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About this Report

This report describes Cisco's efforts in corporate social responsibility (CSR) governance and practices, and our commitment to our employees, the environment, and society. It reflects our thinking and progress to date on the issues that affect the sustainability and health of our business and the communities in which we operate, and describes the tangible benefits of our CSR activities to our business, shareholders, employees, and the broader world. This report complements the Cisco annual shareholder report and is primarily targeted to investment analysts to help them better evaluate the whole health and management of our business. It covers key social and environmental performance information for fiscal year 2007 (FY07) for Cisco. In general, our IronPort, Linksys, Scientific Atlanta, and WebEx subsidiaries are not included in the corporatwide statistics. We have, however, included subsidiaries in instances where they highlight technology and social investment innovations. All currency references are represented in U.S. dollars unless otherwise indicated.

We have prepared this report using the current Global Reporting Initiative guidelines; the UN Global Compact; and feedback from our employees, shareholders, customers, partners, and the community of nongovernmental organizations (NGOs).

We believe that this information is a faithful representation of our business operations, presented in the context of our social and economic responsibility to our employees, shareholders, customers, partners, and the communities in which we operate.

For questions about this report and its contents, please contact: citizenship@cisco.com

A Letter from John Chambers



More than a decade ago, the network was positioned to become the platform to enable transactions—entering orders on line, conducting Internet-based searches, and e-mail. Today, we believe we are about to enter the next major phase of the Internet's impact on business and life experiences, and it will be driven by collaboration and Web 2.0 technologies. We believe this next phase will have a dramatic impact on productivity, innovation, the way we communicate, and the way we live.

Technology, when combined with process change, has the ability to influence all aspects of our business and personal lives, including our contribution to the global economy. Cisco's long-standing commitment to corporate social responsibility (CSR) extends from transforming global education, to building healthier, more productive communities to our Green initiative and the commitments we have made to corporate sustainability.

In this third annual Corporate Citizenship Report, we provide details on our progress in addressing corporate social responsibility, the risks and opportunities that affect the sustainability of our business, and our contributions to the global community.

Companies in today's global economy are not only accountable for the quality of their products and the profitability of their businesses, they also have an obligation to fulfill social and environmental commitments to their employees, customers, partners, and shareholders as well as to the communities in which they operate. Cisco's commitments are built on our ability to help facilitate collaboration and provide citizens, communities, countries, and businesses with access to information and opportunities that improve the way people work, live, play, and learn. In this way, we can increase the power of the human network.

Since Cisco's inception, we have had a culture and philosophy of corporate social responsibility and community involvement. It is embedded in our DNA and driven through our vision, strategic planning, and execution. The results of Cisco's efforts are reflected in the prestigious awards we have received over the years for our exemplary global business practice.

Cisco is committed to environmental responsibility in our business operations, products, and network architecture design. This past year, we established an EcoBoard to set an environmental strategy and oversee companywide environmental programs. We believe that through the power of the network, people are empowered to work, live, play, and learn in an environmentally sustainable way. This can be accomplished through reduction in transportation-related emissions using collaborative technologies such as Cisco TelePresence and Cisco Unified Communications, and also through improvements in workspace utilization and reductions in energy consumption. Our own collaborative technologies have the ability to reduce our carbon footprint by decreasing employee travel, and we can in turn show our customers, partners, and suppliers how to do the same.

A Letter from John Chambers

Working with our social development partners, we continue to apply networking technology and expertise to expand educational opportunities in communities around the world, creating jobs, strengthening economies, and raising standards of living. These social benefits open new opportunities for us all.

I invite you to review and comment on our efforts. This report provides updates on our progress on the United Nations Global Compact, Global Reporting Initiative (GRI), and Key Performance Indicators (KPIs). I'm proud of the successes we have achieved to date, and I'm looking forward to the future and how together we can improve our global community.

A handwritten signature in black ink that reads "John T. Chambers". The signature is fluid and cursive, with a long, sweeping underline.

John T. Chambers
Chairman and CEO

A Letter from Tae Yoo

A Letter from Tae Yoo



Cisco believes that building a strong portfolio of social investments is much like building a strong network infrastructure: as you multiply connections and productive interactions, you also multiply the benefits. Just as networks link people to each other and to shared resources, our corporate citizenship initiatives link the company's business strategy to our stakeholders' socioeconomic and environmental concerns.

Cisco's Corporate Social Responsibility programs and partnerships make it possible for us to give back to the global community in many significant ways, at various levels of involvement. We are pleased to report that by leveraging our human, technical, financial, and business resources, we and our partners have made a real difference in our targeted areas of educational transformation, socioeconomic progress, and environmental stewardship.

This year marks the tenth anniversary of the Cisco Networking Academy, a pioneering e-learning program that now operates in more than 160 countries and has touched more than 2 million students—an ever-growing percentage of them women in many regions. Students acquire technical skills that enable them to participate in an economy increasingly driven by technological initiatives, which in turn helps energize local economies and bring underserved communities across the digital divide. The Networking Academy program is but one aspect of a comprehensive strategy that aims to achieve educational transformation by reinforcing and expanding our educational initiatives on a broad front.

The right partnerships are critical to the success of our Corporate Social Responsibility programs. Ranging from nongovernmental organizations and nonprofits to public schools and consultants, our partners help us identify specific needs, apply appropriate technologies and practices, and convert good intentions into tangible results.

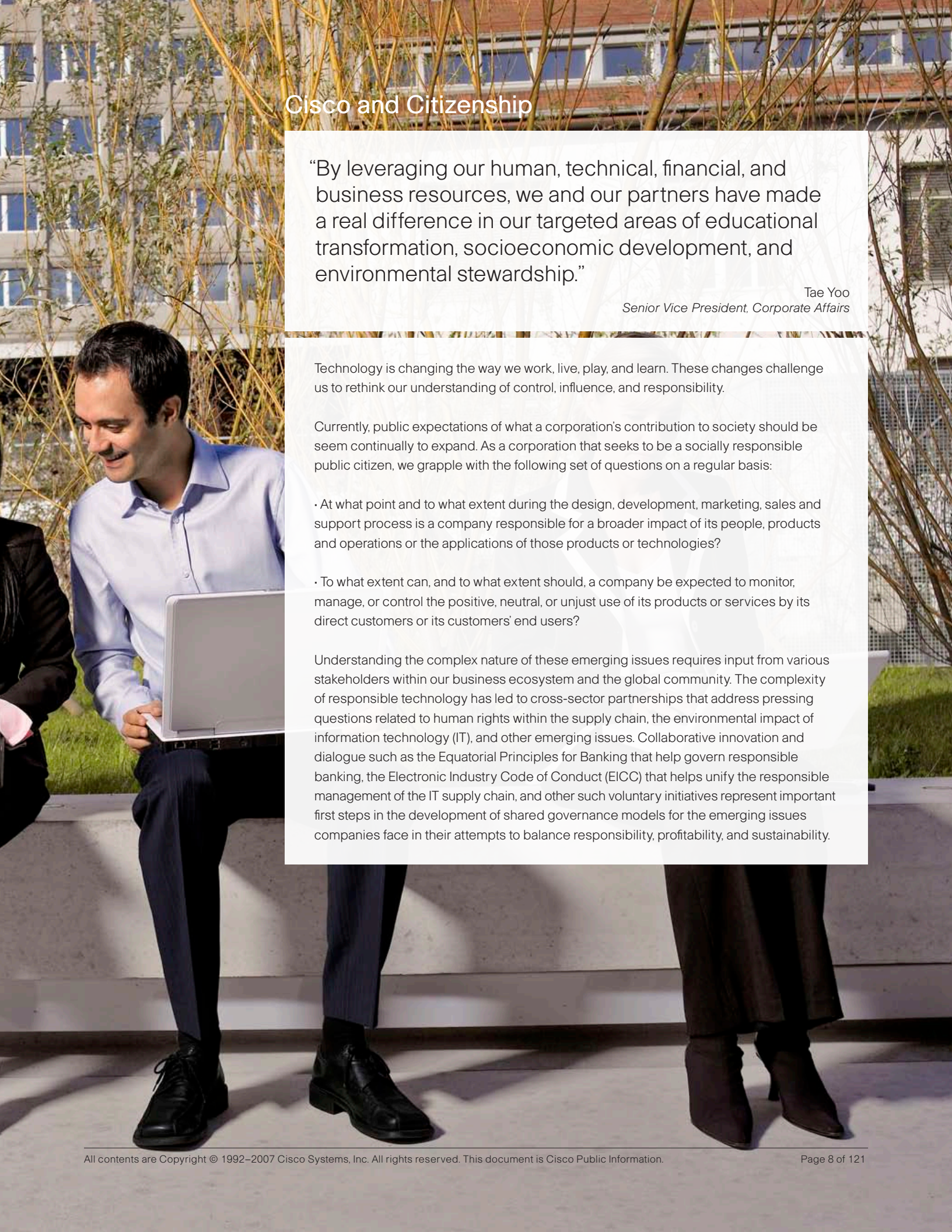
A Letter from Tae Yoo

With the help of our partners, we are: creating an innovative global model for learning that turns schools into community hubs (the 21st Century Schools Initiative); bringing low-cost communication to farmers in rural India to give them access to agricultural support (the LifeLines India project); helping the Lebanese people rebuild their economy and recover from war (Partnership for Lebanon); providing access to network-based educational resources and technology to approximately 30,000 students in 15 African countries (New Partnership for Africa's Development); and moving forward with many other initiatives.

In all these endeavors our goal is to empower individuals and communities by giving them the means and the knowledge to bring about positive and lasting change within the context of their own cultures. Whether the effects are direct and dramatic, or residual and subtle, we work to ensure that we have achieved the measurable results that demonstrate we are on the right track. And judging by the initiatives described in this report, it is clear that we are.

A handwritten signature in black ink, appearing to read 'Tae Yoo' in a cursive style.

Tae Yoo
Senior Vice President of Corporate Affairs



Cisco and Citizenship

“By leveraging our human, technical, financial, and business resources, we and our partners have made a real difference in our targeted areas of educational transformation, socioeconomic development, and environmental stewardship.”

Tae Yoo

Senior Vice President, Corporate Affairs

Technology is changing the way we work, live, play, and learn. These changes challenge us to rethink our understanding of control, influence, and responsibility.

Currently, public expectations of what a corporation's contribution to society should be seem continually to expand. As a corporation that seeks to be a socially responsible public citizen, we grapple with the following set of questions on a regular basis:

- At what point and to what extent during the design, development, marketing, sales and support process is a company responsible for a broader impact of its people, products and operations or the applications of those products or technologies?
- To what extent can, and to what extent should, a company be expected to monitor, manage, or control the positive, neutral, or unjust use of its products or services by its direct customers or its customers' end users?

Understanding the complex nature of these emerging issues requires input from various stakeholders within our business ecosystem and the global community. The complexity of responsible technology has led to cross-sector partnerships that address pressing questions related to human rights within the supply chain, the environmental impact of information technology (IT), and other emerging issues. Collaborative innovation and dialogue such as the Equatorial Principles for Banking that help govern responsible banking, the Electronic Industry Code of Conduct (EICC) that helps unify the responsible management of the IT supply chain, and other such voluntary initiatives represent important first steps in the development of shared governance models for the emerging issues companies face in their attempts to balance responsibility, profitability, and sustainability.

Cisco and Citizenship

Responsible Management and CSR Governance



At Cisco, we invest significant time and resources to help ensure that our activities and policies are consistent with and promote our goals, initiatives, and business values.

Our Sustainable Business Practices (SBP) team, in partnership with functional Cisco business leaders, endeavors to continuously improve our CSR practices and programs. In particular, the SBP team engages with our global stakeholders to identify emerging issues and then evaluates our CSR performance by assessing our social, ethical, and environmental practices and policies.

Each quarter, the SBP team and Senior Vice President of Corporate Affairs report on CSR issues and performance to the Executive Vice President of Operations and his direct staff. Unaddressed issues may be assigned directly to the appropriate business leader or cross-functional team for further recommendation and resolution. Broader issues and recommendations affecting Cisco's long-term strategic plan may be escalated to peers on Cisco's Operating Committee for further discussion and resolution.

We believe that our Board of Directors is able to effectively oversee the impact Cisco's policies and activities have on our responsible business management and overall CSR performance through the SBP group, as well as through various CSR issue-related councils, project teams, and embedded businesses processes.

Ethical guidelines for all Cisco employees and our subsidiaries, as well as members of the Cisco Board of Directors, are developed by the Cisco Ethics Program Office, presented through the [Cisco Code of Business Conduct](#), and annually affirmed by employees.

