Watch the Video! Interactive and live training, which draws on the expertise of multiple Cisco business functions, reinforces the ethical conduct of Cisco employees globally.

Governance and Ethics

Cisco's commitment to ethical conduct and strong corporate governance has helped us build a robust company with a recognized corporate social responsibility (CSR) program. Our leadership team believes in the importance of all facets of CSR.

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How to Use This Report

We encourage you to use the complete report PDF, which includes all sections and allows full access to videos, search capabilities, and bookmarks. Alternatively, if you visit us online, you can access each section of our report individually. We've also created an Executive Summary, which provides an overview of our achievements in fiscal year 2011 (FY11).

Recommended Software

· Adobe Acrobat*
  Version 7.0 and above
· QuickTime

Governance & Ethics

We draw on the experience and expertise of employees around the company in developing our framework for ethical and responsible business conduct.

Our global CSR programs guide the ethical, social, and environmental efforts of individual business units, while helping Cisco maintain a strong reputation and supporting a successful business strategy.

Ethical behavior makes our company more resilient. The overriding objective of our Code of Business Conduct and governance is that all Cisco employees live up to our high ethical standards in all their business activities.

Cisco Technology in Action: Cloud

The Product: As Internet-based (cloud) computing becomes more pervasive, Cisco is enabling customers to rapidly adopt cloud by using the network to connect the different worlds of cloud.

In its simplest form, cloud computing refers to making shared resources, software, and data available via the Internet. These elements are stored on remote servers that can be accessed by devices such as PCs and smart phones around the world. Public, private, and community organizations can offer access to cloud computing through their own purpose-built clouds.

Cisco's vision is a world of many clouds. Cisco enables organizations to build cloud offerings, and we connect and link different clouds through what we call a unified cloud fabric: namely, a network infrastructure that supports interconnectedness.

How Our Cloud Offering Supports Our Governance and Ethics Program: As the use of cloud computing has increased, privacy and data security have become serious concerns of customers, employees, and partners. It is crucial to our business that we maintain the trust of all these stakeholders as we enhance our cloud services. Cisco cloud security offerings help customers take a more holistic approach to cloud adoption that includes robust security measures. We offer:

· Capabilities to help cloud service providers and subscribers secure their cloud infrastructure

· Cloud-based email, web, and threat intelligence security for customers

· Secure cloud access to help organizations control access to resources and software hosted on the cloud, enabling a trusted cloud environment

These security services are as important to Cisco as they are to our customers and partners. Sensitive personal and company data become susceptible to various security threats as new technology is used to build cloud offerings. We use our cloud security offerings to help Cisco maintain the integrity of our own operations, reducing risks and improving the privacy of proprietary information.

Governance

We believe in the power of collaboration. That philosophy is reflected in Cisco products, systems, and services and in our approach to corporate governance. This approach helps us manage risks effectively, enabling business continuity and sustainable growth.

Management Approach

We collaborate on management decisions across the company. In FY11, Cisco went through significant structural changes that affected individual business units and the company's overall strategy. The changes are intended to simplify the way we run our business: to accelerate decision-making, increase management accountability, and improve our responsiveness to customers, partners, and employees as we clarify roles and responsibilities in each business unit.

An important significant change has been to reinforce our consistent customer focus around the world by reducing our cross-functional councils and boards from nine to three:

· The Enterprise Business Council (EBC) leads Cisco in transforming our enterprise, commercial, and small business market operations. It uses a cohesive strategy, fostering alignment between functions and simplifying the business. The EBC helps Cisco focus on the competition in these markets and improve revenue, profitability, market share, and productivity.

· The Service Provider Council seeks to establish and maintain Cisco's position as a trusted business partner to its service provider customers. These include telecommunications companies, cable operators, media companies, and network providers. The council helps these customers grow revenue, increase subscriber loyalty, improve competitiveness through sustainability, and manage costs as they address the growth of data traffic and use of devices on their networks.

