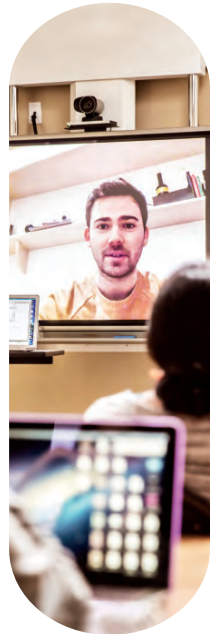
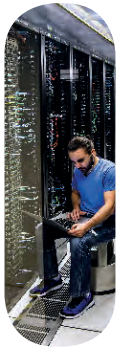




2020 Annual Report

# Powering an Inclusive Future for All



# About Cisco

Cisco (NASDAQ: CSCO) is the worldwide leader in technology that powers the Internet. Discover more at [thenetwork.cisco.com](https://thenetwork.cisco.com) and follow us on Twitter at [@Cisco](https://twitter.com/Cisco).

## Our purpose

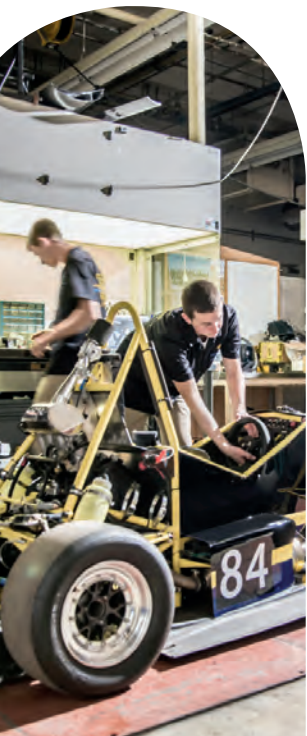
To power an inclusive future for all

## Our mission

To inspire new possibilities for our customers by reimagining their applications, securing their data, transforming their infrastructure, and empowering their teams

## Our commitment

To drive the most trusted customer experience in the industry with our extraordinary people and great technologies





## Why Cisco?



Trusted partner



Continuous innovation



Technology leadership



Global scale and reach



Driven by purpose

## Fiscal 2020 summary report

- 2 Letter to shareholders
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- 16 Stakeholder engagement

## Introduction to summary report

This section provides an overview of Cisco. It does not contain all of the information you should consider. Please review our Annual Report on Form 10-K, our Proxy Statement for our 2020 Annual Meeting of Shareholders, and our Corporate Social Responsibility (CSR) Report, all available on [www.cisco.com](http://www.cisco.com).

## Online report

Visit our [website](#) to read online versions of this Annual Report, our Proxy Statement, and our CSR Report. To see our interactive online report, visit our Annual Reports webpage. We welcome any feedback you may have.

### Forward-looking statements

This report contains projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. See Cisco's filings with the Securities and Exchange Commission, including its most recent filings on Forms 10-K and 10-Q, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or other forward-looking statements.

# Letter to shareholders

## To our shareholders,

At the start of fiscal 2020, we could not have imagined what we would have to face this year: the wide-ranging social and economic impacts of the COVID-19 pandemic; the resulting changes to businesses and how we work; and the grim reminders of social injustice that have persisted in society for too long. While the year has brought many challenges, I firmly believe that, with determination and focus, we can turn them into opportunities and progress.

### Navigating a global crisis with ingenuity

During difficult times like these, it reminds us how strong we are when we come together. At the start of the pandemic, we laid out some principles to guide our approach for supporting our employees, customers, partners, and communities. We were quickly able to get 95% of our employees productively working from home, while also hosting a series of weekly video check-ins with guest speakers and medical and mental health experts to discuss issues that were top-of-mind. To support our customers' business continuity, our teams worked around the clock to scale our collaboration and security capabilities, and we introduced a variety of free offers and trials to make sure everyone had the tools they needed to operate.

Our employees also came together to do all they could to help the communities most in need. They found ways to 3D-print surgical face shields for healthcare workers, and they suggested that our DX80 video units, instead of sitting idle in our offices during lockdowns, could be shipped to hospitals to enable families to communicate with patients. These are just a few examples of the significant contributions we made to the pandemic response. I am tremendously proud of what our teams and IT teams around the world have accomplished in delivering digital connections despite the huge challenges they faced.

In the first half of fiscal 2020, we continued to feel the effects of an increasingly uncertain global macro environment. This uncertainty was exacerbated by the pandemic, which further impacted our financial results in the second half of the year. Although there continues to be a lot of uncertainty, we believe our role and

responsibility have never been greater, as businesses around the world are running on Cisco technology to stay connected, secure, and productive. By helping our customers digitize for the future and inspiring new possibilities for them, I am confident we will emerge from this challenging time an even stronger company than before.

With the rapid shift to remote operations and automation, many customers are increasingly reliant on our broad portfolio of technologies. As we prepare for what comes next, we are helping our customers modernize their infrastructure while developing business resiliency solutions to support new ways of working.

### Defining the future of the Internet with unparalleled innovation

Our new business resiliency solutions build upon some of our recent innovations. In the applications space, we introduced new technologies that provide deep insights into the physical and virtual network infrastructure through the lens of the application, enabling real-time correction and using automation to resolve issues before they happen. Our acquisition of ThousandEyes complements our portfolio by providing deeper and broader visibility and analytics across networks and applications. By integrating these SaaS-based capabilities with our AppDynamics application intelligence portfolio and Cisco Intersight—our cloud-based management platform, we believe we can provide unparalleled observability, intelligence, and insights at cloud-scale.

In the collaboration space, our portfolio is at the center of our customers' strategies for empowering teams and increasing productivity. We take a security-first approach and continue to scale our analytics capabilities. We acquired Voicex, which brought artificial intelligence (AI) and automation capabilities to Webex, and we introduced the Webex Assistant feature for Webex Meetings, which captures content and action items. We also acquired CloudCherry, adding advanced analytics and rich customer journey mapping to our Contact Center portfolio.

## Key milestones



Achieved our target of 50% of revenue from software and services in fiscal 2020



Introduced Cisco Silicon One, a single, unified silicon architecture, the Cisco 8000 carrier-class router family, and our new IOS XR7 operating system



Announced new flexible purchasing options that enable customers to consume our technology however they choose



Met our target of 80% employee participation in community impact in fiscal 2020



Ranked #1 Best Place to Work in the World in 2019 and 2020 by Great Place to Work®

“ As we look to the future, we will continue to focus on what we can control, operate with transparency, keep our minds and hearts open, and have the conviction to drive progress – both inside and outside Cisco. ”

In security, we introduced Cisco SecureX, a broad cloud-based security platform connecting the breadth of our portfolio and our customers' security infrastructure by providing unified visibility and automation across applications, the network, endpoints, and the cloud. We also integrated Cisco SD-WAN with Cisco Umbrella, helping customers evolve toward a SASE (Secure Access Service Edge) architecture. This future secure networking model, which delivers security and networking services together from the cloud, is intended to enable organizations to securely connect any user or device to any application with the best experience.

