







# Multiplying impact through the power of networks.

Welcome to Cisco's seventh Corporate Social Responsibility (CSR) Report, covering the 2011 financial year (FY11). The report sets out our approach, objectives, and performance on CSR issues in five key areas: Governance and Ethics, Value Chain, Our People, Society, and Environment.



Introduction

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About Cisco



Network innovation, strategic decisions, and responsible actions all characterize a time of transformation at Cisco and rapid change in the markets and communities we serve globally.

As we navigate these transitions, Cisco remains deeply committed to corporate social responsibility (CSR)—to acting responsibly, operating sustainably, and contributing to the communities in which we work and live. We have witnessed the positive impact that CSR has had on our employees, communities, the environment, and also our business. That is why we believe that CSR is both our responsibility and a competitive differentiator.

This CSR report, our seventh, details our CSR efforts in the areas of governance and ethics, our people, society, our value chain, and the environment. The report also provides evidence on how we operate in a manner consistent with our continued support of the UN Global

Compact and its 10 principles covering human rights, labor, the environment, and anti-corruption.

At the core of our CSR efforts, we use the same expertise, technology, and partnerships that we use in working with our customers. We believe this is the best way for us to have the greatest impact, because we know that an intelligent network is not only a powerful tool for doing business, but also for transforming lives, building communities, and protecting the environment.

For example, this year we completed our three-year engagement in Sichuan, China, where we built a human network of multiple partners to help the region recover and rebuild after the devastating 2008 earthquake. Working together, we implemented collaborative networking technologies in 66 healthcare facilities and 102 educational organizations. By using the same technology and business principles that we apply to working with our customers, we multiplied our impact across Sichuan, enabled seamless medical insurance claims processing for 60 million rural patients, and increased the reach of 21st century education to 135,000 students.

Environmental sustainability is enhanced through our products and solutions, which help Cisco and our customers reduce energy consumption and save money. For example, Cisco smart grid products, Cisco EnergyWise, Cisco Connected Workplace, Cisco TelePresence, and our teleworking solutions reduce greenhouse gas emissions across industry sectors such as utilities, buildings and transportation. Cisco's business and the environment benefit from these innovative solutions.

This year was clearly not without its challenges. We had to take some necessary but difficult steps to streamline our business in order to remain fully focused on delivering the best to our customers, shareholders, employees, partners, and the global community. That is why we

instigated a series of decisive actions that included simplifying our organizational and operating model to make Cisco easier to work for and do business with, reducing annual costs by US\$1 billion, and divesting or exiting from underperforming operations.

As we look to the future, we believe that no other company has our breadth and depth in networking. No one has our ability to innovate on such a broad scale, nor our global reach and geographic balance, nor our workforce of world class talent and expertise. And I'm particularly proud to say that no other company possesses our commitment to manage the social and environmental aspects of our business in our characteristically ethical and responsible way.

We believe that by integrating CSR into our business, we not only benefit the communities in which we work and the planet on which we live, but we also benefit our business. Our CSR engagements are opportunities to apply and showcase the power of the network, and the societal and environmental relevance of our products. We also build stronger relationships with our customers and partners, government and business leaders, and our employees through our CSR activities. And more than ever, Cisco's genuine, long-term commitment to CSR is a key influencer on how people feel about our company and brand.

I am proud that Cisco continues to change the way the world works, lives, plays, and learns. Therein lies the challenge and our opportunity to use the network to multiply our impact on both business and society. Cisco will meet that challenge.

**John T. Chambers**  
Chairman and Chief Executive Officer

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You + networks = impact multiplied. That's our equation for a better life and a healthier planet. Why are we so determined to make it happen?

We believe technology is a powerful tool to bring people together to improve lives, build communities, and preserve the environment. It's why we apply the same technology and expertise we use to help our customers, to also help transform lives, communities and the planet—multiplying the positive impact.

We conduct our business in a way that respects and ultimately benefits people, communities and the planet. In his letter (see previous page), our Chairman and CEO John Chambers explains why that's good for society, good for business and good for Cisco.

While our corporate social responsibility (CSR) manifests itself in the way we run our business, our CSR program is also designed to help our nongovernmental organization (NGO), multilateral, public sector, and private sector partners connect with others—enhancing their ability to make a positive impact on the world.