· The Emerging Countries Council guides our entry and operations in emerging markets, and helps Cisco to contribute to sustainable economic development by being an effective partner to aid growth and development.

Corporate Governance

Cisco's corporate governance policies are designed to foster ethical conduct and help us comply with regulatory requirements and applicable laws for publicly listed companies.

Governance & Ethics

A majority of the members of our Board of Directors are independent Directors who meet regularly without Cisco management. Our Board has adopted clear governance policies for:

- Board composition
- Board meetings and materials
- Board committees
- Stock ownership guidelines for non-employee Directors and executive officers
- Management responsibilities

All members of the Board's Audit, Compensation and Management Development, and Nomination and Governance Committees are independent Directors.

Our internal audit function is responsible for overseeing Cisco's operational and financial processes. It reports regularly to the Audit Committee. See our Corporate Governance website for further information.

We have established a specific Policy Function within Cisco that centralizes corporate policies and approves changes. The function has launched a new Policy Central intranet site to make it easier for employees to access and understand our policies.

Risk Management

Cisco is founded and built on innovation. We continue to push boundaries in our efforts to connect the world and achieve long-term growth opportunities for our company. Managing inherent risks is essential as we enter new markets and introduce new products.

Watch the Video! Interactive and live training, which draws on the expertise of multiple Cisco business functions, reinforces the ethical conduct of Cisco employees globally.

The Board of Directors, acting directly and through its committees, is responsible for overseeing risk management. With the oversight of the Board, Cisco has implemented practices and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking appropriately with our efforts to increase shareholder value. The business functions involved in risk management include:

- **Global Risk Sponsors:** This executive-level group that meets quarterly to review risks and opportunities and manage action and accountability. All of the members of this group are executives at Executive Vice President level and above.

- **Governance, Risk and Controls:** This team assists the Audit Committee and company management to carry out their financial responsibilities and internal controls. It also monitors risks and controls throughout the company in real time, and provides independent review and consulting to improve the management of Cisco's operations. As part of our Governance, Risk and Controls team, our Enterprise Risk Management group works across the business to identify, assess, govern and manage risks and Cisco's response to those risks.

- **Global IT Risk Management:** This team focuses on managing critical IT risks for Cisco, including IT service continuity, IT compliance, and embedding risk management into IT projects and processes.

- **Worldwide Brand Protection:** This function looks to preserve the integrity of Cisco's corporate brand by reducing potential damage caused by counterfeit and unauthorized market activity. Its activities include protecting routes to market, influencing intellectual property protection, and operating as the anti-counterfeit center of excellence within Cisco.

- **Global Safety, Security and Business Resiliency:** This group works to safeguard the physical safety and security of Cisco employees and facilities, and it responds to internal or external disruptions and threats that may affect our employees and our business. Our response plans prepare for worst-case scenarios, and our business continuity teams are focused on identifying and mitigating gaps with business continuity plans.

- **Supply Chain Risk Management:** This team works on the continuity of supply for our customers. It also builds resiliency into our products and global operations.

Business Resiliency Put to the Test in Japan

The Japan earthquake and subsequent tsunami and nuclear threat in March 2011 required companies and communities around the country to respond quickly and efficiently. Cisco's business resiliency and risk management operations went into immediate effect to check on the safety of employees and suppliers, as well as our business continuity.

As part of our business resiliency and risk management strategy, we establish local Incident Management Teams at high-risk sites. Cisco's Customer Crisis Team also prepared comprehensive action response and mitigation plans to minimize the impact to customers to the extent possible.

These teams implemented business continuity and risk mitigation plans for our operations and vendors around Japan in the wake of the disaster. The plans included impact assessments for our entire supplier and manufacturing base. There has been no significant impact to our supply chain. We continue to monitor the situation and remain in close contact with all of our Japanese suppliers.

CSR Management

Cisco manages CSR activities by engaging the insight and expertise of internal and external stakeholders. This helps us focus on the areas that are most important to our business and the people and communities with whom we interact.