The broad and accelerating adoption of multicloud and modern application environments is changing how the world's largest networks are built, operated, and secured, and Cisco is at the center of this transition. We have made significant investments in the development of software, silicon, and optics—the building blocks for the Internet for the future. We believe this strategy will change the economics of how the Internet will be built to support 5G and 400G, while helping our customers innovate faster than ever before. During fiscal 2020, we introduced Cisco Silicon One, a single, unified silicon architecture, as well as the Cisco 8000 carrier-class router family built on Silicon One, and our new IOS XR7 operating system. We also announced new flexible purchasing options that help enable customers to consume our technology however they choose. We collaborated closely with several of the largest webscale companies throughout the development process, and they are strong advocates of our strategy.

Our customers' experience with Cisco and the trust they place in us matter now more than ever. They rely on us to help connect, secure, and automate their environments so they can achieve their desired outcomes. We have the opportunity to leverage our broad portfolio of turnkey solutions and strong customer relationships to provide differentiated value and cost savings for our customers. We want to continue to make it as easy as possible for our customers to consume our technology. As a result, we are accelerating our efforts to offer everything in our portfolio as a service and cloud-delivered, simplifying and automating as much as possible, and being more flexible in its delivery.

We will also accelerate our investments in areas such as cloud security and collaboration, increased automation in the enterprise, the future of work, and application insights and analytics. At the same time, we will continue our focus on multicloud investment, 5G and WiFi-6, 400G, optical networking, next-generation silicon, AI, and more.

#### Accelerating our shift to more software and services

Throughout fiscal 2020, we demonstrated operational resilience based on our solid financial foundation, strong customer relationships, differentiated innovation, and a compelling strategic shift to more software and subscription-based offerings built on the strength of our key technology platforms.

In fiscal 2017, we set a three-year goal for 30% of our revenue to come from software, and while we achieved 29% in fiscal 2020, we did achieve 31% in the fourth quarter. In fiscal 2020, 74% of our software revenue was sold as subscription, exceeding our target of 66%. We also delivered 51% of our revenue from software and services in fiscal 2020, exceeding our target of 50%.

The momentum in shifting our business model is contributing to our solid profitability. In fiscal 2020, we delivered another year of expanding gross and operating margins. We also grew our earnings per share in fiscal 2020 despite the challenging environment.

#### Looking to a brighter future with renewed purpose

For 20 years, Cisco's purpose was to change the way the world lived, worked, played, and learned by building networks that shaped the Internet we all know and rely on today. This

past year, we paused to reflect and ask: what comes next? We know our responsibilities don't end with technology; we want to make a better world possible. We concluded that our new purpose is to power an inclusive future for all. This purpose can be fulfilled not only through our technologies, which connect the world, but also through our corporate social responsibility activities, which are intended to create positive opportunity for everyone. I can't think of a purpose more fitting for Cisco or more relevant for today.

We also developed a new framework for our response to a crisis, an injustice, or a global challenge. We will focus our efforts on the most vulnerable; families and community; research and resilience; and strategic recovery. We are committed to thinking beyond our initial response and using all our resources and capabilities to work toward long-term partnerships and solutions that improve lives all around the world.

The Cisco of today is more agile, innovative, and focused. Thanks to our hard work over recent years, we have delivered on our financial commitments, brought market-leading innovation to our customers, transitioned our business model, and fostered a culture that has truly shined. As we look to the future, we will continue to focus on what we can control, to operate with transparency, to keep our minds and hearts open, and to have the conviction to drive progress—both inside and outside Cisco. I am confident we will emerge from fiscal 2020 even better positioned to create value for all our stakeholders.

Thank you for your continued support.



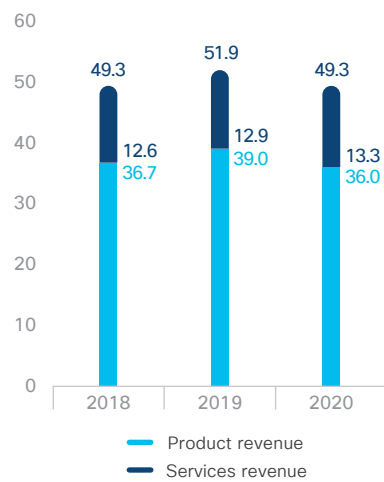
**Chuck Robbins**  
Chairman and Chief Executive Officer  
October 19, 2020



# Financial highlights for fiscal 2020

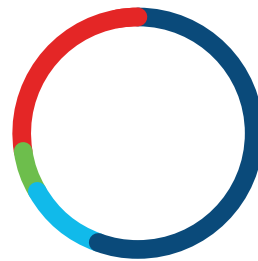
## Revenue Trend

(\$B)



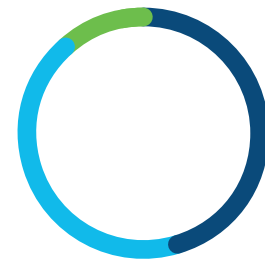
## Revenue

by product category and services\*



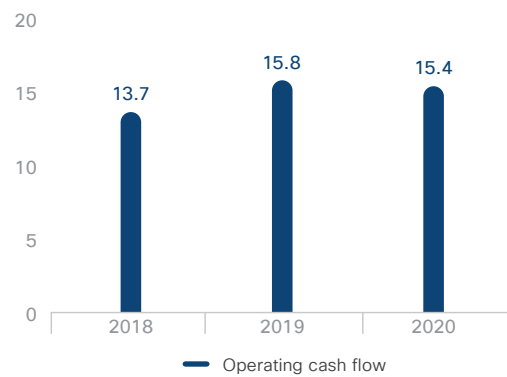
## Revenue

by geographical segment



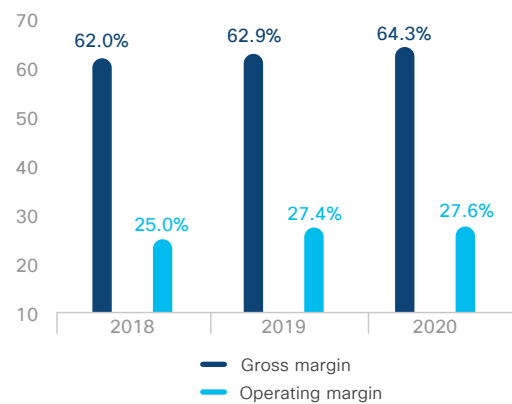
## Operating cash flow

(\$B)



