

Cisco Statement on the Prevention of Slavery and Human Trafficking

At Cisco, labor and human rights are a top priority. We are committed to treating everyone who works at or with Cisco with dignity and respect. We explicitly prohibit human trafficking and the use of involuntary labor within our supply base including forced, bonded, or indentured labor, involuntary or exploitative prison labor, and other forms of modern slavery.

We are committed to working with industry partners to drive common high standards. By collaborating with other thought leaders across the electronics industry, we increase our positive impact.

The below statement covers Cisco's Financial Year 2020 (FY2020) ending July 25, 2020. It communicates Cisco's policies and practices to respect human rights, and how we identify and address potential impacts, mitigate risks and create an environment in which human rights flourish. Cisco upholds and respects human rights as contained in the United Nations (UN) Universal Declaration of Human Rights (UDHR); the International Covenant on Civil and Political Rights (ICCPR); the International Covenant on Economic, Social, and Cultural Rights (ICESCR); and the eight Core Labour Conventions developed by the International Labour Organization (ILO) including Conventions No.29 and No.105 on the elimination of all forms of forced or compulsory labour. Cisco's approach is informed by the documents identified above, anchored to the framework set forth in the UN Guiding Principles on Business and Human Rights (UNGP), and extends through ongoing engagement of stakeholders.

About Cisco's Business Operations

Cisco is a multinational company incorporated in California and headquartered in San Jose, California, United States of America. We conduct business operations globally and manage our business by geography. Our business is organized into the following three geographic segments: Americas; Europe, Middle East, and Africa; and Asia Pacific, Japan, and China. Cisco conducts operations in more than 450 offices worldwide, at several wholly owned subsidiaries and office locations in the U.S. and at leased sites outside of the U.S.

Cisco designs, manufactures, and sells Internet Protocol-based networking and other products related to the communications and information technology industry and provides services associated with these products and their use. We have approximately 38,900 employees in the U.S. and 38,600 located in other geographies. We conduct significant sales and customer support operations in countries around the world with sales offices in 95 countries. We sell our products and services both directly and through a variety of channels with support from our salesforce.

About Our Supply Chain Network

Our sourcing and manufacturing are entirely outsourced to a global network of specialist suppliers and partners. Hundreds of suppliers around the world supply the parts that go into our products, and then manufacturing partners assemble and test finished products, provide logistical services, and collect, refurbish, and recycle products at the end of their useful life. The major elements of our materials supply chain are briefly described below. Our [Supplier List](#) provides more insight on the global suppliers we partner with.

- Contract Manufacturing partners: a select group of suppliers that produce finished Cisco products;
- Component suppliers: a wide group of suppliers, often contracted directly by Cisco to provide parts to our manufacturing partners according to our specifications; and
- Logistics service providers that transport components and finished products.

Cisco's Policies

Cisco's policies and approach to preventing involuntary labor and human trafficking have been developed based on international labor and human rights standards as well as best practices across the global business community. These policies establish our baseline expectations as well as communicate our values and help promote trust and collaboration as a key underpinning of our many business and stakeholder relationships.

Cisco's specific policies include:

- [Global Human Rights Policy](#): Our approach and commitment to upholding and respecting human rights is governed by our Global Human Rights Policy. This policy is informed by international human rights frameworks, including the UDHR, the ILO core labor standards, and the UNGC. We review our policy on a regular basis, and we use a company-wide human rights governance structure, our Human Rights Advisory Committee (HRAC), to oversee implementation of our commitment. Our HRAC includes leadership from functions across the business.
- [Code of Business Conduct \(COBC\)](#): Our COBC is a crucial part of our company culture that provides employees with a clear understanding of our core values and the high standards for ethical conduct by which we conduct our business.
- [Supplier Code of Conduct](#) with Freely Chosen Employment Requirement: Cisco's Supplier Code of Conduct (the "Code") is aligned with the Responsible Business Alliance (RBA) (formerly Electronics Industry Citizenship Coalition) [Code of Conduct](#) (which is available in more than 20 languages and includes the [Definition of Fees](#) which outlines that workers shall not pay fees for their employment at any time.) The Code defines Cisco's requirement for suppliers to implement management systems to protect workers' rights, including the right to freely choose their employment. The Code prohibits the use of forced, bonded (including debt bondage) and indentured labor, involuntary or exploitative prison labor, slavery, or trafficking of persons, and prohibits unreasonable restrictions on workers' freedom of movement. Cisco suppliers are required to acknowledge the Code as part of doing business with Cisco. Furthermore, it is a foundational element of our Supplier Ethics Policy.
- [Supplier Ethics Policy](#): Our Supplier Ethics Policy requires Cisco suppliers and their employees to conduct themselves with the highest standards of honesty, fairness, and personal integrity. Suppliers must ensure that their employees, subcontractors, agents, and third parties assigned to provide services or products to Cisco act consistently with this policy. This policy is included within [standard terms and conditions](#) for purchase orders. Furthermore, suppliers acknowledge and commit to the Code when they agree to the Supplier Ethics Policy.
- [Juvenile Labor Policy and Expectations](#): Our Juvenile Labor Policy and Expectations require suppliers to uphold the human rights of children, juvenile or young workers, students, interns and apprentices.
- [Responsible Minerals Policy](#): Cisco's Responsible Mineral Policy aligns with our long-standing commitment to uphold and respect human rights for all people, including those who work in our supply chain. Our goal is to work collaboratively through the supply chain to source minerals consistent with our values around human rights.