The Code of Business Conduct has been designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that Cisco files with, or submits to, government agencies and in other public communications
- The protection of Cisco's confidential and proprietary information and that of our customers and vendors
- Compliance with applicable governmental laws, rules and regulations
- The prompt internal reporting of violations of this code
- Accountability for adherence to this code

Cisco and Citizenship

Defining Emerging Issues and Their Business Relevance



Many important economic, environmental, and social issues affect individual businesses and the global community. The challenge for companies is to identify and prioritize issues that will have a significant substantive influence on the assessments and decisions of internal decision makers and that will significantly contribute to the sustainability of the business. At Cisco our approach to identifying trends, defining emerging issues, and prioritizing these issues has three components:

- **Industry-Level Collaboration and Materiality Evaluation:** Review issues common to the IT industry and partner with industry peers to define how emerging issues affect typical IT business models.
- **Company-Level Business Continuity and Materiality Evaluation:** Responsibly evaluate and manage risks. Assess an issue's impact to the company's operations, business models, and strategic plan.
- **Stakeholder Engagement:** Check and recheck priorities, recommendations, findings, and potential actions with stakeholders.

Industry-Level Collaboration on CSR Issues

Cisco is active in a variety of industrywide groups focused on finding practical means to address CSR issues that affect the IT industry and global community. Two groups that have deepened our understanding of stakeholder perspectives and provided turnkey solutions are the Global eSustainability Initiative (GeSI) and the Electronic Industry Code of Conduct (EICC) Supply Chain working group.

Cisco is a board member of GeSI, an initiative of IT companies aimed at furthering sustainable development in the IT sector. We actively participate on the GeSI board, as well as with the Climate Change, Materiality, and Supply Chain working groups, whose aims are to develop common industry practices and shared solutions where appropriate.

Cisco and Telefonica cochair the GeSI Materiality working group, which has the overall objective of identifying key issues of material concern regarding the IT sector as identified by GeSI members, other IT companies, investment analysts, civil society groups, and other stakeholders. The research activities of this work group take into account the contribution of CSR reporting frameworks and thought leadership from the Global Reporting Initiative, Millennium Development Goals, literature review, and an inventory of best practices. The working group plans to delineate how common CSR issues may uniquely affect IT industry subsectors such as consumer electronics, service providers, and Internet and equipment manufacturers, and the group offers guidelines to unify reporting of material issues to stakeholders.

The ultimate goal of this project is to help IT companies better support their own materiality processes, refine sustainability reporting and strategies, and help investment analysts understand the issues considered most material to companies in the IT sector.

Cisco and Citizenship

Cisco has been a member of the EICC almost since its inception in 2004, and is currently a member of the group's Steering Committee. In addition, Cisco chairs the Joint Audit Work Group, which is charged with planning and facilitating the collaborative audits of shared suppliers. In this role, Cisco works with other IT companies to develop tools and guidelines to ensure the audits are comprehensive, consistent, and compliant with the intent of the Code of Conduct.

CSR, Business Resiliency, and Responsible Risk Management



A successful business resiliency program involves anticipating and preparing for the major disruptive threats that a company faces. Cisco's business resiliency efforts range from helping to ensure redundancy in communications systems to maintaining the safety of Cisco employees to dealing with pandemic threats and natural disasters to evaluating geopolitical risks within our supply chains.

Cisco also develops "risk maps" that measure the likelihood and severity of an adverse event based on interviews with the risk owners within the company. These risk maps identify the portfolio of assets that are at risk, the level of risk, what considerations need to be built into the business model to address the risks, and how the risks should factor into a group or business unit's decision-making process.

Helping Cisco Partners Reduce Risk

In the supply chain, Cisco works with our partners to help minimize their risks, which in turn reduces risk for Cisco. The supply-chain risk management organization helps to develop analytics to assess and predict risk scenarios, then works directly with the manufacturing entities to help identify, assess, and avoid risks. Site assessments are undertaken directly, or we employ a third-party assessor to do the inspection. Risk assessors employ actuarial data to look at factors like the potential for a natural disaster at the site.

Over the past year we have extended our view into and understanding of our supply chain to include a more rigorous examination of the emerging market countries in which we do business. To proactively understand and address the challenges in the supply chain in these countries, we developed a systematic process which aims to identify the supply chain transformation required to improve supply chain performance and customer satisfaction, based on the unique aspects of each country. The following factors are taken into consideration:

Region & Country Characteristics	Market Entry Requirements	Supply Chain & Manufacturing Capability
Regional demographics National demographics Revenue Growth rates Competitors Risks Customers Customer satisfaction scores Customer feedback Political, social, economic, and technology factors Institutional voids	Country-of-origin requirements Corporate social responsibility Product lead times Tax Customs rates	Transportation infrastructure Logistics providers Customs lead time In-country company benchmarks Contract manufacturing base Supply base Channel partners Reverse logistics supply chain Customer advocacy supply chain

Cisco and Citizenship

We also determine site-specific risks to buildings and equipment. For example, one location may introduce a higher geopolitical risk but present fewer natural-hazard risks. We try to anticipate and avert possible problems.

To support sound business resiliency decisions throughout our relationships with our suppliers, we meet regularly with the contract manufacturers and key component suppliers who build or add value to our products, to discuss what risks we face and what actions those risks require.

Similarly, within our sales operations, our country managers review new sales engagements. Our sales team as well as sales partners and resellers receive training on our business ethics. Country managers monitor and review sales engagements in the field and are supported by local legal resources and HR staff to escalate issues requiring further efforts.

Cisco and Citizenship

Stakeholder Engagement



Cisco engages with stakeholders in three primary ways: industry group stakeholder engagement, third-party facilitated individual interviews or convened groups, and ongoing conversations with established stakeholders.

Through these engagements, Cisco aims to gain perspective and insight regarding our corporate citizenship performance, specifically:

- To learn more about how Cisco's current corporate citizenship is perceived and where the company could be more transparent or change current practice
- To get forward-looking information from stakeholders with particular subject-matter expertise, industry knowledge, or insight into our lines of business and specified growth areas
- To provide Cisco leadership with a chance to listen to different perspectives and build ongoing relationships with key influencers

The feedback from recent stakeholder engagements indicates that our stakeholders believe Cisco has made progress in areas of corporate social responsibility (CSR). Stakeholders view Cisco as a leader in CSR, as evidenced by our participation in Electronic Industry Code of Conduct (EICC) and the Global e-Sustainability Initiative (GeSI), for example. In addition, stakeholders view Cisco as transparent, accessible, and a strong performer, and they feel our participation in external groups is broad-ranging.

For the future, our stakeholders look to Cisco to provide more nuanced data and metrics in support of our CSR activities, as well as to anticipate trends and continue to play a leadership role in addressing emerging CSR issues.

Identified Issues

In addition to asking for feedback on Cisco's CSR performance, we actively solicit feedback on important emerging issues. The following issues were identified as most pressing:

- Individual rights to privacy, and how Cisco's products and services fit into that debate
- Data security and the development of technology solutions to address security
- Internet censorship and freedom of expression
- Cisco's position on Internet neutrality
- Cisco's CSR and corporate governance, particularly our internal implementation of policies
- China's policies toward the Internet
- Information on the management systems in place to meet our CSR goals
- Incentives for employees (and executives in particular) to meet our CSR goals and targets
- Political contributions

Cisco and Citizenship

Cisco's 2006 report addressed stakeholder concerns for net neutrality, human rights, and privacy. This year we will address questions related to our responsible risk management, the relationships within our value chain, and our investigation of concerns raised by stakeholders concerning human rights and freedom of expression, and accessibility of the Internet, particularly in China

Issues Spotlight: Human Rights, Freedom of Expression, and China

We maintain a specific corporate policy on human rights and other codes and policies addressing human rights for our employees and suppliers. With regard to our product and the indirect customers of our products:

- Cisco does not customize, or develop specialized or unique filtering capabilities, in order to enable different regimes to block access to information.
- Cisco sells the same equipment in China as it sells worldwide.
- Cisco is not a service or content provider or network manager.
- Cisco has no access to information about individual users of the Internet.

Issues Spotlight: Political Contributions

Cisco does not donate corporate money to political candidates or parties. Cisco has a political action committee (PAC) funded voluntarily by employees. All information on the Cisco PAC is readily available by accessing the [Federal Election Commission Website](#).

Progress on the United Nations Global Compact



Since 2001 Cisco has supported the United Nations Global Compact (UNGC), which brings businesses together with UN agencies, labor organizations, civic organizations, and governments to advance 10 universal principles in the areas of human rights, labor, environment, and anti-corruption. These principles are outlined in greater detail below.

Cisco is proud to be highlighted in the UNGC Annual Review, launched at the July 2007 [UN Global Compact Summit](#). The review cites Cisco's consistent promotion of appropriate labor practices, and Cisco's global ["Gender Initiative" partnership project](#) with UNIFEM is commended in the UNGC publication [Joining Forces for Change: Demonstrating Innovation and Impact through UN-Business Partnerships \(2007\)](#).

Cisco's commitment to the UNGC is further reflected in the integration of the values of the Ten Principles into its own codes of conduct, policies, and programs, as described below.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	We strive to protect and actively enhance the human dignity of our employees and the communities in which we operate. We support the United Nations Universal Declaration of Human Rights and, as outlined in our Code of Business Conduct and employee policies, we expect all our employees to treat others equally and with respect and dignity. We extend this commitment to our suppliers through Our Supplier Code of Conduct .
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	

Examples:

Cisco works in the community to enhance the equality, rights and freedoms of local communities:

- LifeLines India: Cisco works in partnership with BT and OneWorld (a charitable organization working to promote human rights and sustainable development) to deliver a telephone-based agricultural information service to rural farmers. The project helps achieve the digital inclusion and improved economic livelihoods of rural communities, giving hundreds of families a better quality of life.
- The Cisco Women's Empowerment Program provides Arab and Jewish women in Israel with technology training, soft skills, microloans, and business mentoring. In Israel, the gender gap is complicated by a cultural divide between Arabs and Jews. This opportunity to bring Arab and Jewish women together helps to break down prejudices and introduce greater tolerance and understanding, thus paving the way for greater gender and racial equality.

Cisco and Citizenship

Cisco encourages its employees to utilize their right and responsibility to express their views on matters that affect their operations:

- Employee Initiatives: Thanks to the perseverance of our employees, Cisco boasts some of the most innovative and effective reuse and recycle programs in the industry, keeping our electronic waste and environmental impact to a minimum.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Cisco recognizes that our most valuable asset is our workforce. The section of this report entitled Cisco and Our Employees details the numerous policies which help ensure that our work environment is free from harassment and discrimination and that we treat employees with dignity, respect, and courtesy. We maintain a culturally diverse workforce, and Cisco Employee Networks foster an inclusive organizational culture by bringing together colleagues who share a similar culture, identity, interest, or goal. We earned a number of awards in recognition of our diversity and inclusion efforts and accomplishments in the past year. Cisco's Supplier Code of Conduct helps ensure that our suppliers maintain standards on working conditions, working hours, discrimination, and child and forced labor that, in many cases, are more stringent than local law.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
Principle 5: Businesses should uphold the effective abolition of child labor.	
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	

Examples:

Cisco actively promotes an inclusive and diverse workplace:

- Cisco Employee Networks open to all Cisco employees, bring colleagues together who share a similar culture, identity, interest, or goal. Employee networks facilitate career development, formal and informal mentoring, and social interaction. Examples are the Cisco Black Employee Network, Women's Action Networks, and the Gay Lesbian Bisexual Transgender Network.
- We are dedicated to increasing the number of women who choose to pursue technical careers, and we strive to advance the education and participation of women in networking through strategic partnerships and programs such as the [Cisco Networking Academy Gender Initiative](#), a partnership project with UNIFEM.

Cisco and Citizenship

The Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.	Cisco commits to responsible environmental practices throughout our business. Our innovative environmental programs are designed to increase the energy efficiency of our operations, reduce waste, and protect the environment in communities where we work. Cisco technology also helps us and others achieve cleaner operations. Our products are developed for energy efficiency, and we monitor their safe disposal. We adhere to many international standards and strive to do more by making protecting the environment a companywide priority.
Principle 8: undertake initiatives to promote greater environmental responsibility.	
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	

Examples:

- Cisco's European executive-led climate change working group aims to understand how Cisco products can help us and our customers to reduce greenhouse gas emissions, and to develop the carbon competence of all our European business operations.
- Cisco Connected Workplaces minimize energy use and waste generation. Taking advantage of technology helps reduce our impact on the environment by decreasing the amount of infrastructure required and associated energy, water, and materials used.
- Product Stewardship incorporates environmental considerations into every stage in the lifecycle of our products, from the extraction of raw materials to a product's eventual disposal.
- Cisco Unified Communications provides us and our customers with integrated communication and collaboration solutions, reducing the need for business travel and thus reducing greenhouse gas emissions.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Cisco's Code of Business Conduct outlines the legal and ethical standards we expect our employees to adhere to in their business dealings. It applies to our Cisco employees and subsidiaries. We also expect our suppliers, customers, and resellers to adhere to its contents.
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Examples:

Cisco's Ethics Program Office monitors our Code of Business Conduct, helping to ensure that our employees receive individual and online training on various topics covered by our codes of conduct.

Cisco and Citizenship

Key Performance Indicators



The Key Performance Indicators (KPIs) in the table below quantify our corporate social responsibility performance and progress over the past year. Cisco regularly analyzes and updates these KPIs.