CSR Governance

The Sustainable Business Practices team monitors emerging CSR issues and identifies areas for potential action. The team draws on expertise from around the company, collaborating with relevant subject matter experts on strategies and initiatives that create long-term, sustainable benefits for our business and the global community.

The team is responsible for CSR reporting, stakeholder engagement, and benchmarking. It also works with executive leadership to collaboratively prioritize CSR programs and review performance.

Global Initiatives and CSR Frameworks

Several global frameworks inform and guide our work on CSR. These include:

- UN Global Compact
- UN Millennium Development Goals
- Clinton Global Initiative
- World Economic Forum

Global CSR Management Standards and Guidelines

- **Global Reporting Initiative (GRI):** CSR reporting guidelines (see our GRI Index)
- **ISO 14001:** Environmental management standard (see Environmental Management)

Our CSR Business Process

Cisco's CSR Business Process helps us set goals, develop and implement policies, and monitor and report on performance.

Business Functions

Measure Performance

Implementation

Prioritization, Goals, and Initiatives

1
2
3
4
5
6

Sustainable Business Practices Team

CSR Reporting

Stakeholder Engagement and Analysis

Stakeholder Feedback to the Business

Stakeholder Engagement

Cisco values the input of external stakeholders in the development of our CSR strategy and initiatives, as well as the ongoing improvement of our CSR reporting. It helps us align our business more closely to society's needs and helps us prioritize issues, while gaining valuable insight into external perspectives and building ongoing relationships with key influencers.

Our Sustainable Business Practices team manages collaboration and feedback between Cisco and stakeholders.

Cisco values the input of external stakeholders in the development of our CSR strategy and initiatives, as well as the ongoing improvement of our CSR reporting.

Governance & Ethics

Governance
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Looking Ahead

Key Stakeholders		
Stakeholder Group	How We Engage	Examples of How Cisco is Responding to Issues Raised
Communities	We engage with communities through our social investment programs, including partnerships with corporations, nonprofits, governments, and NGOs. Our employees also engage with their local communities through volunteering activities and local civic councils.	Water access is an area of increasing concern in the developing world. Through our Critical Human Needs portfolio, Cisco supports technology-based solutions to increase access to water and to increase sustainability of water projects and transparency about their effectiveness. We launched our focus on water last year, and so far have supported water.org, the Blue Planet Network, and Water for People. See the Society section of this report for more information.
Customers	We engage with customers as part of our everyday business operations through our sales and support services. Since 1992, we have conducted an Annual Customer Satisfaction Survey. Using the valuable input our customers give us, we establish the principal objectives for each of our functional areas.	Customers are asking more detailed questions about a broader number of environmental topics, including product energy efficiency and product carbon lifecycle impacts. Their interest has prompted changes to our standard business processes in the form of general-purpose supplier surveys, specific bid proposal questions, and required contract language. Customer interest remains strong in legislation areas such as the Restriction of Hazardous Substances (RoHS) Directive and Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH). See the Environment section for more information on how Cisco responds to these requirements.
Employees	We engage with employees informally every day through team meetings and internal communications, as well as more formally through quarterly "All Hands" meetings, annual leadership and sales meetings, and various focus groups. Our annual Employee Pulse Survey helps us understand satisfaction levels around the company and identify areas where we can improve.	Cisco's FY11 Employee Pulse Survey found increased employee satisfaction in the Respect for People and Manager Index categories. Issues for improvement, however, included recognition and organizational alignment. Cisco is seeking to address these employee concerns using four key programs: Cisco Talent Connection, Cisco Performance Connection, Cisco, Certified Management Professional, and The Leader Playbook. See the Our People section of this report for more information.
Governments and Regulators	Our Global Policy and Government Affairs team works with governments to help develop and influence public policy and regulations related to our industry. Government representatives contribute to our blog on High-Tech Policy: Thoughts and Opinions on Government Affairs. We also work with governments on collaborative partnerships that focus on social issues, such as education and healthcare.	Cisco's critical policy priorities include increasing broadband and next-generation network deployment globally, reforming the U.S. patent system, and encouraging continued innovation in network security. Visit our Government Affairs page for more information on our key policy priorities and trade associations.
Industry	Cisco participates in industry partnerships to promote the role of ICT in sustainability, respond to new regulations, and help develop standardized approaches to challenges. For example, Cisco is working with the International Electronics Manufacturing Initiative to standardize lifecycle assessments of electronics products.	Our industry engagement currently focuses on the industry response to conflict minerals and e-waste disposal and recycling, through collaboration with organizations such as the Electronics Industry Citizenship Coalition. See the Value Chain section of this report for more information partnering with industry groups.

