	471,355	493,804	308,172	"Market-based" is used consistent with GHG Protocol and does include renewable energy purchases.
Scope 1 and 2 emissions (location-based) intensity, metric tonne CO_2e per million dollars of revenue	14.4	15.3	15.1	14.9	16.0	15.6	Location-based intensity is a measure of operational efficiency commonly used by many Cisco stakeholders.
Scope 2 emissions from primary data, percent	96.0%	97.9%	97.9%	96.3%	97.1%	98.3%	
Total GHG emissions: Scope 1 and 2 (market-based), metric tonne CO_2e	452,630	416,927	484,400	527,166	543,705	351,353	
Percent progress against reduction goal[2] Goal: Reduce total, Cisco, Scope 1 and 2, GHG emissions worldwide by 40% absolute by FY17 (FY07 baseline)	base year	+14.5%	+7.0%	+16.5%	+20.1%	−22.4%	Results are based on 2015 revisions to Scope 2 GHG Protocol methodology. Cisco's new corporate GHG reduction goal was announced in February 2013.
Percent progress against reduction goal. Goal: Reduce total, Cisco, Scope 1 and 2, GHG emissions worldwide by 40% absolute by FY17 (FY07 baseline)	base year	−4%	−42%	−28%	−30%	N/A	Historical results calculated based on previous Scope 2 GHG Protocol methodology.

1. In the interests of transparency, our reporting policy for environmental metrics is to show the baseline year, data for the past five completed years, the goal, and progress against the goal.
2. Scope 2 emissions for all years have been adjusted to reflect the Greenhouse Gas Protocol's new Scope 2 guidance. This new guidance was released in 2015 and has had material impacts on Cisco's current and prior-year Scope 2 figures. As a result, in FY16, Cisco will be evaluating the impacts of this new calculation methodology with respect to its current and future GHG reduction goals.

on Cisco's current and prior-year Scope 2 figures. Since the Scope 2 guidance release, Cisco has been evaluating the impacts of the new methodology on our current and future GHG reduction goals. We are making the necessary adjustments to stay on track with our goals and we expect to achieve our 40 percent absolute Scope 1 and 2 GHG reduction goal by FY17.

Each year, an independent third party provides a limited assurance review of our GHG inventory, including the emissions relevant to our current GHG reduction goals, namely Scope 1 and Scope 2 emission sources. This limited assurance review is provided in accordance with the ISO 14064-3 International Standard and is published as part of our CDP submittal available online.

Indirect energy or electricity represents 90 percent of our energy consumption (Table 6). Through the various projects described in this section we have effectively plateaued our level of energy consumption for the last four years. With energy use rising, we are working hard to reduce the carbon intensity of the electricity we use. Including renewable energy purchases, our global average contractual emissions factor is 64.7 percent below the world average (Table 7). We have achieved this by locating facilities where low-carbon grid electricity is available and buying renewable energy from utilities and green power providers. Our challenge will be to prevent our global average emission factor from increasing as we grow in emerging markets such as India, where low-carbon and no-carbon electricity is less readily available.

GHG Emissions Reduction Strategy

Key GRI G4 Indicators

GRI G4-EN6: Reduction of energy consumption.

GRI G4-EN19: Reduction of greenhouse gas (GHG) emissions.

GRI G4-EN31: Total environmental protection expenditures and investments by type.

It makes good business sense to reduce our energy consumption and GHG emissions and to enable a diverse energy supply for our operations. It helps us stay competitive, and benefits the environment as well. Our overall strategy to accomplish this is to:

Table 6. Energy Totals							
KPI	FY07 Baseline Year	FY11	FY12	FY13	FY14	FY15	Comments
Energy usage, GWh	1254	1613	1750	1763	1792	1810	
Indirect energy usage, GWh	1029	1353	1465	1521	1573	1629	Electricity is the only indirect energy source used by Cisco.
Direct energy usage, GWh	226	260	285	241	219	181	Direct energy consumption is the sum of Cisco's natural gas and diesel usage for heating and backup power generation and regular gasoline and diesel fuel used in Cisco's fleet.
Electricity usage, GWh	1029	1353	1465	1521	1573	1629	
Natural gas usage, GWh	148	118	144	111	104	80	
Energy use per unit of revenue, GWh of energy consumed per billion dollars in revenue	35.92	37.31	37.99	36.27	38.02	36.82	Note: Energy use per unit of revenue is one of our five new goals; we have reported historical values where available.
Percent progress against reduction goal. Goal: Reduce total Cisco operational energy use per unit of revenue worldwide by 15 percent by FY17 (FY07 baseline)	N/A	+3.7%	+5.8%	+1.0%	+5.8%	+2.3%	

- Utilize our real estate space more efficiently through Cisco Connected Workplace.
- Increase the energy efficiency of our real estate operations with a focus on our engineering labs, our largest energy consumers and greatest source of GHG emissions.
- Generate low-carbon electricity from onsite systems.
- Purchase renewable energy.

Space Policy and Cisco Connected Workplace

It is our policy that all new buildings and renovation projects comply with our Cisco Connected Workplace (CCW) design specifications. By the end of FY15, CCW represented approximately 36.9 percent of our total office space. CCW increases average occupancy and space utilization, making it a cost-effective GHG-reduction strategy. In FY13 we approved a master plan to convert eight of our buildings to the CCW environment by FY17.

This conversion will decrease the number of buildings in our portfolio and increase the utilization of our remaining buildings. We expect to have reduced our facility footprint by approximately one million square feet after the planned conversion is complete.

Building Efficiency: Strategy and Management

Cisco has a dedicated Global Energy Management and Sustainability (GEMS) team that leads all energy and sustainability initiatives across our 22 million square feet of global real estate. This team includes Cisco employees and contracted energy managers that have the following primary responsibilities:

- Manage Cisco's global annual utility budget and contracts
- Identify and implement demand- and supply-side energy solutions such as energy efficiency upgrades and onsite renewable energy projects

- Embed sustainability and efficiency criteria into our building, lab, and data center design standards
- Apply Cisco's green leasing standards in selecting leased space and work with landlords to improve the efficiency of their buildings
- Engage employees to participate in energy conservation

Cisco Connected Workplace Layout

Table 7. Electricity Emissions Factors							
KPI	FY07 Baseline Year	FY11	FY12	FY13	FY14	FY15	Comments
IEA world average emission factor, g CO_2e per kWh	507.1	502.3	502.3	528.7	536.0	536.0	Latest 2011 International Energy Agency (IEA) emission factor used for FY14–FY15. Prior years used latest IEA factors available at time of prior-year reporting.
Cisco, global average electricity emission factor (gross), g CO_2e per kWh	439.1	443.2	428.7	438.1	446.7	445.0	
Cisco, major data center average electricity emission factor (gross), g CO_2e per kWh	394.9	435.0	423.0	438.2	447.9	421.0	
Cisco, global average electricity emission factor (contractual), g CO_2e per kWh	390.9	338.3	285.6	309.8	313.9	189.2	
Percent progress against reduction goal. Goal: Reduce Cisco's FY17 net consumption-weighted electricity emission factor to half of the latest IEA world average emission factor publicly available before the end of FY17.	–22.9%	–32.7%	–43.1%	–41.4%	–41.4%	–64.7%	

Environmental
Sustainability

Materials

**Energy &
GHG Emissions**

Water Use

Biodiversity &
Land Use

Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Currently, the GEMS team is managing a multi-million dollar, multi-year EnergyOps program that was developed to implement energy efficiency and renewable energy projects across Cisco's real estate portfolio and help Cisco achieve its FY17 energy and GHG reduction goals. In FY15, this team enabled Cisco to avoid approximately 41 GWh of energy consumption and 19,100 metric tonne CO_2e by investing US$16 million to implement 148 energy efficiency and renewable energy projects. We estimate that the energy efficiency and renewable energy projects that we have implemented since FY10 have avoided approximately 275 million kWh of energy and avoided 115,000 metric tonne CO_2e for Cisco.

Table 8 shows the energy savings associated with our GHG reduction projects implemented from FY11 to FY15. Here are a few examples of projects implemented in FY15 by the GEMS team:

- Updating lighting controls and using high-efficiency T8/T5 bulbs and LED technologies

- Installing variable frequency drives, electric commutative (EC) fans, and premium-efficiency motors and pumps to improve efficiency of HVAC systems

- Installing waterside economization and dry cooler technologies to improve free cooling utilization

- Installing solar window film to reduce heat gain and improve occupant comfort

- Applying coil optimization technologies that improve cooling system efficiency

- Improving insulation of heating and cooling piping, valves, and pumps

- Improving hot and cold aisle containment within our labs

- Implementing Cisco Energy Manager and other control policies on our own production IT environment

- Implementing building analytics services to better monitor, analyze, and fix HVAC-related issues that reduce efficiency

- Continuing an employee engagement campaign to promote, educate, and motivate our employees to conserve energy

Building Efficiency: Labs

Over 60 percent of our operational electricity is used to power and cool equipment in our engineering and services labs. Increasing the energy efficiency of our labs is our largest opportunity to reduce Cisco's GHG emissions and energy costs. To reduce lab energy consumption, we are focusing our efforts on the following areas:

- Design: Incorporating best practice efficiency standards into our new Global Lab Specification to build new labs and retrofits that use energy as efficiently as possible

- Infrastructure: Improving air flow management, ventilation, cooling, and similar building infrastructure systems

- Utilization: Evaluating lab operations, removing unused equipment, and using virtual machines to increase server utilization

- Power management: Installing smart power distribution units (PDUs) and Cisco Energy Manager (CEM) to monitor power and control the use of our lab equipment

In addition, we continue to engage our lab employees to educate them and provide incentives for labs to actively monitor and conserve energy through the following approach:

- Digital signage: Over 200 digital signs are installed at our largest labs that show lab energy consumption statistics, tips on how to save energy in labs, and winners of energy conservation awards.

- Energy management plans and performance goals: We developed detailed energy management plans and performance goals that labs and employees could adopt and then receive credit for their energy conservation accomplishments from their own business units.

- Rewards and recognition: We created regular opportunities for employees to be rewarded and recognized for exemplary energy conservation efforts. For example, we recognized the employees at 13 buildings that achieved at least 50 percent energy savings during Cisco's FY15 year-end shutdown period.

- Education and training: We created online courses to teach employees how to reduce energy consumption in their labs.

Table 8. Energy and GHG Emission Reduction Projects					
KPI	FY11	FY12	FY13	FY14	FY15
Number of projects implemented	19	26	103	90	148
Annual energy avoided, GWh/yr	16.8	15.6	76.5	27.2	41.4
Total estimated annual CO_2e savings, tCO_2e/yr	7400	7300	34,000	14,100	19,100

Building Efficiency: Data Centers

Cisco's newest data centers are located in Research Triangle Park, North Carolina, and Allen, Texas. These data centers were designed to achieve a Power Usage Effectiveness (PUE) of 1.41 and 1.35 at full load, respectively. Both have achieved a Leadership in Energy and Environmental Design (LEED)-NC Gold Certification (v2.2) from the U.S. Green Building Council by incorporating numerous design features, such as:

- Chimney rack hot-air isolation for improved cooling efficiency

- Waterside and airside economization

- Variable frequency drives on major equipment, including pumps, chillers, and computer-room air handler units

- Higher-voltage electrical service distribution of 480/277V; rack distribution of 415/230V

- Rooftop solar photovoltaic

- Heat recovery from data hall for office space use (in North Carolina)

- LED lighting

- Low-E glass windows

- Reclaimed water use in cooling towers (in North Carolina)

- Non-chemical water treatment system

- Water-efficient plumbing

- Occupancy sensors integrated with lighting and temperature controls

- Landfill diversion during construction

Case studies are available on our website on the design and construction of the data center in Allen, Texas.

In addition to incorporating efficiency and sustainability into the design of our data centers, we implemented numerous efficiency retrofits in FY15, including:

- Replacing electric-resistance heaters with more efficient heat pumps in our backup generators

- Applying coil optimization technologies that improve cooling system efficiency

- Retrofitting existing computer room air handler (CRAH) units with electric commutative (EC) fans to allow more efficient variable fan speed

- Installing mixed-mode waterside economizers to allow greater utilization of free cooling throughout the year

These retrofits collectively are now saving Cisco over 13,000 MWh of energy and 7500 metric tonne CO_2e of avoided emissions annually.

Building Efficiency: Green Building and Leasing

We have made significant progress toward integrating green building standards into our real estate since our first LEED-certified building was built in August 2009.

By the end of FY15, 29 Cisco facilities had achieved LEED certification, with 22 of them rated Gold or Platinum. These 29 certifications represent over 3.3 million square feet of LEED certified space, which is more than 15 percent of Cisco's global real estate portfolio.

Since FY11, we have integrated green leasing terms into our standard lease template globally. Green leases provide corporations with a valuable opportunity to communicate and implement sustainability goals as well as to provide a foundation for measurement.

In FY15, we included green leasing terms in 19 negotiated lease agreements, representing over 695,000 square feet of office space. The green leasing terms

in our standard templates vary by size of the premises and length of the lease agreement, but in general, the larger the premises and the longer the lease, the more comprehensive the green leasing terms. Sample terms in the green leasing templates include:

- Temperature controls

- Submeters for major utilities

- Building recycling program

- No chlorofluorocarbons used in HVAC system

- Bicycle storage and shower facilities

- Water- and energy-efficient fixtures

- Green building certification

Incorporating such terms into leases is important for us because approximately half of our real estate footprint is leased, often for long-term commitments. If we do not specify any green leasing requirements at the time of leasing, it can be difficult to incorporate these requirements later.

Waterside Economizer

Our Priorities | The Details

Not all of the terms in Cisco's green lease templates are mandatory for every lease. At a minimum, green leasing allows us to better communicate and negotiate with the landlord with the goal to get our core sustainability design principles included in the majority of our leases.

Onsite Power: Solar

In FY15, we installed and commissioned a 966-kW solar PV carport system at our Boxborough, Massachusetts, campus. We installed five arrays, making up 3168 solar panels. The forecasted output is more than 1.2 million kWh per year. This location was selected partly because of the availability of the Solar Renewable Energy Certificate (SREC) market in Massachusetts. At the time of publishing this report, Cisco was still determining if and how it might participate in this market.

This project, combined with three existing solar projects installed in the last two years—at our data centers in Allen, Texas; RTP, North Carolina; and Bangalore, India—increased our total onsite solar PV capacity from 200 kW to 2.7 MW. Collectively these systems will produce on average 2.6 million kWh of electricity, avoiding more than 1100 metric tonne CO_2e each year over the projected 25-year life of the systems.

Onsite Power: Cogeneration and Fuel Cells

In FY15, we improved the efficiency of our existing 425 kW cogeneration system at our Bedfont Lakes (UK) campus by adding additional load and connecting two chilled water systems together. This modification enables us to increase the runtime of the system at higher loads, reducing the amount of electricity we purchased from the grid. With the system now operating at peak efficiency it will avoid approximately 850 metric tonne of CO_2e per year, and save over US$47,000 in electricity costs.

In addition, we evaluated numerous other locations for both cogeneration and fuel cell installations but have not yet found a location where the return on investment is competitive with other energy-efficiency and on-site solar projects. We will continue to evaluate these technologies over the next few years and will implement them when they become more cost competitive.

We have also installed nine solar hot water systems at our campus in Bangalore, India. These systems collectively produce on average 5500 liters of hot water every day, which satisfies approximately 44 percent of our hot water demands at the campus. We are currently evaluating expanding this system and expect that over the next year, we will be able to satisfy approximately 67 percent of our hot water demands at the campus through solar technologies.

Purchasing Renewable Electricity

Purchasing electricity generated from renewable or other low-carbon sources is a key component of our GHG reduction strategy. Cisco's global renewable electricity purchases are summarized in Table 9. We have purchased renewable electricity primarily in the United States and Europe since FY06 by buying Renewable Energy Certificates (RECs) and entering into green power contracts with various electricity suppliers. In FY15, we purchased 1085 GWh of Green-e Certified RECs and green power in the U.S. and 80 GWh of green power in Europe, Middle East, Africa, and Russia (EMEAR). The percent of electricity purchased from renewable energy sources for various regions is shown in Table 10.

In FY15, we ramped up engagement with our global electricity providers and were able to execute two new renewable energy contracts. At our Bangalore, India,

Cisco's Allen, Texas, Data Center Solar Project

campus, we engaged with the Indian Energy Exchange and were able to get a contract set up to purchase approximately five percent of our electricity demands from solar. At our San Jose, California, campus, Cisco contracted with NRG Renew to purchase solar power produced from a solar farm that will be built in California in FY16. This agreement allows us buy 20 MW of solar power at a fixed rate for 20 years directly for our headquarters in San Jose.

To further this engagement, Cisco is now working with both the WWF's Corporate Renewable Buyers' Principles and Rocky Mountain Institute's Business Renewables Center. Cisco also participates in the EPA's Green Power Partnership. In the July 2015 EPA green power rankings, Cisco was listed tenth among the National Top 100, seventh among Fortune 500 companies, and fifth in the Top 30 Tech and Telecom companies. This EPA ranking is updated quarterly.

Scope 3

Key GRI G4 Indicators

GRI G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3).

Scope 3 emissions cover a broad range of activities, including our supply chain, logistics, product use, and product end of life. We provide comprehensive information on our Scope 3 emissions in response to Question 14 of the 2014 CDP Investor survey.

Our Scope 3 reduction efforts are focused on reducing business-air-travel and supply chain operations emissions. We are using Cisco network technologies to reduce our air travel, supported by business processes, management practices, information systems, and standardized assessment methodologies for their use.

Scope 3 Business Air Travel

Key GRI G4 Indicators

GRI G4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.

We believe that the global problem of climate change requires a significant reduction in emissions in absolute terms. For our operations, we have made the following public commitments that impact Scope 3 emissions:

- September 2006: Cisco made a commitment at the Clinton Global Initiative (CGI) annual meeting to reduce GHG emissions from all Cisco business-air-travel worldwide by 10 percent absolute by FY09 (against a FY06 baseline). This goal was met in 2009 and the commitment was closed.

Table 9. Renewable Energy

KPI	FY07 Baseline Year	FY11	FY12	FY13	FY14	FY15
Electricity from renewable sources, GWh	110	358	552	523	583	1170
GHG emissions reduction from renewable energy, metric tonne CO_2e	50,000	142,000	210,000	195,000	209,000	417,000
Percent progress against reduction goal. Goal: Use electricity generated from renewable sources for at least 25 percent of our electricity every year through FY17	10.7%	26.5%	37.7%	34.4%	37.1%	71.9%

Table 10. FY14 Electricity Usage from Renewable Sources

Region	Percent of FY14 Electricity from Renewable Sources					
	FY07 Baseline Year	FY11	FY12	FY13	FY14	FY15
EMEAR (Europe, Middle East, Africa, and Russia)	31.4%	64.4%	61.8%	70.9%	63.9%	54.5%
United States	9.5%	27.4%	43.6%	39.1%	43.8%	96.9%
Global	10.7%	26.5%	37.7%	34.4%	37.1%	71.9%

- June 2008: EPA Climate Leaders commitment to reduce all Scope 1, Scope 2, and business-air-travel Scope 3 GHG emissions worldwide by 25 percent absolute by end of CY12 (CY07 baseline). This goal was met in 2012 and the commitment was closed.