	Indicators	FY05	FY06	FY07
Workplace				
Employee satisfaction	Percentage of employees who agreed with seven statements about Cisco as a place to work (average)	81%	85% ¹	86%
Voluntary employee attrition	Total voluntary attrition as percentage of ending head count	4.6% ²	5.4% ³	6.6% ⁴ 6.9% ⁵
Health and safety	Number of nonfatal injuries and illnesses during fiscal year	129	107	93
Diversity				
Women	Women as percentage of total employees	22% ⁵	22% ⁵	22.8% ⁵
	Women as percentage of employees in VP positions or above	13% ^{4,6}	14% ^{4,6}	15.12% ⁴
Ethnic minorities (U.S. only)	Ethnic minorities as percentage of total employees	42%	43%	43%
	Ethnic minorities as percentage of employees in VP positions and above	17%	17% ⁶	15.51%

Cisco and Citizenship

Environment*				
Worldwide energy consumption	Gigawatt-hours (GWh)	753	856	898 ⁷
Normalized worldwide energy consumption	GWh per \$Bn sales	30.4	31.1	28.0 ⁷
Greenhouse gas emissions	1000 tons of carbon dioxide (tCO ₂)	312	349	311 ⁷
Normalized greenhouse gas emissions	tCO ₂ per \$M sales	12.6	12.7	9.7 ⁷
Product recycling	Tons of equipment	n/a	4516	7102
Social Impact				
Social investment	Total corporatewide and foundation cash and in-kind contributions	\$65 million	\$115.5 million	\$116.8 million
Employee volunteerism	Number of hours volunteered by employees	235,000 ⁸	160,000	130,000
Educational output	Number of students enrolled worldwide in Cisco Networking Academy courses	459,723	466,935	501,019
Leadership Fellows	Number of full-time Cisco employees dedicated to social investment projects	5	8	17
Social and economic investment	Number of countries where Cisco currently invests or manages programs	n/a	165	160 ⁺⁹
Strategic partners	Significant collaborations with corporate partners, nonprofits, and NGOs	31	36	34

* Energy and greenhouse gas emissions data that appeared in the FY05 and FY06 reports was adjusted in FY07 to reflect improved data quality. The FY05 and FY06 data in this report incorporates those adjustments. This has resulted in an average 2% increase in reported greenhouse gas emissions for FY05 and FY06.

¹ As of December 2005

² As of end of Q1 FY06

³ As of June 28, 2006

⁴ U.S. only, excluding subsidiaries

⁵ Global, excluding subsidiaries

⁶ Data corrected on November 16, 2006

⁷ FY07 data represents approximately 71% of Cisco's business by employee head count and presently excludes data for Scientific Atlanta.

⁸ In FY05 volunteerism increased significantly as part of that year's 20 Years of Service campaign.

⁹ For administrative purposes, we have defined some regions as "countries" that are not autonomous states or are not recognized as countries by international bodies such as the United Nations. Examples of these include Hong Kong, Puerto Rico, and Taiwan.

Global Reporting Initiative Indicators



[The Global Reporting Initiative \(GRI\)](#) has pioneered the development of the world's most widely used sustainability reporting framework, which sets out principles and indicators to measure and report economic, environmental, and social performance. Information in the table below cross-references our report content with the GRI indicators. Cisco shares GRI's commitment to corporate transparency, accountability, reporting, and sustainability.

STRATEGY AND ANALYSIS

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Yes	Letter from John Chambers
1.2	Description of key impacts, risks, and opportunities.	Yes	Responsible Management and CSR Governance and Defining Emerging Issues and Their Business Relevance and CSR, Business Resiliency, and Responsible Risk Management and Stakeholder Engagement

Cisco and Citizenship

ORGANIZATION PROFILE

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Organization Profile			
2.1	Name of the organization	Yes	About Cisco
2.2	Primary brands, products, and/or services	Yes	Cisco Corporate Overview
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Yes	Cisco Corporate Overview
2.4	Location of organization's headquarters	Yes	Cisco Fact Sheet
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Yes	Cisco Offices Worldwide
2.6	Nature of ownership and legal form	Yes	Cisco Investor Relations
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Yes	Cisco Corporate Overview
2.8	Scale of the reporting organization, including: Number of employees, Net sales, Total capitalization broken down in terms of debt and equity, Quantity of products or services provided	Yes	Cisco Annual Report 2007 Financial Review and Cisco Financial Highlights
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions; Changes in the share capital structure and other capital formation, maintenance, and alteration operations	Yes	Cisco Annual Report 2007 Financial Review and Cisco Financial Highlights
2.10	Awards received in the reporting period	Yes	Corporate Social Responsibility Awards, and included with each relevant section

REPORT PARAMETER

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Report Profile			
3.1	Reporting period for information provided.	Yes	Corporate Citizenship Report 2007
3.2	Date of most recent previous report.	Yes	Corporate Citizenship Report 2006
3.3	Reporting cycle (annual)	Yes	Corporate Citizenship Report 2007
3.4	Contact point for questions regarding the report or its contents.	Yes	citizenship@cisco.com
Report Scope and Boundary			
3.5	Process for defining report content, including: Determining materiality, Prioritizing topics within the report, and Identifying stakeholders the organisation expects to use the report	Yes	Cisco and Citizenship
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Yes	Introduction: Cisco's Corporate Citizenship Report 2007
3.7	State any specific limitations on the scope or boundary of the report	Yes	Introduction: Cisco's Corporate Citizenship Report 2007
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Yes	Introduction: Cisco's Corporate Citizenship Report 2007
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	-	
3.1	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-	

Cisco and Citizenship

GRI Context Index			
3.12	Table identifying the location of the Standard Disclosures in the report	Yes	Global Reporting Initiative Indicators
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	-	

Cisco and Citizenship

GOVERNANCE

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Yes	Responsible Management and CSR Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Yes	Responsible Management and CSR Governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Yes	Investor Relations and Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Yes	Responsible Management and CSR Governance and Cisco's Code of Business Conduct
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	-	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Yes	Responsible Management and CSR Governance and Cisco's Code of Business Conduct
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Yes	Responsible Management and CSR Governance and Defining Emerging Issues and Their Business Relevance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Yes	Social Responsibility and the Human Network and Cisco and Citizenship and Cisco and our Employees and Cisco and the Environment and Cisco and Society

Cisco and Citizenship

4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Yes	Responsible Management and CSR Governance
4.1	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Yes	Responsible Management and CSR Governance
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	-	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Yes	Cisco and Citizenship and Progress on the UN Global Compact and Millennium Development Goals and Cisco's Supply Chain
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	Yes	Stakeholder Engagement and Cisco's Supply Chain
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization.	Yes	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Yes	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Yes	Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Yes	Stakeholder Engagement and Defining Emerging Issues and Their Business Relevance

Cisco and Citizenship

ECONOMIC

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Yes	Cisco Annual Report 2007 and Cisco Financial Highlights
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Yes	Cisco and the Environment
EC3	Coverage of the organization's defined benefit plan obligations	-	
EC4	Significant financial assistance received from government	-	
Market Presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	-	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	-	
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Yes	Cisco and Society

Cisco and Citizenship

ENVIRONMENTAL

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Materials			
EN1	Materials used by weight or volume.	-	
EN2	Percentage of materials used that are recycled input materials.	-	
Energy			
EN3	Direct energy consumption by primary energy source	Yes	Key Performance Indicators and Cisco and the Environment
EN4	Indirect energy consumption by primary source	-	
EN5	Energy saved due to conservation and efficiency improvements	Yes	Cisco and the Environment
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Yes	Cisco and the Environment
Water			
EN8	Total water withdrawal by source	Yes	Responsible Operations
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	

Cisco and Citizenship

Emissions, Effluents, and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	Yes	Key Performance Indicators Energy and Greenhouse Gas Emissions
EN17	Other relevant indirect greenhouse gas emissions by weight	-	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Yes	Energy and Greenhouse Gas Emissions
EN19	Emissions of ozone-depleting substances by weight	-	
EN20	NOx, SOx, and other significant air emissions by type and weight	-	
EN21	Total water discharge by quality and destination	Yes	Responsible Operations
EN22	Total weight of waste by type and disposal method	Yes	Responsible Operations
EN23	Total number and volume of significant spills	-	
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Yes	Product Stewardship
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Yes	Product Lifecycle Management
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	

SOCIAL PERFORMANCE: LABOR PRACTICES & DECENT WORK

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Employment			
LA1	Total workforce by employment type, employment contract, and region	Yes	Cisco and Our Employees
LA2	Total number and rate of employee turnover by age group, gender, and region	Yes	Recruiting, Retaining and Developing Talent and Key Performance Indicators
Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	-	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	-	
Occupational Health and Safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Yes	Key Performance Indicators and Employee Welfare and Safety
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Yes	Employee Welfare and Safety (and all subsections)
Training and Education			
LA10	Average hours of training per year per employee by employee category	Yes	Leadership Development
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Yes	Diversity and Inclusion
LA14	Ratio of basic salary of men to women by employee category	-	

Cisco and Citizenship

SOCIAL PERFORMANCE: HUMAN RIGHTS

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	-	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	-	
Non-Discrimination			
HR4	Total number of incidents of discrimination and actions taken	-	
Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Yes	Cisco's Code of Business Conduct and Supplier's Code of Conduct
Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Yes	Supplier's Code of Conduct
Forced and Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	Yes	Supplier's Code of Conduct

SOCIAL PERFORMANCE: SOCIETY

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Yes	Cisco and Society and CSR, Business Resiliency, and Responsible Risk Management
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption	Yes	Responsible Management and CSR Governance - Ethics Program Office
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Yes	Responsible Management and CSR Governance - Ethics Program Office
SO4	Actions taken in response to incidents of corruption	Yes	Code of Business Conduct
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying		Government Affairs Public Policy
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	

SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY

QUESTION/INDICATOR:		REPORTED:	FOUND AT:
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	-	Product Lifecycle Management and Hazardous Substances
Products and Service Labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	-	
Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	-	
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	

Cisco and Citizenship

Millennium Development Goals



[The United Nations' Millennium Development Goals](#) (MDGs) are eight objectives to be achieved by 2015 that respond to the world's main development challenges. With objectives that range from cutting poverty in half to halting the spread of HIV/AIDS, the MDGs are drawn from the Millennium Declaration signed by 147 heads of state and governments in 2000, and serve as a blueprint for governments toward building a better world in the 21st century.

[Click here](#) for a full list of goals, targets and indicators.

Cisco supports not only the eight goals themselves but the organization championing the goals: the UNDP. Cisco provided early stage funding and consulting expertise to create the MDG Monitor, an online Web-based portal that provides real-time, map-based news of MDG events from around the world as well as summarized country progress reports, to enable the development of a global summary of country needs and achievements by goal.

By using the power of the human network to bring focus to the needs of some countries, and the successes of others, Cisco firmly believes that the MDG Monitor can effectively promote renewed national efforts, and guide expertise and resources to those in need.

We believe that Cisco's education, human services, environmental and partnership projects around the world are helping to address the MDGs. Here are a few examples:

	GOAL 1 Eradicate extreme poverty and hunger	• Partnership with Oxfam • LifeLines, India • Grameen Microfinance
	GOAL 2 Achieve universal primary education	• Overcoming the digital divide in the Great Rift Valley • Global Education Initiative • 21st Century Schools Initiative • Teachers without Borders • http://www.cisco.com/web/about/ac49/ac55/outreach/education_higher_ed.html • http://www.cisco.com/web/about/ac48/about_cisco_community_partners_list.html

Cisco and Citizenship

	GOAL 3 Promote gender equality and empower women	• Women's Empowerment Program • Gender Initiative
	GOAL 4 Reduce child mortality	• Belgrade Children's Hospital
	GOAL 5 Improve maternal health	• Kijabe Hospital, Kenya • Mercy Ships
	GOAL 6 Combat HIV/AIDS, malaria and other diseases	• Global Partnership with Acumen Fund • http://www.cisco.com/web/about/ac48/about_cisco_community_partners_list.html • http://www.acumenfund.org/Impact/
	GOAL 7 Ensure environmental sustainability	• To read more about Cisco's Environmental Strategy see the Cisco and the Environment section of this report • UN StEP please see March 2007 announcement • www.step-initiative.org • http://www.computing.co.uk/itweek/news/2184961/un-launches-global-waste
	GOAL 8 Develop a Global Partnership for Development	• Global partnership with NetHope • http://www.cisco.com/web/about/ac48/about_cisco_community_partners_list.html • http://www.nethope.org/about.html • Partnerships for Education – with UNESCO and World Economic Forum • ITU-Cisco Human Capacity Building Project



Cisco and Our Employees

“At Cisco, the work we do makes a meaningful difference in people’s lives. We are all committed to changing the way we work, live, play and learn. Cisco employees thrive on forming close partnerships with customers and are engaged and active members of their communities, making a difference through social responsibility.”