[Cisco EthicsLine](#) is a publicly available multilingual ethics and business conduct reporting tool which allows anonymous reporting of alleged illegal or unethical behavior. It is available 24 hours a day, seven days a week, worldwide. Cisco strongly encourages employees, customers, partners, suppliers, shareholders, and stakeholders to speak up promptly about any conduct or circumstances they believe, in good faith, may constitute a violation of the Code of Business Conduct, Supplier Code of Conduct, or any other Cisco policy.

Risks of Modern Slavery and Human Trafficking

Due to the extensive nature of our materials supply chain network, business is conducted with suppliers in a variety of global contexts including in countries where local law may not exist to protect populations vulnerable to forced labor or human trafficking risks. Due to constraints in local labor markets, suppliers can deploy workforce strategies to recruit foreign or domestic migrant workers using labor recruitment agencies. As a result, workers could potentially be subject to conditions that may contribute to forced labor including: debt bondage, by paying excessive recruitment fees; passport withholding; a lack of transparency of terms and conditions in their contracts if those contracts are not in their own language or are not fully explained before they commence employment; and lack of legal protections in the countries they work in or move from.

Our supply chain network also includes a complex mineral supply chain. Like many companies in the electronics industry, our products contain various minerals necessary for functionality. Cisco does not directly procure minerals from mines, or the smelters or refiners that process them. However, some mine operations can pose serious human rights risks including forced labor, child labor and other risks for the workers and communities at the beginning of the electronics supply chain.

As well as outlining Cisco's expectations for suppliers to uphold human rights through policy, Cisco undertakes a variety of actions to address and mitigate these risks.

Cisco's Actions

Cisco takes multiple approaches to protect workers from forced labor, slavery and human trafficking in our own business and materials supply chain. These activities with our direct material suppliers' operations are summarized as follows:

- **Verification:** We evaluate and address risks of human trafficking and slavery through conformance to the Code and using a risk-based approach. When new suppliers are onboarded, Cisco assesses for modern slavery risks such as whether the supplier employs vulnerable workers (for example, foreign migrant workers and young workers). If risks are identified, we follow up to determine if impacts need to be addressed prior to scaling business with the supplier.

For existing suppliers and supplier entities that are integrated through mergers and acquisitions, Cisco follows its standard programs and due diligence processes, as follows. Cisco conducts an annual risk assessment by evaluating the supply base on social and environmental risk factors. This evaluation includes indicators for forced labor and human trafficking risks in addition to the potential presence of vulnerable worker groups. The outputs of the risk assessment identify which suppliers we will request to demonstrate their conformance to the Code, using RBA's [assessment tools](#) such as the [Supplier Self-Assessment Questionnaire \(SAQ\)](#), [Validated Audit Process \(VAP\)](#), or equivalent. Cisco assesses the effectiveness of the risk assessment process and continuously works to improve. The assessment is refreshed annually to maintain relevance to our operations with updated indicators, newly available data, and accounts for lessons learned over the past year. We also convene or attend teleconferences, webinars, and other meetings so that we may better understand and monitor risks associated with labor recruitment practices. We conduct these activities regularly and extensively.

- **Audits:** We conduct third-party supplier audits using the VAP, or equivalent, or review audit reports through the RBA's audit sharing system and conduct unannounced audits as necessary. The audit process includes on-site inspections, document reviews, and worker and management interviews.
- **Certification:** Suppliers must agree to comply with the Code as well as international standards and applicable laws and regulations when they enter into master [purchasing agreements](#) or equivalent terms and conditions with Cisco. This creates legally enforceable obligations, including in cases where the law is silent or allows practices that violate Cisco policies. We require suppliers to acknowledge the Code at the onset of the relationship.
- **Accountability:** Non-conformance with the Code is taken very seriously. Cisco works with suppliers to develop corrective action plans, identify the root cause of the non-conformance, and ensure that corrective actions are implemented in the shortest possible timeline. Corrective actions may include the immediate return of passports or reimbursement of paid recruitment fees within 90 days of discovery. Corrective actions are followed by preventative actions to ensure that non-conformances do not reoccur and to reduce future risk. Such actions may include ensuring the facility has a policy in place and workers are aware of the policy, and that contracts are clear and in a language workers can understand. Multiple teams collaborate to hold suppliers accountable and to ensure actions are completed by specified deadlines. Cisco's approach is to drive continuous improvement with suppliers and engage them with short and long-term improvement plans, as needed. To help make lasting improvements, Cisco will monitor and coach suppliers across multiple years, as needed.