Governance & Ethics

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Key Stakeholders (continued)

Stakeholder Group	How We Engage	Examples of How Cisco is Responding to Issues Raised
Investors and Analysts	We communicate our business and CSR performance to investors through our Annual Report and this CSR Report. We meet regularly with investors and welcome their views at the Annual Meeting of Shareholders, following their adherence to appropriate procedures. Cisco also provides CSR information to sustainability investment indexes such as the Dow Jones Sustainability Index. See our Investor Relations website for more information.	In FY11, we responded to questions about Cisco's human rights approach through this CSR report and other activities, including investor dialogue, blog updates, and other forms of communication.
Sales Business Partners	We conduct a quarterly and annual survey that is designed to capture Cisco's performance with our partners and to understand what we need to do to help partners grow their business. The results are reviewed by the Cisco management team and have helped us identify new programs and services that the partner needs, as well as understand their priorities for investments.	Some of the actions we have taken as a result of listening to our partners include: Fast Track program, which makes it easier to access and sell high-volume Cisco technology; an easy to use Quick Pricing Tool designed to quickly generate a bill of materials and estimate pricing for Cisco solutions; and partner support SMART Designs that provide standardized best practice designs, removing the guesswork from building network solutions. Read more from Andrew Sage, Vice President of Worldwide Small Business Sales.
Suppliers	Cisco works with our global suppliers to incorporate CSR into all aspects of the supply chain, from product design to manufacturing and shipment.	Our partnerships with suppliers aim to address the environmental and social issues that we both face in the value chain. See the Value Chain section of this report for more information.

Cisco Invites Global CSR Stakeholders to the Virtual Boardroom

Cisco technology is playing an important role in helping the world shift to a low-carbon economy. In FY11, the Sustainable Business Practices team showcased this potential to our CSR stakeholders. We did so by inviting 25 CSR experts from 12 countries to provide feedback on our CSR performance and reporting in three sessions that used Cisco TelePresence technology.

The three sessions included participants from academia, institutional investors, nonprofit organizations, and peer companies. These sessions revealed that stakeholders' primary concerns are that Cisco provide better disclosure on social and environmental challenges. Cisco's business is closely linked to sustainability, and we heard that our performance on climate change and energy efficiency is comparatively leading edge, but participants wanted to understand more about what we are doing to promote the use of our products and services to drive the sustainability agenda. They also asked us to provide clearer, bolder environmental targets and report performance against them, as well as improved transparency on human rights issues.

We were pleased that stakeholders recognize Cisco's strong sustainability performance. However, we understand that our challenge is to provide more information through our reports and public communications. With this CSR report, we aim to address some of these issues.

Material Issues

Ongoing stakeholder engagement helps us gain insight on key CSR issues and how they impact Cisco. In FY11, we carried out a formal third-party materiality analysis that assessed the social interest in 23 relevant issues together with their impact on Cisco and associated opportunities or risks.

As a result of these efforts, we have been able to prioritize issues with the highest impact on Cisco and the highest societal interest. We increased our focus on issues that we consider to have growing associated risks or opportunities. The materiality process is ongoing, and our CSR communications and reporting reflect this regular analysis.

Ethics

Ethical business conduct is crucial to helping us attract and retain customers, business partners, and talented employees. The world is changing, and new products and services carry new ethical challenges. When we conduct business ethically, we reduce the likelihood of civil and criminal penalties, as well as human rights breaches.