- February 2013: Cisco announced a new goal to reduce total Cisco business-air-travel Scope 3 GHG emissions worldwide by 40 percent absolute by FY17 (FY07 baseline).

Travel reduction to meet our first five-year goal was aided by budget reductions due to the economic downturn beginning in late 2008 (Table 11). Since then, Cisco has been entering new markets that require developing new and expanded business relationships, which has pushed travel back up. In FY16, we need to elevate the discussion to better use our remote collaboration technologies for these new opportunities.

Despite these challenges we have managed to achieve absolute reductions in emissions compared to our FY07 base year. We experienced our first reductions in air-travel emissions, measured on an annual basis, starting in FY08. As the economy recovered from the 2008-2009 downturn and our travel increased, we still met our FY12 reduction goal.

We do not apply different emissions factors across the timeframe in which we report because our focus is to reduce travel through the use of ICT. If we varied the emissions factors, other aspects, such as the effect of a modernizing air fleet, could create the appearance of reduced travel.

To date, we have not adopted different emissions factors for different classes of air service, for two reasons. First, our focus is on using remote collaboration technologies to avoid travel. Reporting reduced emissions because a larger percentage of employees flew economy class this year compared with last year moves the focus away from the goal of travel substitution. Second, we are unsure how to characterize emissions factors for different classes of air travel for a single company. Even though Cisco is a large company, it is likely that scheduled air service has not been changed by our reduction in air travel, even reductions measured in hundreds of thousands of flights per year. Of course, as more companies adopt collaborative network technologies, the number of plane flights could decrease. Currently, we have chosen not to complicate what is inherently a conceptual reduction by not considering class-of-service flown in selecting emissions factors.

Each year, an independent third party provides a limited-assurance review of both our Scope 3 air-travel emissions data and our calculations. In our FY13 CSR report, in response to a comment during the external assurance process, we updated the emissions factors used in the calculation to the latest DEFRA emissions factors and applied them to all years reported, including our base year.

Cisco TelePresence IX5000 Series

Reducing GHG Emissions from Scope 3 Business Air Travel
To replace physical travel and meet our business-air-travel reduction goal, we rely on Cisco remote-collaboration technologies, including Cisco TelePresence® video-conferencing, Cisco WebEx® desktop conferencing, Cisco Unified Communications, and Cisco Jabber® collaboration software.

Table 11. Scope 3 Air-Travel Greenhouse Gas Emissions							
KPI	FY07 Baseline Year	FY11	FY12	FY13	FY14	FY15	Comments
Total Scope 3 air-travel GHG emissions, metric tonne CO_2e	199,104	114,707	125,605	139,530	157,794	191,573	All emissions recalculated, starting with our 2013 CSR report, using DEFRA 2014 emissions factors (Ricardo-AEA/Carbon Smart); radiative forcing not included.
Percent Scope 3 air-travel emissions from primary data	98.0%	98.2%	98%	98%	98%	98%	Primary air-travel data adjusted to represent 100 percent of Cisco business-air-travel.
Percent progress against reduction goal. Goal: Reduce total, Cisco, business-air-travel, Scope 3 emissions worldwide by 40% absolute by FY17 (FY07 baseline)	base year	−42%	−37%	−30%	−21%	−4%*	FY12 was goal year for first five-year goal of 25 percent.

* If air travel from the approximately 5000-employeeNDS acquisition that closed at the end of our FY12 is excluded, the FY15 value is −7%

Our rollout of Cisco remote-collaboration technologies across the company continues, but the rate of adoption has matured. Therefore, we are no longer trending adoption metrics that we have included in our previous CSR reports. These technologies include:

- **Immersive Cisco TelePresence videoconferencing:** We have more than 1500 Cisco TelePresence rooms deployed in our offices worldwide.

- **Personal Cisco TelePresence videoconferencing:** Hardware-based (for example, DX80 and MX300) personal video totals more than 8000 units. Software-based (Cisco Jabber) videoconferencing is available to all Cisco employees using Cisco assigned laptops.

- **Cisco Connected Workplace videoconferencing:** Cisco Connected Workplace is Cisco's shared office space solution. Many small, flexible-use rooms for one to two people have smaller videoconferencing units installed, totaling more than 400 units worldwide.

- **Cisco WebEx desktop conferencing:** WebEx is available to all Cisco employees using Cisco assigned laptops. Cisco TelePresence and Cisco WebEx

now interoperate. For example, WebEx users can see and hear—and can be seen and heard in—Cisco TelePresence rooms, expanding the types of remote collaboration enabled by Cisco technology.

Use of WebEx is pervasive at Cisco. Essentially all Cisco employees using Cisco assigned laptops have a WebEx account. Hosting and attending WebEx meetings with other employees, our customers, our partners, and other stakeholders is as common (and easy) as using the telephone.

We use Cisco TelePresence, Cisco Jabber, and Cisco WebEx for virtual company meetings, executive operational reviews, and department "all hands" meetings, thereby expanding the types of interactions that can be conducted remotely. Additionally, about one-third of our annual global ISO 14001 site audits are performed using Cisco remote collaboration solutions. This real-world experience guides product development and helps with the rollout of supporting management practices.

The net effect of our adoption of collaborative technologies has been a reduction in travel, carbon emissions, and travel costs, plus an increase in employee productivity and work-life balance. At the same time, we maintained and grew the customer relationships we need for continued revenue growth.

However, replacing business-air-travel with remote collaboration requires more than just installing technology. We also had to adapt business processes, management practices, and culture to take full advantage of these new network technologies. As experience with remote collaboration technologies increased, both within Cisco and among our customers and partners, remote interactions have progressed from being the exception of a few years ago to now being a standard practice within Cisco. We anticipate they will be expected behavior worldwide in the near future.

Scope 3 Business Air Travel: Avoided GHG Emissions

The Transport Substitution chapter of the draft GHG Protocol ICT Sector Supplement distinguishes between emissions reductions and avoided emissions. Emissions reductions are actual, measured, absolute changes to emissions. Avoided emissions project what might have happened if an action hadn't been done. Cisco focuses on emissions reductions, but we receive inquiries about avoided emissions, so a brief discussion is provided. It is difficult to project with certainty what might have happened to Cisco air-travel emissions without the widespread adoption of our collaborative technologies. To estimate avoided emissions, Cisco has compared changes in our actual air-travel emissions against changes in revenue and headcount. Revenue and headcount are two factors thought to correlate with

Cisco MX800 with Dual Speaker Track Camera Option

changes to the amount of air-travel. Our data indicate that, from FY04 to FY06 and before the acquisition of WebEx and the introduction of Cisco TelePresence, changes to GHG emissions were roughly proportional to changes in revenue or headcount. The revenue side of this observation is consistent with the fact that about two-thirds of Cisco's air-travel emissions were originally from our sales and service organizations, both "high-touch" business functions. The more products sold, the more customers Cisco serves, and the greater the potential for business travel. In addition, in the past, if someone was hired, it was likely she or he would become a traveller.

Scope 3 Employee Commuting

Teleworking

The employee skill set developed to reduce business-air-travel, and the accompanying business processes and management practices, are also used to reduce employee travel between home and work, as well as between buildings at a Cisco site. The wide availability of collaboration tools within Cisco permits employees to become well versed in integrating these technologies into their daily business activities. Several Cisco network technologies permit flexible working environments, including Cisco Virtual Office and Cisco OfficeExtend. Cisco Virtual Office provides wired and wireless voice, data, and video service for an employee's home or small commercial offices. OfficeExtend is a simpler, remote wireless access point in the employee's home that provides the same highly secure communications to a wireless local-area network (WLAN) controller at the connected Cisco campus.

Over 25,000 Cisco employees have adopted Cisco Virtual Office, which includes a Cisco 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, especially important for a 24/7 global company. This proficiency can be applied directly to business activities where remote collaboration reduces air travel.

Electric Vehicle Charging Stations

Electric vehicle (EV) purchases by Cisco employees continue to increase, particularly in locations where Cisco has major operations, such as California and North Carolina. One concern that often prevents people in general from purchasing EVs is so-called "range anxiety." Because charging can be a time-consuming process, the workplace is a logical place for charging stations.

Providing charging stations on our campuses for employees and guests has important benefits for Cisco. As an employee service, it can assist with employee satisfaction, recruiting, and retention. Supporting EV adoption also aligns with our sustainability strategy and can help reduce Scope 1 emissions related to our fleet operations. We installed our first EV charging station in FY11. By the end of FY15, we had a total of 189 stations with 378 charging ports available for use by Cisco employees and guests at no cost at several campus locations, including:[1]

- San Jose, California
- Research Triangle Park, North Carolina
- Lawrenceville, Georgia
- Boxborough, Massachusetts
- Bedfont Lakes, United Kingdom
- Green Park, United Kingdom
- Lysaker, Norway
- Amsterdam, Netherlands

Electric Vehicle Charging at Cisco (San Jose, California)

In addition to these stations, we have also been working with property owners at our leased facilities to include EV charging for all occupants of their facilities.

Because emissions from the electricity used to charge employee EVs are typically less than from commuting in a fossil-fuel-powered car, Cisco has directly contributed to avoiding about 900 metric tonne CO_2e as a result of employees and guests using these onsite recharging stations. These figures are expected to increase as more employees buy EVs and we expand the number of charging stations in our real estate portfolio to meet the additional demand.

In FY14, we joined the U.S. Department of Energy EV Everywhere Grand Challenge, which helps promote the installation of workplace charging stations through the sharing of information and best practices. We also participate in webinars and one-on-one discussions with other companies who want to learn more about workplace charging to share our experience and help expand the EV charging network.

1. Cisco includes the electricity used to charge employee EVs in our Scope 2 emissions.

Scope 3 Life Cycle Emissions

Life-cycle assessment (LCA) techniques and specifically carbon footprinting help us understand where the largest impact of our products lie so we can focus our attention on the areas where we can make the most difference.

We use the five product life cycle stages defined by the GHG Protocol in its 2011 Product Life Cycle Accounting and Reporting Standard, which itself is based on the ISO 14040 series standards:

- Material acquisition and pre-processing
- Production
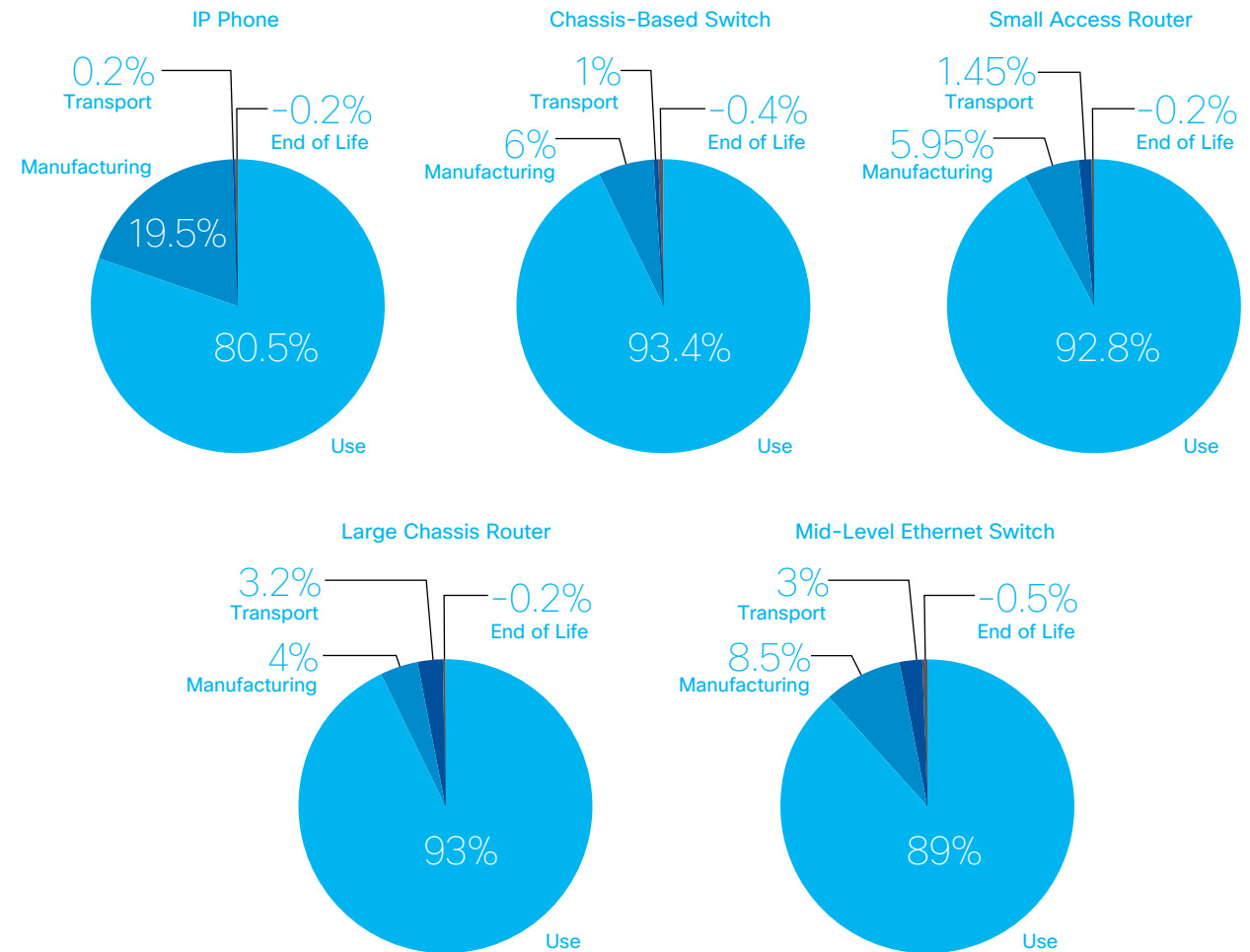- Distribution and storage
- Use
- End of life

We are committed to shaping our industry in this area through two avenues:

- Internal research to develop our capabilities
- Industry engagement

Our LCA work has focused on our most common products, including IP phones, standalone switches, and routers, which cover a substantial portion of our product line. We have also assessed Cisco TelePresence videoconferencing to determine the net benefit from using ICT as a substitute for travel. For many of our product families, we have determined that the use phase accounts for between 80 and 90[1] percent of the carbon life cycle impact as shown in Figure 2.

The use phase can account for more than 90 percent of life cycle emissions for larger core routers and switches, because power is higher relative to weight. For lower-power devices—like endpoint devices that might have a

Figure 2. Breakdown of GHG Emissions by Life-Cycle Phase for Select Product Categories

IP Phone
0.2% Transport
−0.2% End of Life
Manufacturing
19.5%
80.5%
Use

Chassis-Based Switch
1% Transport
−0.4% End of Life
6% Manufacturing
93.4%
Use

Small Access Router
1.45% Transport
−0.2% End of Life
5.95% Manufacturing
92.8%
Use

Large Chassis Router
3.2% Transport
−0.2% End of Life
4% Manufacturing
93%
Use

Mid-Level Ethernet Switch
3% Transport
−0.5% End of Life
8.5% Manufacturing
89%
Use

Note: Negative EOL values indicate material credits associated with recycling and reuse of materials.

1. Global emissions factors can vary by a factor of three, which impacts use-phase emissions. This analysis used the global average electricity emissions factor. Larger grid emissions factors increase the percentage of overall emissions in the use phase.

shorter lifetime, that can be turned off, and whose use is compatible with idle or standby modes—the percentage of emissions from the use phase is lower but still the largest contributor.

In FY12, we improved our capability to perform LCAs, developing tools to automate the analysis of product materials and standardizing life cycle models. Since then, we have focused on specific areas within our LCA analysis to further improve data availability and accuracy in the materials and manufacturing phases. Figure 3 shows the manufacturing phase carbon footprint of a Cisco IP phone. Collecting accurate data to support LCA modeling is most difficult for the largest impact areas identified in the manufacturing phase: integrated circuits, bare printed circuit boards, displays, and assembly and test processes. To address this challenge, we are working with industry peers and suppliers to collect more data and improve calculations.

Figure 3. IP Phone Manufacturing Phase Impacts
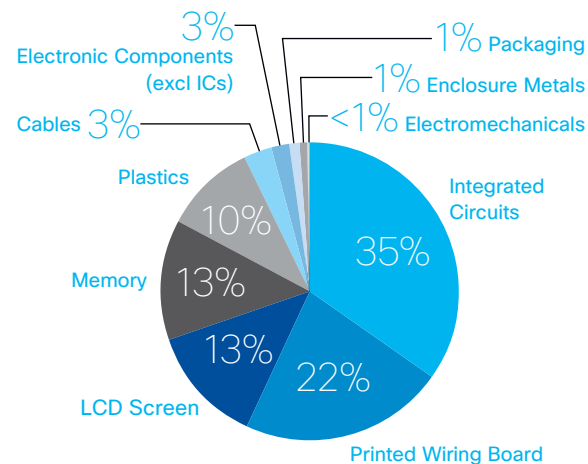
We participate in several ICT industry efforts working toward a common approach to assessing environmental impacts of products, including:

- GHG Protocol Scope 3, Product Accounting and Reporting, and ICT Sector Supplement standards. Over the last three years, Cisco has contributed to the development of these standards which form the basis for accurate accounting.

- European Telecommunications Standards Institute (ETSI) LCA assessment of telecommunication equipment and service, DTS/EE-00014.

- International Electronics Manufacturers Initiative (iNEMI) Eco-Impact Evaluator Project (completed in FY13) to develop a simplified LCA tool for ICT products (Cisco was co-editor).

- High-Density Packaging Users Group (HDPUG) PWB Environmental Life Cycle Analysis project focusing on developing a model for the manufacturing of bare circuit boards.

- Sponsorship of Stanford University civil engineering annual class projects.

These efforts build and share knowledge, apply life cycle concepts to our product design and operations, build engagement with academia, and support the ICT sector

in working toward practical and useful methodologies to assess the GHG emissions impact of our products.

Scope 3 Cradle-to-Gate Emissions

We receive numerous inquiries from stakeholders about supply chain emissions. Some are concerned that GHG emissions from subcontracted activities do not appear in our Scope 1 and 2 reporting. We subcontract the assembly of our final products and also rely on a worldwide network of component suppliers and logistics providers. These business partners, in turn, rely on additional supply chain partners to support their respective contributions and performance through our supplier sustainability scorecard to Cisco products.

To address the "subcontracting" of our GHG emissions, each year, we ask our suppliers to report to CDP. We also measure supplier CDP participation and performance through our supplier sustainability scorecard.

For more information, please refer to:

- A facsimile of the FY15 letter requesting our suppliers to report to CDP. (See Appendix.)

- The FY15 CDP supplier reporting status shown in Table 12.

- The FY15 Supplier Scorecard results related to CDP reporting (see Supply Chain, page F13.)

Table 12. Supply Chain Partners Reporting to CDP[1]

KPI	FY11	FY12	FY13	FY14	FY15	Comments
Contract manufacturing, by percent of spend	100%	100%	100%	100%	100%	Tier 1 partner. Goal: 100 percent
Approved Vendor List (AVL) components, by percent of spend	69%	80%	86%	87%	>80%*	Tier 2 partner. Goal: 80 percent
Global transportation, by percent of spend	50%	93%	98%	95%	>90%*	Tier 1 partner. Goal: 90 percent

1. Cisco's top-level metric for supply chain reporting to CDP is based on total Cisco spend within each supplier category. In the Supply Chain section, the supply chain objectives and Table 1 introduce a related goal and metric based on "key" suppliers, or those suppliers with whom Cisco has direct relationships and a reasonable ability to influence behavior.