## Margins

(%)



\* percentages may not equal 100% due to rounding

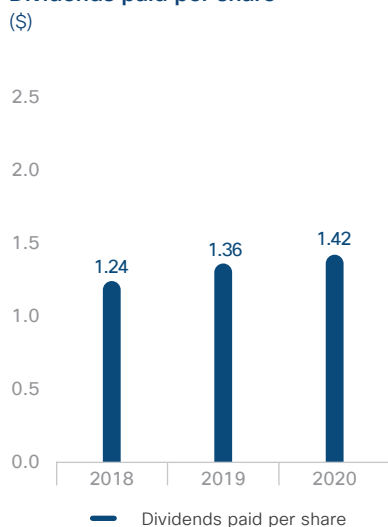
“ We executed well in fiscal 2020, delivering strong margins despite the very challenging environment. Software subscriptions were 74% of our software revenue, and remaining performance obligations continued to grow strongly, reflecting the strength of our portfolio of software and services. We continue to invest in innovation as we focus on delivering long-term growth and shareholder value. ”

**Kelly Kramer**  
Chief Financial Officer

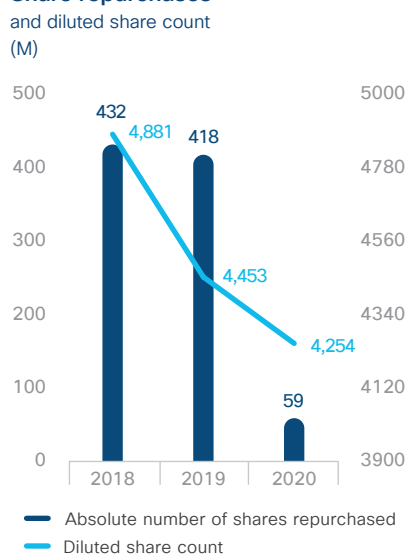


## Capital allocation

### Dividends paid per share



### Share repurchases



### Primary uses of cash



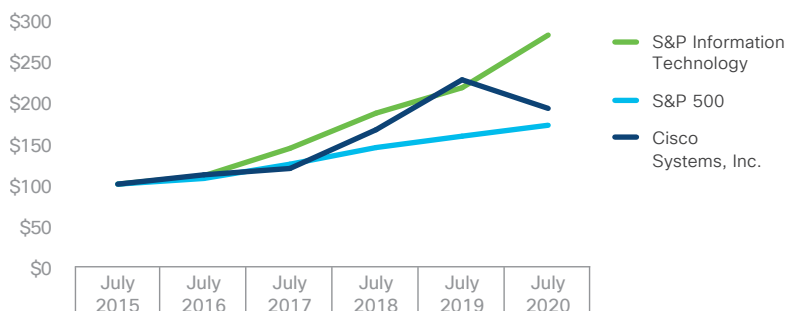
- 51% Repayment of debt
- 30% Dividends
- 13% Share repurchases
- 4% CapEx
- 2% Acquisitions, net

### Total shareholder return

This graph shows a five-year comparison of the cumulative total shareholder return on Cisco common stock with the cumulative total returns of the S&P 500 Index and the S&P Information Technology Index. The graph tracks the performance of a \$100 investment in Cisco's common stock and in each of the indexes (with the reinvestment of all dividends) on the date specified. Shareholder returns over the indicated period are based on historical data and should not be considered indicative of future shareholder returns.

### Comparison of 5-year cumulative total return\*

among Cisco Systems, Inc., the S&P 500 Index, and the S&P Information Technology Index



\* \$100 invested on 7/25/15 in stock or index, including reinvestment of dividends. Fiscal year ending July 25.

# Strategy

As our customers add billions of new connections to their enterprises, and as more applications move to a multicloud environment, the network becomes even more critical. Our customers are navigating change at an unprecedented pace and our intent is to inspire new possibilities for them by helping transform their infrastructure, expand applications and analytics, address their security needs, and empower their teams. We believe that our customers are looking for intent-based networks that provide meaningful business value through automation, security, and analytics across private, hybrid, and multicloud environments. Our vision is to deliver highly secure, software-defined, automated, and intelligent platforms for our customers. We are expanding our research and development investments in certain product areas including cloud security, cloud collaboration, and application insights and analytics. We are investing to optimize our product offerings for application to education, healthcare and other specific industries. We are also making investments to enable us to increase automation and support the customer as the workplace changes. In addition, we continue to remain focused on investments around SD-WAN, multicloud environments, 5G and WiFi-6, 400G speeds, optical networking, next generation silicon and AI. We are also accelerating our efforts to enable the delivery of network functionality as a service.





# Leadership

## Cisco's executive leadership team



**Chuck Robbins**  
Chairman and Chief Executive Officer



**Liz Centoni**  
SVP, Strategy, Emerging Technologies, and Incubation



**Mark Chandler**  
EVP, Chief Legal Officer and Chief Compliance Officer



**Eyal Dagan**  
SVP, Common Hardware Group



**Jonathan Davidson**  
SVP and General Manager, Cisco Mass-Scale Infrastructure



**Gerri Elliott**  
EVP and Chief Sales and Marketing Officer



**Francine Katsoudas**  
EVP and Chief People Officer



**Kelly A. Kramer**  
EVP and Chief Financial Officer\*



**Stella Low**  
Chief Communications Officer



**Maria Martinez**  
Executive Vice President and Chief Customer Experience Officer



**Todd Nightingale**  
SVP and General Manager, Enterprise Networking and Cloud



**Jeetu Patel**  
SVP and General Manager, Security and Applications\*\*



**Mark Patterson**  
SVP, Chief of Staff to the Chairman and CEO

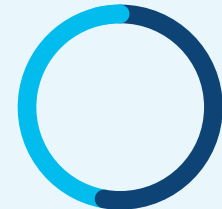


**Irving Tan**  
EVP, Chief of Operations



**Michael D. Timmeny**  
SVP and Chief Government Strategy Officer

## Diverse leadership



53% diverse based on gender and ethnicity

At Cisco, diversity, inclusion, and collaboration are fundamental to who we are, how we create the best teams, and how we drive success. A diverse workplace creates a vibrant culture where everyone is welcomed, respected, valued, and heard.

Cisco has signed the CEO Action for Diversity and Inclusion™ Pledge. We are delivering on our vision of accelerating full-spectrum diversity—including gender, age, race, ethnicity, orientation, ability, nationality, religion, veteran status, background, culture, experience, strengths, and perspectives. It starts at the top in that 40% of our Executive Leadership Team (ELT) are women and 53% are diverse in terms of gender and ethnicity, making Cisco an industry leader in ELT diversity.