Code of Business Conduct

The Cisco Code of Business Conduct defines our expectations for our employees' ethical behavior. All employees must follow this Code, which provides information about our policies and procedures, guidelines for decision-making, and real-life examples of potential work-related ethical dilemmas.

The Code requires:

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

The Cisco Supplier Ethics Policy sets similar expectations for our business partners. Both require compliance with all applicable regional and national laws and regulations.

Cisco's Ethics Office oversees compliance and revises the Code annually, as needed. Revisions to the Code in FY11 included expansion of the anticorruption and antibribery section to make the overall language more global. The changes are meant to align our Code with the new U.K. Bribery Act and global best practices.

The Ethics Office also raises awareness about business ethics among employees, business partners, and suppliers. It offers ethics training for employees, helping them recognize ethics-related situations. For example, some associations and nonprofit organizations seek the technical expertise of Cisco employees and ask them to serve on their boards. Cisco encourages community service, but stipulates that any decisions our employees make as board members need to be made independently, and without bias or conflicts of interest. When contacted by employees, the Ethics Office reviews organizations, the level of board member influence (as advisors rather than managers of operations), and how the Cisco employee would be compensated for board service. Also, if the boards are making any decisions related to purchasing IT products or services provided by Cisco or our competitors, Cisco employees must remove themselves from any involvement in those decisions.

Reporting Concerns

We encourage employees and other stakeholders to report concerns to us about suspected unethical behavior promptly. The ways they can do this include:

- Speaking to a manager or human resources representative
- Contacting the legal department or Ethics Office about legal or accounting questions
- Contacting the Ethics Office directly by email or webform (more than 70 percent of concerns are reported this way)
- Reporting concerns through our global helpline, which is run by a third party and available to people outside Cisco. The Ethics Line is available in more than 150 languages and open 24 hours a day. Calls can be made anonymously if preferred (in countries where this is permitted by law). Our Ethics@Cisco website contains dialing instructions for over 60 countries.

Reported concerns cover a broad range of subjects. In FY11, they included conflicts of interest, policy issues, release of proprietary information, use of company assets, gifts and gratuities, and computer network and information security, among others.

We make it a priority to investigate all concerns raised and take appropriate disciplinary action when warranted. Violations may result in disciplinary action, including termination of employment in certain cases.

Employee Training

Senior leaders and the Board of Directors mandate ethics training, and employees are increasingly requesting it, particularly topic-specific and interactive training. Our programs aim to reflect these requests.

Our online Ethics Resource Center offers training modules, a discussion forum, links to ethics and compliance policies, and videos. It includes our award-winning "Ethical Mindset" training video series.

Each year, we require all regular employees (in countries where this is permitted by law) to recertify compliance with the Code of Business Conduct, to refresh their commitment to ethical conduct, and to get updated information on any changes Cisco has made to the Code. In FY11, all of Cisco's eligible employees completed recertification. Newly hired employees must certify within three weeks of joining Cisco. The certification is available online in 13 languages and in an Americans with Disabilities Act (ADA)-accessible version.

In FY11, we added two training videos to the certification after Cisco's Audit Committee requested more ethics training. The videos focus on the Code's comprehensive content and how employees can get ethics assistance. They use humorous scenarios to improve engagement. When employees were surveyed through questions embedded in the certification website, more than

85 percent of respondents said the videos enhanced their understanding and found the mix of humor and serious content effective. To support our global workforce, the videos play automatically with translated subtitles if the certification is accessed in any of the nine most frequently used languages.

We provide on-demand training tailored to specific employee groups when it is requested by business or regional management. These have included:

- A course on the U.S. Foreign Corrupt Practices Act for employees who interact with government representatives and officials, monitored by our dedicated public sector compliance team

- Advice for managers on talking to employees about ethics and handling disclosures made by employees

- A program for Human Resource professionals, designed to provide the tools they need to act as ethics advocates and respond to employee questions related to the Code of Business Conduct

- A quarterly course for new recruits with senior managers addressing Cisco's commitment to ethical business practices

- Live training for employees joining our sales teams (Cisco Sales Associates)

- Mandatory training for Sales/Services employees in China

Ethical Business Partners

Business partners include resellers, systems integrators, distributors, sales agents, and consultants who support sales. Whether they operate under a direct contract or an indirect agreement, we expect all partners to meet our high ethical standards.