* Initiative to drive supply chain partners to report to CDP is complete and will not be reported going Forward.

As the number of suppliers reporting to CDP and their thoroughness in reporting improves, so too does our ability to use our suppliers' combined data sets to help prioritize emission reduction opportunities and establish long-term targets for our supply chain.

Beginning in FY14, CDP supplier data served as a resource for the calculation of our own Scope 3 supply chain emissions to CDP.

A detailed account of our FY15 Scope 3 Carbon Inventory can be found in response to Question 14 of the CDP Investor Carbon questionnaire available on CDP's website.

Scope 3 Transportation and Distribution

Mode Shift and Pack It Green are two key initiatives within the Supply Chain Greenhouse Gas Reduction Program that have led to transport emissions reductions.

The Mode Shift initiative continues to optimize our global, virtual factory-to-factory freight movement of goods, specifically shifting transportation modes from air to ocean whenever practical, while still meeting customer expectations on lead time. In FY15, despite the slowing of ocean freight due to U.S.-based port strikes, Mode Shift avoided 100,800 cumulative metric tonne[1] of CO_2e emissions.

In FY15, Pack It Green expanded its GHG emissions reporting to include reductions due to reduced weight shipped (see Materials, page E18.)

Scope 3 Purchased Goods and Services

Pack It Green and the eDelivery programs were founded on the principles of material and waste reduction in the interest of customer satisfaction. In a fully outsourced

model, the emissions reductions resulting from these activities fall under Scope 3 Purchased Goods and Services (for more details, see Materials, page E18.)

Scope 3 Product Use Phase (Product Energy Efficiency)

Key GRI G4 Indicators

GRI G4-EN7: Reductions in energy requirements of products and services.

GRI G4-EN27: Extent of impact mitigation of environmental impacts of products and services.

As global energy use has risen, so have GHG emissions. While the ICT industry accounts for about two percent of the world's GHG emissions from energy, we expect ICT energy consumption to grow faster than GDP.[2] Product energy efficiency is an important focus for Cisco because of the number and type of energy-consuming products that we sell each year. While some of these devices are replacements, others are additive, contributing to the growth in emissions from ICT equipment. Throughout their life cycle, our products consume the largest proportion of energy, and release the most GHG emissions, during the use phase. Product energy efficiency has emerged as a key design criterion in our products in light of our growing awareness of climate change issues.

Customers and regulators have rising expectations of products to minimize energy costs and GHG emissions. Every year the number of inquiries related to environmental sustainability we receive from analysts, customers, shareholders, and non-governmental organizations (NGOs) rises. Cisco tracks applicable energy-use regulations and certification programs to review compliance needs as requested by our

customers. For these reasons, improving product energy efficiency represents more than just a regulatory requirement for Cisco; it is a significant opportunity for us to help customers save on energy costs, reduce global energy demand, and lower GHG emissions, in addition to making our products more competitive.

Advocacy and Standards Development

Cisco engages with governments, regulatory agencies, and standards-setting bodies in key jurisdictions to monitor and influence the development of emerging product energy-efficiency requirements and standards, particularly around climate change. We believe that these activities, when done properly, bring clarity and consistency to the global marketplace and create predictable requirements that enable companies to focus on the environmental issues that are most relevant to their business. Specifically, we believe that product energy-efficiency standards can promote innovation by being performance based; by taking into account product functionality; and by relying on objective criteria, real-world data, and system-level efficiency.

We have been working closely with the EPA to define ENERGY STAR standards for relevant products since 2008. In 2013 the EPA released the Version 1.0 ENERGY STAR specification for Small Network Equipment; its objective was to differentiate more efficient products across six types of networking equipment. We are qualifying in-scope products with this and other existing ENERGY STAR specification programs. To date, this includes set-top boxes,[3] enterprise servers, IP phones, and small network equipment (SNE). We are engaged in the development of an ENERGY STAR specification for large network equipment (LNE) which will cover a significant portion of our routing and switching products. A list of Cisco ENERGY STAR-qualified products is available on the ENERGY STAR program website.

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1. As calculated using UK DEFRA factor for air freight including a multiplier of 1.9 to account for radiative forcing.
2. Jonathan Koomey, Growth in Data Center Electricity Use 2005 to 2010, Analytics Press, August 2011, www.analyticspress.com/datacenters.html; and Gartner 2007, http://www.gartner.com/newsroom/id/503867
3. As of the end of FY15 Cisco no longer sells set-top boxes. This division and associated products were part of a divestiture.

Our Priorities | The Details

Table 13. Energy-Efficiency-Related Initiatives and Organizations	
Organization	**Area/Issue of Engagement**
Alliance for Telecommunications Industry Solutions (ATIS)	Cisco is an active member of ATIS and engages with other member organizations to develop standards relevant to the telecom industry. In 2010, Cisco took a lead role in the development of the ATIS TEER standard for the measurement of product energy efficiency.
Minimum Energy Performance Standards (MEPS) (Australia and Korea)	Energy performance requirements and maximum power consumption of standby modes.
European Telecommunications Standards Institute (ETSI)	Cisco is engaged with ETSI in the development of standards for energy efficiency.
Electronic Industry Citizenship Coalition (EICC)	Cisco is a founding member of the EICC, sits on its board, and contributes to the development and revision of the EICC Code of Conduct.
The Green Grid (TGG)	The Green Grid is a global consortium of companies dedicated to resource efficiency in business computing ecosystems. Cisco participates on a broad range of issue topics; examples include: data center management; liquid cooling technology; Power Usage Effectiveness (PUE); Water Usage Effectiveness (WUE); and Energy Reuse Effectiveness (EUE).
International Telecommunication Union (ITU) (worldwide)	Cisco is a major contributor to the ITU-T SG5 Lead Study Group on ICT and climate change. Cisco presented to ITU the ATIS TEER methodology, which was then incorporated into Measure L, energy-efficiency metrics and measurement for telecom equipment, creating the opportunity for a single worldwide metric.
Ministry of Economy, Trade and Industry (METI) (Japan)	Minimum energy efficiency requirement for networking router and switch product groups.
U.S. Department of Energy (DOE), Environmental Protection Agency (EPA)	Cisco has been actively working with the EPA for more than seven years to define ENERGY STAR standards for networking equipment: SNE, LNE, telephony, and servers. Cisco also has actively worked with Lawrence Berkeley National Labs, the EPA/DOE technical arm, Navigant, NRDC, and Ecova on measurement methodologies and metrics. Cisco routinely provides feedback to these organizations on best practices, draft standards, and actual power measurement procedures for relevant products.
Telecom Regulatory Authority of India (TRAI)	TRAI is an Indian government regulatory organization for the telecom industry. In 2011 it released recommendations and guidance on energy efficiency metrics and measurement. Cisco provided extensive document reviews and recommendations on how to align with existing and widely adopted ATIS/ANCI and ITU-R relevant documents.

ENERGY STAR is a useful means to promote product energy efficiency improvements. However, we believe that an approach that addresses product energy efficiency across an entire product system is a better way to measure and promote product energy efficiency. ENERGY STAR standards generally apply to a single point of power supply conversion at the front end of the total system. In contrast, the Alliance for Telecommunications Industry Solutions (ATIS) Telecommunications Energy Efficiency Ratio (TEER) measurement method covers all power conversion and power distribution from the front end of the system to the data wire plug, including application-specific integrated circuits (ASICs).

Table 13 highlights several illustrative examples of energy efficiency initiatives and organizations that Cisco participates in.

Improving Product Energy Efficiency
To achieve the projected—and required—product performance specifications for the next five to 10 years, Cisco products will require an architecture that has energy scalability, meaning it can provide energy-efficient service at variable traffic types, traffic demands, customer usage, and installs. In order to achieve this, Cisco has four primary product energy efficiency engineering initiatives underway. These are:

- **Power initiative:** We are improving general product efficiency, from plug to port, with a goal to achieve a six- to seven-percent increase in conversion efficiency by 2020. As an example, in 2015 a switch using 25 to 30 kW has a plug-to-port efficiency of 81 percent; by 2020 we want the plug-to-port efficiency to be in the 88 to 90 percent range for a switch using 100 kW.

- **Thermal initiative:** We are exploring alternative methods of cooling (air flow, liquid, and refrigerant cooling) to reduce operating temperatures and facility cooling requirements.

- **High-speed interconnects:** High-speed interconnects from silicon-to-silicon or optics-to-silicon are an integral part of high-speed data and the control plane. These interconnects consume a significant portion of the total system power. We are exploring ways to increase the interconnect speed, driving the gigabits per second per watt consumed (Gbps/W) metric as high as possible to increase performance and reduce energy use.

- **Customer facilities:** We are working with customers to reduce the amount of energy required to operate their IT facilities with power solutions that increase the efficiency of overhead power, avoid step-down transformers, and provide integrated cooling strategies.

When we evaluate product energy efficiency, we consider the entire system power performance. We measure the efficiency loss as electricity passes through each component (or function). This can include, for example, the external power supply, front-end line card, point of load, and ASICs. Over the past 10 years we have aggressively reduced our product energy consumption while increasing performance. For example, in our products with release dates from CY05 to CY15, we have increased circuit card power from 500W to 1350W and gone from 8 kW to 28 kW chassis using conventional fan tray cooling methods. These improvements have resulted in a total available power increase of 2.5 times while increasing our total system power efficiency by 44 percent over the same period (Figure 4).

We are projecting a 2.3-percent increase in total system power efficiency from current 2015 products to products available in 2018. Our vision is to develop common power designs and specifications across Cisco technologies to continue the improvement of system power efficiency with each product generation.

As part of this system power efficiency approach, we are working to reduce energy demand for ASIC chips

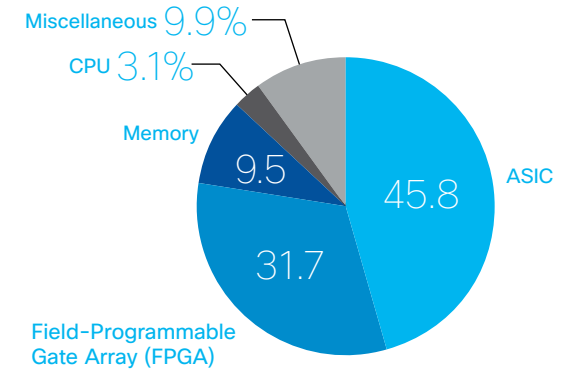Figure 4: Total System Power Efficiency* (Percent Improvement)
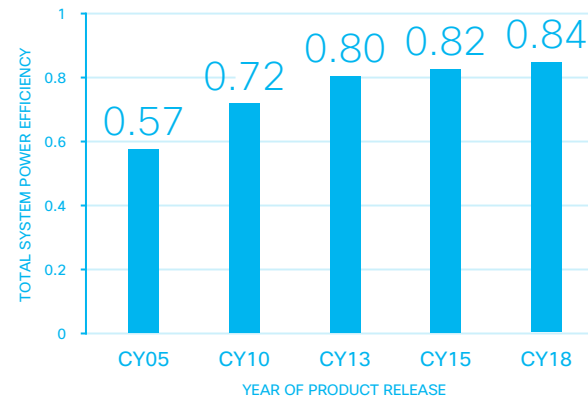
* Total internal system power conversion and distribution from plug to ASIC; covers the complete internal power system conversion.

Figure 5. Example of Board-Level Energy Consumption by Function

found in most Cisco products. ASICs are designed for a particular application in a particular product and account for a significant percentage of board-level energy consumption (Figure 5). For lower-cost, higher-volume products, we use off-the-shelf original equipment manufacturer (OEM)-designed ASIC chips. For our enterprise and data center switches, Cisco Nexus® and Cisco Catalyst® switches, we design our own ASIC chips.

We are developing energy savings approaches for our ASIC chips that include:

- Feature-based energy management: ASIC chips are often developed to be rich in features and capability so they can be used in many products. We are developing new ASIC chips that are configurable to the specific features within the product. As an example, such a chip would not draw the power needed to manage 48 ports when it is placed in a 24-port switch.

- Voltage scaling: To compensate for the performance variation inherent in manufactured products, we are scaling, or adjusting, the energy consumed by ASICs to achieve performance standards and minimize energy consumption. We are adjusting the ASIC chip energy requirements (up and down) to compensate for any manufacturing variation in performance.

- Adaptive power management: This enables an ASIC to actively manage the energy it requires based on the load of work it is processing.

Our ASIC power reduction techniques have increased the cumulative Gbps/W performance of our products by 71 percent from 2005 to 2015 (Figure 6). We are projecting an additional 63 percent cumulative Gbps/W performance increase from 2015 to 2018.

In 2009, Cisco was co-editor for several of the ATIS TEER standards and Energy Efficiency of Telecommunications Equipment: Methodology for Measurement and Reporting standards, and specifically those regarding:

- Servers and server blades (ATIS-0600015.01.2009)
- Transport and network systems (ATIS-0600015.02.2009)
- Router and Ethernet switch products (ATIS-0600015.03.2009)

These ATIS TEER standards created a framework for measuring product energy usage that takes into account product functionality and uses real-world loads to determine energy efficiency across the entire product. This is important because it allows companies like Cisco to compare energy-usage design improvements from product generation to generation, and it helps consumers make more informed purchasing decisions.

These ATIS TEER standards have been incorporated into the Network Equipment Building System (NEBS) design guidelines applied to telecommunications equipment in the United States. NEBS is the most common set of safety, spatial, and environmental design guidelines applied to telecommunications equipment, and compliance as an industry, but not a legal, requirement. All Cisco products that have entered the market since 2011 have gone through the ATIS TEER testing.

We have used the ATIS TEER standard to develop energy profiles for representative models and products within the following product families:

- Cisco ASR 9000 Series Aggregation Services Routers
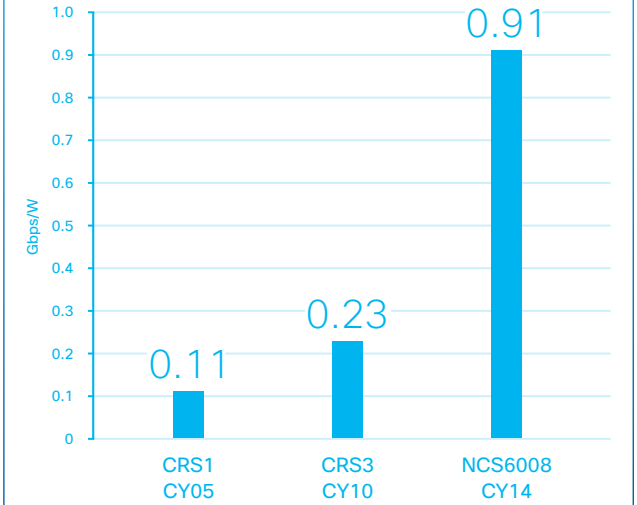- Cisco ASR 5000 Series Aggregation Services Routers for Mobile Packet Solutions

Figure 6. ASIC Performance, Gbps/W (Core Routing ASICs)

Figure 7. System Performance Improvements, Gbps/W
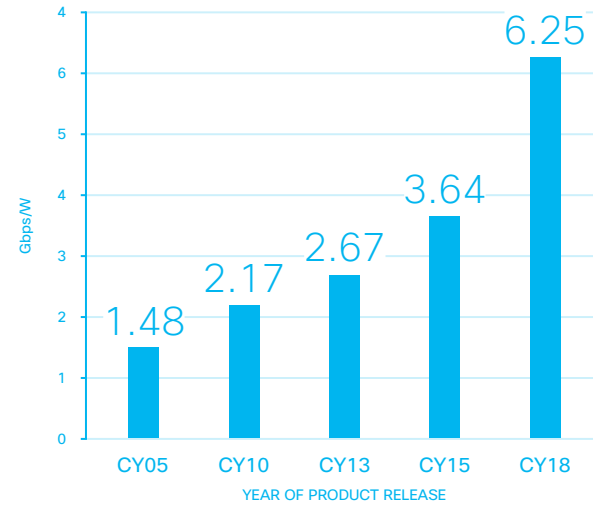
- Cisco Catalyst 1900 Series, 2800 Series, 2900 Series, 3800 Series, 4500 Series, 6000 Series, and 6500 Series Switches
- Cisco CRS-1 and CRS-3 Carrier Routing Systems
- Cisco Network Convergence System (NCS) 6008 Router
- Cisco ONS 15454, NCS 4016, NCS 2000 Series Multiservice Provisioning Platforms
- Cisco Nexus 7000 Series Switches

The products tested make up more than 90 percent of Cisco products that are in ATIS TEER scope. Figure 7 presents system performance improvements, in Gbps/W consumed, for a sample of our core router products (CRS-1, CRS-3, NCS) for which first-, second-, and third-generation energy performance was measured

using the ATIS TEER standard. The results show that in these products, there was an 8.5-fold increase in normalized bits-per-watt performance between the three generations of products, with only a 2.5-fold increase in power usage.

Scope 3 Product End of Life

The last product life cycle phase defined in the GHG Protocol Product Life Cycle Accounting and Reporting Standard is end of life (EOL) management. There are minimal emissions associated with this life cycle phase for Cisco products, and most of them are connected to the transport of the returned product and the recycling process. The largest impact of recycling on GHG emissions is reducing upstream emissions (for more details, see Product Takeback, Reuse, and Recycling, page .)

As Cisco introduces initiatives to increase the return of used or EOL products, we have planned a study on the relative environmental impact of earlier or later product retirement. Energy efficiency usually improves with each new product generation, so earlier product retirement can decrease overall emissions since the use-phase emissions dominate the product life cycle. However, creating new products introduces other environmental impacts. A similar dynamic exists in the automotive industry. For example, is it better to retire a functional 30-mpg car for a new 40-mpg car? We will consider the results of LCA to inform our approach in this area.

Enabling Effect

We are making progress in managing the GHG emissions in our own operations, in our supply chain, and at other phases of the product life cycle. Our products and services also offer oppourtunities through their so-called enabling effect.

The "enabling effect" is when ICT sector products and services can be used to achieve reductions in GHG emissions in other industry sectors. For example, high-definition videoconferencing (ICT sector) can be used in place of face-to-face interaction to avoid air travel (transportation sector), and energy monitoring and control of IP-enabled devices (ICT sector) can be used to reduce energy consumption in buildings (real estate, industrial sectors).

The enabling effect of Cisco's equipment was identified as a Tier 1 environment-related issue (Table 1) during our sustainability materiality assessment. We believe it is an area in which we can have significant positive environmental impact through the avoidance of emissions.

Although the use of ICT products consumes energy, there is substantial opportunity to use them to reduce global energy-related GHG emissions and make the world more energy efficient.

In FY09, Cisco sponsored and contributed to the SMART 2020 report, which still guides industry strategy today. This report identified opportunities for the ICT sector to develop and apply network technologies to reducing total GHG emissions by 15 percent. This would represent a substantial positive impact considering that the ICT sector was projected to be responsible for only three percent of global emissions in 2020. Potential reductions are concentrated in the areas of transportation, buildings, power/energy, and industry. Innovative applications of network technologies promote change through our solutions, our products, and our operations.