### Leadership@Cisco

Learn more about Cisco's Executive Leadership Team at <https://newsroom.cisco.com/exec-bios>.

\* Ms. Kramer notified Cisco of her decision to resign from Cisco. She will continue to serve in her role until such time as a successor is appointed.

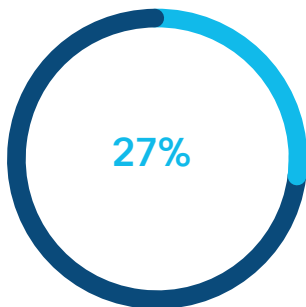
\*\* Mr. Patel joined the ELT after the close of fiscal 2020.

# Governance and responsibility

Cisco is committed to shareholder-friendly corporate governance, and the Board of Directors has adopted clear corporate policies that promote excellence in corporate governance.

## Shareholder engagement

At Cisco, we recognize the importance of regular and transparent communication with our shareholders. Each year, we continually engage with a significant portion of shareholders that include our top institutional investors. In fiscal 2020, our Chairman of the Board and Chief Executive Officer, Secretary, and Investor Relations team held meetings and conference calls with investors representing approximately 27% of our outstanding shares, including 65% of our top 30 shareholders. We engaged with these shareholders on a variety of topics, including our business and long-term strategy, corporate governance and risk management practices, board leadership and refreshment, diversity, corporate social responsibility initiatives (including environmental, social, and governance matters), executive compensation program, and other matters of shareholder interest.



In fiscal 2020, we reached out to investors representing approximately 27% of our outstanding shares, including 65% of our top 30 shareholders.

## Risk management approach

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. Cisco's management is responsible for day-to-day risk management activities. The Board of Directors, acting directly and through its committees, is responsible for the oversight of Cisco's risk management. With the oversight of the Board of Directors, Cisco has implemented practices, processes, and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking with our efforts to increase shareholder value.

Cisco's management has implemented an enterprise risk management (ERM) program, managed by Cisco's internal audit function, that is designed to work across the business to identify, assess, govern, and manage risks and Cisco's response to those risks. Cisco's internal audit function performs an annual risk assessment that is utilized by the ERM program. The structure of the ERM program includes both an ERM operating committee that focuses on risk management-related topics and an ERM executive committee consisting of members of executive management. The ERM operating committee conducts global risk reviews and provides regular updates to the ERM executive committee.

The Audit Committee, which oversees financial and risk management policies, including data protection (comprising both privacy and security), receives regular reports on ERM from the chair of the ERM operating committee and regular reports on cybersecurity from Cisco's Chief Security and Trust Officer. Other board committees oversee specific categories of risk associated with their respective areas of responsibility. The Board of Directors regularly discusses core subjects with executive management, including strategy, operations, information systems, finance, and legal and public policy matters, in which risk oversight is an inherent element.



## Policies and practices

We have adopted these policies and practices consistent with our commitment to transparency and best-in-class practices, as well as to ensure compliance with the rules and regulations of the SEC, the listing requirements of NASDAQ, and applicable corporate governance requirements.

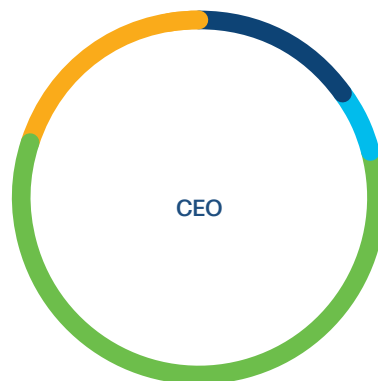
- Shareholder proxy access
- Annual election of all directors (since IPO)
- Majority voting (since 2007)
- Robust Lead Independent Director role
- Shareholder right to call a special meeting (since IPO)
- No poison pill
- Recoupment policy (since 2008)
- Stock ownership guidelines for directors and executive officers
- Shareholder recommendations for director candidate to the board
- Shareholder right to act by written consent (since IPO)

## Executive compensation

Our pay practices align with our pay-for-performance philosophy and underscore our commitment to sound compensation and governance practices.

These charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs<sup>1</sup>) as a group for fiscal 2020 and demonstrate our continued pay-for-performance philosophy.

<sup>1</sup> As defined in our Proxy Statement for our 2020 Annual Meeting of Shareholders



- 15% Variable cash incentive awards (performance-based)
- 6% Base salary
- 59% Performance-based equity incentive awards
- 20% Time-based equity incentive awards



- 11% Variable cash incentive awards (performance-based)
- 7% Base salary
- 61% Performance-based equity incentive awards
- 21% Time-based equity incentive awards



### Our executive compensation program rewards performance

- Compensation philosophy designed to attract and retain, motivate performance, and reward achievement
- Performance measures aligned with shareholder interests
- Majority of annual total direct compensation is performance based
- No dividends paid on unvested awards



### We apply leading executive compensation practices

- Independent compensation committee
- Independent compensation consultant
- Comprehensive annual compensation program risk assessment
- Caps on incentive compensation
- None of our executive officers have employment, severance or change in control agreements
- Stock ownership guidelines
- Recoupment policy
- No single-trigger vesting of equity award grants
- No stock option repricing or cash-out of underwater equity awards
- "No perks" policy with limited exceptions
- No supplemental executive retirement plan or executive-defined benefit pension plan
- No golden parachute tax gross-ups
- Broad anti-pledging and anti-hedging policies

# Board of directors

Cisco's Board of Directors believes strongly in the value of an independent board of directors. Independent board members have consistently comprised over 75% of the members of Cisco's Board of Directors. All members of the key board committees—the Audit Committee, the Compensation and Management Development Committee, and the Nomination and Governance Committee—are independent.

## The role of the board of directors in strategy

One of the Board's key responsibilities is overseeing management's formulation and execution of Cisco's strategy. Throughout the year, our CEO, the executive leadership team, and other leaders from across the company provide detailed business and strategy updates to the Board. During these reviews, the Board engages with the executive leadership team and other business leaders regarding various topics, including business strategy and initiatives, capital allocation, portfolio updates, the competitive landscape, talent and culture including inclusion and diversity, ESG concerns including human rights implications of Cisco product development and sales, and regulatory developments. Additionally, on an annual basis, the Board reviews and approves Cisco's financial plan. The Lead Independent Director also chairs regularly scheduled executive sessions of the independent directors, without Cisco management present, during which Cisco's strategy is reviewed and other topics are discussed.