Before inviting a potential partner company to enter into a direct contract with Cisco, we evaluate its credentials

and reputation through a vetting process that includes corporate and executive background checks as well as a review of its current and previous business dealings.

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

Cisco relies on our global network of business partners to be responsible for the integrity and ethical behavior of any of their respective subcontractors, agents, or other third parties.

In addition, we promote ethical behavior throughout our value chain through our Supplier Code of Conduct. To qualify as a Cisco supplier, companies must also sign Cisco's Ethics Policy.

Awards and Honors for Cisco's Ethics Program

Recognition from industry leaders and compliance experts helps us confirm best practices and strive for improvement. External benchmarking helps us keep our Code of Business Conduct aligned with current standards.

Recent Awards for Our Governance and Ethics Program

- Ethisphere's World's Most Ethical Companies 2011: Cisco was included on the list for the fourth consecutive year
- Ethisphere's "Ethics Inside": Cisco achieved this certification, which includes third-party verification of ethics and compliance programs, in 2008, 2009, 2010
- Corporate Secretary Magazine's Award for Best Overall Governance, Compliance and Ethics Program: Cisco was a winner 2009 and 2010
- EthicalQuote rankings: Cisco was ranked in the top five by Swiss CSR company Covalence in 2010 and 2011
- New York Festivals 2011: Cisco was a Gold World Medal winner for our Ethical Mindset training videos

Recent Awards for Our Code of Business Conduct

- Ethisphere's Code Review 2011: The Cisco Code of Business Conduct received an A grade

Privacy

The growing popularity of cloud (Internet-based) computing is changing the way organizations and individuals share data. It is crucial to our business that we maintain the trust of our customers, partners, and employees as we build our offerings in this area.

People are understandably concerned about how their personal information is used and shared, and they want to feel confident that data communicated or stored online is secure. Cisco works regularly to enhance robust processes and systems that protect customer and employee data and to raise awareness about the importance of data protection and privacy.

We implement best practices to keep our networks, systems, and information protected. Twice yearly, we analyze and publish security trends, changing threats, and innovative ways to transform IT and business models for greater security, using the results to identify early warnings. For example, social media has rapidly become a key communication vehicle for businesses. But its use comes with threats such as malicious code, malicious advertising, regulatory and legal actions, and social engineering. For Cisco employees, we have developed a social media policy that establishes guidelines and answers frequently asked questions regarding what is expected of Cisco employees in terms of online conduct.

Privacy Compliance
Compliance with regulations on privacy and data protection is managed by a cross-functional team with representatives from our legal, IT, information security, sales, marketing, and HR departments. Training is a major component of our compliance program, and we provide comprehensive privacy and security training for employees specific to their responsibilities. Online privacy training modules and resources are available to all employees and contractors via our internal privacy portal.

Privacy and security standards are part of our Code of Business Conduct. Our cross-functional program for reporting and tracking incidents provides a standard, global process to report, categorize, monitor, refer, and investigate alleged incidents.

Assessing Suppliers
Our supplier review program assesses service providers to mitigate potential risks, especially with respect to cloud solutions. We base our assessment on guidance developed by the Cloud Security Alliance, an organization promoting the use of best practices for providing security assurance within cloud computing.

Collaboration on Privacy
We value the insights and collaboration of peers in our work to protect customer security, and we share our

experience with them as well. In FY11, we launched an external Privacy Portal showcasing our program, which incorporates industry-leading privacy and security practices. For example, we recently included our top five tips to avoid the pitfalls of social media and shared our policy that provides guidance regarding expectations of employees in terms of online conduct.