Water Use

> ### Key GRI G4 Indicators
>
> GRI G4-EN8: Total water withdrawal by source.
>
> GRI G4-EN9: Water sources significantly affected by withdrawal of water.

Water scarcity is a serious issue affecting over one billion people around the world. Even though technology companies like Cisco do not directly use significant amounts of water, we understand the importance of reducing water consumption as much as we can in our operations and in our supply chain to help protect this limited resource for future generations. Key objectives of Cisco's water management program for all sites are to:

- Identify and implement site-level water conservation opportunities for our operations, focusing on water-scarce and water-stressed locations.

- Work with local governments, water utilities, owners of our leased buildings, and other partners to incorporate best practices into our operations.

Water–Energy Nexus

Our environmental sustainability materiality assessment determined that operational water use (office building potable water, sanitation, landscaping, and cooling towers) is not a significant impact area for our business. However, because the production of electrical power is one of the largest users of fresh water, the greatest opportunity for Cisco to reduce our impact on water resources globally is by continuing to make our products and operations more energy efficient.

The U.S. Geological Survey estimates in their latest 2010 water report that 19 gallons of water are used on average to produce one kilowatt hour of electricity in the U.S. Considering this, the energy savings we are achieving through our energy and GHG reduction efforts are having a big impact on reducing water usage. We estimate that our FY15 energy reduction projects (see Table 8 on page E25), which avoided 41 GWh of energy usage, also avoided three million m³ of water usage in FY15. Since FY10, we estimate that our energy reduction projects have avoided the use of over 19 million m³ of water. To put this into perspective, the avoided water usage we achieved from our energy projects in FY15 alone exceeded Cisco's total FY15 water usage at its operations.

Water Usage

We have been collecting and tracking water usage data for our major campus locations since FY07 (Table 14). In FY15, we were able to collect water data for 73 percent of our real estate portfolio (Table 14). We have made great improvements in our ability to track water consumption, but this continues to be a challenge given the size and geographic dispersion of our operations and

that many of our locations are shared buildings without water submeters. We continue to investigate all possible causes of our year-on-year increase in water use.

Cisco primarily uses water to operate our lab and data center cooling systems, for landscaping and irrigation, and in our restrooms, breakrooms, cafeterias, and kitchens. We reduce our water consumption in these areas as much as possible and also use reclaimed water instead of potable water in applications such as landscaping and in cooling towers.

In FY15, Cisco used 42 m^3 of water per employee, which is less water consumption per employee than the average person uses each year in the U.S.[1] However, water consumption is still an important area of focus for Cisco because some of our facilities are located in regions where water rights and usage are a concern, including our headquarters in San Jose, California, which is moving into a fourth year of drought.

We use the World Business Council for Sustainable Development (WBCSD) water tool to identify areas with water scarcity or water stress issues. Through the

tool we identified that one of our sites is located in a water-scarce area and two sites are in water-stressed areas. We will continue to monitor these sites for changes in water availability and develop specialized water management strategies accordingly.

Water Conservation

Our main water conservation initiative in FY15 was to convert almost all of our water fountains at our main campus in San Jose to planter beds with native plants and water-efficient drip irrigation. Prior to FY15, we implemented numerous water conservation initiatives that are still saving water today:

- Using irrigation controllers throughout the San Jose main campus
- Using recycled water for irrigation
- Installing variable-frequency drives in our cooling towers
- Installing two-way valves for toilets, waterless urinals, sink aerators, low-flow showerheads, and pre-rinse spray valves for kitchen sinks

- Replacing turf with native planter beds that require little water, and installing drip irrigation lines to improve irrigation efficiency
- Using a water harvesting system at our Bangalore, India, campus to capture rainwater for filtering and use

We will be re-evaluating our water-stressed and water-scarce locations, including our San Jose campus, to determine if there are additional water conservation opportunities and strategies that could be implemented in FY16.
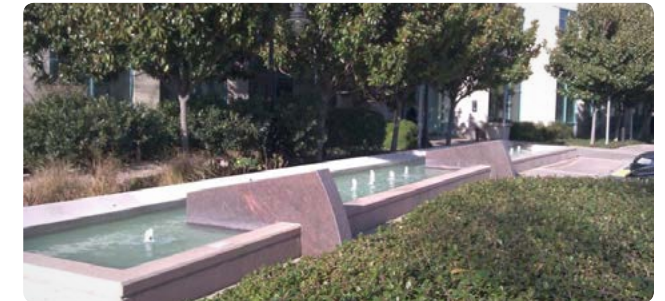
San Jose, California, Decorative Fountain (Before)

San Jose, California, Decorative Fountain (After)

Table 14. Water Use						
KPI	FY11	FY12	FY13	FY14	FY15	Comments
Total water use, m^3 (thousand)	1764	1864	1969	2021	2179	Includes potable water and recycled irrigation.
Real estate portfolio covered by water reporting	68%	71%	68%	72%	73%	

1. The average person in the U.S. uses 80–100 gal/day, or 0.302833–0.378541 m^3/day. Source: http://water.usgs.gov/edu/qa-home-percapital.html

Environmental Sustainability

Materials

Energy & GHG Emissions

Water Use

Biodiversity & Land Use

Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Biodiversity and Land Use

Key GRI G4 Indicators

GRI G4–EN11: Operational sites owned by, leased by, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.

GRI G4–EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

GRI G4–EN13: Habitats protected or restored.

GRI G4–EN14: Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

GRI G4–EN26: Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.

Biodiversity is the variability among living organisms from all sources and the ecological complexes they are a part of. All organizations impact biodiversity directly through their own activities or indirectly through their supply chain. Cisco's primary impact on biodiversity is the land we use for our facilities. We mitigate this impact by reducing the demand for physical office space through employee telework programs and other support solutions such as Cisco Connected Workplace, Cisco Virtual Office, and Cisco OfficeExtend.

Cisco Connected Workplace and our collaboration technologies reduce the demand for office space by more efficiently using existing space and enabling employees to work remotely while remaining productive. Cisco Connected Workplace layouts can accommodate approximately 30 percent more employees than a traditional office layout, substantially reducing space and land requirements and therefore reducing associated environmental impacts. We are in the process of converting many of our buildings into Cisco Connected Workplaces, which will be complete by FY17. By doing this, we have already reduced our real estate footprint by approximately one million square feet.

We use environmental impact assessments to evaluate the biodiversity and land-use impacts of our sites and generate annual biodiversity summary reports for all land and property we own. Table 15 shows the percent of our portfolio with biodiversity assessments in place. For example, we own buildings in San Jose, California, located near a protected area for the American Cliff Swallow, which is a bird species on the Least Concern category of the IUCN Red List. To protect their habitat during nesting season, we close our balconies on those buildings and remove mud nesting locations on our buildings after nesting season is over.

We have also undertaken efforts to protect the habitat of Blanding's Turtle (IUCN Endangered Species) and the Eastern Box Turtle (IUCN Vulnerable Species) on 60 acres of our land in Boxborough, Massachusetts.

Eastern Box Turtle

These efforts include:

- Establishing two conservation areas of 49 and 60 acres.
- Constructing three turtle tunnels under the highway to provide a safe passage for migration.
- Installing turtle curbing around the site to prevent migrating turtles from entering the roadway and parking areas.
- Enhancing 16 acres of turtle nesting habitat within the conservation area.
- Funding a two-year construction phase turtle monitoring plan and a two-year Blanding's turtle conservation research project.
- Restricting future development on approximately 50 acres of our land.

Table 15. Biodiversity and Land Use						
KPI	FY11	FY12	FY13	FY14	FY15	Comments
Percent of real estate portfolio with biodiversity assessment	63%	61%	61%	60%	61%	Includes International Union for Conservation of Nature (IUCN) Red List and national conservation list species with habitats in areas affected by operations. Owned property.

Non-GHG Emissions

Key GRI G4 Indicators

GRI G4–EN20: Emissions of ozone-depleting substances (ODSs).

GRI G4–EN21: NOx, SOx, and other significant air emissions.

Because most of our production is outsourced to supply chain partners, our global operations primarily consist of standard office activities and research labs. This limits our non-GHG emissions to volatile organic compounds (VOCs) from cleaning products, nitrous oxides (NOx) and sulfur oxides (SOx) from onsite fuel combustion (from vehicle engines, boilers, or emergency generators), and the subsequent development of ozone from the photochemical reaction of NOx. Table 16 summarizes our non-GHG-related airborne emissions: VOCs, NOx, SOx, and particulate matter.

We comply with California Air Resources Board requests and do not use mechanical equipment, such as gasoline-powered lawn mowers, after 11 a.m. on designated Spare the Air days when air quality is poor in the San Francisco Bay Area.

In accordance with the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, we also have worked with our supply chain partners to phase out ozone-depleting substances (ODSs) in their manufacturing processes.

Effluents (Liquid)

Key GRI G4 Indicators

GRI G4 EN10: Percentage and total volume of water recycled and reused.

GRI G4 EN22: Total water discharge by quality and destination.

GRI G4 EN24: Total number and volume of significant spills.

We seek to situate our operations in areas where we can successfully serve our customers while limiting our negative environmental impacts. Operations location is an especially important consideration with our data centers. We currently cool most of our data centers by air movement. However, as equipment becomes more compact and consumes more power per unit area, we need to identify more efficient cooling mechanisms. One of the options we have begun to implement is water-based cooling.

Table 17 tracks liquid spills and discharges from Cisco facilities.

Table 16. Non-GHG Emissions

KPI	FY11	FY12	FY13	FY14	FY15
Volatile organic compound (VOC) emissions[1]	Negligible	Negligible	Negligible	Negligible	Negligible
NOx, metric tonne	340	381	341	270	212
SOx, metric tonne	1.05	1.11	1.00	0.88	0.72
Particulate matter	Negligible	Negligible	Negligible	Negligible	Negligible

1. Quantities of VOC-based chemicals deployed are minimal and are not required to be monitored.

Table 17. Effluent Spills and Discharges

KPI	FY11	FY12	FY13	FY14	FY15
Spills and discharges	None	None	None	None	None

Our Priorities | The Details

Waste

Product Takeback, Reuse, and Recycling

Key GRI G4 Indicators

GRI G4-EN28: Percentage of products sold and their packaging materials that are reclaimed by category.

Our trade-in and takeback programs are designed to bring back the products that Cisco or our acquired companies have sold to channel partners and end-user customers. Of products sent to our e-scrap recyclers, nearly 100 percent are recycled, and all commodity fractions go to downstream recyclers to be made into new products. During FY15, we also refurbished, resold, or reused over 2903 metric tonne of products returned to us (Table 18).

Information on our compliance with product recycling regulations can be found online. Products are labeled with a crossed-out "wheelie bin" symbol to encourage end users to reuse or recycle electronics instead of disposing of them in the trash.

We have nine different programs in operation to support our product trade-in, takeback, and recycling efforts aimed at customers, suppliers and partners, and internal users (Table 19). A flow diagram of the programs listed in Table 19 is shown in Figure 8.

Customer Programs

We have two trade-in programs, the Cisco Technology Migration Program (TMP) and the Exceptional Pick-Up Program (EPUP), for customers that are purchasing new equipment and have qualifying equipment to upgrade. Eligible customers receive a discount for returning working used equipment to us. These programs are the single largest flow of materials back to Cisco and they provide the newest and best-quality used equipment for refurbishment and reuse.

Table 18. Product Trade-In and Return						
KPI	FY11	FY12	FY13	FY14	FY15	Comments
Product return, metric tonne	11,595	13,324	12,539	12,180	11,718	Lighter and more powerful products are in part responsible for the decreasing trend in product return weight.
Refurbish, resell, and reuse rate, percent	17%	25%	25%	23%	25%	
Returned material sent to landfill	0.89%	0.43%	0.33%	0.30%	0.27%	Landfill material consists only of non-electronic waste materials, such as broken pallets, wet cardboard, and shrink wrap, accompanying Cisco product returned by customers for recycling.

Table 19. Cisco Takeback, Reuse, and Recycling Programs		
Category	Material Stream	
Customer programs	• Cisco Technical Migration Program (TMP) • Cisco Takeback and Recycle Program	• Exceptional Pick-Up Program (EPUP)
Programs for companies producing or repairing Cisco products	• Manufacturing Scrap/Reuse Program	• Global Scrap Program
Internal programs for Cisco	• eBin/Lab Scrap Program • Cisco Data Center Server Recycling Program	• Non-Genuine Brand Program • E-scrap events

Environmental Sustainability

Materials

Energy & GHG Emissions

Water Use

Biodiversity & Land Use

Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Figure 8. Reverse Logistics Material Sources and Flow of Materials for Reuse and Recycling
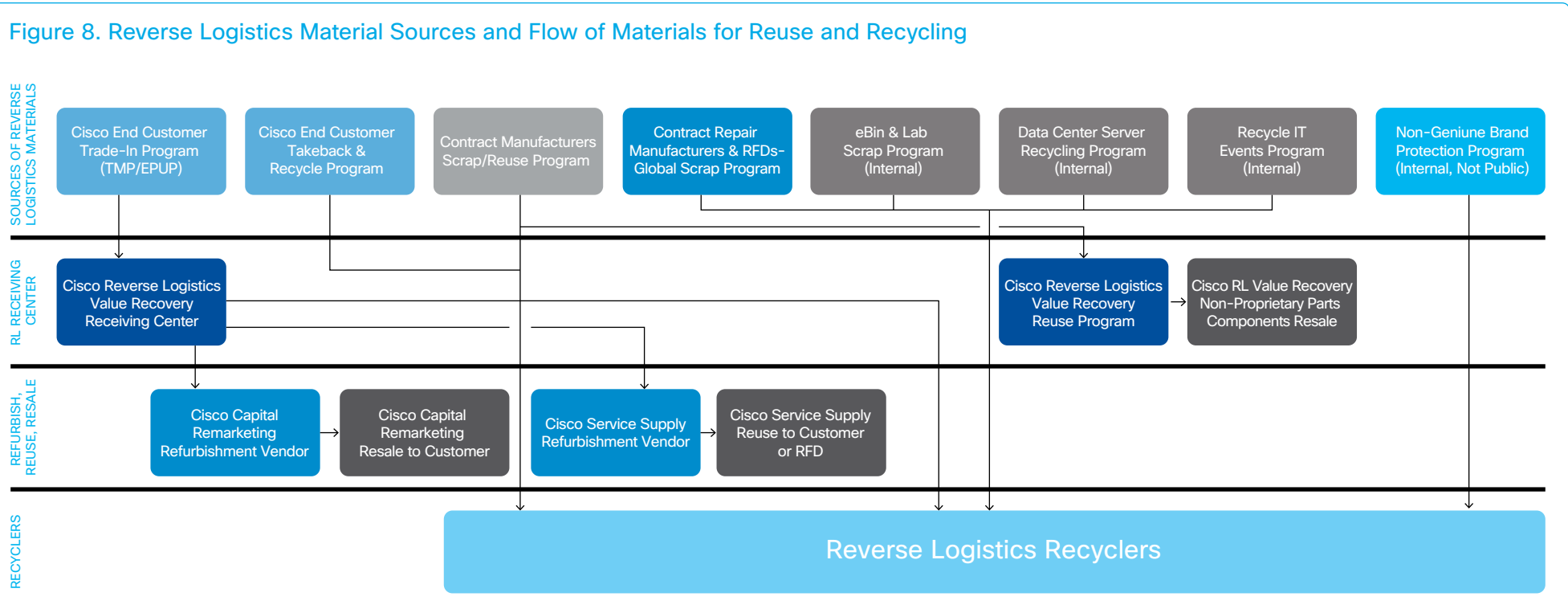
Trade-in materials are routed to value recovery and queued for refurbishment for resale or reuse by Cisco Capital® Remarketing, Cisco Service Supply, or an internal Cisco lab.

Reuse is always our first priority. In FY15, Cisco reused over US$365 million of Cisco equipment, calculated at standard cost (COGS). Any item that is not reusable goes to one of our authorized recyclers.

The Cisco Takeback and Recycle Program is focused on Cisco branded items that do not qualify for either of our two trade-in programs. This program also accepts equipment from other manufacturers that has been replaced by newly purchased Cisco items. The equipment is typically old and has no reuse value, or it is damaged. These materials go to the closest Cisco approved recycling site. Currently, there are 30 approved recycling locations (Figure 9). The number and location of Cisco authorized recyclers continue to expand based on

the growth in our business and the requirements of local regulations.

Engaging with our takeback and recycling programs is easy and straightforward. Customers go to the web portal,[1] select the program that applies to them, and submit a pick-up request form. Cisco's contracted third party then contacts the customer to arrange the pick-up and work out the logistics for returning the materials to the appropriate location.

1. Cisco Connection online registration required.

Figure 9. Cisco Reverse Logistics Locations

Legend:
- Receiving and Reuse
- Recycling
- Recycling Subcontractor
- Warehouse/Disassembly

Programs for Companies Producing or Repairing Cisco Products

The Cisco Manufacturing Scrap/Reuse Program takes excess, obsolete, or damaged materials from our contract manufacturers, manufacturing partners, original equipment manufacturers (OEMs), original design manufacturers (ODMs), and proprietary component suppliers.

Our contracted repair manufacturers and distribution depots use the Global Scrap Program for their excess, obsolete, or damaged materials. Both of these programs are a valuable source of reusable product.

Internal Programs for Cisco

The largest of Cisco's internal programs is the eBin/Lab Scrap Program. The eBin program began at our San Jose campus, where 185 labs produce a large amount of e-scrap, and now eBin includes all Cisco labs and offices worldwide. The eBins are green plastic rolling bins where

materials are collected in the labs for recycling. Smaller labs may have only one eBin, and large labs may have more than a dozen. Each eBin has an owner, and when the eBin is full, the owner visits our recycling web portal and fills out a pick-up request, which is fulfilled by a Cisco authorized recycler.

The Cisco Data Center Server Recycling Program serves data centers in 11 countries. When a data center no longer needs a server, it is offered to other Cisco data centers for possible reuse. When one of these servers reaches the end of its useful life, it is recycled, with all parts being shredded. Some products are not reused because they have, or have had, sensitive data residing in their memory.

The Non-Genuine Materials Program handles items that we occasionally receive in equipment returns that are non-genuine Cisco products. Non-genuine items also come to Cisco through law enforcement actions that seize counterfeit Cisco equipment. When non-genuine equipment is found, we use a special witnessed protocol whereby the collected materials are properly destroyed.

We also hold an annual Recycle IT Day for our employees. Cisco employees and contractors can bring in their e-scrap from home and Cisco pays to have the materials recycled properly. Any Cisco office location can host a recycling day event. In April 2015, we held our 20th Recycle IT Day event, with 129 Cisco sites around the world participating and more than 196 metric tonne of used electronics collected. Since Cisco started holding these events, our employees and contractors have helped recycle over 2426 metric tonne of used electronics.

E-Scrap Recyclers

We currently have four contracted e-scrap recyclers. Each recycler has several company-owned facilities and several subcontracted recyclers to provide global recycling coverage. Cisco's contracted recyclers are

certified to one or more e-scrap-specific recycling standards, such as R2, R2 Rios, and eStewards. Our contracts require recyclers to enforce our strict recycling processes upon any of their subcontractors doing Cisco work. We approve every prospective recycling company and every recycling location before sending any Cisco equipment for processing. Additionally, our recycling process described earlier is formally documented and is part of the contract with each of our recyclers.