Our CSR efforts focus on five key areas:

- **Governance and ethics:** promoting responsible business practices with every employee at every level of our business
- **Value chain:** embedding sustainability into routine business practices at every stage of the value chain product lifecycle
- **Employees:** building Cisco's people, a unique culture and organizational capacity
- **Society:** bringing people together to collaborate on innovative solutions to social issues including education, healthcare, economic empowerment, and critical human needs and disaster relief
- **Environment:** improving our customers' and our own environmental sustainability through technology and advocacy

We address social issues through technology product grants, cash grants, collaborative partnerships and our own expertise. We want to inspire Cisco employees, our NGO partners, and our broader set of stakeholders to combine the power of their people and technology networks to multiply the impact of their activities.

The Sustainable Business Practices team within Corporate Affairs oversees Cisco's multi-stakeholder engagement approach to CSR. We see the group's role as a super-networker, linking Cisco people to relevant CSR stakeholders around the world. They listen to a broad set of stakeholders throughout the year to

understand emerging issues, learn best practices and identify CSR opportunities and challenges.

For example, in developing this report we put our technology to work in gathering real-time feedback on our CSR performance and reporting, an approach that allowed us to collect input from stakeholders around the world without a single person having to board a plane. Using Cisco TelePresence technology, we held CSR stakeholder discussions with 25 opinion leaders in 12 countries. This high-definition technology provides a rich lifelike feel to a virtual meeting, while limiting carbon emissions, increasing productivity, and enhancing the work-life balance of all those involved.

The Carbon Disclosure Project (CDP), the world's largest repository of greenhouse gas emissions reporting, used Cisco TelePresence at its September 2010 global launch event, connecting speakers on five continents with the speakers and audience in New York City. Like Cisco and Cisco's customers, CDP is changing how they work, reducing GHG emissions while being more productive and saving money.

We are enormously proud of the work our people and partners are doing around the world to multiply the positive impact of those striving for a better world. This report tells some of their stories and provides examples of how we are multiplying the impact of our CSR efforts by engaging technology and human networks.

Or to put that more succinctly:  
You + networks = impact multiplied.

**Tae Yoo**

Senior Vice President, Corporate Affairs

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Cisco, CSR, and Innovation

Innovation is at the heart of everything we do at Cisco. Our vision is for our technology to change the way people live, work, play, and learn. Of course, incremental changes can make a difference, but in our view it is the big ideas that are needed to disrupt the status quo and stimulate sustainable change.

We believe that the above philosophy is as important to social and environmental issues as to anything else. And by applying this ethos of innovation to Cisco’s CSR activities, we are striving to develop solutions that help us and our customers address social issues and promote environmental sustainability.

The videos highlighted in this report and on our [2011 Cisco CSR Report website](#) profile just some of our innovative solutions—from helping customers monitor and reduce their energy use with EnergyWise to improving work-life balance at Cisco through LifeConnections. Each video is introduced by one of the Cisco people behind the solution.



**Watch the Video!** The power of the network allows Cisco to multiply our impact on society, from connecting the world and improving education and healthcare, to enabling energy efficiency and helping people collaborate and work smarter.

About This Report

Our CSR strategy and reporting prioritize the issues that are most important to our business and to our stakeholders, identified through a formal materiality assessment. We encourage feedback from stakeholders, and we use this report to respond to those with whom we have engaged throughout the year. In FY11, feedback included requests for:

- More information about how Cisco is using products and services to drive the sustainability agenda.
- More transparency in social areas such as human rights and our value chain.
- A searchable PDF of the full report and better navigability of the report.

This year’s report attempts to respond to these issues. Each section of the report leads with an explanation of a Cisco product and service and how it contributes to our CSR agenda. Our PDFs allow for easy navigation within the report (see [How to Use This Report](#)), and the Value Chain section provides more details on our efforts to manage labor issues throughout our value chain.

Changes to our approach can take time, but we aim to be open and transparent about our progress, as well as about the challenges we face.

Scope and Data

This report covers performance data and activities in our 2011 fiscal year, which runs from August 2010 through July 2011, related to all our operations around the world unless stated otherwise.