**M. Michele Burns, 62**  
**Independent Director**  
 Former Chairman and CEO  
 Mercer LLC

Director since: 2003



Ms. Burns provides to the Board of Directors expertise in corporate finance, accounting, and strategy, including experience gained as the chief financial officer of three public companies. Through her experience gained as chief executive officer of Mercer, she brings expertise in global and operational management, including a background in organizational leadership and human resources. Ms. Burns also has experience serving as a public company outside director.



Committees **AU** **F**  
 CHAIR

**Michael D. Capellas, 66**  
**Lead Independent Director**  
 Founder and CEO  
 Capellas Strategic Partners

Director since: 2006



Mr. Capellas brings to the Board of Directors experience in executive roles and a background of leading global organizations in the technology industry. Through this experience, he has developed expertise in several valued areas, including strategic product development, business development, sales, marketing, and finance.



Committees **N** **AQ**  
 CHAIR CHAIR

**Wesley G. Bush, 59**  
**Independent Director**  
 Former Chairman and CEO  
 Northrop Grumman Corporation

Director since: 2019



Mr. Bush brings to the Board of Directors his extensive international business experience, including over 35 years in the aerospace and defense industry. In addition, he brings extensive financial, strategic, and operational experience. Mr. Bush also has experience serving as a public company outside director.



Committees **C** **F**

**Mark Garrett, 62**  
**Independent Director**  
 Former CFO  
 Adobe Systems Incorporated

Director since: 2018



Mr. Garrett brings to the Board of Directors an extensive history of leadership in finance and accounting in the technology industry, including experience in product and business model transition and transformation to the cloud. Mr. Garrett also has experience serving as a public company outside director.



Committees **AU** **N**  
 CHAIR

## Board snapshot



\* Categories covered under California law AB 979.

**Dr. Kristina M. Johnson, 63**  
**Independent Director**  
 President  
 The Ohio State University

Director since: 2012



Dr. Johnson brings to the Board of Directors an engineering background as well as expertise in science, technology, business, education, and government. In addition, she has leadership and management experience, both in an academic context as chancellor, provost, and dean of nationally recognized academic institutions and in a corporate context as a board member of public technology companies.

Skills

Committees **C** **F**

**Arun Sarin, KBE, 65**  
**Independent Director**  
 Former CEO  
 Vodafone Group Plc

Director since: 2009



Mr. Sarin provides to the Board of Directors a telecommunications industry and technology background, as well as leadership skills, including his global chief executive experience at Vodafone Group Plc. He also provides an international perspective as well as expertise in general management, finance, marketing, and operations. In addition, Mr. Sarin has experience as a director, including service as an outside board member of companies in the information technology, banking, financial services, and retail industries.

Skills

Committees **C** **AQ**

**Roderick C. McGeary, 70**  
**Independent Director**  
 Former Vice Chairman, Consulting  
 KPMG LLP

Director since: 2003



Mr. McGeary brings to the Board of Directors a combination of executive experience in management and technology consulting. He also has expertise in leading talented teams as well as skills in finance, accounting, and auditing with technology industry experience.

Skills

Committees **AU** **C** **N**  
 CHAIR

**Brenton L. Saunders, 50**  
**Independent Director**  
 President, CEO and Chairman  
 Vesper Healthcare Acquisition Corp.

Director since: 2017



Mr. Saunders brings to the Board of Directors his extensive leadership experience, including his role as chief executive officer of two global healthcare companies, as well as his financial, strategic, and operational experience. He is a natural innovator and leader with a deep understanding of business transformation.

Skills

Committees **C** **AQ**

**Charles H. Robbins, 54**  
**Chairman and CEO**

Director since: 2015  
 Chairman since: 2017



Mr. Robbins brings to the Board of Directors extensive industry, company, and operational experience acquired from having served as Cisco's CEO since 2015, and prior to that from having led Cisco's global sales and partner teams. He has a thorough knowledge of Cisco's segments, technology areas, geographies, and competition. He also has a proven track record of driving results and played a key role in leading and executing many of Cisco's investments and strategy shifts to meet its growth initiatives.

Skills

**Dr. Lisa T. Su, 50**  
**Independent Director**  
 President and CEO  
 Advanced Micro Devices, Inc.

Director since: 2020



Dr. Su brings to the Board of Directors her extensive business leadership experience, including her role as president and chief executive officer of a global semiconductor company, as well as her technology and semiconductor expertise. Dr. Su also provides expertise in global strategy, marketing, and engineering, and has experience serving as a public company outside director.

Skills

Committees **AQ**

### Board skills and attributes



### Key to committees

- AU** Audit Committee
- AQ** Acquisition Committee
- N** Nomination and Governance Committee
- F** Finance Committee
- C** Compensation and Management Development Committee

\* Categories covered under California law AB 979.

# Corporate social responsibility

Our world is shaped by the expanding capabilities of information technology, which have the potential to create opportunities—or deepen inequalities.

This dynamic defines our purpose: to power an inclusive future for all. We announced this new purpose in 2020 and began to develop a framework for how we can fulfill it through our technology, actions, and intentions. Throughout our upcoming 2020 CSR Impact Report, which we intend to publish in December 2020, there will be examples of how Cisco is bringing this purpose to life. By designing inclusive technologies, investing in underserved communities, and engaging our customers and peers, there is so much we can do.

Cisco’s Corporate Social Responsibility (CSR) efforts are organized into several areas that guide our work to power an inclusive future for all: trust and responsibility, leading a conscious culture, energy and greenhouse gas (GHG) emissions, circular economy, supply chain excellence, and technology for good. Our previous CSR reporting framework comprised three pillars: people, society, and planet. For fiscal 2020 we have adjusted those pillars to describe our commitments, goals, and impacts more specifically and to focus on the environmental, social, and governance (ESG) topics that are significant to Cisco.