Each contracted recycler provides Cisco with monthly reports showing all cases opened and processed on a lot-by-lot basis. When each lot is processed, the report includes a mass balance showing the weight as received and the weights of each fractional commodity adding up to the gross weight received.

We hold quarterly business reviews with each of the four contracted recyclers to review the past quarter's results and to go over all action items that were to be worked on during the quarter and the focus areas for the next quarter. We also conduct random spot site audits of the recycling facilities.

E-Scrap Recycling Process

After being weighed, each load of e-scrap is dismantled and sorted into "commodity fractions." This separates the steel, aluminum, cardboard, plastic, wire/cable, and printed circuit boards. Printed circuit boards are then shredded and sorted further before going to a specialized smelter where as many as 19 metals are harvested from the boards. These harvested metals are sold on the global metals markets. All materials, including any batteries or packaging materials, are sent to downstream recyclers to eventually be sold on the global materials markets and used as raw materials to make new products.

Additional information regarding our trade-in, takeback, and recycling programs is available on our product recycling web portal.

Product Packaging End of Life

We have not adopted a packaging takeback program, as the environmental impact, including transportation and emissions, from a packaging takeback program outweighs the potential benefits when compared with using local recycling. Instead, we design our packaging to be separable and recyclable so it can be directed to local packaging material recycling programs (see Packaging, page E18.)

Solid Waste from Operations (Trash)

Key GRI G4 Indicators

GRI G4-EN23: Total weight of waste by type and disposal method.

GRI G4-EN25: Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

Cisco's Waste Reduction and Recycling Program uses the principles of reduce, reuse, and recycle for our operations. The program is a key component of our ISO 14001 certification and global environmental policy.

Municipal and regional recycling practices vary. What is easily recycled in one region may not be as easily recycled in another. The ability of our facilities to recycle operational waste often depends on the recycling facilities in place in that region. All our facilities take steps to reduce their operational waste and recycle materials that can be recycled in each location.

Table 20 shows our solid waste metrics. Note that operational waste recycling performance depends on both Cisco performance and the availability of supporting services by local waste hauling and disposal vendors.

Our Priorities | The Details

Examples of how we reduce waste at many of our facilities include:

- Using online learning and communications technologies to reduce paper use
- Making product information available online to reduce paper use
- Using compost made of landscape waste at our San Jose campus

Examples of how we reuse materials at many of our facilities include:

- Managing an internal Repo Depot program, which allows us to reuse lab and testing equipment
- Reusing incoming pallets with outgoing shipments wherever possible
- Collecting PC equipment for reuse by our vendor
- Donating surplus used office supplies to local schools

Typical examples of items that we recycle include:

- Batteries
- CDs
- Beverage containers
- Wood and pallets
- Cardboard
- Mixed paper
- Packaging materials
- Toner cartridges
- Compost
- Polyurethane foam
- Landscape waste
- Mobile phones
- Food waste
- Construction waste

Figure 10 shows our trash recycling rates for solid wastes for our major North America campus locations. Our San Jose headquarters led the way by diverting 84 percent of all waste streams in FY15, including a food waste separation program that diverted approximately

700 metric tonne of food waste from local landfills to be turned into compost. A breakdown of our waste stream for the San Jose site in Figure 11 illustrates our key sources of operational waste, the complexity of proper waste stream segregation, and the need for local recycling services.

The lower recycling rate at our RTP campus in FY14 was primarily due to our recycling vendors modifying their method to calculating total recycled material, which lowered the amount of recycled material compared to prior years. Data for FY12 to the present have been updated with this new calculation method. Years prior to FY12 were not able to be updated. The RTP recycling program was monitored closely in FY15 which enabled a 45-percent increase the recycling rate over FY14. We will continue to monitor the recycling program at RTP and our other major campus locations to verify whether we are meeting our year-on-year improvement goal for recycling rates.

Table 20. Solid Waste from Operations (Trash)

KPI	FY11	FY12	FY13	FY14	FY15	Comments
Total operational waste generated, metric tonne	4510	4359	4953	6932	5308	
Percent real estate portfolio covered by waste reporting	51%	58%	55%	56%	57%	Includes major campus locations in the United States, India, and China.
Total operational waste recycled, metric tonne	3212	2954	3673	5454	3964	
Operational waste recycled, percent	71%	68%	74%	79%	75%	

Figure 10. Recycling Rates for Solid Waste from Major North America Operations (Trash)

FISCAL YEAR

Total   San Jose   Boxborough   RTP
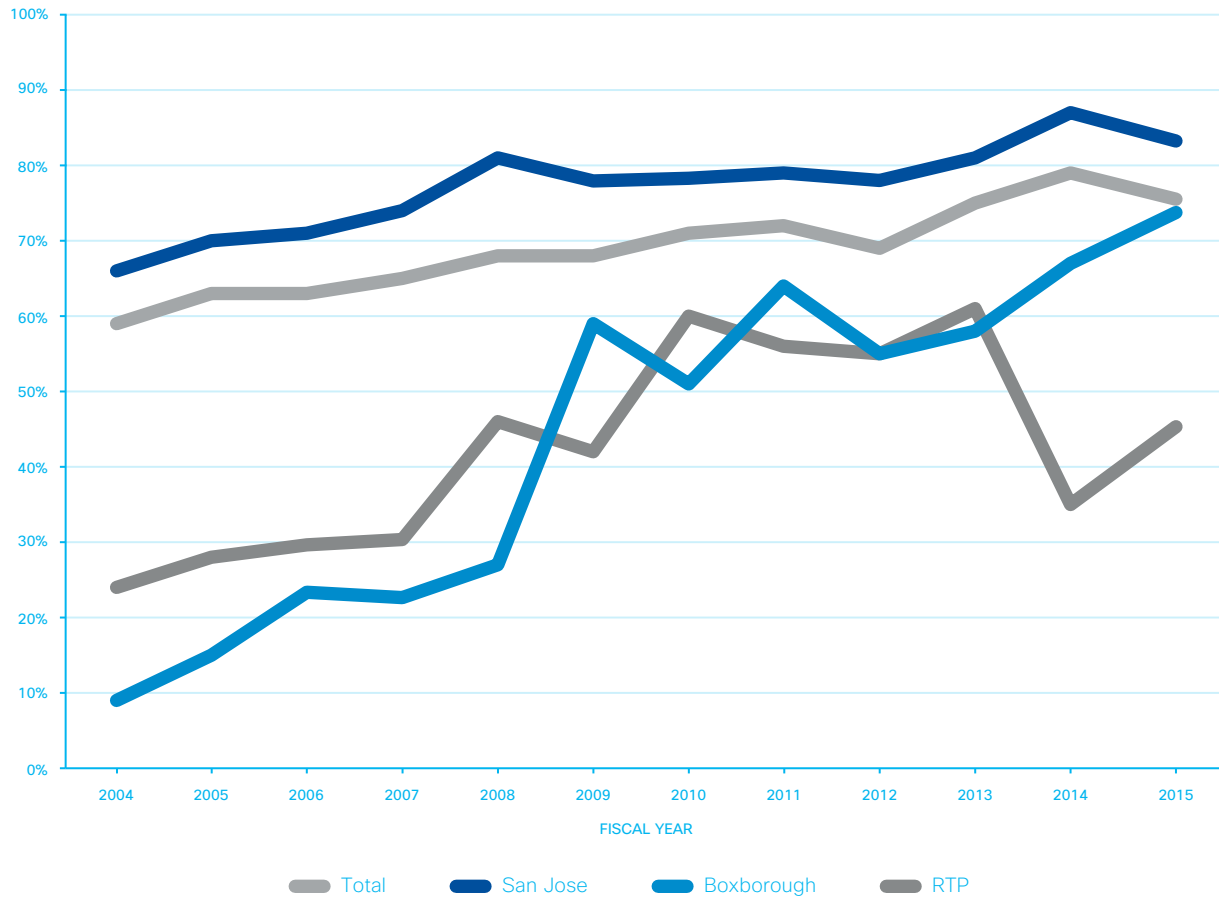
Figure 11: Breakdown of Solid Waste Streams (Trash) at San Jose, California, Headquarters Campus
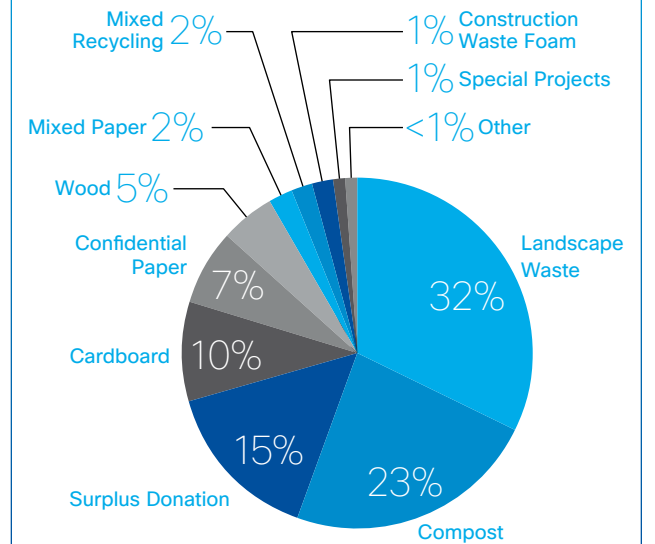
Mixed Recycling 2%
Mixed Paper 2%
Wood 5%
Confidential Paper 7%
Cardboard 10%
Surplus Donation 15%
Compost 23%
Landscape Waste 32%
Construction Waste Foam 1%
Special Projects 1%
Other <1%

Environmental Sustainability

Materials

Energy & GHG Emissions

Water Use

Biodiversity & Land Use

Non-GHG Emissions

Effluents (Liquid)

Waste

Appendix

Appendix

CISCO

Supply Chain Operations

2015 Carbon Disclosure Project Reporting

Apr 16th, 2015

Dear Valued Business Partners and Suppliers:

Cisco, our stakeholders, and our customers are concerned about GHG emissions from Cisco's products and operations, as well as from the operations of our business partners and suppliers. For the sixth year in a row Cisco invites you, our partners and suppliers, to report your GHG emissions to CDP.

Cisco is committed to reducing greenhouse gas (GHG) emissions. In 2012, we met our public commitment to reduce Cisco's worldwide Scope 1 and 2 GHG emissions from our operations, and our Scope 3 business-air-travel GHG emissions by 25 percent absolute (against a 2007 baseline). In 2013, we announced a new set of five-year, GHG-related goals to be completed by 2017 (Reference 1 of this letter).

Companies can be invited to report to CDP in two ways:

- Many large, publicly traded companies are invited directly by CDP to respond to CDP's *Investor Survey*. If your company has already received such an invitation in February, Cisco requests that your organization respond by the requested deadline (end of June).

- Through CDP's Supply Chain program, of which Cisco is a member, Cisco will be requesting our suppliers to report to CDP (by the end of July). The supply chain request includes the same questions as the CDP *Investor Survey* plus questions from a separate, CDP *Supply Chain Module*. If your company already responds to the *Investor Survey*, only a response to the *Supply Chain Module* needs to be submitted in July.

Cisco is requesting that our partners and suppliers respond to the CDP survey, making your response publicly available via the option provided for this purpose in CDP's Online Response System (ORS).

It is Cisco's objective for all suppliers and partners to complete the following five steps:

1. Report to CDP annually, responding at a minimum to the questions highlighted in Reference 2 of this letter for all supplier facilities worldwide.
2. Make the *Investor Survey* response publicly available via the option provided for this purpose in CDP's ORS.
3. Demonstrate third-party review of your GHG emissions per Reference 3 of this letter.
4. Set a GHG emissions reduction goal (absolute reduction goals are preferred).
5. Request that your suppliers and business partners also report to CDP using the same process described in this letter.

Supplier compliance to Cisco's requirement to report GHG emissions to CDP is included in Cisco's supplier scorecards. Please refer to separate communication concerning Cisco's supplier scoring procedures.

By the middle of April, if you have not received an invitation from CDP to respond to CDP's survey, please contact CDP at respond@cdproject.net. The CDP Supply Chain questionnaire and supporting information, including instructions for ORS, are provided as Reference 4 of this letter.

Do not send your emissions information to Cisco. Report your GHG emissions directly to CDP via ORS. Cisco will obtain your reporting status and emissions information via an analytics package offered by CDP.

Please forward this request to the appropriate party within your company. If you have any questions about Cisco's or your company's carbon reporting, please contact us at cisco-cdp-questions@cisco.com.

Best regards,

Jeff Gallinat
SVP, Supply Chain Operations

Kathleen Shaver
Director, Supply Chain Operations

REFERENCES:

1. Cisco Announces New Greenhouse Gas Reduction Goals (blog):
   http://blogs.cisco.com/csr/cisco-announces-new-greenhouse-gas-reduction-goals/

2. CDP 2014 Investor Survey (with Supplier Module questions).
   The questions that must be answered to meet Cisco scorecard requirements per Step 1 are highlighted in the following Cisco markup of CDP's questionnaire:
   https://www-1.compliance2product.com/c2p/getAttachment.do?code=uIDeESYMcn1pUA2gdI97MvVb7fNAhg8gOYXK8pzvIHCL5uVmXnKLTAb5mTcc4uAz
   Highlighted questions were selected to support the identification of potential Cisco-supplier energy and GHG emissions reduction opportunities:
   Companies are encouraged to answer all CDP survey questions.

3. CDP verification guidance
   https://www.cdp.net/en-US/Respond/Pages/verification.aspx

4. CDP Supply Chain Module and Supply Chain Responder Information Pack can be downloaded from
   https://www.cdp.net/en-US/Pages/guidance-supply-chain.aspx.

5. CDP reports summarizing 2014 Investor and Supply Chain responses are available from the following web page
   https://www.cdp.net/en-US/Results/Pages/All-Investor-Reports.aspx.
   Reports that include Cisco's reporting and performance are shown below:
   a. The A List: The CDP Climate Performance Leadership Index 2014
      https://www.cdp.net/CDPResults/CDP-climate-performance-leadership-index-2014.pdf
   b. CDP S&P 500 Climate Change Report 2014
      https://www.cdp.net/CDPResults/CDP-SP500-leaders-report-2014.pdf

Supply Chain

Our Priorities

"Our supply chain continues to adapt, innovate, and transform our products and services to create outcomes that enable Cisco's business and optimize the customer experience. The reach of our global supply chain is immense and we take seriously the responsibility of delivering superior technology products in an ethical and environmentally responsible manner."

John L. Kern
Senior Vice President,
Supply Chain Operations

Supply chain plays a critical role in the overall performance of the company. We transform the technological innovations our engineers create by using our global network of capabilities to manufacture and deliver the solutions that enable our customers to harness the power of networking. Our supply chain continues to adapt, innovate, and transform our products and services to create outcomes that enable Cisco's business and optimize the customer experience.

The reach of our global supply chain is immense and we take seriously the responsibility of delivering superior technology products in an ethical and environmentally responsible manner.

The sustainability challenges we face today are complex and require collaboration with our supply chain partners to solve. We are committed to engaging with industry counterparts to drive ongoing improvement through shared platforms such as the Electronic Industry Citizenship Coalition. Sharing the foundation of a common code of conduct permits Cisco to extend our resources further than we could

as a single company. It also permits us to focus our efforts on making progress in those areas where we see the most critical needs and where we can have the most influence. Based on our capabilities, expertise, and potential impacts to our supply chain, we have chosen to focus on the human rights of the most vulnerable workers in the supply chain, as well as carbon reductions and energy efficiency.

We believe that sustainability is central to the success of Cisco and our supply chain. We look forward to strengthening our position in FY16 as an industry leader in sustainable supply chain operations.

John L. Kern
Senior Vice President,
Supply Chain Operations
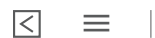
2015 Objectives and Progress

Objectives	Target Date	Progress
Establish a GHG emissions reduction goal for our supply chain operations.[1]	End of FY15	◯
Enhance our supplier engagement by further integrating the EICC Supplier Code of Conduct into day-to-day business operations.	End of FY15	●
Require supply chain employees to complete Cisco's corporate human rights training (81% participation to date).	End of FY15	◑
Work with university partners to incorporate sustainability into business education for supply chain professionals.	End of FY15	●

1. We are currently in the process of finalizing our Scope 3 supply chain GHG emissions reduction goal.

● Achieved   ◑ Partially Achieved   ◯ Ongoing
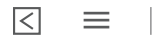
2015 Highlights

Eliminated 100,881 tonnes[1] of CO_2 emissions and saved millions in costs by moving from air to ocean transportation modes.

100,881

Established our first ever, long-term Scope 3 supply chain emissions reduction roadmap.

$251,000

Recovered $251,000 in excessive recruitment fees and verified their reimbursement to migratory factory workers in Malaysia.

Emissions Reduction Roadmap

Improved our GHG emissions inventory and identified those activities and sourcing practices most suitable to be the focus of our emissions reduction efforts.

Emissions Inventory

50%

50-percent increase in the number of smelters verified to be complaint with the assessment protocols of the Conflict-Free Smelter Program (CFSP).

81 percent of supply chain employees completed Cisco's corporate human rights training.

81%

1. As calculated using UK DEFRA factor for air freight including a multiplier of 1.9 to account for radiative forcing.

PRIORITY

Human Rights in Our Extended Supply Chain

Labor standards matter to Cisco. Stakeholders expect us to take more responsibility for the working conditions, welfare, and human rights of workers employed by our first-, second-, and even third-tier suppliers, where transparency can be challenging to achieve. Labor standards also matter to our customers, making this an issue that could impact revenue and that poses a significant reputational concern for our business.

We take a proactive approach to upholding labor standards in our supply chain through our relationships with our suppliers. The Electronic Industry Citizenship Coalition (EICC) Supplier Code of Conduct is the backbone of our supplier engagement process and is the baseline expectation, not the end goal.

If labor violations are discovered in our supply chain, we take swift action to resolve them. For example, when we discovered that factory workers were paying excessive recruitment fees at one of our supplier locations, we acted swiftly, engaging with the supplier to pay back affected workers.

We remain committed to protecting the rights of vulnerable workers in our supply chain. The principles embodied in the Universal Declaration of Human Rights are reflected in our human rights policy, and include the ethical treatment of all workers in our supply chain, an important element of our Supplier Code of Conduct.

Read more on F13.

PRIORITY

Promoting Supplier Diversity and Inclusion

We recognize that diverse perspectives in our workforce, partner ecosystem, and supply chain will drive future innovation. Through our supplier diversity program, we aim to support woman-, minority-, and veteran-owned and service-disabled businesses, as well as companies in historically underutilized business zones in the United States. Enhancing their participation benefits Cisco by:

- Strengthening supply chain competitiveness and reducing the risk of disruption in our supply chain by broadening our supplier base

- Contributing to improved satisfaction for customers, some of which include supplier diversity in their procurement policies and bid packages

- Helping our supply chain operate in the communities that make up our customers

We have seen a renewed focus on supplier diversity by key government, service provider, and enterprise customers. In FY15, we responded by developing systems to improve the tracking of our spend with diverse suppliers.