Cisco also uses supplier scorecards to drive conformance to the Code and accountability throughout the engagement process. It also informs supply chain sourcing and procurement decisions. Suppliers are scored on factors such as audit performance and closing findings on time, including findings for Freely Chosen Employment. Having sustainability metrics alongside cost, quality, and service delivery allows

managers to make informed decisions when awarding business to suppliers. When Cisco's standards are not met, we may disqualify the supplier from consideration for future business or terminate the supplier's relationship with Cisco.

Our Supply Chain Human Rights Governance Committee helps assure progress against our priorities, including freely chosen employment. This committee establishes executive oversight of human rights risks and opportunities within the supply chain. The committee oversees the integration of human rights policies and priorities into business operations and regularly reviews due diligence results including audit findings, forced labor allegations, and minerals supply chain risks. The committee convenes our Senior Vice President of Supply Chain Operations with other executives representing Global Manufacturing and Logistics, Global Supplier Management, Technology & Quality, Supply Chain Transformation, and Legal.

As well as conducting its own standard due diligence, Cisco investigates and addresses allegations brought to our attention from all channels, internal and external. Issues detected outside of the Verification and Audit processes outlined above are tracked through our incident management system and assessed against our policies and priorities. We will assess for human rights risks and impacts and determine the severity of the violation. When impacts are identified, we follow the same corrective action, preventative action, accountability and reporting mechanisms, and closure timelines as those we follow in our regular due diligence processes to mitigate or remedy the issue.

Furthermore, for our own employees, we require compliance with our COBC, and employees certify compliance annually. Our COBC describes how to raise concerns, which are tracked at both regional and corporate levels.

- **Training:** Our strategy focuses on capability building for our suppliers and employees. We regularly engage across the globe to train on Code fundamentals. This helps us build awareness, propagate best practices, and focus on improvement. For suppliers, the contributions we make to RBA workshops and [training](#) content are mutually beneficial, ensuring understanding of policies and standards. RBA's Learning Academy provides online trainings on a range of topics, including methods to combat trafficked and forced labor in the supply chain. As part of our audit process, suppliers are directed to training resources related to an audit finding and are expected to complete the training. When appropriate, Cisco also collaborates with RBA members to conduct focused trainings with specific sets of high-risk suppliers and share best practices. For our own employees, our COBC training helps guide our employees to make ethical, professional and respectful choices. Further, in FY2020, Cisco launched an internal training about human rights in supply chain to raise awareness and educate employees on how they can play a role in helping Cisco to follow through on our human rights commitments. Employees learn how to detect warning signs of serious risks such as forced labor and child labor, how to report if they suspect violations of Cisco's standards, and how they can support work to hold suppliers accountable. These trainings are part of Cisco's internal Education Management System and are required to be taken by employees around the world who are most likely to encounter human rights issues in day-to-day supply chain operations.

Cisco provides additional details and annual updates about our supplier engagement process and actions regarding freely chosen employment, in the Circular Economy and Supply Chain Excellence section of our [ESG Hub](#).

Sourcing Minerals Responsibly

To help address the human rights risks in our complex mineral supply chain, Cisco has implemented a comprehensive due diligence process. The Cisco Responsible Minerals Program aligns to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Details about this program including due diligence strategy, efforts to hold suppliers accountable, and results of our work can be found in our [Conflict Minerals Report](#).

Commitment to Leadership Through Collaboration and Transparency

We are actively involved in advancing industry-wide responsible practices through our engagement in the [RBA](#), a nonprofit alliance of leading companies dedicated to respecting the rights and promoting well-being of workers and communities engaged in the global electronics supply chain. Cisco is a founding member of the RBA and contributes to the development and periodic revision of the RBA Code of Conduct and guidance. Cisco also participates in RBA's [Responsible Labor Initiative](#), a multi-stakeholder initiative focused on ensuring the rights of workers vulnerable to

forced labor in global supply chains are consistently respected and promoted. Cisco also participates in the [Responsible Minerals Initiative](#) (RMI) and leverages its tools and programs, to advance responsible sourcing.

We are committed to transparently communicating our actions. For further information on Cisco's work to maintain a socially responsible supply chain, refer to the Circular Economy and Supply Chain Excellence section of our [ESG Hub](#).

Cisco collaborates internally to drive cross-functional awareness of modern slavery issues across global operations that could observe risks. We discuss policies and processes with global leaders and boards of subsidiary entities to support the implementation of our approach to address these issues and local requirements. As appropriate, these leaders are consulted to develop, adopt, and approve this statement.

This statement was approved by the following entities and signatories:



Name: Daniel Hirschson

Title: Director, [Cisco Systems Australia Pty Ltd](#), Board



Name: Jonathan Elstein

Title: Director, [Cisco International Limited](#) Board



Name: John Kern

Title: Senior Vice President Supply Chain Operations, Cisco Systems, Inc.



Name: Jack Allen

Title: Senior Director Supply Chain Resiliency, Security, and [Sustainability](#), Cisco Systems, Inc.

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**This Statement is also responsive to website disclosures required under the California Transparency in Supply Chains Act (S.B. 657), United Kingdom Modern Slavery Act, Australia Commonwealth Modern Slavery Act, and other emerging and developing laws and regulations globally pertaining to transparency in supply chains*

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