Assurance

The data in this report and the methodology for collecting it have been verified internally. We held focus groups with CSR thought leaders during 2011 to assess our CSR strategy and reporting, and we had extensive engagement with non-profit and nongovernmental organizations and CSR experts to gather their views on specific issues throughout the year.

**About Cisco**

- Cisco is headquartered in San Jose, California, USA, and has more than 460 offices in more than 165 countries.
- Approximately 13 percent of Cisco’s annual revenue is invested in research and development (R&D).
- Cisco has more than 70,000 employees globally, one-third of whom are engineers.
- Almost 100% of our manufacturing is outsourced.
- We work closely with more than 1000 suppliers around the world that support our value chain in the Americas, Europe, and Asia-Pacific regions.

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## Who We Are and What We Do

Cisco designs, manufactures, and sells innovative networking solutions related to the information and communications technology (ICT) industry, and provides services associated with these products and their use. We aim to solve our customers' most important business problems by delivering intelligent networks and technology architectures built on integrated products, services, and software platforms. Our vision is to change the way we work, live, play, and learn.

Founded in 1984, Cisco has pioneered the development of Internet Protocol (IP)-based networking technologies. Our products include routing, switching, and other network-based technologies such as application networking services, collaboration, home networking, security, storage area networking, telepresence systems, unified communications, unified computing, video systems, and wireless. We also provide a range of technical support and advanced services.

Our customers' success is at the core of our operational strategy and execution. During FY11, our customers included public sector organizations and enterprise businesses, service providers, commercial customers, and consumers.

## Cisco's Vision

Changing the way we work, live, play, and learn.

## Cisco's Mission

To shape the future of the Internet by creating unprecedented value and opportunity for customers, employees, investors, and partners.



## How a Network Works

The Internet Protocol (IP) is a series of specifications set out by various standards organizations, primarily the Internet Engineering Task Force (IETF). The IETF publishes specifications that, among other things, detail how information is organized into IP "packets" to be transported across the Internet. Each IP packet is unique to an IP address.

Every device (for example, a computer, printer, or smart phone) has an IP address assigned to it that identifies the device's location and how it interacts with the broader network (through unique IP packets). Each IP packet has a source and destination address, which is called an IP address, and a static address that uniquely identifies a device, called a MAC (Media Access Control) address.

The Internet infrastructure comprises primarily two types of devices: switches and routers. Switches are designed to identify and respond to a static MAC address. It switches traffic accordingly, typically between ports on the same device. A router is designed to identify and respond to the dynamic source and destination IP address of the particular IP packet and route traffic accordingly, across numerous devices.

Most switches are very localized—the traffic flowing inside a switch, and the decisions a switch makes on network traffic are based specifically on the switch ports inside one device. Routers, however, are typically "network-aware" and make sophisticated decisions about internetworking based on current conditions in the network, including (but not limited to) route availability, route congestion, and opportunities for multicast (the delivery of a message or information from one source to multiple destinations in a single transmission). Each router utilizes a continuously updated routing table that gives the routers a real-time updated network "map" that allows the routers to work in parallel to manage the flow of IP packets within the network. The decisions that a router is able to make on specific traffic flows can add substantially to the manageability, efficiency, and scalability of a network.

## Network Security

Security is a serious concern when it comes to using networks. Hackers, denial of service attacks, identity theft, and even cyber terrorism are very real dangers. As the foundations of network infrastructure, routers and switches are crucial in the efforts to detect and prevent such attacks. Business-class routers and switches, such as those produced by Cisco, incorporate features that address security, performance, reliability, and manageability. For example, Cisco integrated services routers include built-in firewalls, intrusion detection and prevention, and encryption, among other features. In addition, hackers can be tracked because source and destination addresses are identified in each IP packet. This helps to deter attacks in the first place.

Internet routing allows service providers to see the address of the sender of information and the address of the recipient. Without adequate encryption, service providers can also see the contents of messages and attachments. Both forms of network security (protection of the network itself from denial of service and other attacks, and protection of users from spam, hacking, and virus attacks) require network operators to have capabilities that can be used to block access to websites or to copy and download users' communications.