For our direct spend, we implemented a process to validate the diversity credentials of suppliers and to recognize them for it. By having more accurate systems, in FY16 we will be able to increase the opportunities of diverse suppliers to be considered and rewarded in the procurement process.

We can also promote diverse suppliers through the second-tier spend that takes place with our manufacturing and logistics providers. In FY15, we automated the process with firms we do business with to report their spend with diverse suppliers that is related to the production and delivery of Cisco products. In FY16, we will expand our second-tier spend reporting program to our key suppliers who take an active role in expanding diverse spend within their operations, so that we can better recognize opportunities to multiply our diversity spend impact.

Read more on F15.

PRIORITY

Ethical Sourcing Practices

We are committed to sourcing components and materials from suppliers that share our values around human rights, ethics, and environmental responsibility and are taking all steps to comply with relevant legislation.

The ethical sourcing of raw materials—avoiding the use of conflict minerals—remains a key issue for the IT sector. Our customers, regulators, and other stakeholders expect transparency and proactive management of conflict minerals in our supply chain. By working closely with the EICC's Conflict-Free Sourcing Initiative (CFSI) and our direct suppliers, we have made considerable strides in FY15, increasing by 50 percent the number of certified smelters identified in our extended supply chain.

We designed our Conflict Mineral Due Diligence Program to investigate the source and chain of custody of potential conflict minerals contained in our products. The program is based on the five-step due diligence framework set out in guidance from the Organization for Economic Co-Operation and Development (OECD).

We are committed to supporting a collaborative multi-sector approach to the complex issue of conflict minerals. Through our participation in the CFSI we are multiplying our influence by collectively identifying smelters and communicating the importance of becoming verified as conflict-free.

We rely on our direct suppliers to evaluate the sourcing practices of their own supply chains. We use the CFSI's standard tools and templates with suppliers to identify which smelters and refineries are in their—and by extension our—supply chain. The CSFI's Conflict-Free Smelter Program (CFSP) determines which smelters and refiners can be validated through independent audits to be conflict-free. In FY15, we provided multiple training sessions to educate suppliers on completing the reporting template, to help strengthen their capabilities, and to improve data quality of smelters and refineries.

Read more on F19.

CASE STUDY

Discovering How Supply Chain Employees Connect to Sustainability

We believe that every employee in our supply chain function plays a part in promoting our values and accomplishing our sustainability goals. While sustainability performance has been incorporated into supplier management practices, we have realized there is also a need to ignite the personal passion of our own supply chain employees around the world.

Effective employee engagement must focus on raising awareness, promoting action, and aligning to business outcomes. In FY15, we piloted a supply chain employee engagement program intended to help employees discover their personal connection to sustainability and how their role influences our performance.

Our first employee event was held in San Jose, California, and brought colleagues across several supply chain functions together to discuss how they can influence sustainability initiatives and supply chain priorities. An online community was also created to encourage continued engagement and crowdsource new disruptive ideas. In FY16, we plan to expand the program and host additional workshops at our supply chain offices globally.

"The workshop was an excellent chance to step back from the day-to-day supply chain operations and collectively look at the bigger picture. Having representatives from across supply chain operations come together allowed us to delve into what the current state is, and how we can leverage each other to incorporate real sustainability change back into our individual roles."

Christopher K. Stevens
Network Development Program Manager, Supply Chain Network Modeling Group

CASE STUDY

Supply Chain Emissions Reduction Program

Our stakeholders ask us to reduce and disclose the carbon footprint of our operations and supply chain. Our work with the CDP has consistently shown our commitment to disclosing these environmental impacts.

However, our customers expect more, such as reducing supply chain impacts and costs of manufacturing through leadership in materials, transport production efficiencies, and emissions reduction. Our unique position as a global supplier of Internet of Everything (IoE) technologies further enables us to take on these challenges through product innovation (see page F14). Bringing together the right opportunities while embedding long-term emissions accountability into both our own and our suppliers' processes requires a well-orchestrated effort. To enhance our progress, we launched the Supply Chain Emissions Reduction Program in FY15 with a mission to refine and accelerate our supply chain emissions reporting, prioritization, and reductions activities.

Major accomplishments in this first year of the program include:

- Developed a playbook for centralized management, functional ownership, and reporting of Scope 3 supply chain emissions

- On-boarded in-flight emissions reduction activities (see page E34)

- Continued development of our supply chain emissions baseline reporting and prioritization capabilities

- Developed a first-ever long-term Scope 3 supply chain emissions roadmap[1] to set the stage for emissions reduction forecasting and goal setting

1. Lifecycle assessment (LCA) and CDP-based supplier emissions data serves as the foundation of our supply chain emissions reduction roadmap. Benchmarking, supplier engagement, and internal case studies have assisted in further prioritizing reduction areas and in establishing measurement techniques for both current and future targeted actions.

Our Plans

In FY16, we intend to continue to emphasize our commitment to ethical sourcing practices, enhancing the environmental sustainability of our operations, and supporting the principles of diversity and inclusion in our supply chain.

As part of our commitment to operate in accordance with the EICC Code of Conduct, we intend to continue our education and outreach efforts about the new fifth-generation of the Code, which became effective in April 2015. Our efforts will include driving the development of industry-wide initiatives that focus on ensuring the protection of the most vulnerable workers in the supply chain. We are also excited to begin executing on our Scope 3 supply chain emissions reduction roadmap. We have alignment across our supply chain to accelerate our emissions reduction activities, and we have the support of many of our tremendous suppliers and partners.

2016 Objectives

Objectives	Target Date
100 percent of key suppliers report their GHG emissions to CDP.	End of FY16
Increase percentage of key suppliers that set GHG reduction goals in their CDP reports to 75 percent.	End of FY16
Implement internal and external capacity building, systems, and collaboration tools to better position qualified diverse supplier procurement investment.	End of FY16
Provide suppliers with human rights training focused on the protection of vulnerable workers.	End of FY16

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Supply Chain

The Details

A highly dynamic and complex supply chain builds the Cisco products that empower businesses and enable collaboration around the world. For us, it's about building close relationships with our partners and suppliers based on common ground and shared values. We expect all of our suppliers to meet the same high standards for ethics, labor rights, health and safety, and the environment that we set for ourselves. The Supplier Code of Conduct is the baseline expectation, not the end goal.

We lead today by beginning with Cisco technology solutions that create deep insights into energy use and empower reductions in cost and carbon impact. Leading also means strengthening efforts to be conflict-mineral-free, promoting human rights, and using technology to drive safe and ethical working conditions. And this innovation powers our entire process, from delivering our products using optimized routes and transportation modes to responsibly reusing and recycling of returned products.

Our Supply Chain

Key GRI G4 Indicators

GRI G4-12: Describe the organization's supply chain.

The manufacturing of our products is entirely outsourced. More than 700 suppliers around the world make finished Cisco products, supply approximately 62,000 parts that go into our products, provide logistical services, and collect and recycle products at the end of their useful life. We spend billions of dollars each year with these suppliers, the majority with:

- **Manufacturing partners:** A select group of suppliers that produce finished Cisco products.
- **Component suppliers:** A much wider group of suppliers, often contracted directly by Cisco to provide parts to our manufacturing partners according to our specifications.
- **Logistics service providers:** A small number of suppliers that distribute our products to our customers.

Understanding Our Supply Chain

Our supply chain is global and complex. Manufacturing and sourcing strategies may change based on business needs. Figure 1 shows the locations of our 25 manufacturing sites and strategic logistics centers.

Figure 1. Supply Chain's Global Operating Ecosystem Spend by Region
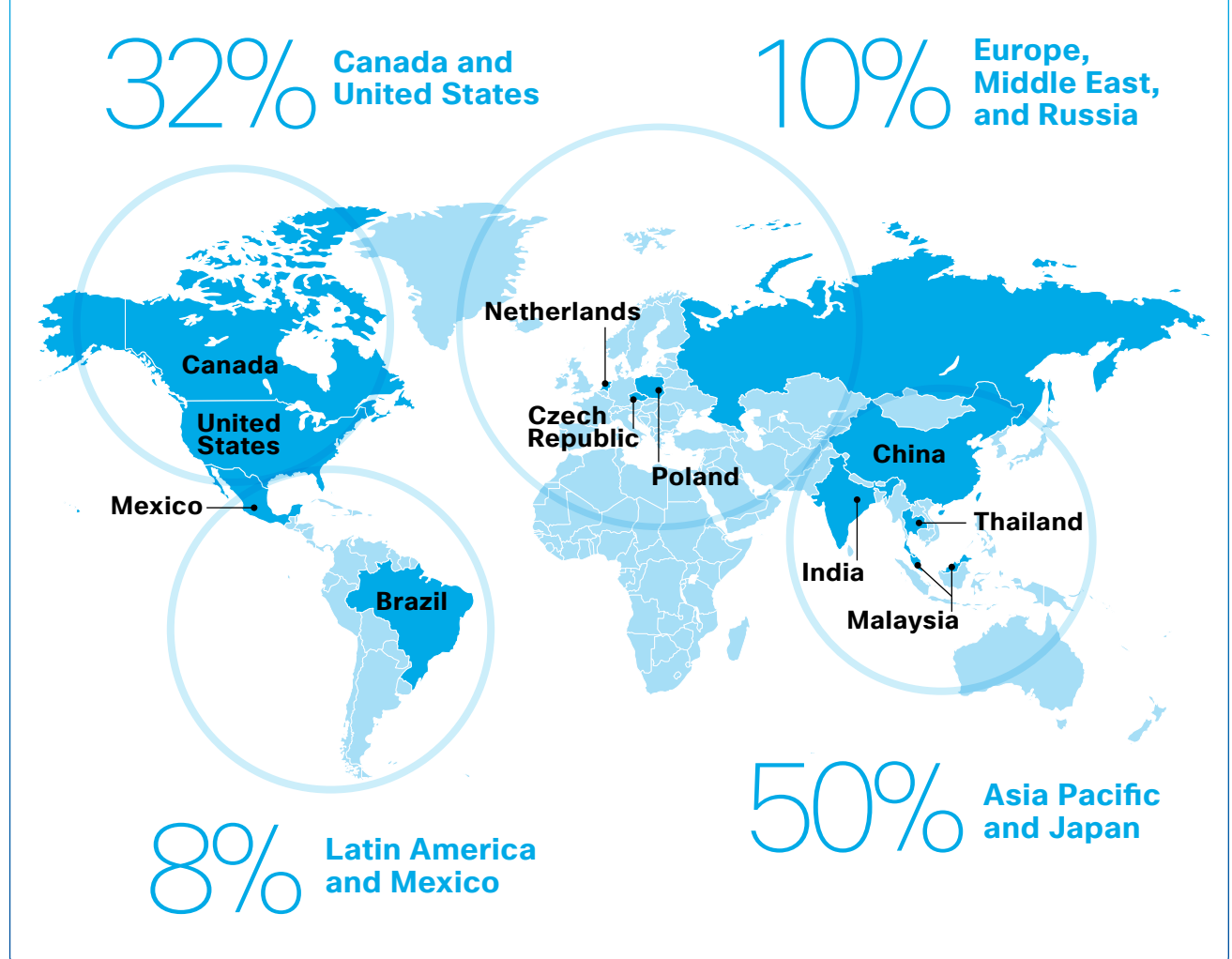
32% Canada and United States

10% Europe, Middle East, and Russia

50% Asia Pacific and Japan

8% Latin America and Mexico

Canada
United States
Mexico
Brazil
Netherlands
Czech Republic
Poland
China
India
Thailand
Malaysia

Embedding Sustainability in Core Business Practices

Sustainability is one of the main criteria we use to assess how our suppliers are doing. We build and grow relationships with suppliers that perform well, and we recognize their achievements through our Supplier Appreciation Awards. We aim to help our suppliers improve, but we will not continue to work with those that systematically fail to comply with our standards.

In FY15, we updated the language of our contracts with major manufacturing partners to expand our review in the areas of supplier diversity and Code of Conduct. Additionally, 81 percent of supply chain employees completed human rights training. This training connects the work of our supply chain employees with our corporate commitment to respect human rights, emphasizing that everyone in a supply chain function has a responsibility to watch for and call out human rights abuses.

Industry Leadership and Involvement

We are committed to working with industry partners to drive common, high standards for our suppliers to use. Our involvement in the Electronics Industry Citizenship Coalition (EICC) is important—we believe industry collaboration will help us to have greater influence in factories further back in our partner ecosystem.

We encourage our employees to lead beyond Cisco—we know that by partnering with other thought leaders, we can increase our positive impact. In 2015, Kathleen Shaver, Cisco's Director of Supply Chain Sustainability, Risk Management, Compliance, and Security, Kathleen Shaver, served as the chair of the EICC Board of Directors.

EICC Supplier Code of Conduct

All suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct (the Code), which is designed to promote worker safety and fairness, environmental responsibility, and ethical business. EICC members review and update the Code regularly to reflect best practices and address emerging issues. (The fifth version of the Code was ratified in 2014 and became effective April 1, 2015.)

We want suppliers to understand that following the Code is essential to be eligible to do business with Cisco. We also expect them to extend the Code to their own suppliers.

The ethics section of the Code specifically addresses the protection of identity and nonretaliation of whistleblowers. Our suppliers must maintain such programs and communicate them to their personnel, so employees can raise concerns without fear of retaliation. We rely on our suppliers to track and resolve formal grievances.

Supplier Scorecard

We use a business scorecard to monitor our key suppliers' performance on a range of criteria, including technology, cost, quality, responsiveness, and collaboration. Sustainability represents between three and eight percent of a supplier's total score. The sustainability portion of the scorecard asks for:

- Acknowledgement of the Code
- GHG reporting through the Carbon Disclosure Project (CDP)
- Data on labor issues, such as injury and illness rates, working hours, and employee turnover

CASE STUDY

Investing in the Next Sustainability Leaders

In FY15, we enhanced our relationship with the Center for Responsible Business at the University of California–Berkeley Haas School of Business to benchmark metrics and promote supply chain sustainability in school curriculums.

"Cisco is a valued corporate partner with the Center for Responsible Business. Cisco engages with our students and faculty to promote responsible business practices. We source live projects from Cisco through which our students grapple with sustainability and CSR challenges. The students learn about an issue Cisco faces, engage with Cisco and other key stakeholders involved, and ultimately offer their suggestions to Cisco for how to address it. This provides incredible value to our students as they learn about real-life challenges faced by a global leader and potential courses of action."
—Robert Strand, Ph.D. Executive Director, Berkeley–Haas Center for Responsible Business

- Acknowledgement of the Cisco Controlled Substances Specification, including compliance with environmental regulations such as the European Union (EU) Restriction of Hazardous Substances Directive (RoHS)
- Completion of a Conflict Minerals Disclosure

Survey questions are tailored to each type of supplier. We assess suppliers' sustainability performance at least once per year as part of regular business reviews. Suppliers must maintain strong scores to earn and retain their status

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as key suppliers. To address findings from the survey appropriately, we include targeted capability-building initiatives in our regular engagement with suppliers.

Suppliers are often asked to complete multiple surveys by different customers, so we are working with our peers to reduce this burden and standardize processes. In FY15, more than 80 percent of our audits were shared EICC audits.

Our own customers are asking more questions about sustainability in the supply chain. They want more than written responses to formal requests for proposals. Our customers want to engage in conversation with us to learn about how we are making progress in the areas of human rights and vulnerable workers, greenhouse gas emissions reduction, and conflict minerals.

Emissions Reduction

The availability and accuracy of Scope 3 supply chain GHG emissions data remains our biggest challenge in creating a baseline from which to establish an emissions-reduction goal for our supply chain. Through our new Supply Chain Emissions Reduction Program, emissions reporting will be embedded into our prioritized supply chain processes and tools, and we will work with suppliers to enhance CDP data specific to Cisco's products. Our Scope 3 supply chain GHG emissions reduction goal is currently being finalized.

We have seen significant improvement in the CDP disclosure rates of our suppliers. However, we continue to engage with a few remaining component suppliers that do not report to CDP. We have identified a variety of challenges through feedback from those suppliers, including recent acquisitions, lack of in-house expertise, and resource constraints.

CASE STUDY
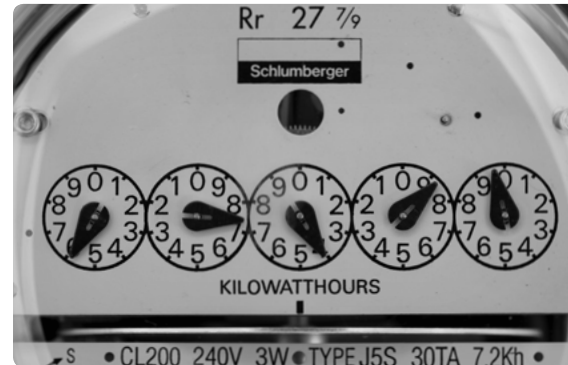
Energy Reduction Pilot

Our supply chain is at the forefront of realizing the economic and environmental benefits of the Internet of Things—web-enabled devices that can transmit information about energy consumption and productivity.

In FY15, our Connected Supply Chain program installed thousands of sensors in a manufacturing partner's plant in Malaysia to monitor energy consumption. With this project, Cisco is exploring how big data can inform decision making and drive energy efficiency and reduce the carbon footprint associated with the production of our products. The initial data are promising. With the success of this pilot, we are looking to expand the program in FY16.

This effort is one example of the projects that make up our Supply Chain Emissions Reduction Program, which aims to help suppliers realize the following benefits:
• Cost reductions
• Emissions reductions
• Increased data transparency and accuracy
• Improved customer satisfaction
• Increased resiliency

Table 1. Supplier Scorecard: Sustainability Survey Results[1]

	FY13	FY14	FY15
Suppliers publishing a CSR report			
Manufacturing partners	86%	100%	100%
Logistics providers	100%	100%	100%
Component suppliers	52%	52%	63%
Suppliers reporting to CDP			
Manufacturing partners	100%	100%	100%
Logistics providers	100%	100%	100%
Component suppliers	74%	86%	89%
Suppliers that have set a GHG emissions reduction target			
Manufacturing partners	71%	100%	100%
Logistics providers	67%	62%	73%
Component suppliers	41%	56%	58%
Manufacturing partners and logistics providers			
GHG emissions data related to Cisco products	100%	100%	100%

1. Suppliers are defined as having a sustainability scorecard with Cisco. Scorecard suppliers are selected based on the nature of the supplier's business relationship with Cisco.

Promoting Transparency

Key GRI G4 Indicators

GRI G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

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

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

- Encourage suppliers to publish CSR reports describing how they manage their most significant sustainability impacts
- Require suppliers to report GHG emissions and targets via CDP and our scorecard
- Conduct site audits of high-risk supplier facilities
- Use tools like Labor Link to gather actionable, direct feedback from factory workers to complement audit findings

By the end of FY15, 58 percent of our key component suppliers had set goals to reduce their GHG emissions, up from 56 percent in FY14. All of our key manufacturing partners and 73 percent of our logistics providers have also set such goals, and all are able to provide data on GHG emissions related to Cisco products.

To gain an accurate picture of the lifecycle impacts of our products, we also need to understand the impacts associated with our supplier GHG emissions. Please see page E32 for more information.