We have also been awarded TRUSTe's Privacy Seal. This seal indicates that our privacy policy and programs meet best practices for transparency, accountability, and choice regarding the collection and use of personal information.

Cisco participates in, or is a member of, privacy associations and alliances, including:

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

Privacy by Design

The increase in cloud computing applications in recent years has been accompanied by growing customer concern about the personal information that these applications collect about them. Designing privacy into our products helps Cisco maintain a market-leading position for our applications. "Privacy by Design" is the concept that privacy is not an add-on, but a core component of our products, services, and systems.

We have created guidelines for our engineers and product managers to make sure they understand the privacy and data protection needs of new applications. This helps the development team design features and functionality that make it easier for Cisco, customers, and users to comply with legal and business requirements to protect personal information.

Human Rights

Cisco supports the United Nations Universal Declaration of Human Rights and the United Nations Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. We regularly evaluate and address human rights issues within our business operations and in the communities in which we operate.

Cisco was pleased to see the 2011 publication of Professor John Ruggie's report, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect, and Remedy" Framework*, and the endorsement of these principles by the UN Human Rights Council in June 2011. Cisco supports Professor Ruggie's framework and guiding principles, which were developed to give companies guidance on promoting and protecting human rights throughout their operations. We anticipate that Professor Ruggie's framework will become a best practice tool for the management of human rights in companies around the world.

Additionally, we have collaborated with CSR organizations such as Business for Social Responsibility (BSR), as well as with peer companies that are considered leaders in the implementation of this framework, to help inform our approach to integrating the framework into management processes. We plan to continue to monitor the use of the "Protect, Respect, and Remedy" framework by third parties as we develop a roadmap in 2012 to apply the framework and guiding principles. We intend to draw on expertise across Cisco to develop the roadmap.

Responding to Human Rights Issues
Cisco evaluates and addresses human rights issues within its business operations regularly. Cisco's Board of Directors and our management invest significant effort reviewing our activities and policies on an ongoing basis with the aim that they promote, and are consistent with, our initiatives regarding the improvement of human rights around the world. We engage with a number of

stakeholders, including non-governmental organizations and industry peers, on human rights issues. As an example, some investors have taken an interest in Cisco's human rights approach. We aim to respond to questions through investor dialogue, blog updates, our CSR Report, and other forms of communication.

Cisco believes that the freedoms derived from connection, including access to information, are crucial to protecting and advancing human rights. We believe that a positive and important by-product of our products' ability to connect populations globally is the increasing provision of education and healthcare to people in remote and underserved communities. For example, Cisco Networking Academy operates in 165 countries, bringing ICT skills education to approximately 1 million students. We also work with humanitarian organizations such as NetHope, a collaboration of 32 humanitarian organizations, toward the goals of meeting the critical human needs of people in disaster areas and helping to protect human rights. See the Society section for more information.

For our employees, Cisco's mandatory Code of Business Conduct outlines the ethical principles that guide our day-to-day activities. Our employee policies and guidelines incorporate relevant laws and ethical principles, including those pertaining to freedom of association, non-discrimination, privacy, compulsory and child labor, immigration, and wages and hours. With regard to our supply chain, Cisco is a member of the Electronic Industry Citizenship Coalition (EICC). The EICC's Supplier Code of Conduct specifically addresses human rights issues, including forced or involuntary labor, child labor, wages and benefits, working hours, non-discrimination, respect and dignity, freedom of association, health and safety, protection of the environment, supplier management systems, supplier ethics, and supplier compliance with laws.

Freedom of Access to Information

Cisco strongly supports free expression and open communication on the Internet. We are proud to have played a leading role in helping to make Internet technology ubiquitous, allowing billions of people in nearly every nation to access information previously unavailable to them. Our goal in providing networking technology is to expand the reach of communications systems, and our products are built on open, global standards.

Supporting open standards. Adherence to open standards is critical in the efforts to overcome censorship. We fundamentally believe in and adhere to global standards. This is vitally important in enabling the world to stay connected because if products were not interoperable, the Internet's incredible power would be diminished.