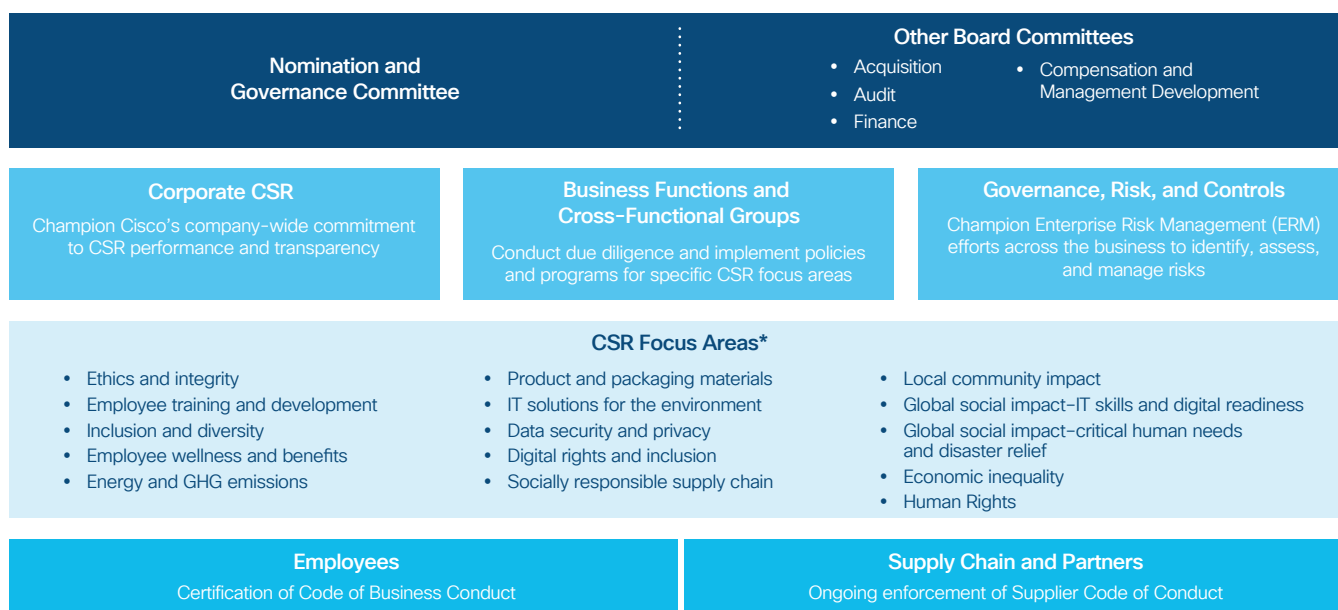
## CSR governance and management

Cisco Corporate Affairs leads our social investment programs and champions our commitment to CSR performance and transparency. This team engages with internal and external stakeholders and leads CSR assessment and reporting activities, which are aligned with standards set by the Global Reporting Initiative (GRI). Cisco supports the United Nations’ Sustainable Development Goals and aligns its environmental, social, and governance work with them.

The team works cross-functionally to assess and monitor CSR priorities, drive process for CSR management, and provide reporting guidance and coordination across business functions. CSR priorities are owned by business functions and are integrated into ongoing business strategy and planning. Business functions set CSR goals, implement plans, and measure performance. Where a cross-functional approach is needed, teams are established to implement our commitments.

The Nomination and Governance Committee of the Board reviews Cisco’s policies and programs concerning corporate social responsibility, including environmental, social, and governance matters. This structure is designed to ensure we prioritize the right issues as a company, and that we stay on track with our commitments.

## Board of Directors



\* These CSR Focus Areas are the significant topics identified in our FY19 Assessment. An updated, detailed assessment will be completed for our FY21 CSR Impact report.

## Trust and responsibility

More than 80% of the world's web traffic travels across Cisco connections, and our software and solutions help protect the data of millions of users and over 500,000 organizations, from hospitals and educational institutions to critical infrastructure and government agencies to businesses of all sizes including the Fortune 500.

Given the critical nature of the solutions we provide, holding ourselves to the highest standards as a trustworthy, transparent, and accountable company is vital to our business and our customers. We design and build solutions with security and privacy

embedded from the start. We also apply global principles of human rights to the sourcing, design, and sale of our products and work to integrate a human rights perspective across Cisco's global business.

Earning and upholding stakeholder trust goes beyond the integrity of solutions and networks. It also speaks to our financial transparency and high standards of ethical conduct. Cisco has forged trusted relationships among global stakeholders, and consistently appears on lists of the world's most ethical businesses.



## Leading a conscious culture

Cisco's relationship with our people is one of mutual benefit. Our employees bring talent and ingenuity to design our products and solutions, help safeguard customers' data, develop programs that create competitive advantage, and help us power an inclusive future. In turn, we provide them with meaningful careers and professional development opportunities, as well as resources to help them be healthy, empowered, and purposeful in all aspects of life.

Our values and expectations are laid out in our Code of Business Conduct. Every employee must certify compliance with the code each year. In fiscal 2020, we updated the code to include references to our conscious culture.

When people are respected for who they are and encouraged to seek balance between work and personal life, we believe they are more productive and successful in their jobs and able to give their best to their families and communities. In fiscal 2020, we met our goal for 80% employee participation in community impact. Employee actions included advocating for causes, volunteering, donating, and participating in programs that positively impact communities. We also doubled our Time2Give benefit, which employees can use for volunteer service, from 5 to 10 days for this calendar year. We were honored to be ranked #1 on the Great Place to Work® list of the World's

Best Workplaces in 2019, with 93% of employees surveyed saying Cisco is a great place to work, and again in 2020.

We know that we can't become a catalyst for social change until we first embody that which we seek to build. When we see injustice, we act boldly, bravely, and deliberately to make change, remove barriers, and support communities. Recent events have forced us all to take a hard look at our world and the racism within it and have galvanized us to lead needed change. We have set out our commitment to the African American (AA)/Black community and detailed the actions we will take in support of Social Justice. These actions include influencing our ecosystem to support policy, legislation and organizations working to ensure equal rights for AA/Black people in 2020 and beyond; working to increase the representation of AA/Black employees at all levels of the company; delivering anti-discrimination education for our workforce; and more.

We will continually reassess and recalibrate our efforts when needed to meet our goals and be transparent about where we still need to do more work. This is how we hold ourselves accountable in the service of true impact and change, as we continue to expand these actions across the full spectrum of diversity.

### Selected goals:



80%

**Achieve 80% employee participation in community impact by 2020 - Achieved**

### New social justice and diversity goals:



+25%

**Achieve a 25% increase in representation of all employees who self-identify as AA/Black from entry level through manager level by 2023**



+75%

**Achieve a 75% increase in representation of employees who self-identify as AA/Black from director through VP+ level by 2023**

#### Selected goals:



**-60%**

**Reduce total Cisco Scope 1 and 2 GHG emissions worldwide by 60% absolute by FY22 (FY07 baseline)**



**85%**

**Use electricity generated from renewable sources for at least 85% of our global electricity requirements by FY22**



**87%**

**Improve large rack-mounted equipment system power efficiency from 77% to 87% by FY22 (FY16 baseline)**

## Energy and GHG emissions

The scope of environmental impact we consider includes our operations, extended operations (supply chain), products, and services. We determine our environmental priorities based on their sustainability and business value. We set public goals to address potential environmental impacts and meet the expectations of our stakeholders.