We encourage suppliers to share information, even in areas where they are not performing well. For example, we ask suppliers to report any environmental or health and safety infractions, as well as remedial actions, through the scorecard. We make it clear that they will not be penalized for disclosing this information. Our aim is to promote open dialogue and to work with suppliers to reach an acceptable outcome.

Promoting Supplier Diversity

We believe that improving supplier diversity is essential to meet growing stakeholder, customer, and regulatory demands. Internally, that means increasing awareness of the value proposition and the inherent resiliency supplier diversity encourages within our procurement function.

In FY15, we improved processes and systems to track, verify, and recognize diverse suppliers. We developed collaboration platforms which will help increase awareness and scale engagement between diverse suppliers and key internal stakeholders. In FY16, we aim to pilot this platform, raise internal training, and engage a broader cross-section of diverse suppliers in the procurement process.

As part of Cisco's role on the United Nations Global Compact (UNGC) Supply Chain Sustainability Advisory Group, we contributed to the inclusive sourcing section of the UNGC's Second Edition of the Practical Guide for Continuous Improvement (see page 50 of the guide).

Influencing Low-Spend Suppliers

Our broad product portfolio necessitates a complex global supply chain comprised of numerous types of suppliers that we need to engage in our sustainability programs. In some cases we may have a relatively low level of spend with a supplier. This can be influenced by several factors, including the diversity of their customer base, duration of our business relationship, price of the component, and dividing our sourcing needs between two or more suppliers for resiliency purposes.

We believe to have the greatest impact, we must focus our efforts on those suppliers that we have the greatest potential to influence. While we communicate our expectations with all suppliers during the on-boarding process and on an ongoing basis, we focus our audit and engagement efforts on approximately 150 suppliers. These suppliers account for more than 80 percent of our supply chain expenditure, including over US$1 million in spend with each supplier annually. Many of these suppliers—nearly all of our manufacturing partners and logistics service providers, and some component suppliers—are considered "key" due to the nature of their business relationships with us.

Working with Suppliers to Build Capacity

Key GRI G4 Indicators

GRI G4-EN33: Significant actual and potential negative environmental impacts in the supply chain and actions taken.

GRI G4-LA15: Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.

GRI G4-HR11: Significant actual and potential negative human rights impacts in the supply chain and actions taken.

GRI G4-SO10: Significant actual and potential negative impacts on society in the supply chain and actions taken.

While audits are essential to monitoring and assessing supplier compliance, we believe engaging with suppliers is more likely to result in sustained improvements in performance.

In FY15, we took a more holistic approach to identifying improvement opportunities. This included enhancing internal and supplier systems and processes that will help address more systemic, root cause challenges.

In addition to helping supplier managers, we seek to understand factory worker perspectives to assess whether Code principles are helping to protect the most vulnerable. By using technology platforms such as Labor Link, we hear workers' voices, which helps us understand their quality of life challenges and how we can help through training programs.

Our strategy focuses on engaging with suppliers and building their capabilities. Our engagement includes collaborating on improvements, vulnerable workers, working hours tracking, and worker engagement practices. Internally, we engage with supplier-facing employees across the globe to train them on Code fundamentals and how to embed sustainability into their roles. This regular engagement between supplier management, factory workers, and internal employees helps us maximize technology and optimize resources to build capacity and focus on improvement.

Audit Process

We completed audits of 46 supplier facilities in FY15. We prioritize high-risk supplier facilities for site audits using the EICC self-assessment process. Our aim is to audit all high-risk manufacturing facilities and component suppliers every two years. As in FY14, we met this commitment and our EICC commitment to audit

at least 25 percent of our high-risk suppliers. Audits are conducted by a third-party auditor at the supplier's facility. All audits in FY15 were announced; however, we do conduct unannounced audits as necessary. We share audit findings through EICC common audits where our needs align with those of other EICC member companies. Auditors use the standard protocol and audit tools developed by the EICC covering all aspects of the EICC Code of Conduct, including reviewing documentation, conducting site tours, and assessing how suppliers monitor their own suppliers.

For any findings identified, the supplier must produce a corrective action plan and then provide evidence that the corrective actions have been implemented. Action must be taken on priority issues within 30 days. All findings are expected to be addressed within 180 days except for issues that require long-term improvement plans.

We work closely with suppliers until their performance improves, then conduct a follow-up audit if needed. During FY15, 71 percent of outstanding corrective action plans were closed within the EICC's prescribed timeframe.

Version 5.0 of the EICC Supplier Code of Conduct was ratified in 2015, and the Validated Audit Process (VAP) 5.0 was released in April 2015.

Table 2. Number of Audits	FY12	FY13	FY14	FY15
Manufacturing partner facilities	11	22	12	17
Component supplier facilities	21	30	22	29
Total	32	52	34	46

Table 3. Percentage of High-Risk Suppliers Audited	FY12	FY13	FY14	FY15
Manufacturing partner facilities	65%	59%	60%	59%
Component supplier facilities	27%	54%	31%	58%

Our Supply Chain

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Table 4. Audit Findings and Responses in FY15		
Category	Finding	Response
Labor		
Working hours	Lack of effective procedures to control the weekly/monthly working hours and rest day based on EICC and/or legal requirement.	Supplier enhanced attendance system to alert management when workers exceed weekly standard; added automation to increase efficiency, increase resources for high demand. Set improvement targets to reduce overtime and update progress with customers. Continue to track improvement with combination of online work hour tracking together with on-site validation.
Wages and benefits	Social insurance coverage is not sufficient in many facilities in China. Some workers have not bought all required insurance types.	Social insurance becomes mandatory for all new employees. For existing workers, supplier will continue to educate workers and improve the coverage. Cisco has required a target completion by end of 2015 and tracks coverage progress monthly.
Freely chosen employment	Lack of policy and procedures in place to address forced labor and human trafficking. Insufficient communications and monitoring of labor requirements to labor agents and service providers.	Supplier has established procedures and policies on forced labor and human trafficking. Related training on the EICC Code requirements were provided to labor agents and service providers were asked to sign a declaration of commitment to follow the Code.
Health and Safety		
Occupational safety	Insufficient identification of health & safety risks and lack of monitoring of the equipment used. Inadequate first aid kits and irregular inspection of the kits.	Supplier has set up an internal risk assessment procedure and completes internal assessments regularly of health & safety risks, and has provided training to the workers that will need special equipment using guidance pictures in the workshop. Supplier has made a checklist of the first aid kits and completes regular monitoring of the kits.
Emergency preparedness	Several emergency exits at the production floor and dormitory were found locked or inaccessible. No inspection process for emergency preparedness is in place. Evacuation drill was not performed in the past two years at one facility.	Supplier is completing regular inspections of the exits and equipment, and is providing training to the staff that these cannot be locked or blocked. Supplier has made a comprehensive fire drill plan to be completed by all workers.
Physically demanding work	One facility did not identify and assess the hazards of physically demanding work.	Supplier established ergonomics program to identify, assess, and control physically demanding work positions and provided appropriate rest time/anti-fatigue equipment.
Food, sanitation, and housing	Some emergency exits in the dormitory were locked in one facility. Lack of monitoring of the dormitory/canteen service provider.	Verify all emergency exits are open with daily inspection by the dormitory management. Supplier has provided EICC health and safety training to service providers, has conducted regular internal audits of the dormitory/canteen, and has followed up on corrective actions.
Environment		
Hazardous substances	Inadequate hazardous material and waste treatment vendor management.	Supplier has provided a sufficient secondary container for the hazardous material and provided training to workers, and has conducted regular visits/audits on the waste treatment vendors.
Ethics		
No improper advantage	Lack of gift policy and procedures; not sufficient training to all workers of gift policy and procedures.	Supplier has established gift policy and procedures and provided training to all employees.
Management System		
Supplier responsibility	Inadequate monitoring of the EICC Code of Conduct implementation status of next-tier major suppliers.	Supplier has defined next-tier major suppliers, and has made an audit plan to cover 80% of these suppliers in the required time period and follow up on the corrective action plans.
Management accountability and responsibility/risk management	Inadequate risk management operations review for all EICC elements.	Supplier has established related document to cover responsibilities and accountability for EICC elements; strengthen EICC training for management team.

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Table 5. Categorization of Audit Findings in FY14

	Findings Identified as Priority[1]	Findings Identified as Major[2]	Findings Identified as Minor[3]	Total Number of Audit Elements[4]	% of Audit Elements Resulting in Findings
Labor	29	101	51	1720	10.5%
Freely chosen employment	0	21	10		
Child labor avoidance	4	7	5		
Working hours	15	48	18		
Wages and benefits	8	17	8		
Humane treatment	0	4	1		
Nondiscrimination	2	2	5		
Freedom of association	0	2	4		
Ethics	1	16	17	520	6.5%
Business integrity	0	4	1		
No improper advantage	0	2	6		
Disclosure of information	1	1	0		
Intellectual property	0	0	2		
Fair business, advertising, and competition	0	4	3		
Protection of identity	0	3	0		
Responsible sourcing of minerals	0	0	2		
Privacy	0	1	3		
Nonretaliation	0	1	0		
Health and Safety	10	118	68	1560	12.6%
Occupational safety	0	25	12		
Emergency preparedness	7	32	19		
Occupational injury and illness	1	14	12		
Industrial hygiene	0	9	3		
Physically demanding work	1	13	3		
Machine safeguarding	0	5	6		
Food, sanitation, and housing	1	19	13		
Health and safety communication	0	1	0		

Table 5. Categorization of Audit Findings in FY14 (Continued)

	Findings Identified as Priority[1]	Findings Identified as Major[2]	Findings Identified as Minor[3]	Total Number of Audit Elements[4]	% of Audit Elements Resulting in Findings
Environment	1	32	19	1000	5.2%
Environmental permits and reporting	0	7	2		
Pollution prevention and resource reduction	0	3	0		
Hazardous substances	1	19	10		
Wastewater and solid waste	0	1	5		
Air emissions	0	2	1		
Stormwater management	0	0	1		
Management System	0	48	37	920	9.2%
Company commitment	0	1	0		
Management accountability and responsibility	0	7	5		
Legal and customer requirements	0	2	4		
Risk assessment and risk management	0	6	5		
Improvement objectives	0	3	5		
Training	0	4	2		
Communication	0	4	2		
Worker feedback and participation	0	2	0		
Audits and assessments	0	6	3		
Corrective action process	0	3	1		
Documentation and records	0	4	0		
Supplier responsibility	0	6	10		

An audit finding is defined as a nonconformance with the EICC Code of Conduct found during an audit. Criteria for categorization of findings are in accordance with the EICC Validated Audit Process Audit Operations Manual.
1. Priority finding: A major nonconformance with significant and immediate impact.
2. Major finding: A significant failure in the management system that renders established processes or procedures ineffective.
3. Minor finding: Typically an isolated or random incident that does not necessarily indicate a systemic problem with management systems.
4. Total audit elements: The total number of audit elements with the potential for a finding for the 46 FY15 audits.

VAP 5.0 has strengthened the protection of labor rights and environmental protection with stringent requirements on migrant workers and new checkpoints for tracking GHG emissions and wastewater. We expect the number of findings in these categories to increase in our FY16 report.

Learn more about the Validated Audit Process on the EICC's website.
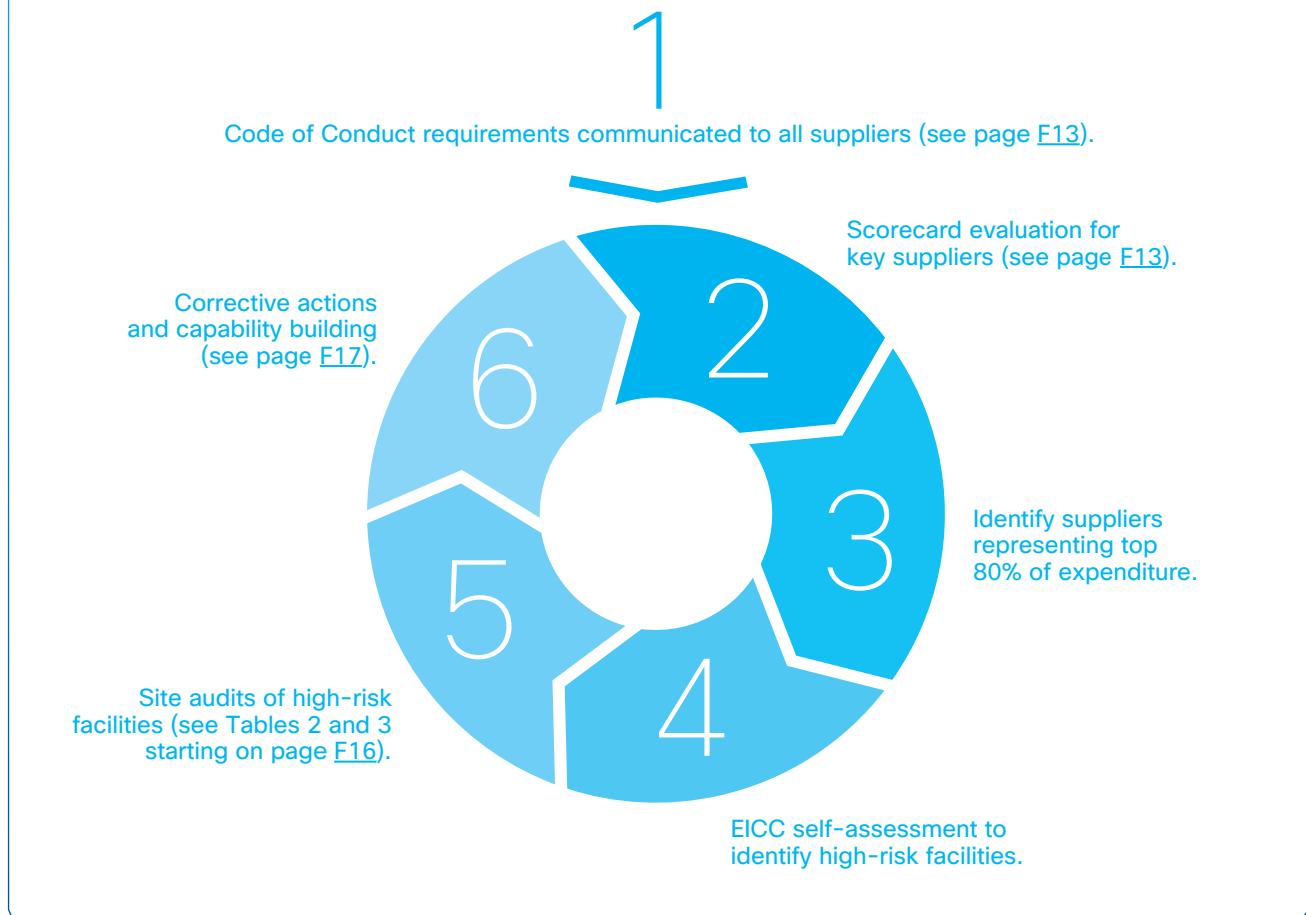
Audit Findings

Labor practices and health and safety make up the largest portion of findings. A total of 24 suppliers are currently being tracked for working-hours findings (11 contract manufacturers and 13 component suppliers). These suppliers will be tracked for a minimum of six months to demonstrate improvement in or compliance with EICC work hours and rest day standards.

In FY15, we focused additional audit resources on component suppliers likely to be at higher risk for non-compliance with the Code. We found issues related to occupational safety and emergency prevention awareness. The VAP has also placed additional emphasis on maintaining hazardous materials and tightening standards for the handling and management of hazardous materials in factories, leading to a higher proportion of hazardous substances findings compared to FY14.

Based on the FY15 audit findings, our FY16 engagement priorities are focused on improving component suppliers' awareness of EICC standards, driving improved management accountability, and further embedding risk management processes into our suppliers' operations.

For more detailed audit findings, see Table 4 on page F17.

Figure 2. Supplier Engagement Process

1 Code of Conduct requirements communicated to all suppliers (see page F13).

2 Scorecard evaluation for key suppliers (see page F13).

3 Identify suppliers representing top 80% of expenditure.

4 EICC self-assessment to identify high-risk facilities.

5 Site audits of high-risk facilities (see Tables 2 and 3 starting on page F16).

6 Corrective actions and capability building (see page F17).

Conflict Minerals

Cisco is committed to the ethical sourcing of tin, tungsten, tantalum, and gold in our products as part of our effort to improve working conditions in our extended supply chain. Our Conflict Minerals Policy asserts our commitment to sourcing minerals in a manner that respects human rights and aligns with our commitment to the EICC Supplier Code of Conduct. Our due diligence activities continue to evolve from our early efforts, which focused on engaging our suppliers to identify the smelters that were producing one or more of the four minerals. In FY15, our efforts have

Our Supply Chain

Embedding Sustainability in Core Business Practices

Promoting Transparency

Working with Suppliers to Build Capacity

focused on driving more smelters toward certification through industry collaboration and influencing suppliers to conduct appropriate due diligence as well as shifting to alternative conflict-free sources of minerals.

We have improved our understanding of the smelters supplying us and have increased the number that are certified conflict-free by the Conflict-Free Sourcing Initiative (CFSI) by 50 percent over the past year.

We continue to work with other CFSI members to verify the status of the remaining facilities and encourage more smelters and refineries to comply with the Conflict-Free Smelter Program (CFSP). We are also working with suppliers to improve the accuracy and completeness of the data they provide and to better understand the sourcing strategies they are implementing to eliminate the use of noncertified smelters.

For more information about our conflict minerals due diligence processes, see our Conflict Minerals Report.

Table 6. Smelters and Refiners Verified as Conflict-Free or in the CFSP Verification Process

	Total Smelters and Refiners by Mineral	Number Verified or In Process	Percentage Verified or In Process
Gold	205	66	32%
Tantalum	50	35	70%
Tin	240	52	22%
Tungsten	54	28	52%

CASE STUDY

Ethical recruitment practices and the elimination of recruitment fees

Many migrant workers seek jobs based on the promise of good wages and a better life. However, workers sometimes incur excessive recruitment fees from labor brokers, which can result in extreme financial hardship and amount to bonded labor conditions. Verite's survey of 500 migrant IT factory workers in Malaysia reported that 77 percent were charged fees and had to borrow money to pay them. Fifty percent took longer than one year to repay the debt.

As an EICC member, Cisco contributed to a task force to address this serious issue and identify actions companies can take to eliminate forced labor in supply chains.

In FY15, we identified excessive recruitment fees impacting migrant workers at one of our supplier locations. We acted swiftly to engage the supplier; they then investigated their recruitment practices and implemented immediate changes to eliminate recruitment fees. Cisco secured the return of US$251,000 back to impacted migrant workers.

CASE STUDY

"Excellence in Sustainability" Supplier Award

Each year, Cisco awards one supplier with the Excellence in Sustainability Award, and this year's winner was KEMET. Nominees for the award have gone above and beyond in the environmental and social impacts of their operations and have embodied the spirit of collaboration.

The Five Nominees:

KEMET: Achieved a conflict-free supply chain for tantalum in Kisengo, Democratic Republic of Congo.

SK Hynix: Reduced the amount of energy used processing memory in Cisco products by 37%.

PEM: Is on the forefront of global environmental compliance requirements (RoHS, REACH).

WUS: Leading in water quality protection with the installation of state of the art wastewater treatment.