Brian Schipper,
Senior Vice President, Human Resources

At Cisco, we believe that we must attract and retain the most talented people in our industry in order to remain competitive. So we listen carefully to what our employees worldwide say about the kind of workplace they want, and then develop programs to address those needs. We also solicit feedback to help ensure that leaders, direct reports, peers, internal clients, and external customers have an opportunity to assess our employees’ efficacy and satisfaction.

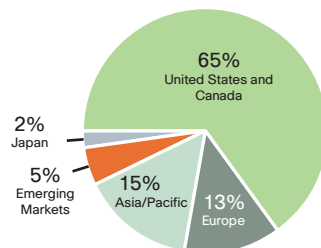
As in previous years, in FY07 we devoted substantial time to listening to our employees and we continued to improve current employee programs, exploring opportunities to increase flexibility in work arrangements and to enhance our employees’ ability to successfully integrate their work and home lives. We also introduced innovative programs to enhance employee health and well-being as well as to promote diversity and inclusion.

Cisco and Our Employees

Employee Demographics

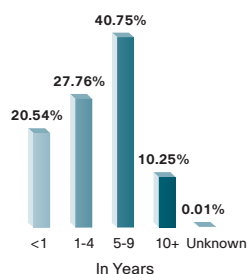
Our Global Workforce

As of the end of FY07, Cisco employed a total of 51,136 people worldwide (excluding our subsidiaries):



The following graphs categorize our employee base by age range and number of years worked at Cisco:

Employee Tenure



While 21 percent of our employees have been with Cisco for less than one year, 51 percent of our workforce has stayed with the company for five years or more, a figure that reflects the success of our efforts to retain employees.

Cisco and Our Employees

Satisfaction and Metrics



Employee Satisfaction

At Cisco, we believe that our ability to maintain our competitive advantage is rooted in the quality of our workforce. We believe that there is a high correlation between motivated, committed employees and the historically high levels of customer satisfaction that Cisco achieves. To help retain the best talent, we listen closely to our employees and respond to their suggestions and feedback.

An important tool for garnering that feedback is the Cisco Pulse Survey, which provides a confidential and consistent means for employees across Cisco to rate their experience with the company, and offers Cisco's leadership clear information on how well the company is performing as an employer.

Since October 2004, Cisco has conducted six biannual random-sample Pulse snapshot surveys. In March 2006, Cisco sent a census Pulse survey to all employees. We intend to continue to conduct an annual Pulse census survey as standard practice.

The snapshot and census Pulse surveys consist of 54 questions in 10 categories and focus on those areas that influence employee commitment and satisfaction. The survey is structured to allow baseline comparisons year over year and department to department.

The survey is designed to elicit employee feedback on work environment, career development, job satisfaction, relationship with management and peers, understanding of business priorities, perceived company honesty and ethics, empowerment, results and recognition, and teamwork and cooperation.

Our goal is to understand what motivates Cisco employees to say:

I am proud to work for Cisco.

I intend to work for Cisco for at least the next 12 months.

I would recommend Cisco as a good place to work.

I would encourage talented people to join Cisco.

Taking everything into account, I would say this is a great place to work.

Working here makes me want to do the best work I can.

I look forward to a long-term career at Cisco.

Cisco and Our Employees

Cisco Pulse Survey Results

	Q2 FY07 SNAPSHOT	Q3 FY06 SNAPSHOT	Q2 FY06 SNAPSHOT	Q4 FY05 SNAPSHOT	Q3 FY05 SNAPSHOT	Q2 FY05 SNAPSHOT
NO. OF RESPONDENTS	1644	2776	1753	1620	1710	1769
Cisco as a Place to Work	86%	85%	80%	81%	78%	81%
Understanding the Business	86%	82%	77%	81%	77%	80%
Teamwork and Cooperation	85%	85%	83%	80%	79%	79%
Empowerment	81%	81%	78%	79%	77%	78%
Honesty and Ethics	80%	78%	76%	75%	73%	75%
Job Satisfaction	77%	77%	73%	74%	72%	75%
Manager	76%	77%	75%	73%	72%	73%
Workgroup	75%	75%	72%	72%	70%	71%
Career Development	70%	70%	66%	69%	65%	70%
Results and Recognition	61%	63%	59%	57%	54%	57%

In the Q2 FY07 Pulse snapshot survey, 86 percent of employees rated Cisco's work environment as "very favorable." Other areas with strongly positive results included teamwork and cooperation, understanding the business, and empowerment.

After each survey, managers, business unit leaders, and company executives develop initiatives to address factors with the lowest survey scores and to reinforce factors with strong results.

Cisco and Our Employees

Best Employer Awards

During FY07, Cisco was recognized as an excellent workplace by numerous organizations in countries such as Australia, Belgium, Germany, India, New Zealand, Saudi Arabia, and the United States.

In January 2007, Cisco was named one of *The 100 Best Companies to Work For* in the United States by *Fortune* magazine. Cisco ranked number 11 on the list, up from number 25 in 2006. More than 1500 companies applied for a place on the 2007 list, and more than 446 were considered for the top 100. Cisco was also one of 10 companies recognized for having the lowest employee turnover during the 12-month period under consideration.

As part of the award assessment, some 400 Cisco employees were selected randomly and asked to complete the 57-question "Trust Index," a survey designed to ascertain employees' level of trust, pride, and camaraderie within their workplace.

Additional information was also sourced through the "Culture Audit," which sought detailed information about the company's demographic makeup, compensation, and benefits programs, and included open-ended questions on management philosophy, internal communications, development opportunities, diversity programs, and more.

In Europe, Cisco Germany and Cisco Belgium were ranked number 1 and number 6, respectively, in the *Best Workplaces 2007* lists developed by the Great Place to Work Institute. In the 2007 *Hewitt's Best Employer* awards, Cisco Australia/New Zealand was recognized as a *Best Employer in Australia/New Zealand* and a *Best Employer in Asia*. Cisco India ranked number 5 in the *Best Employers India* awards and Cisco Saudi Arabia was ranked number 1 in the *Best Saudi Company to Work For* list.

"Our employees are the foundation of the company's innovation," says Brian Schipper, Cisco's senior vice president of Human Resources. "It's clear that Cisco's inclusion on *Fortune's* "100 Best Companies to Work For" list is a strong indication of the passion our employees feel for their work. The fact that Cisco has been on the list in all 10 years of the publication's existence shows that this is a great place to build a long and successful career."

Cisco and Our Employees

Supporting Employee Work-Life Integration



Cisco supports a flexible workplace and recognizes that how, when, and where people want and need to work is rapidly and continually changing. As a result, we invest in tools to enable flexibility for our entire global workforce and have become a recognized leader in using technology to help employees balance work, family, and personal responsibilities. Although Cisco's employee population is geographically dispersed, work-life integration at Cisco is further supported by our strong common corporate culture, values, benefits, and programs.

Work-Life Integration

Flexibility, trust, and empowerment are the hallmarks of the employee-employer relationship at Cisco.

We use technology to enable employees to easily work from home, access real-time business information, and collaborate with colleagues and customers at any time and in any place, helping to create a flexible work environment where geographic location and set work hours become less important. Flexible work schedules, including the ability to regularly telecommute, allow employees more control over their professional and personal lives.

Cisco provides the following technology and tools to our employees:

- **Company-provided laptop computers** allow employees to access the Cisco network from almost any location in the world.
- **Mobile mail/handheld devices**, used by approximately 13,000 Cisco employees, provide immediate access to intranet sites, sales information, and customer satisfaction scores, as well as real-time e-mail, calendar, and text messages.
- **Home broadband access**, including service installation and monthly charges, is provided to almost all employees. More than 23,000 of Cisco's U.S. employees are currently reimbursed for home broadband connections.
- **Enterprise-Class Teleworker** is an end-to-end hardware virtual private network (VPN) solution that provides full office networking capabilities to employees in their homes, including the ability to remotely connect printers, IP phones, and multiple computers to Cisco's network. Approximately 3,200 Cisco employees in the United States have access to this service, and the company plans to extend it to 40 percent of our global workforce.
- **Cisco IP Communicator**, a software version of an IP phone, delivers all the functionality of a Cisco IP phone to a computer, allowing an employee to use make phone calls from a laptop at any location that has Internet access.

Cisco and Our Employees

- **Cisco Unified Video Advantage** adds a visual dimension to phone meetings by allowing employees to place and receive video calls using a camera-equipped laptop.
- **Cisco Unity Voice Messaging** enables employees at home or travelling to access their voicemail from their computers, or by using a desk, home, or mobile telephone.
- **Cisco MeetingPlace** is an integrated voice and Web conferencing tool that supports virtual meetings for attendees calling from different locations.

Additional initiatives have been implemented or are planned to increase employee awareness and education around flexible working options at Cisco and these efforts include pilot programs in Spain and the United Kingdom.

Cisco and Our Employees

Child Care

The Cisco Family Connection day care center in San Jose, California, is a company-sponsored center operated by Bright Horizons Family Solutions and gives hundreds of Cisco families access to comprehensive family support services.

The center provides a full range of child care services and resources to support families with children aged six weeks to 12 years in one convenient location. The center serves approximately 450 children on a regular basis and an additional 64 children through a school-age summer program and during the year-end holiday period.

Employees based in other regions of the United States benefit from the Network Access Program, which provides access to 170 child development centers across the country.

Cisco and Our Employees

Take Your Children to Work and Cisco Family Days

Take Your Children to Work Day is an opportunity for children to gain insight into their parents' workday and to experience a real work environment. Cisco sponsors annual Take Your Children to Work Day events at several locations, including campuses in Australia, Hong Kong, Korea, Scotland, Singapore, the United Kingdom, and the United States.

In July 2007, close to 1000 children and 680 adults attended the San Jose, California, event.

In addition, in FY07, Cisco sponsored several "Family Day" events to acknowledge the contribution of families to the performance of its employees. In Bangalore, India, the Family Day event was attended by more than 2000 employees and family members. Additional cities that hosted Cisco Family Day events include Singapore, Beijing, and Sydney.

Cisco and Our Employees

Elder Care

Cisco takes a holistic approach to elder care that includes a broad continuum of programs in partnership with Workplace Options, an organization that provides corporate work-life resource and referral programs. Over the years, we have increased the depth and breadth of these programs across the United States.

For example, Cisco offers free seminars to employees and their partners at sites in San Jose, California; Boxborough, Massachusetts; Raleigh, North Carolina; and Richardson, Texas.

Topics have included:

- You and Your Aging Parent
- Caregivers at a Distance
- Financial and Legal Issues for the Elderly
- Nature and Cost of Long-Term Care
- 20 Tips for Retirement Housing: Making the Right Decision
- Long-Term Care Insurance

In addition, Cisco offers Eldercare Review and Assessment services, which provide employees with a professional, objective review of an elder's needs and current care plan, and identifies programs, resources, and care approaches that minimize the strain on the caregiver's health and resources. The program also includes free in-home evaluations for the aging parents of employees to help ensure that the environment is safe and adequately meets changing needs.

Cisco and Our Employees

Employee Welfare and Safety



"I want to help people prevent chronic disease, not just treat it after it occurs. I've seen what a difference we can make in an individual's life by offering the right program when that person really needs it."

Pamela Hymel, M.D., M.P.H.
Director of Cisco's Integrated
Health and Global Medical

Cisco is dedicated to promoting a culture of health and well-being for all employees and their families. Encouraging and aiding employees in maintaining healthy lifestyles is the goal of the company's many health education, wellness, preventive care, and medical treatment programs.

Cisco garnered a 2007
*Best Employers for Healthy
Lifestyles Gold Award*
from the National Business
Group on Health.

Cisco and Our Employees

HealthConnections Program

Cisco's HealthConnections program is designed to help U.S. employees manage their health and well-being through a variety of programs and resources that provide health assessments, onsite health screening, online personal health management, and health coaching. Onsite fitness centers, exercise classes, and nutrition seminars also support employees in their own paths to good health. In addition, Cisco cafes offer HealthConnections meals that take into account local eating customs and preferences, while a nutrition labeling program helps employees make more healthful choices.

The National Business Group on Health, a nonprofit health advocacy organization, has recognized Cisco for its commitment and dedication to preventing obesity and promoting a healthy lifestyle for employees. Cisco was among 41 employers nationwide to receive a 'Gold Award' in the organization's 2007 Best Employers for Healthy Lifestyles awards program.

Cisco and Our Employees

Health Assessment

Cisco partnered with an online personal health management company to offer U.S.-based employees access to an advanced health profiling and health risk assessment tool that scores an individual's health status, calculates risk levels, and provides recommendations for health improvement and behavior change.

Upon completion of the online assessment, employees receive \$100 off their health plan contributions for 2007, and a personalized report outlining individual risks and recommendations. A second \$100 discount off their health plan contributions is awarded for following the advice. In 2006, 52 percent of Cisco employees took the health assessment, up 12 percent from 2005.