In fiscal 2020, Cisco continued its ongoing, 13-year effort to reduce our total, worldwide Scope 1 and 2 GHG emissions. To meet our Scope 1 and 2 GHG emissions reduction goal, Cisco plans to invest \$45 million in energy efficiency and renewable energy over the five-year goal period. At the end of fiscal 2019, our emissions were 49% below our fiscal 2007 baseline and 83% of our global electricity was generated by renewable sources.\*

Our collaboration products enable teleworking and reduce business travel, increasing employee productivity and building resilience for our business, our partners, and our customers. This resilience allowed our customers to transition to extended work-from-home due to COVID-19 while maintaining employee productivity and customer engagement.

The largest portion of Cisco's carbon footprint is from the operation of our products by our customers. Cisco has set a goal to improve large rack-mounted equipment system power efficiency from 77% to 87% by fiscal 2022 (fiscal 2016 baseline). This improvement will reduce customer operating expense and Cisco's carbon footprint. In fiscal 2020, we launched the Cisco® 8000 Series family of routers, which, compared to the prior generation, weighs far less and requires only a fraction of the space and power. Measured by material usage and power, the Cisco 8000 Series is a win for the environment.

Cisco encourages employees to take part in our environmental sustainability efforts. We provide an online portal, educational activities, and volunteer opportunities to employees who want to make an impact at work and in their communities. We also sponsor environment-related projects with universities and global innovation challenges for employees as well as for university students and recent graduates. These efforts are designed to improve recruitment and retention among candidate and employee cohorts that increasingly make employment decisions based on a company's commitment to environmental sustainability.

\* Fiscal 2020 performance will be reported in our 2020 Environmental Technical Review and our CSR Impact Report scheduled for release in December 2020.

#### Selected goals:



**100%**

**Design all new products and packaging using circular design principles by FY25**



**+50%**

**Increase product packaging efficiency by 50%, measured by package volume per weight of product, by FY25 (FY19 baseline)**

## Circular economy and supply chain excellence

Making the world a better place with technology begins with how that technology is designed, made, used, and reused. We address environmental and social impacts along the entire product lifecycle to help ensure we respect and uphold human rights, promote worker health and well-being, and minimize negative environmental impacts. A responsible, resilient supply chain is critical to our business success and supports our ability to move from a linear economy to a circular economy.

As we source raw materials for products, we consider how we can reduce the demand on finite resources and protect human rights during the mining process. By designing products and packaging grounded in circular design, we can eliminate waste and facilitate ease of repair, disassembly, and reuse at end of life.



During product assembly, we expect our manufacturing suppliers, and their suppliers, to uphold Cisco's standards for labor, health and safety, environment, and ethics. We also partner with suppliers to reduce their own GHG emissions, build products at zero-waste factories, and facilitate our closed-loop material sourcing. Our commitment to a circular economy includes keeping equipment in use longer and building a world-class returns program that maximizes the value of assets while reducing the environmental impact of manufacturing and waste on communities.

We know that collaboration is critical to achieving our vision. Cisco was a founding partner of the Ellen MacArthur Foundation. We were also a founding member of the Responsible Business Alliance (RBA) and have long adopted the RBA Code of Conduct as our Supplier Code of Conduct. We actively engage in other groups to influence practices that promote circularity and responsible sourcing across our value chain.

This work aligns with Cisco's core values and, we believe, directly benefits our business outcomes, including business continuity, worker retention, productivity, and customer satisfaction.



80%

80% of Cisco component, manufacturing, and logistics suppliers by spend will have a public absolute GHG reduction goal by FY25



-30%

Reduce Cisco upstream supply chain-related Scope 3 GHG emissions by 30% absolute by FY30 (FY19 baseline)

## Tech for good

The same technology that generates sales for our business can also be used by nonprofits working to solve our greatest challenges, such as critical human needs and disaster relief, economic inequality, and education, including training in digital skills. We are helping address these challenges by investing in early-stage solutions and forming long-term partnerships that allow organizations to put technology to its highest and best use. We are also teaching IT skills to millions of students every year through the Cisco Networking Academy and through investing in entrepreneurs who harness technology for social and environmental impact. In fiscal 2020, 2.3 million people participated in Cisco Networking Academy courses in 180 countries, bringing the total to 12.6 million students since inception.

Cisco set a goal in 2016 to positively impact one billion people through our social impact grants and signature corporate social responsibility programs. We are proud that, by the end of fiscal 2019, we had positively impacted 469 million people with the skills and resources needed for an inclusive future.<sup>1</sup>

As long as humanitarian crises exist around the world, there cannot be an inclusive future for all. Similarly, the promise of a digital economy—where connectivity unleashes new possibilities for creativity and innovation—cannot be realized until people's basic needs for food, water, shelter, and healthcare are met.

Our technology is particularly essential when used to restore connectivity in crisis zones. Cisco's disaster response team, Tactical Operations (TacOps), deploys trained team members, supported by employee volunteers, to restore mission-critical communications in the wake of disasters and other events where first responders need support. Since the program began in 2005, the TacOps team has responded to 64 worldwide incidents, from natural disasters to forced mass migration, providing free crisis communication networks to support recovery. The team continues to evolve to meet changing global needs.

Whatever challenges lie ahead of us, Cisco intends to be ready to support those who need it the most.

For more information about our performance, see our CSR website at [CSR.cisco.com](https://www.cisco.com/CSR). Our 2020 CSR Impact Report and Environmental Technical Review are expected to be published in December 2020.

<sup>1</sup> Some of our social impact grantees receive funding from other organizations. Further details on our progress in fiscal 2020 will be available in our 2020 CSR Impact report.

Goal:



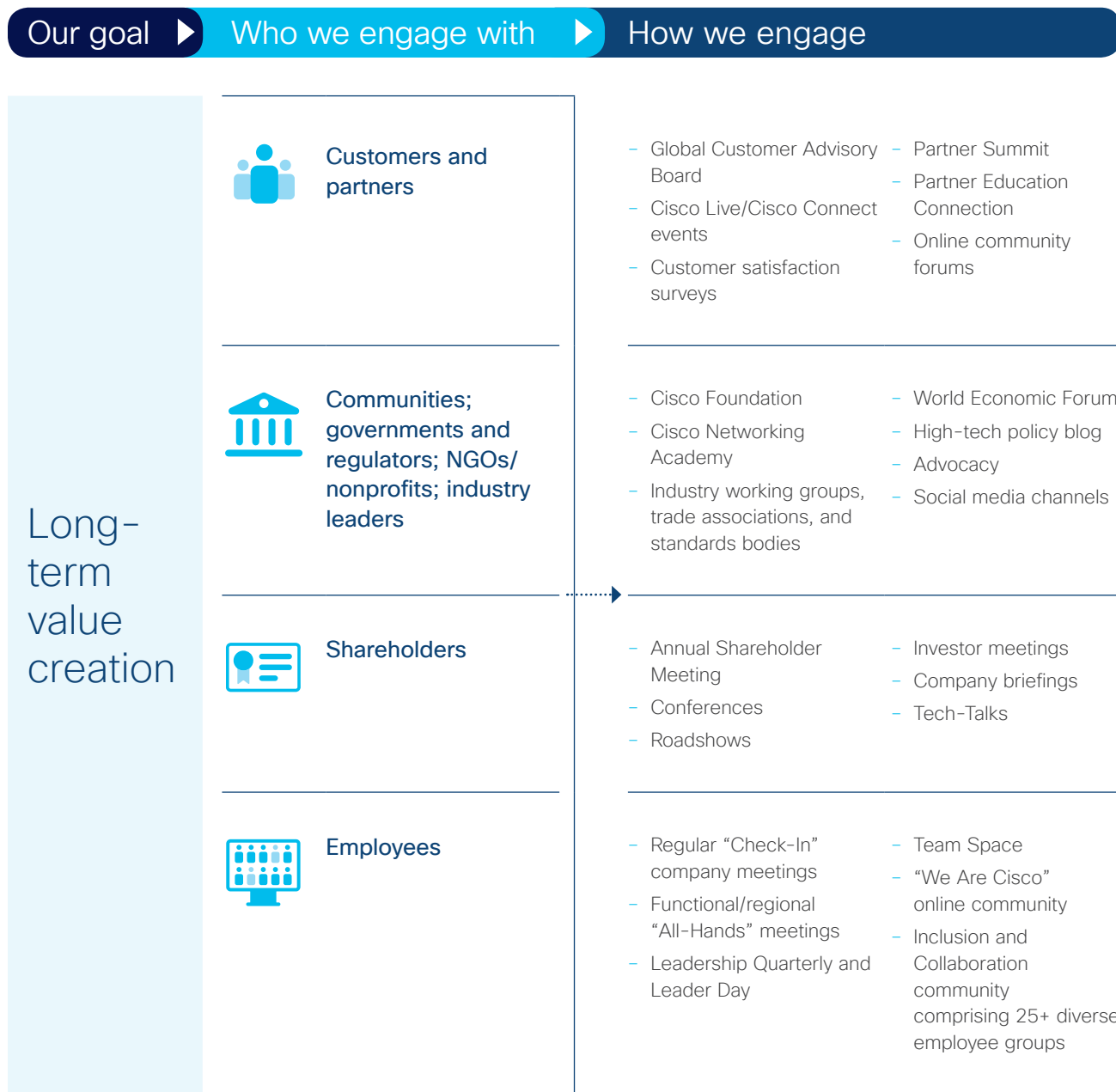
1 billion

Positively impact 1 billion people through our social impact grants and signature programs by 2025



# Stakeholder engagement

At Cisco, we believe that by offering an attractive value proposition to customers and partners, by creating diverse and inclusive workplaces and a conscious culture for employees, and by engaging regularly with shareholders and communities, we can create and maximize long-term value. The following chart presents a summary of our key stakeholder groups and some examples of how we engage with them.



# Shareholder information and forward-looking statements

## Executive Officers

**Charles H. Robbins**  
Chairman and Chief  
Executive Officer

**Mark Chandler**  
Executive Vice President,  
Chief Legal Officer, and  
Chief Compliance Officer

**Gerri Elliott**  
Executive Vice President  
and Chief Sales and  
Marketing Officer

**Kelly A. Kramer\***  
Executive Vice President  
and Chief Financial Officer

**Maria Martinez**  
Executive Vice President  
and Chief Customer  
Experience Officer

**Irving Tan**  
Executive Vice President,  
Chief of Operations

## Principal Accounting Officer

**Prat S. Bhatt**  
Senior Vice President,  
Corporate Controller, and  
Chief Accounting Officer

## Resources

For more information about Cisco, to view the Annual Report online, or to obtain other financial information without charge, contact:

**Investor Relations**  
Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
1 408 227 CSCO (2726)

**investor.cisco.com**  
Cisco's stock trades on the NASDAQ Global Select Market under the ticker symbol CSCO.

**Independent Registered Public Accounting Firm**  
PricewaterhouseCoopers LLP  
San Jose, CA

## Transfer Agent and Registrar

Computershare Investor Services  
P.O. Box 505000  
Louisville, KY 40233-5000  
[www-us.computershare.com/investor](http://www-us.computershare.com/investor)

Toll-free: 1 800 254 5194  
International: 1 781 575 2879

## Notice of Annual Meeting

Date: December 10, 2020  
Time: 8:00 a.m. Pacific time  
Virtual Shareholder Meeting:  
[www.virtualshareholdermeeting.com/CSCO2020](http://www.virtualshareholdermeeting.com/CSCO2020)

\* Ms. Kramer notified Cisco of her decision to resign from Cisco. She will continue to serve in her role until such time as a successor is appointed.

## Forward-looking statements

This Annual Report contains forward-looking statements regarding future events and our future results that are subject to the safe harbor provisions created under the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended. These statements are based on current expectations, estimates, forecasts, projections, and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," "will," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to our anticipated growth, trends in our business, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including the impact of the COVID-19 pandemic; business and economic conditions and growth trends in the networking industry; our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth and evolution of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market and other customer markets; the return on our investments in certain priorities, key growth areas, and certain geographical locations, as well as maintaining leadership in routing, switching, and services; the timing of orders and manufacturing and customer lead times; changes in customer order patterns or customer mix; insufficient, excess, or obsolete inventory; variability of component costs; variations in sales channels, product costs, or mix of products sold; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; our ability to achieve expected benefits of our partnerships; increased competition in our product and service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, intellectual property, antitrust, shareholder, and other matters, and governmental investigations; our ability to achieve the benefits of the announced restructuring and possible changes in the size and timing of the related charges; cyber attacks, data breaches, or malware; vulnerabilities and critical security defects; terrorism; natural catastrophic events; any other pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, engineering, service, marketing, and manufacturing activities; our ability to recruit and retain key personnel; our ability to manage financial risk and to manage expenses during economic downturns; risks related to the global nature of our operations, including our operations in emerging markets; currency fluctuations and other international factors; changes in provision for income taxes, including changes in tax laws and regulations or adverse outcomes resulting from examinations of our income tax returns; potential volatility in operating results; and other factors listed in Cisco's most recent report on Form 10-K contained in this Annual Report. Our results of operations for the year ended July 25, 2020, are not necessarily indicative of our operating results for any future periods. We undertake no obligation to revise or update any forward-looking statements for any reason.



**Americas Headquarters**

San Jose, CA, USA

**Asia Pacific Headquarters**

Singapore

**Europe Headquarters**

Amsterdam, The Netherlands

Cisco has more than 450 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).

Published October 2020

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