We do not support attempts by governments to balkanize the Internet or create a "closed" Internet, because we believe that such attempts undermine the cause of freedom. We do not customize or develop specialized or unique filtering capabilities to enable different regimes to block access to information, nor do we supply the mediation equipment that allows interception of VoIP communications. The equipment we supply in China is the same equipment we provide worldwide, which includes industry-standard network management capabilities that are the same as those used by public libraries in the United States, allowing them to block inappropriate content for children. For more information on how a network works, see the Introduction section of this report.

Moreover, Cisco has not and will not sell video surveillance cameras or video surveillance management software in its public infrastructure projects in China. Our work on the Smart+Connected Communities project in Chongqing, China, is based on standard, unmodified Cisco routing and switching equipment, and does not include video surveillance hardware or software.

We believe that the threat to Internet freedom today does not reside in standardized equipment, but rather in efforts to force suppliers to adopt special protocols or standards that deviate from global norms and enable special censorship or filtering systems. We have worked in opposition to such efforts, and will continue to do so. See our Government Affairs website for evidence of this work and for more information.

We support the principles of the Global Network Initiative (GNI) applicable to operators of public Internet access networks. In particular, were we to operate such networks, which we do not today, we would insist upon the due process protections set forth in the GNI principles relative to supplying user information. Where we have offered to build such networks and operate them temporarily, we have included contractual terms specifically permitting us to act in this manner during any period in which we might operate the networks. We do operate some of the networks providing services that are used primarily by enterprises such as WebEx and Callway (which allows for bridging of telepresence services). In those circumstances, we support the GNI principles. The nature of Internet routing is such that service providers can always see the address of the sender of information and the address of the recipient, and, absent adequate encryption, the contents of messages and attachments. Individuals, companies, and countries make their own decisions with respect to how they operate networks, and indeed, both network security (both protection of the network itself from denial of service and other attacks, and protection of users from spam, hacking, and virus attacks) requires operators to have capabilities that can be used to block access to websites or copy and download users' communications. Cisco cannot shut down such networks—only network operators have that capability. What we do advocate is that users have access to workable encryption, and we have opposed efforts of some governments to block users from adequate encryption.

Please read more about our position on this issue from Mark Chandler, Senior Vice President, General Counsel, and Secretary.

Our Value Chain program aims to help build the capabilities of suppliers to deliver strong performance on all CSR issues, including human rights. We audit suppliers with the aim of uncovering any supplier human rights violations, and we likewise work with suppliers to improve their performance in various other CSR areas. Cisco is committed to partnering with suppliers that share the same values about human rights and expects suppliers to address any issues identified as a top priority. See the Value Chain section for more information about the program, and about Cisco's response to human rights issues, including the use of juvenile labor, conflict minerals, and human trafficking and slavery.

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

Looking Ahead

Cisco's established CSR governance approach reflects our company culture, business strategy, and structures. We will continue to review and refine this approach to learn from and incorporate examples of best practices from other companies and organizations.

In FY12, we aim to better align our CSR business processes with Cisco's overall business by encouraging closer collaboration through issues-based working groups and operating committees. By doing so, we will obtain timely cross-functional input from subject matter experts on challenges and opportunities, enabling us to provide better leadership and direction in our identification, management, and reporting of CSR issues.

Our strong culture of ethics and the Code of Business Conduct that have helped Cisco to earn its reputation as a trusted company and valuable partner will continue to support responsible and sustainable business practices as we face new challenges. We will continue to use insights from customers and suppliers as well as other stakeholders to review and strengthen our governance practices to meet these challenges.

Objectives for FY12
Continue to undertake robust stakeholder engagement on all CSR issues, including governance, to guide our CSR activities and resources.
Use credible research firms and indices, such as the Dow Jones Sustainability Index and Oekom Research, to benchmark Cisco against peer companies and CSR leaders.
Create issues-based working groups to inform our responses to recent CSR recent developments, such as the publication of the John Ruggie's report, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect, and Remedy" Framework.*