Cisco and Our Employees

Additional Programs and Resources

In addition to Cisco's health assessment and improvement programs, HealthConnections provides a variety of integrated programs and resources to help U.S. employees take charge of their health. These include:

- Coaching programs for lifestyle improvement, such as weight and cholesterol management
- Support in managing chronic health issues such as diabetes or coronary heart disease
- Healthy Pregnancy and Healthy Babies program
- Onsite fitness centers, as well as discounts on memberships to off-site centers
- Onsite Weight Watchers programs
- Onsite flu clinics in locations with more than 300 employees
- Onsite dental care for employees in San Jose, California, and Research Triangle Park, North Carolina
- Wellness classes and seminars on topics such as nutrition, diet, exercise, and stress management
- Access to health resources and quality lifestyle improvement information on the HealthConnections portal
- Quarterly IPTV broadcasts featuring specialized health experts who discuss health topics specific to Cisco employees
- Health fairs, screenings, and assessment programs
- Injury prevention through Cisco's Occupational Safety and Health Program
- Healthful food choices and nutrition labeling at onsite cafés
- Smoking cessation support

Healthy employees are not only happier and more productive, they also help reduce ever-rising healthcare costs. Cisco's annual U.S. medical claims currently total more than \$300 million; however, approximately 35 percent of these claims were associated with preventable conditions. One objective of the HealthConnections program is to reduce the medical expenses for preventable causes, thus improving the health of the overall population.

Cisco and Our Employees

Wellness Programs Around the Globe

Cisco understands the need to adapt programs to the specific needs of different countries, cultures, and economies in which we operate. Some examples:

- Employees in Australia and France receive annual influenza injections.
- In Hong Kong and Singapore, employees can receive annual health checks.
- In Canada, gym and fitness membership reimbursements promote physical fitness.
- In India, employees may extend health coverage to their parents or parents-in-law, in addition to their spouse and children. Also, 53 percent of employees in India participated in a three-month company-sponsored sports festival offering events including cricket, football, athletics, badminton, volleyball, and basketball.
- In the United Kingdom, Cisco has appointed a new occupational health adviser to help develop and promote wellness and health initiatives in FY08 that will include lunchtime workshops on stress, health and nutrition, and stop smoking programs.

Cisco employees worldwide have access to employee assistance programs that provide them with confidential support for issues including family problems, work-related stress, interpersonal conflict, grief and loss, relationship difficulties, alcohol and other drug use, and emotional stress or trauma.

Cisco and Our Employees

Cisco Emergency Response Team Program

Employee volunteers receive special training to participate on our Emergency Response Teams. They can act as first responders at local sites when medical or other emergencies occur.

The program aims to:

- Help ensure the safety of Cisco employees, visitors, and other people on campus
- Champion health and safety as integral components of the Cisco culture
- Help manage onsite emergencies
- Enhance relationships with public safety agencies and the community
- Enable a “best in class” emergency response program

Today, some 700 employees participate in the program, which is active or in the process of being implemented at 30 Cisco sites around the world.

The San Jose team received a “Best Practice” rating following an external International Standards Organization (ISO) audit, and was named “the best emergency response team in the Santa Clara Valley” by the San Jose Fire Department.

To augment the emergency preparedness program, Cisco has invested in automated external defibrillator (AED) units recommended by the American Heart Association. These units, when used on a cardiac arrest victim within the first few minutes of an attack, can significantly increase the chance of survival. At present there are AED units in 16 offices across the United States in addition to Amsterdam, Bangalore, London, Mexico City, Paris, São Paulo, Sydney, and Tokyo. The installation of additional units across more global locations is planned for FY08. Cisco's ultimate goal is to install at least one AED unit at every site across our operations.

Cisco and Our Employees

Family Assistance Program

Cisco's Family Assistance program supports employees and their families at times of critical need and provides short-term, emergency resources to help deal with a serious medical condition, death of an immediate family member, or impact of a natural disaster. Assistance may include:

- Food
- Housing
- Child care
- Housekeeping
- Counseling referrals
- Travel assistance
- Accommodations for family members
- Financial assistance

Cisco and Our Employees

Recruiting, Retaining, and Developing Talent



As a leading global company, Cisco recognizes an inclusive, culturally diverse workforce as a business imperative. To garner top talent, Cisco casts a wide recruitment net. Our employees reflect a variety of backgrounds, cultures, skills, and points of view, and together contribute to the teamwork, innovation, and expertise on which our customers depend. At Cisco, we firmly believe an inclusive workforce better enables us to:

- Anticipate important market changes
- Respond to disparate customer and partner needs
- Prepare for an increasingly globalized future

Cisco and Our Employees

Graduate Recruitment

Cisco recruits people at many different levels of experience: college, executive, and professional. Recognizing that today's students are tomorrow's leaders and the future of the company, Cisco actively recruits from leading universities worldwide, and strives to build lasting, mutually beneficial relationships with the colleges and universities where we focus our recruitment efforts.

In FY05, Cisco hired 180 new graduates in the United States. This figure increased to 398 graduates in FY06, and 1184 in FY07. During FY07 Cisco also recruited 459 graduates in countries outside of the United States.

Cisco Choice Program

Cisco Choice, a unique university recruiting program, was designed to attract top hardware and software engineering graduates of select schools around the world.

Through Cisco Choice, selected graduates attend a 2-week orientation and placement program where they learn about the broad range of Cisco technologies, meet managers, and learn about their management styles and plans for their teams.

Following completion, new hires may select the technology group, business unit, and even the manager they feel best matches their skill sets, career goals, and work style. These new hires are also offered additional support through various training and development programs, which include mentorship and networking events.

Cisco and Our Employees

Action Learning Forum

The Action Learning Forum is designed to enhance the capacity of our vice presidents and top directors to create sustained competitive advantage for Cisco. The Action Learning Forum brings leaders together to solve real-time opportunities facing Cisco focusing on anticipating and shaping market transitions, creating the conditions for success in executing Cisco's strategies, and role modeling the values and behaviors of a company built to lead. The program was launched in October 2006 and combines top-notch business school instruction and real-world strategic business projects.

Participants are tasked with developing financial models and go-to-market strategies for various business ideas submitted by Cisco employees-with the aim of creating the next \$1 billion business unit at Cisco. To date 80 employees drawn from across the Asia Pacific, Canada, Emerging Markets, Europe, Japan, and the United States have participated. One important outcome of Cisco's Action Learning Forum was the launch of a new global emerging technologies business unit in Bangalore, India.

Leadership Development

Ongoing professional development is an integral part of Cisco's culture. We offer employees a wide selection of training opportunities to maximize their career development options. One of Cisco's priorities is to build and strengthen our leadership team in order to prepare for the future. Internal surveys have also revealed that skilled and effective managers are an important factor in employee retention. With these points in mind, targeted development programs have been designed for leaders who demonstrate growth potential.

The Cisco Leadership Series are designed to cultivate behaviors and skills identified by Cisco as important leadership qualities. Key leadership competencies are developed in partnership with external thought leaders and leading universities, integrating case studies and simulations to reflect Cisco's business challenges and opportunities.

During FY07 approximately 1200 Cisco leaders from across Cisco's global operations attended one of these classes. The Cisco Leadership Programs include:

- **The Business Leader Program** focuses on strengthening the business acumen and leadership skills of senior managers and directors. The program is facilitated by leading university faculty, and includes an engaging and challenging customized business simulation and business knowledge e-learning tutorials.
- **The Business Partnerships Learning Cohort Program** is designed to help managers build effective relationships with internal business partners and increase their ability to influence, and make better business decisions, in matrixed and cross-functional environments. The program includes self-directed learning, onsite partnering, learning labs, and one-to-one coaching.
- **The Global Leader Program** further develops the global mindset and skill set of Cisco's global managers. Its objective is to help managers translate Cisco's global priorities into organizational goals and drive innovative global business practices through local country competencies, culture, global relationships, and networks.
- **The Emerging Leader Program** is designed to strengthen the competencies of Cisco's managers and senior managers. It focuses on building personal leadership and people development capability. The program also places an emphasis on increasing business awareness, understanding the impact of diversity and inclusion, improving cross-functional teaming and talent development skills.

Cisco and Our Employees

Diversity and Inclusion



At Cisco, we believe diversity in our employee population is a key business advantage. An inclusive workplace positions Cisco to anticipate market demand, be responsive to all our customers, and build a solid foundation for future growth.

Cisco hires people of diverse backgrounds, cultures, skills, and points of view while promoting a common dedication across the company to teamwork, innovation, and customer success.

We offer numerous programs and services to support our diverse employee population.

Cisco and Our Employees

Employee Networks

Open to all Cisco employees, Cisco Employee Networks represent an opportunity for colleagues who share a similar culture, identity, interest, or goal to come together to facilitate career development, formal and informal mentoring, and social interaction. Employees may affiliate with one or more groups, many of which have chapters in cities across the company's global operations. Examples include:

- Women's Action Networks, offering mentoring and career development resources to female employees worldwide
- Cisco Black Employee Networks, offering a supportive environment for African-American employees for career growth and community involvement
- Conexion, the Cisco Latino Network, facilitating professional development, community and educational outreach, networking, and advancement of Cisco's business objectives among Latino employees
- Gay Lesbian Bisexual Transgender Network and Advocates, fostering an inclusive climate for GLBT employees as well as recognition of the value of their contributions to Cisco and their communities
- Cisco Asian Affinity Network, providing a forum and professional network for Asian employees worldwide
- Indians Connected, facilitating professional development and networking opportunities to drive business growth in India, as well as aid targeted communities in need around the world
- New Hire Network, offering knowledge sharing and professional and leadership skills development for early-career employees at Cisco

Cisco and Our Employees

Diversity and Inclusion Education

Cisco sponsors many diversity programs and provides numerous educational resources to a variety of communities worldwide. In addition to the resources detailed below, Employee Networks host educational events and expert guest speakers, such as renowned diversity coach Jane Hyun and Dartmouth professor and consultant Ella Bell. Employees can also access e-learning and video programs addressing diversity and inclusion on the Cisco intranet.

Among the educational offerings sponsored by Cisco are:

- **Inclusion Leadership Session:** Held May 2007 in San Francisco, this session was attended by employees from around the globe, with more than 1600 attending in person and many others participating via Cisco IPTV. The session was aimed at educating employees on the importance of diversity and inclusion to Cisco's business and the progress Cisco has made in the area.
- **MicroInequities: The Power of Small:** Developed by Insight Education Systems, this instructor-led workshop focuses on the power of nonverbal behavior to drive inclusion. More than 7500 employees and managers have attended the workshop to date.
- **Leadership and Development for Women:** Cisco offers employees numerous training and development opportunities, many of them directed at women. "The Compass Series" and "The Perspective Series" are two examples. The Compass Series offers 300 senior female managers the opportunity to network with their peers and with company executives in sessions such as "Career Strategies to Get Ahead" and "Creating a Culture of Courage." The Perspective Series gathers a community of women managers at the director level and above to focus on building executive-level leadership skills. Cisco also supports female and minority employees who wish to attend external development programs.

Cisco and Our Employees

Partnerships with Professional Associations Championing Diversity

Cisco partners with national and international professional organizations and associations to support our talent management vision. One of our guiding principles in establishing these partnerships is to ensure that we have common goals and provide a foundation for a mutually beneficial relationship based on the following four areas:

- **Recruiting and hiring:** As Cisco grows and enters new markets, we have a continuing need for engineering talent. Consequently, we invest heavily in organizations that help us find and hire the best and brightest individuals in relevant engineering disciplines.
- **Retention:** Cisco is committed to creating a work atmosphere that supports long-term employment for our workforce. To that end, Cisco partners with organizations that provide ways for our employees to stay connected to what is happening in their profession.
- **Culture:** To maintain a culture of inclusion, we engage with organizations that focus on gender and underrepresented communities.
- **Advancement and development:** To promote continuous learning, we encourage our employees to participate in organizations that offer personal growth and career development.

Diversity-oriented professional organizations and societies that Cisco has supported include:

- National Society of Black Engineers
- National Society of Hispanic Professional Engineers
- Society of Women Engineers
- National Association of Black MBAs
- National Society of Hispanic MBAs
- Working Mother/Diversity Best Practices
- Anita Borg Institute
- Catalyst
- Diversity Best Practices
- Diversity, Inc.
- GlobeWomen
- Gay Lesbian Straight Education Network
- Human Rights Campaign
- MentorNet
- Out and Equal Workplace Advocates
- Professional Business Women of California
- Women's International Network

Cisco and Our Employees

Support for Education

To help encourage more diversity of students in high-technology career programs, Cisco also supports programs such as:

- United Negro College Fund, which offers scholarships for African-American engineering and computer science students
- National Action Council for Minority Engineers, which provides funding for research, development, and scholarships for African-American, Latino, and Native American students
- Hispanic Scholarship Fund Program, which aids young Latino men and women in obtaining a quality education in science and engineering
- MentorNet, a supportive online mentoring community for women entering engineering and computer science fields

Cisco and Our Employees

Women and Ethnic Minority Employees

According to the National Center for Education Statistics, American women receive almost 59 percent of all bachelor degrees, but are awarded only 28 percent of computer science degrees, 18 percent of engineering degrees, and 11.4 percent of electrical and computer engineering degrees. With computer-related occupations projected to increase by more than 66 percent between 2000 and 2010, Cisco is dedicated to increasing the number of women who choose to pursue technical careers.