Jabil: Provided leadership in human rights and the development of programs to empower women.

GRI Index

Global Reporting Initiative Index

The Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines are a set of internationally recognized indicators covering a company's governance, economic, labor, human rights, society, and environmental impacts.

"(The) GRI's mission is to make sustainability reporting standard practice for all companies and organizations. Its Framework is a reporting system that provides metrics and methods for measuring and reporting sustainability-related impacts and performance."

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This table covers the GRI 4 indicators found in Cisco's 2015 Corporate Social Responsibility Report, 2015 Annual Report, and company websites.

GRI–G4 Guideline		Location
General Standard Disclosures		
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization	Message from Chuck Robbins
G4-2	Description of key impacts, risks, and opportunities	CSR Materiality—Our Priorities
Organizational Profile		
G4-3	Name of the organization	Cisco Systems, Inc.
G4-4	Primary brands, products, and/or services	Cisco Products and Services
G4-5	Location of organization's headquarters	Cisco Systems, Inc. Corporate Headquarters 170 West Tasman Drive San Jose, CA 95134 USA
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Cisco Corporate Overview
G4-7	Nature of ownership and legal form	2015 Annual Report
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Cisco Corporate Overview, 2015 Annual Report
G4-9	Scale of the reporting organization	Cisco Corporate Overview, 2015 Annual Report
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender	Our People/Inclusion, Diversity and Collaboration
G4-11	Percentage of employees covered by collective bargaining agreements	Not reported
G4-12	Describe the organization's supply chain	Supply Chain
G4-13	Significant changes during the reporting period regarding size, structure, or ownership	FY15 Annual Report
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Cisco's CDP 2015 Submission, Cisco's Corporate Environmental Policy, Environment/Energy and GHG Emissions
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Governance and Ethics

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GRI-G4 Guideline (continued)		Location
G4-16	Memberships in associations and/or 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 strategicMemberships in associations (such as industry associations) and/or national/international advocacy organizations	Governance and Ethics
Identified Material Aspects And Boundaries		
G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Cisco Corporate Overview
G4-18	Process for defining report content	CSR Materiality—Our Priorities
G4-19	List all the material aspects identified in the process for defining report content	CSR Materiality—Our Priorities
G4-20	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Unless stated otherwise for specific issues covered in the report, boundaries are consistent with those defined in G4-17
G4-21	State any specific limitations on the scope or boundary of the report	Limitations are noted where applicable within the sections
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	No major changes: any adjustments are explained within the report
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	No major changes: any adjustments are explained within the report
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organization	Governance and Ethics/Stakeholder Engagement; Also as noted throughout the report linked to specific issues
G4-25	Basis for identification and selection of stakeholders with whom to engage	Governance and Ethics/Stakeholder Engagement
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Governance and Ethics/Stakeholder Engagement
G4-27	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	CSR Materiality—Our Priorities Also as noted throughout the report
Report Profile		
G4-28	Reporting period for information provided	About this Report
G4-29	Date of most recent previous report	Cisco Fiscal Year 2014

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GRI-G4 Guideline (continued)		Location
G4-30	Reporting cycle	Annual, Cisco Fiscal Year 2015
G4-31	Contact point for questions regarding the report or its contents	csr_report@cisco.com
G4-32	Table identifying the location of the Standard Disclosures in the report	This GRI Index table
G4-33	Policy and current practice with regard to seeking external assurance for the report	Assurance
Governance		
G4-34	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/Governance and Sustainability Management Investor Relations: Corporate Governance
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Governance and Ethics/Governance and Sustainability Management Investor Relations: Corporate Governance
G4-36	Report executive-level positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Governance and Ethics/Governance and Sustainability Management
G4-37	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance and Ethics/Governance and Sustainability Management
G4-38	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Governance and Ethics/Governance and Sustainability Management InvestorRelations: Corporate Governance
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Ethics/Governance and Sustainability Management Investor Relations: Corporate Governance
G4-40	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Our People/Inclusion, Diversity and Collaboration, Cisco's 2015 Proxy Statement, Investor Relations: Corporate Governance
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Governance and Ethics, Code of Business Conduct, Investor Relations: Corporate Governance
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of strategies, policies, and goals related to economic, environmental and social impacts	Governance and Ethics/Governance and Sustainability Management
G4-43	Report measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Governance and Ethics/Governance and Sustainability Management
G4-44	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Governance and Ethics/Governance and Sustainability Management

GRI-G4 Guideline (continued)		Location
G4-45	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/Governance and Sustainability Management CSR Materiality—Our Priorities
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Governance and Ethics/Governance and Sustainability Management
G4-47	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/Governance and Sustainability Management
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	Governance and Ethics/Governance and Sustainability Management
G4-49	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance and Ethics/Governance and Sustainability Management
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address them	Governance and Ethics/Governance and Sustainability Management
G4-51	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Cisco's 2015 Proxy Statement, Investor Relations: Corporate Governance
G4-52	Report the process for determining remuneration	Investor Relations: Compensation and Management Development Committee Charter, Cisco's 2015 Proxy Statement
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration	Investor Relations: Compensation and Management Development Committee Charter
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees in each country of significant operation	This information is not publicly disclosed
G4-55	Report the median percentage increase of the annual total compensation for the organization's highest-paid individual to that of all employees in each country of significant operation	This information is not publicly disclosed
Ethics And Integrity		
G4-56	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	Message from Chuck Robbins, Governance and Ethics/Ethics, Code of Business Conduct, Supplier Code of Conduct, Financial Officer Code of Ethics
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior	Governance and Ethics/Ethics
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior	Governance and Ethics/Ethics

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GRI-G4 Guideline (continued)		Location
Economic		
Aspect: Economic Performance		
G4-DMA	Generic Disclosures on Management Approach	Message from Chuck Robbins, Message from Tae Yoo, 2015 Annual Report, Letter to shareholders
G4-EC1	Direct economic value generated and distributed	2015 Annual Report
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Environment/Energy and GHG Emissions, Cisco's CDP 2014 Submission, Cisco's Corporate Environmental Policy
G4-EC3	Coverage of the organization's defined benefit plan obligations	2015 Annual Report
G4-EC4	Financial assistance received from government	Cisco does not receive financial government support
Aspect: Market Presence		
G4-DMA	Generic Disclosures on Management Approach	2015 Annual Report
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	We provide levels of compensation that are generally above local minimum wage requirements
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Our People/Inclusion, Diversity and Collaboration Cisco recruits staff from markets local to our operations and has structured leadership development programs around the world to build strong local leadership teams
Aspect: Indirect Economic Impacts		
G4-DMA	Generic Disclosures on Management Approach	CSR Materiality—Our Priorities, Society
G4-EC7	Development and impact of infrastructure investments and services supported	Society
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Society, Society/Digital Inclusion
Aspect: Procurement Practices		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain, Society/Supplier Diversity
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	The manufacture of our products is entirely outsourced, however, many goods and services purchased for our operations are provided by local suppliers worldwide. We will review the need to report our spend on local suppliers at a company–wide level in future.

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GRI-G4 Guideline (continued)		Location
Environmental		
Aspect: Materials		
G4-DMA	Generic Disclosures on Management Approach	Environment/Materials
G4-EN1	Materials used by weight or volume	Environment/Materials
G4-EN2	Percentage of materials used that are recycled input materials	Environment/Materials
Aspect: Energy		
G4-DMA	Generic Disclosures on Management Approach	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN3	Energy consumption within the organization	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN4	Energy consumption outside of the organization	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN5	Energy intensity	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN6	Reduction of energy consumption	Environment/Energy and GHG Emissions/GHG Emissions Reduction Strategy
G4-EN7	Reductions in energy requirements of products and services	Environment/Energy and GHG emissions/Scope 3 product use phase
Aspect: Water		
G4-DMA	Generic Disclosures on Management Approach	Environment/Water use, Environment/Effluents (liquid)
G4-EN8	Total water withdrawal by source	Environment/Water use
G4-EN9	Water sources significantly affected by withdrawal of water	Environment/Water use
G4-EN10	Percentage and total volume of water recycled and reused	Environment/Effluents (liquid)
Aspect: Biodiversity		
G4-DMA	Generic Disclosures on Management Approach	Environment/Biodiversity & Land Use
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment/Biodiversity & Land Use
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environment/Biodiversity & Land Use
G4-EN13	Habitats protected or restored	Environment/Biodiversity & Land Use
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Environment/Biodiversity & Land Use

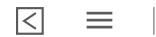| GRI-G4 Guideline (continued)		Location
Aspect: Emissions		
G4-DMA	Generic Disclosures on Management Approach	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment/Energy and GHG Emissions/Operations Scope 1 & 2
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment/Energy and GHG Emissions/Operations Scope 1 & 2
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environment/Energy and GHG Emissions/Operations Scope 3
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environment/Energy and GHG emissions/Operations Scope 1 & 2
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environment/Energy and GHG Emissions/GHG Emissions Reduction Strategy
G4-EN20	Emissions of ozone-depleting substances (ODS)	Environment/Non-GHG Emissions
G4-EN21	NOX, SOX, and other significant air emissions	Environment/Non-GHG Emissions
Aspect: Effluents and Waste		
G4-DMA	Generic Disclosures on Management Approach	Environment/Effluents (liquid)
G4-EN22	Total water discharge by quality and destination	Environment/Waste/Solid Waste from Operations
G4-EN23	Total weight of waste by type and disposal method	Environment/Effluents (liquid)
G4-EN24	Total number and volume of significant spills	Environment/Effluents (liquid)
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Environment/Waste/Solid Waste from Operations
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats signifcantly affected by the organization's discharges of water and runoff	Environment/Biodiversity & Land Use
Aspect: Products and Services		
G4-DMA	Generic Disclosures on Management Approach	Environment/Energy and GHG emissions/Scope 3 product use phase Environment/Energy and GHG Emissions/Scope 3 Life Cycle Emissions Environment/Waste
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment/Energy and GHG emissions/Scope 3 product use phase Environment/Energy and GHG Emissions/Scope 3 Life Cycle Emissions
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Environment/Waste

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GRI-G4 Guideline (continued)		Location
Aspect: Compliance		
G4-DMA	Generic Disclosures on Management Approach	Environment/Environmental Sustainability
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment/Environmental Sustainability
Aspect: Transport		
G4-DMA	Generic Disclosures on Management Approach	Environment/Energy and GHG Emissions/Scope 3
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Environment/Materials Environment/Energy and GHG Emissions/Scope 3 Business Air Travel, Scope 3 Life Cycle Emissions: Avoided GHG Emissions, Scope 3 Employee Commuting
Aspect: Overall		
G4-DMA	Generic Disclosures on Management Approach	Environment/Environmental Sustainability Environment/Energy and GHG Emissions/GHG Emissions Reduction Strategy
G4-EN31	Total environmental protection expenditures and investments by type	Environment/Energy and GHG Emissions/GHG Emissions Reduction Strategy
Aspect: Supplier Environmental Assessment		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain/Embedding Sustainability in Core Business Practices All Cisco key suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supply Chain
Aspect: Environmental Grievance Mechanisms		
G4-DMA	Generic Disclosures on Management Approach	Environment/Environmental Sustainability/Regulatory Fines
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Environment/Environmental Sustainability/Regulatory Fines

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GRI-G4 Guideline (continued)	Location
Social	
Social: Labor Practices and Decent Work	
Aspect: Employment	
G4-DMA	Generic Disclosures on Management Approach	Our People/Inclusion, Diversity and Collaboration, Our People/Rewarding our People
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	This aspect is tracked and managed locally For related information on employee diversity go to: Our People/Inclusion, Diversity and Collaboration
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Our People/Rewarding our People, 2015 Annual Report
G4-LA3	Return to work and retention rates after parental leave, by gender	We will review the need to report on a company-wide level in future CSR materiality assessments
Aspect: Labor/Management Relations	
G4-DMA	Generic Disclosures on Management Approach	Our People
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Cisco complies with applicable local laws and regulations, as well as agreements with employee groups or representatives, regarding operational changes.
Aspect: Occupational Health and Safety	
G4-DMA	Generic Disclosures on Management Approach	Our People/A Safe and Healthy Workplace
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and saftey programs	This aspect is tracked and managed locally We will review the need to report on a company-wide level in future CSR materiality assessments
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Our People/A Safe and Healthy Workplace
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Our People/A Safe and Healthy Workplace
G4-LA8	Health and safety topics covered in formal agreements with trade unions	This aspect is tracked and managed locally We will review the need to report on a company-wide level in future CSR materiality assessments
Aspect: Training and Education	
G4-DMA	Generic Disclosures on Management Approach	Our People/Developing our People
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Our People/Developing our People

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GRI-G4 Guideline (continued)		Location
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our People/Developing our People
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our People/Developing our People
Aspect: Diversity and Equal Opportunity		
G4-DMA	Generic Disclosures on Management Approach	Our People/Inclusion, Diversity and Collaboration
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our People/Inclusion, Diversity and Collaboration
Aspect: Equal Remuneration for Women and Men		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Ethics
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	This information is not publicly disclosed
Aspect: Supplier Assessment for Labor Practices		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain/Working with Suppliers to Build Capacity
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Supply Chain/Embedding Sustainability in Core Business Practices All Cisco key suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard.
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supply Chain/Working with Suppliers to Build Capacity
Aspect: Labor Practices Grievance Mechanisms		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights/Employees
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	This is confidential information that Cisco does not disclose. Cisco encourages and expects its employees to share concerns and provides numerous methods to do so. Cisco's global Code of Business Conduct describes how to raise concerns. Employee concerns are tracked at both regional and corporate levels

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GRI–G4 Guideline (continued)		Location
Social: Human Rights		
Aspect: Investment		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights Supply Chain/Embedding Sustainability in Core Business Practices
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All Cisco key suppliers must all acknowledge their commitment to the EICC Supplier Code of Conduct and must comply with all applicable national, European and international rules relating to ethical and responsible standards of behavior, including those dealing with human rights. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Governance and Ethics/Human Rights
Aspect: Non-Discrimination		
G4-DMA	Generic Disclosures on Management Approach	Our People/Inclusion, Diversity and Collaboration
G4-HR3	Total number of incidents of discrimination and corrective actions taken	This is confidential information that Cisco does not disclose. Cisco encourages and expects its employees to share concerns and provides numerous methods to do so. Cisco's global Code of Business Conduct describes how to raise concerns. Employee concerns are tracked at both regional and corporate levels
Aspect: Freedom of Association and Collective Bargaining		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain/Embedding Sustainability in Core Business Practices Supply Chain/Working with Suppliers to Build Capability
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	We meet applicable laws, regulations, and standards where we do business. These issues are also covered in our Supplier Code of Conduct and supply chain auditing
Aspect: Child Labor		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain/Embedding Sustainability in Core Business Practices Supply Chain/Working with Suppliers to Build Capability
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	These issues are covered in our Supplier Code of Conduct and supply chain auditing Supply Chain/Working with Suppliers to Build Capacity
Aspect: Forced Or Compulsory Labor		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain/Embedding Sustainability in Core Business Practices Supply Chain/Working with Suppliers to Build Capability
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Supply Chain/Promoting Transparency

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GRI-G4 Guideline (continued)		Location
Aspect: Security Practices		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Cisco site security is provided by third party providers, which are subject to our Supplier Code of Conduct. Product manufacturing is entirely outsourced
Aspect: Indigenous Rights		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Not material—Cisco's operations do not uniquely impact indigenous people We will review the need to report on a company-wide level in future CSR materiality assessments
Aspect: Assessment		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Governance and Ethics/Human Rights Human Rights training has been rolled out to employees in business functions most likely to have direct engagement with human-rights-related business decisions. All Cisco key suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard
Aspect: Supplier Human Rights Assessment		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain/Embedding Sustainability in Core Business Practices All Cisco key suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard.
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supply Chain/Working with Suppliers to Build Capacity Supply Chain/Promoting Transparency
Aspect: Human Rights Grievance Mechanisms		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Ethics
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Governance and Ethics/Ethics

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GRI-G4 Guideline (continued)		Location
Social: Society		
Aspect: Local Communities		
G4-DMA	Generic Disclosures on Management Approach	Society/Employee Volunteering, Society/Education, Society/Economic Empowerment, Society/Critical Human Needs and Disaster Relief
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Society/Employee Volunteering, Society/Education, Society/Economic Empowerment, Society/Critical Human Needs and Disaster Relief
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Due to the nature of Cisco's operations, this aspect was not assessed as material. We will review the need to report on a company-wide level in future CSR materiality assessments
Aspect: Anti-Corruption		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Ethics, Global Anti-Corruption Overview
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Governance and Ethics/Ethics
G4-SO4	Communication and training on anti-corruption policies and procedures	Governance and Ethics/Ethics, Global Anti-Corruption Overview
G4-SO5	Confirmed incidents of corruption and actions taken	Governance and Ethics/Ethics, Global Anti-Corruption Overview
Aspect: Public Policy		
G4-DMA	Generic Disclosures on Management Approach	Governance and Sustainability Management/Public Policy and Political Support
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Governance and Sustainability Management/Public Policy and Political Support
Aspect: Anti-Competitive Behavior		
G4-DMA	Generic Disclosures on Management Approach	2015 Annual Report
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2015 Annual Report
Aspect: Compliance		
G4-DMA	Generic Disclosures on Management Approach	2015 Annual Report
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2015 Annual Report

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GRI-G4 Guideline (continued)		Location
Aspect: Supplier Assessment for Impacts on Society		
G4-DMA	Generic Disclosures on Management Approach	Supply Chain/Working with Suppliers to Build Capacity
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supply Chain/Embedding Sustainability in Core Business Practices All Cisco key suppliers must acknowledge their commitment to the EICC Supplier Code of Conduct. Audits are undertaken to assess performance, in addition to related criteria being part of a supplier scorecard.
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supply Chain/Working with Suppliers to Build Capacity
Aspect: Grievance Mechanisms for Impacts on Society		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Governance and Sustainability Management
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Due to the nature of Cisco's operations, this aspect was not assessed as material We will review the need to report on a company-wide level in future CSR materiality assessments
Social: Product Responsibility		
Aspect: Customer Health and Safety		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Human Rights/Digital Rights: Product Use Environment/Environmental Sustainability
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Environment/Environmental Sustainability/Life-Cycle Assessment Environment/Environmental Sustainability/Hazardous Materials
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Supply Chain/Audit Findings
Aspect: Product and Service Labeling		
G4-DMA	Generic Disclosures on Management Approach	Environment/Environmental Sustainability
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	We meet applicable laws, regulations, and standards related to product labelling

GRI-G4 Guideline (continued)		Location
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not reported
G4-PR5	Results of surveys measuring customer satisfaction	Governance and Ethics/Stakeholder Engagement
Aspect: Marketing Communications		
G4-DMA	Generic Disclosures on Management Approach	Code of Business Conduct
G4-PR6	Sale of banned or disputed products	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.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	FY15 Annual Report–Legal Proceeding Disclosures
Aspect: Customer Privacy		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics/Data Security and Privacy
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	FY15 Annual Report–Legal Proceeding Disclosures
Aspect: Compliance		
G4-DMA	Generic Disclosures on Management Approach	Governance and Ethics
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	FY15 Annual Report–Legal Proceeding Disclosures