The Cisco Networking Academy Gender Initiative provides women with access to IT skills and certification that can enhance their career opportunities and their ability to contribute to the IT sector in their communities and countries.

Ethnic minorities made up approximately 43 percent of Cisco's U.S. employees, and women approximately 23 percent of Cisco's global employees in 2007 (excluding Linksys and Scientific Atlanta). Cisco and our individual employees earned a number of awards and additional recognition for our diversity efforts and accomplishments in the past year:

- The Gay, Lesbian and Straight Education Network recognized Cisco with a Respect Award (September 2006)
- Cisco was named one of America's "Top Companies to Work For" by the Black EOE Journal (October 2006)
- The Human Rights Campaign, an international organization supporting the rights of the gay, lesbian, transgender, and bisexual community, gave Cisco a perfect score on its Equality Index (October 2006)
- Diversity Journal named Sheila Talton, vice president of Advanced Services, in its 2007 "Women Worth Watching" list (December 2006)
- Cisco was named on the DiversityBusiness Top Organizations for Multicultural Business Opportunities and listed at number 22 (January 2007)
- The Black Collegian designated Cisco as one of its Top 100 Diversity Employers (February 2007)
- Cisco Australia was recognized as an Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency (February 2007)
- Asian American Engineer of the Year Awards were conferred on Cisco employees Mike Ma and Eddie Ruan by the Chinese Institute of Engineering (March 2007)
- America's Top Diversity Advocates List announced by DiversityBusiness included Denise Coley, director of Supplier Diversity at Cisco (May 2007)
- The Young Women's Christian Association (YWCA) of Silicon Valley Tribute to Women (TWIN) Awards recognized three Cisco female executives: Kathy Hill, vice president of Engineering; Laura Ipsen, vice president of Government Affairs; and Mary Aghamirzadeh, vice president of Technical Support, for their leadership in the technology industry (May 2007)

Cisco and Our Employees

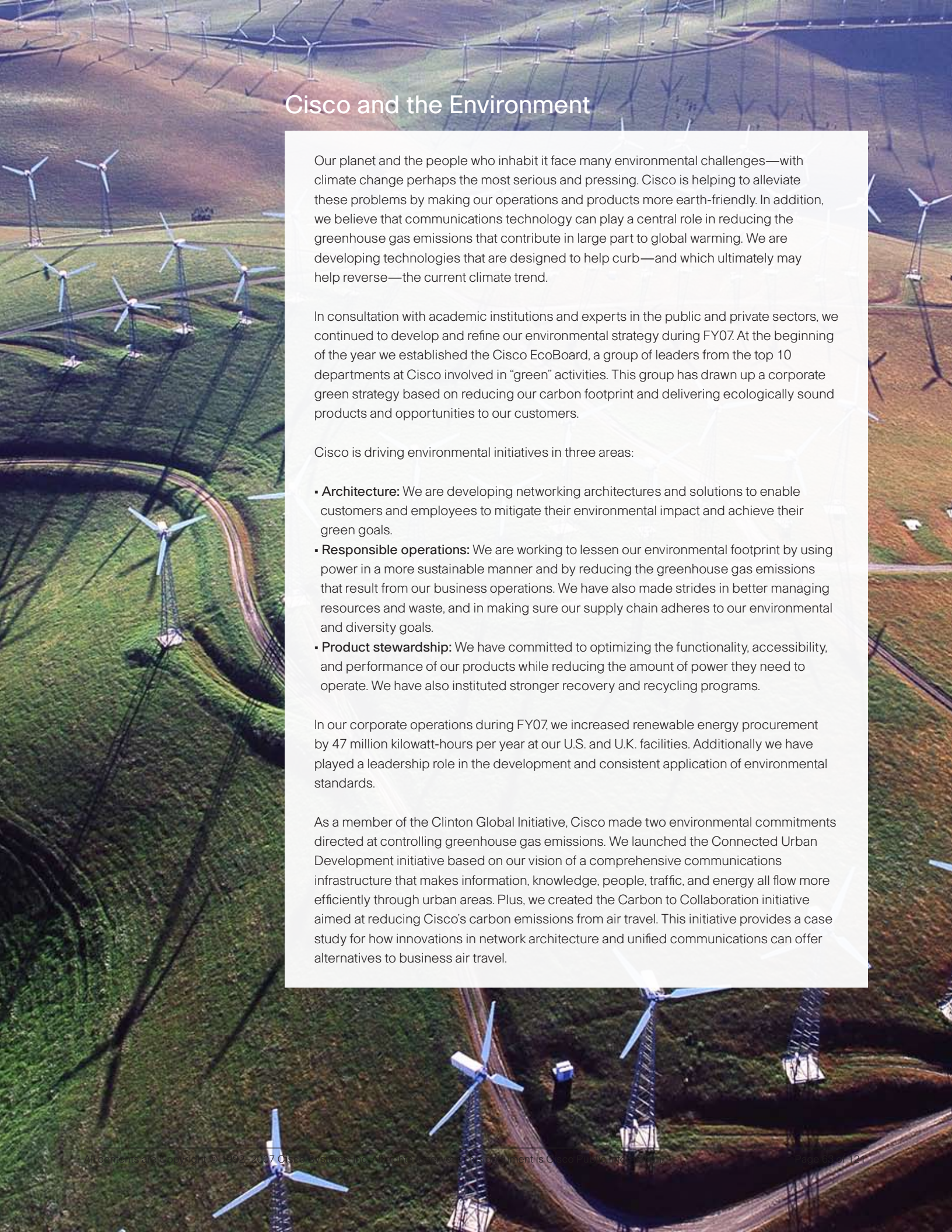
- Professional Business Women of California (PBWC) presented Cisco with its 2007 Pacesetter Award (May 2007)
- Women of Color Action Network honored Elena Morado, senior manager, Worldwide Diversity and Inclusion and Gender Diversity Advisory Board at Cisco, as a Champion of Diversity (June 2007)
- Egretha Award presented to Sheila Talton, vice president, Advanced Services, by the African American Women's Business Center at their July 2007 conference

Middle East Partnership Initiative

The Middle East Partnership Initiative (MEPI) was created by President George W. Bush's administration in 2002 and funded with bipartisan support from Congress to foster growth, development, and a spirit of partnership between the United States and countries in the Middle East. The initiative brings together the United States, the Arab world, global private-sector business, nongovernmental organizations, civil society elements, and governments to develop innovative policies and programs.

Through MEPI, Cisco provided internships to three women from Lebanon, Saudi Arabia, and Jordan from April to August 2007. Cisco placed these outstanding businesswomen in different roles across the company and provided training and management skills. The interns not only gained practical business experience, they also were able to experience the culture, people, and life in the United States.

Each intern was selected on the basis of her educational level, schooling, and career path. The first phase was a short MBA curriculum at Emory and Duke Universities, after which the interns were placed with Cisco. The program was a great success for both the interns and Cisco employees. Many of the Cisco managers and mentors involved have expressed how much they gained from the program.



Cisco and the Environment

Our planet and the people who inhabit it face many environmental challenges—with climate change perhaps the most serious and pressing. Cisco is helping to alleviate these problems by making our operations and products more earth-friendly. In addition, we believe that communications technology can play a central role in reducing the greenhouse gas emissions that contribute in large part to global warming. We are developing technologies that are designed to help curb—and which ultimately may help reverse—the current climate trend.

In consultation with academic institutions and experts in the public and private sectors, we continued to develop and refine our environmental strategy during FY07. At the beginning of the year we established the Cisco EcoBoard, a group of leaders from the top 10 departments at Cisco involved in “green” activities. This group has drawn up a corporate green strategy based on reducing our carbon footprint and delivering ecologically sound products and opportunities to our customers.

Cisco is driving environmental initiatives in three areas:

- **Architecture:** We are developing networking architectures and solutions to enable customers and employees to mitigate their environmental impact and achieve their green goals.
- **Responsible operations:** We are working to lessen our environmental footprint by using power in a more sustainable manner and by reducing the greenhouse gas emissions that result from our business operations. We have also made strides in better managing resources and waste, and in making sure our supply chain adheres to our environmental and diversity goals.
- **Product stewardship:** We have committed to optimizing the functionality, accessibility, and performance of our products while reducing the amount of power they need to operate. We have also instituted stronger recovery and recycling programs.

In our corporate operations during FY07, we increased renewable energy procurement by 47 million kilowatt-hours per year at our U.S. and U.K. facilities. Additionally we have played a leadership role in the development and consistent application of environmental standards.

As a member of the Clinton Global Initiative, Cisco made two environmental commitments directed at controlling greenhouse gas emissions. We launched the Connected Urban Development initiative based on our vision of a comprehensive communications infrastructure that makes information, knowledge, people, traffic, and energy all flow more efficiently through urban areas. Plus, we created the Carbon to Collaboration initiative aimed at reducing Cisco's carbon emissions from air travel. This initiative provides a case study for how innovations in network architecture and unified communications can offer alternatives to business air travel.

A Letter from the Cisco EcoBoard

(L-R: Tony Bates, SVP/GM,
Service Provider Technology
Group; Laura Ipsen, SVP,
Government Affairs; Ron Ricci,
VP, Corporate Positioning)



At Cisco, we're committed to our vision: "Changing the Way We Work, Live, Play, and Learn." And this extends to our ability to reduce the effects of our operations and products on the environment. Together with our customers, partners, employees, and communities, we have a unique opportunity to help organizations and individuals use technology in environmentally sustainable ways.

In October 2006, John Chambers established the Cisco EcoBoard to lead company initiatives for environmental sustainability and to set priorities and goals across all departments engaged in environmental activities. The EcoBoard is comprised of leaders from 12 key areas of Cisco's business, ranging from engineering to operations to employee communications to government affairs.

As co-chairs of the EcoBoard, we set an ambitious agenda to not only reduce Cisco's greenhouse gas emissions, but also to deliver opportunities for our customers to operate in more environmentally sustainable ways. In the future, the network will be the key technology enabler to manage, monitor, and better utilize energy and achieve more significant greenhouse gas emissions reductions globally.

We characterize Cisco's commitment to environmental sustainability as three actions:

- **Operations:** Lessen our emissions of greenhouse gases
- **Products:** Maximize product functionality and performance while optimizing and reducing power consumption
- **Architecture:** Deliver networking architectures and solutions that enable customers to achieve environmental goals

At the operations level, we helped reduce greenhouse emissions from Cisco facilities in FY07 by using renewable power. We purchased an additional 79.9 million kilowatt-hours (kWh) of green power for our headquarters in San Jose, bringing our total purchase for United States' facilities to 88.6 million kWh and globally to 115 million kWh.

Our engineering team is dedicated to reducing energy consumption by our products. The goal is to *design in* environmental efficiency and to *design out* waste. In addition, we are building and taking full advantage of new collaboration technologies—such as TelePresence, Unified Communications, and WebEx—to reduce the need for travel. In FY07 we committed \$22.2 million to our collaborative technologies to facilitate a 10-percent reduction in greenhouse emissions from air travel.

Perhaps the most dramatic effect we can have with our customers is related to the architectural design of our solutions. We are working to develop more energy-efficient network architectures for the business data center and for wireless networks. At a solutions level, we have launched initiatives such as Connected Urban Development, which uses converged IP-enabled infrastructures in urban areas, and new technologies such as radio-frequency ID and mobility to reduce urban energy consumption and to lower emissions created by traffic congestion.

As the EcoBoard leaders, we are excited about harnessing the power of the network to promote a more environmentally sustainable future. We look forward to working with our customers, partners, employees, and communities to address the serious environmental challenges—and opportunities—that face us all.

Sincerely,

Tony Bates, SVP/GM, Service Provider Technology Group
Laura Ipsen, SVP, Global Policy and Government Affairs
Ron Ricci, VP, Corporate Positioning

Cisco and the Environment

Architecting Sustainable Cities



"When the Clinton Global Initiative approached us, we asked ourselves how technology could help solve one of today's most pressing problems: climate change. We found the answer in innovative urban planning, collaboration technologies, and smart policy."

John Chambers, Chairman and CEO

For the first time in human history, the majority of people live in urban areas. Cities consume 75 percent of the world's energy and are responsible for 80 percent of greenhouse gas emissions. Cisco envisions a future where the intelligent use of networking architectures can transform society not only by boosting productivity and spurring economic growth, but also by supporting environmental sustainability and enhancing the quality of life in urban environments.

Connected Urban Development

In support of the Clinton Global Initiative, Cisco has launched Connected Urban Development, an initiative that embeds advanced information communication technology in urban infrastructure and management systems. This initiative has the potential to reduce global warming by creating smarter, more environmentally friendly cities. At the same time, it has the potential to increase social and economic value. Pilot programs began in FY07, and we expect the full program to roll out in FY08. We estimate the total value of our investment in this initiative to be \$15 million over five years.

Cisco is working with innovation-minded cities to improve their energy efficiency and reduce emissions. Our three pilot cities—Amsterdam, San Francisco, and Seoul— share characteristics that we consider important to the success of the trial programs:

- Visionary leadership
- Significant problems with traffic and congestion
- Commitment to environmental sustainability
- Next-generation broadband fiber or wireless infrastructure planned or implemented
- Status as a globally recognized communications hub

Cisco has also chosen Massachusetts Institute of Technology's Mobile Experience Lab as our global research and academic partner for the Connected Urban Development initiative. A team from the Cisco Internet Business Solutions Group is also collaborating with government and scientific leaders to create a vision for the cities of the future.

We intend to showcase these cities as models for intelligent urban communications, and then create a replicable framework that can be adopted by other cities worldwide. Additional pilot cities are currently under consideration.

Cisco and the Environment

Connected Urban Development Blueprint

TELEWORKING	TRAFFIC MANAGEMENT	PUBLIC TRANSPORT	MUNICIPAL GREENHOUSE GAS EMISSIONS REDUCTION	SMART COMMUNITIES AND NEW URBAN BUSINESSES
• TelePresence for small and midsize businesses and branches • Home broadband with video communication • Satellite shared offices • Public remote services • Staggered starting time + teleworking	• Smart congestion tax programs • Dynamic traffic-flow control	• IP-enabled public transport for flow management • Transport on demand • Shared taxi and mini bus • Intelligent car pooling	• Teleworking for employees • Internal transport optimization • Clean Data Center • Connected Real Estate	• Social organization and active citizenship • Innovative green-business models
Connected Buildings & Civil Infrastructure: IP-enabled residential, office, and public buildings; roads; gas/water/electricity infrastructure and city facilities				

As shown in the model above, each Connected Urban Development activity (vertical columns) starts with traditional building and civil infrastructure and then applies intelligent networking services and infrastructure. To deploy the urban communications infrastructure, we intend to implement technologies such as IP networking, global positioning systems (GPSs), and radio-frequency identification (RFID).

We believe that the movement of vehicles on streets and roads can be managed just as efficiently as the movement of traffic on the Internet. We are targeting vehicle-caused air pollution in each of the pilot cities by looking at transportation demands and determining the exact sources of the pollution. Cisco will engage local and global organizations to get feedback and help ensure that results are carefully and objectively quantified, so the solutions that are developed and the best practices that are learned during the pilots can be implemented in other cities.

Cisco and the Environment

Responsible Operations



Minimizing the ecological impact of corporate operations is a crucial aspect of Cisco's environmental outlook. Our own technologies have served us well in making our operations more environmentally friendly.

We have established responsible operations programs aimed at:

- Reducing energy consumption across the company
- Limiting the greenhouse gas emissions implicated in global warming
- Closely managing water consumption, air quality, food procurement, and waste
- Monitoring and properly disposing of hazardous materials

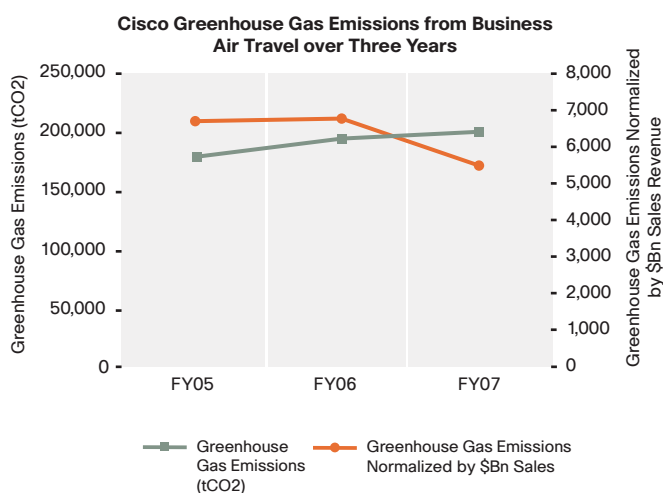
Cisco and the Environment

Energy and Greenhouse Gas Emissions

As part of the Clinton Global Initiative, Cisco committed to a 10-percent reduction in the carbon dioxide emissions that result from our corporate air travel in FY07. To this end, we invested \$22.2 million in collaboration technologies, implementing Cisco TelePresence, Cisco Unified Communications, and Cisco Shared Workspace capabilities in our locations worldwide.

Progress This Year

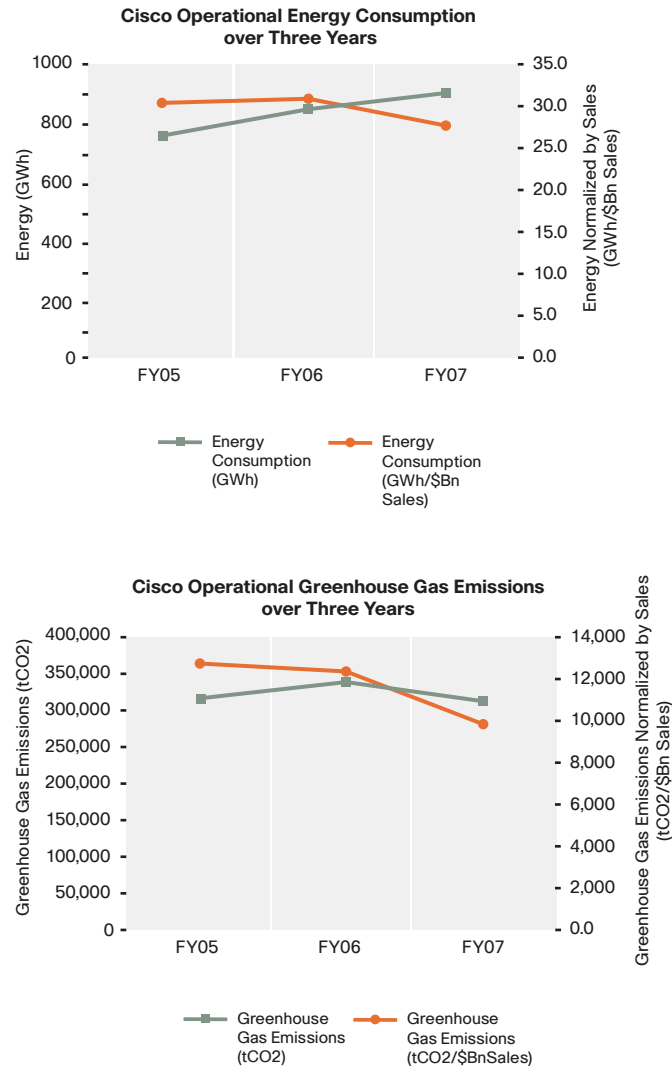
During FY07 Cisco's year-over-year revenue rose 22.6 percent, substantially increasing our air-travel reduction challenge. However, air-travel data shows only a 5.6-percent increase in greenhouse gas emissions from FY06 to FY07. Normalized by sales revenue, our emissions from air travel fell by 14 percent during FY07. Cisco has therefore made progress in decoupling growth in revenue from the growth in emissions due to air travel. Cisco air-travel emissions metrics will be updated in FY08 to reflect the recent IronPort and WebEx acquisitions as well as Scientific Atlanta travel data.



During FY07 energy consumption in our operations grew by 5 percent while greenhouse gas emissions fell by 11 percent. The most significant greenhouse gas emissions reductions have been achieved at Cisco's primary owned and operated sites, where we directly control the performance of buildings and procurement of electricity. Although energy consumption has increased overall, we have made energy efficiency gains relative to sales through the ongoing energy programs outlined above and by purchasing renewable energy.

Normalized by sales revenue, during FY07 our energy consumption and greenhouse gas emissions fell by 10 percent and 24 percent, respectively.

Cisco and the Environment



During FY07 Cisco became a signatory to the U.S. Environmental Protection Agency Climate Leaders program. During FY08 Cisco will undertake a review of the scope of our greenhouse gas emissions inventory to comply with the specific requirements of the Climate Leaders program. (Cisco's Energy and Greenhouse Gas Emission Inventory is aligned with the International Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard and calculations provided by the World Resources Institute. FY07 data is for the same scope of Cisco's sites as the data reported in FY06, which represents approximately 71 percent of Cisco's business by number of employees: The analysis presently excludes data from Scientific Atlanta.) Cisco anticipates this will lead to an adjustment in the baseline for greenhouse gas emissions in future reports.

Cisco and the Environment

In August 2007 Cisco held the first virtual company meeting using TelePresence. Employees in seven locations used Cisco TelePresence and Cisco TV to view presenters in San Jose, California, and Bangalore, India. Attendees were able to participate in the meeting directly, just as if they were physically present in the room in San Jose.

Carbon to Collaboration

Collaboration technologies let employees conduct virtual meetings without having to travel to one physical location, saving the fuel necessary for transportation while maintaining a high level of interaction and participation. The Carbon to Collaboration initiative seeks to reduce our employees' overall carbon footprint by replacing air travel with virtual collaboration over the network.

Cisco TelePresence is a new collaborative technology that combines rich audio, high-definition video, and interactive elements to deliver a unique in-person experience—over the network and with one-touch convenience. As of July 2007 we have installed approximately 110 TelePresence units in Cisco offices in more than 20 countries and almost 60 cities worldwide. Frequent users may receive one-screen (individual) TelePresence units to give them immediate access.

Cisco TelePresence capabilities have been expanded to allow more than two sites to participate in a single meeting. Worldwide utilization of all TelePresence units has quickly increased to almost 50 percent of the time they are available, based on a 10-hour work day. Of the 75 larger, three-screen TelePresence units that were in service in Cisco conference rooms during the last week of July 2007, 12 units hosted more than 40 hours of meetings during that one-week period.

Cisco completed a \$3 billion acquisition of WebEx Communications in late 2007. The WebEx product suite provides businesses and individuals with network-based conferencing and collaboration capabilities, allowing them to share presentations, applications, and other data worldwide. These services improve productivity and decrease the need for air travel for our employees, customers, partners, and others outside the company who attend meetings hosted or sponsored by Cisco.

Cisco is employing internal communications to raise the visibility of Cisco collaboration technologies as an effective and efficient replacement for travel. These activities include articles on Cisco's internal Website home page, e-mail alerts, and a video blog from John Chambers, Cisco's chairman and CEO. Cisco also has launched the Communication Center of Excellence, an online forum where all employees can learn how to use collaborative technologies to reduce air travel, and can share experiences and best practices across job functions. In addition, our internal Scale the Power Website continues to focus on the use of collaborative technologies in the sales process. Scale the Power is an initiative that facilitates virtual interactions between our customers, partners, and employees by using collaboration tools in the everyday work environment.

To better monitor and manage the carbon footprint from Cisco's business travel, we are conducting a pilot program with our travel partner American Express to create an automated greenhouse gas emissions calculation tool. Cisco employees will be able to use this tool to make "green" travel decisions, or to replace travel altogether with a virtual meeting. Employees will also have access to their own individual greenhouse gas emissions reports. This pilot is scheduled to begin in 2008.

Cisco and the Environment

Cisco Connected Workspace

Cisco's Connected Workspace concept, launched at our San Jose headquarters, provides a flexible working environment through the innovative use of Cisco Unified Communications, wireless network access, and virtual private networks (VPNs). Employees can work at a variety of locations—their desks, conference rooms, outdoor environments, home, and remote locations equipped with networking capability. This enables them to be productive wherever they are.

Cisco Connected Workspace also boosts workplace efficiency by accommodating up to twice as many employees than can be accommodated in a traditional office environment. As a result, the Connected Workspace environment has reduced per-capita use of equipment and IT infrastructure.

By implementing Cisco Connected Workspace, businesses can:

- Reduce material and equipment costs
- Save electricity and lower greenhouse gas emissions
- Cut construction costs and land use requirements
- Lower traffic congestion and alleviate the strains of commuting

Cisco Connected Workspace is currently being implemented in Cisco offices worldwide. Every day, 25 percent of our workforce takes advantage of mobile technology, innovative workspaces, and flexible schedules.

Cisco and the Environment

Cisco Connected Real Estate

Cisco networking infrastructure solutions can also improve energy efficiency by facilitating the design, monitoring, and control of multiple-building management systems. Traditionally, buildings required several separate systems to handle electrical, environmental (heating, ventilation, and air conditioning), security, communications, and other functions.

The Cisco Connected Real Estate program integrates the control and management of these systems with Cisco's network infrastructure. This enables 24-hour onsite or offsite control of all building systems over a single IP network. The technology is even able to integrate devices such as printers and copiers into the energy-management system, and it can spot unauthorized personal equipment plugged into office electrical outlets.

A study commissioned by the Converged Buildings Technology Group, a consortium of building system manufacturers, found that this converged network approach generated capital savings of 24 percent during the building construction phase, and reduced operating expenses by 30 percent over the life of a building. Our own studies also show a dramatic reduction in electrical demand—by more than 40 percent.

Cisco and the Environment

Laboratories and Data Centers

Cisco's extensive network of laboratories—where we develop, configure, and test our equipment—typically consumes 5 to 22 times as much energy as equivalent office space. To reduce power consumption in laboratories, Cisco has developed the Automated Managed Power System (AMPS), which identifies equipment that is not in a test cycle and powers it down. On average, AMPS reduces equipment power consumption by 40 percent, representing a substantial savings in both greenhouse gas emissions and electricity bills.

Now fully deployed in our Automated Test Center (ATC) laboratories, which represent about 5 percent of Cisco's total lab space, AMPS is saving approximately \$65,000 per month directly, by turning off idle equipment, and indirectly, by reducing the load on building air-conditioning systems. During FY08 we plan to deploy AMPS in other business units and technology groups across the company.

Cisco is also deploying a Web-based monitoring system called tMon in our labs. The tMon system graphically displays equipment usage and power status over time and generates equipment usage and power-savings management reports. If equipment has been left on inadvertently, tMon sends warning e-mails to the users with links that allow them to turn off the power remotely.

Cisco and the Environment

Green Power Purchasing

Cisco is entering its second year of a Green Power Purchase Agreement to procure 100-percent renewable power for our U.K. facilities, representing approximately 26 million kilowatt-hours (kWh) per year. This agreement saves enough power to meet the needs of 2400 U.K. homes. In addition, Cisco again participated in the U.S. Environmental Protection Agency's Green Power Challenge, a 13-month campaign focusing on the collective power purchases of eligible Fortune 500 companies. The challenge is part of the EPA's Green Power Partnership program, which provides assistance and recognition to organizations that demonstrate environmental leadership through the purchase of green, renewable power.

In FY07 we purchased more green power than ever before, including an additional 79.9 million kWh for our headquarters site. This brought the total green power purchases for U.S. facilities to 88.6 million kWh, and the total for our worldwide facilities to 115 million kWh. According to EPA estimates, Cisco's U.S. green power purchases are equivalent to preventing more than 124 million pounds (56,400 metric tons) of carbon dioxide from entering the atmosphere. Combined with our U.K. initiatives, this represents the prevention of 69,000 metric tons of carbon-dioxide emissions per year.

Cisco and the Environment

Environmental Awareness 2007

Running from late March through early July, the Environmental Awareness 2007 program featured events around the world intended to increase awareness of environmental challenges and offer Cisco employees ideas on how to help address these issues individually and as a company. In addition to national events such as Earth Day and Bike to Work Day, 35 Cisco Civic Councils sponsored or supported local and regional initiatives.

Bike to Work Day 2007

When employees drive to work, they produce a significant amount of greenhouse gas. To promote bicycles as a viable alternative to automobiles as commuting vehicles, Cisco coordinated with the Bay Area Bicycle Coalition of the San Francisco Bay Area to sponsor and promote May 17 as Bike to Work Day 2007. Cisco employees worldwide were encouraged to ride a bicycle to get to work on that day. Cisco established a permanent Website and e-mail groups so riders can post their favorite routes and make contact with other riders. Approximately 435 cyclists participated in this event at a dozen Cisco sites in four countries.

Cisco and the Environment

Water, Air, Food, and Waste Management

Cisco strives to minimize our environmental footprint and improve environmental practices in our office-based operations. In FY07 we focused on these key operational issues:

- Reducing water consumption and using recycled water
- Improving air quality
- Purchasing and disposing of food in a sustainable manner
- Prudently managing waste

The company has implemented an Environmental Management System (EMS) designed to help us meet environmental regulations and improve our environmental practices. This system supports a continuous cycle of planning, implementation, reviews, and improvements.

Cisco and the Environment

Reducing Water Use

The growing human population places great demands on the world's supply of fresh water. Climate change may also exacerbate water shortages in certain regions. Because water conservation benefits everyone, Cisco continues to search for ways to reduce water usage and to use recycled water where appropriate.

Our successful waterless urinal pilot project in restrooms at our San Jose headquarters in FY06 prompted us to install more than 400 additional waterless units throughout the campus. We estimate that water consumption will decrease by more than 8.5 million gallons per year once installation is complete in early FY08. We also seek to reduce water use in the restroom sinks. We installed 60 taps with sensors in our Brussels office. And in San Jose we are testing faucets with solar-powered sensors that help minimize both water and energy consumption.

At our headquarters in San Jose, we use only recycled water for landscape irrigation and fountains, which represents approximately 30 percent of our total 700,000 cubic feet of water consumption. Cisco is reducing the amount of water used in irrigation by installing smart controllers that employ Web-based technology to automate and optimize landscape watering schedules using weather forecasting data and horticultural science. In California alone, we are saving more than 81 million gallons of water each year due to our water conservation efforts.

Cisco and the Environment

Improving Local Air Quality

To help improve air quality at our headquarters in San Jose, Cisco is cooperating with the California Air Resources Board by avoiding the use of gasoline-powered lawn mowers during days when air quality is poor, known as “Spare the Air” days. During FY07 Cisco refrained from using such lawn mowers during a total of 192 hours when air pollution levels were greatest.

Cisco and the Environment

Sustainable Food Services

In line with Cisco's values, the firm that operates our cafeterias in the United States and Canada, Bon Appetit, is committed to socially responsible food sourcing and business practices. Through its Farm to Fork initiative, Bon Appetit helps Cisco promote the local farming community, support sustainable farming and harvesting techniques, and reduce the greenhouse gas emissions associated with transporting produce.

In FY07 Cisco participated in the launch of a commercial food waste program in Milpitas, California, led by FRG Waste Resources, Inc., Cisco's waste management partner. The Milpitas City Council revised the municipal code to allow food scraps to be hauled away for composting. Milpitas also captures the methane gas released during decomposition and turns it into electricity in their methane-to-energy production facility. During FY07 the food waste separation program at Cisco's Milpitas campus diverted more than 50 tons of food waste from the local landfill, which was then turned into compost and made available for purchase by gardeners.

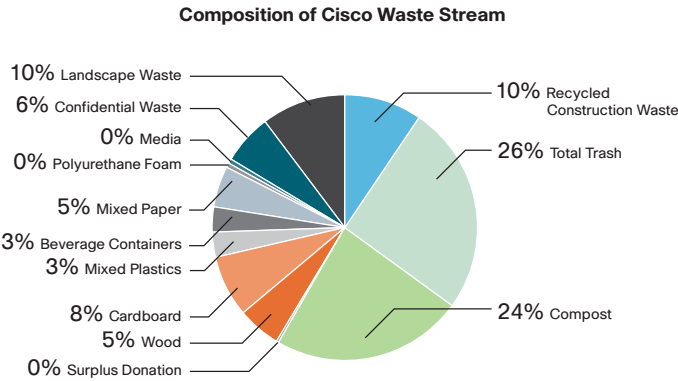
Cisco cafeterias in other regions also have programs to compost and recycle their food wastes. For example, our facility in North Carolina recycles waste vegetable oil, which is converted into biodiesel fuel used to power traditional diesel vehicles.

Cisco and the Environment

Managing Operational Waste

Cisco strives to manage, reduce, or eliminate operational waste—which includes office, landscaping, and cafeteria wastes. For information about Cisco’s electronic waste management programs, see the Lifecycle Management topic in the Product Stewardship section of this report.

In our Brussels office, installation of new recycling bins and an employee education program this year boosted the recycling rate from 40 to 80 percent. At our headquarters in San Jose, we are testing a program to sort 100 percent of our office waste to make sure no recyclable materials end up in landfill.



Seventy-four percent of the total waste stream is now diverted from landfill. We continue to improve our recycling rate, repurposing the waste so it can be used as a resource.

Cisco and the Environment

Environmental Management System

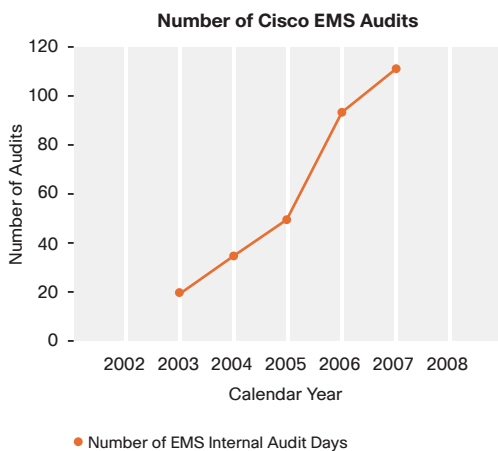
Cisco deploys an Environmental Management System (EMS) to comply with environmental regulations and continuously improve our environmental performance. Cisco's EMS drives a continual cycle of planning, implementation, reviews, and further improvements. The EMS also provides a framework for documenting compliance with environmental regulations such as ISO 14001, a standard that specifies requirements for environmental management that can be certified through an audit. Most of our major worldwide facilities are ISO 14001 certified.

At each Cisco site included in the program, a team uses the EMS framework to identify, prioritize, and manage the most relevant and important environmental impacts. Issues range from managing hazardous materials, to increasing employee awareness of environmental practices, to monitoring waste water treatment. Initiatives may arise from site-specific operational practices or from local community concerns. Cisco identifies best practices through the EMS audit program and disseminates them throughout the company.

The EMS program also includes Facilities Vendor Management and Auditing. At our San Jose campus, for example, all waste vendors providing recycling, compost, and construction/demolition debris services to Cisco are audited annually to help ensure that they meet appropriate waste disposal requirements.

Virtual EMS Auditing

The wide geographical distribution of Cisco sites has led to significant travel during the auditing process. We have developed a virtual auditing approach that uses Cisco collaboration technologies to increase efficiency and reduce the expense and environmental impact of traveling to audited sites. During CY07 approximately 30 percent of ISO 14001 internal audits have been remote, or virtual, audits. In addition, Cisco is one of the first companies to pilot virtual external ISO 9001 registration audits with TUV America, our ISO 14001 and ISO 9001 certification partner.

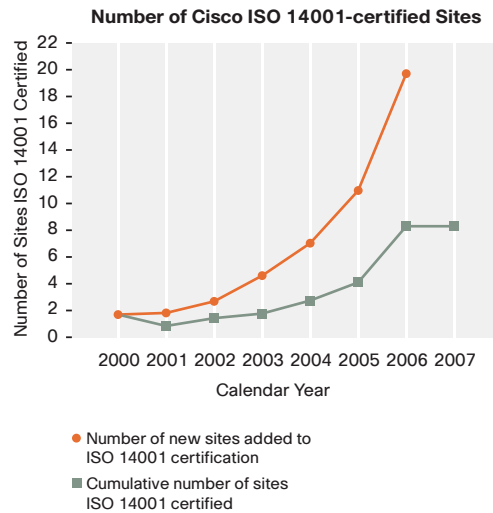


The number of EMS audit days during CY07 is expected to increase to 115.5.

Cisco and the Environment

Future Plans

By the end of the 2007 calendar year, we expect that 20 Cisco sites will have earned ISO 14001 certification, increasing the percentage of Cisco's employee population covered by EMS activities to approximately 68 percent.



By the end of calendar year 2007, we expect to obtain ISO 14001 certification for our sites in Bangalore, Beijing, Chicago, New York, Shanghai, and Singapore.

In FY07 we focused on integrating our EMS with other corporate programs and practices to improve organizational effectiveness. During FY08 we will continue to use our EMS program to support corporate initiatives on energy, greenhouse gas emissions, and waste management, with the aim of driving consistent performance and improving general environmental awareness within Cisco.

Cisco and the Environment

Product Stewardship



Cisco takes responsibility for minimizing the environmental impact of our products while they are in use and also after they are retired from service. We take care to design products that are accessible to the broadest population of users.

During FY08 we will continue to track new regulations and meet requirements as they emerge around the world. We will also develop materials specifications that address the next set of global product-related substance restrictions. Cisco remains committed to:

- Developing balanced regulatory and voluntary guidelines that protect the environment, while fostering innovation and growth
- Helping to formulate public policy and initiate industry dialogue regarding hazardous substances in products
- Using regulatory compliance as a platform for materials innovation

Cisco and the Environment

Product Lifecycle Management

During FY07 Cisco continued to plan for the end-of-life management of our products by supporting recovery, reuse, and recycling programs. Our initiatives include:

- Offering a convenient channel for our customers to recycle Cisco products
- Addressing the global environmental and health problems caused by the improper disposal of electronics
- Taking advantage of revenue opportunities offered by the recovery of equipment and precious materials
- Protecting our brand integrity by minimizing unauthorized resale of Cisco equipment
- Complying with worldwide product lifecycle regulations and meeting customer requirements
- Minimizing future compliance costs

Cisco offers a range of programs to facilitate the flow of products from our customers to a controlled end-of-life process. We also apply these same processes to electronic products used within our operations and by our employees at home. These programs now make a positive revenue contribution to the company.

Sustainable Design

A key element of our product lifecycle management strategy is to design products so they can be easily recycled or reused. By designing for upgradeability and extension of product lifespan, Cisco produces high-quality networking products that are:

- Modular and scalable, so the product can be upgraded instead of replaced
- Compatible with previous and future versions of Cisco processing cards, so obsolescence is minimized
- Complementary with standard chassis dimensions, so customers can use their existing equipment racks

Products based on these design principles conserve materials and save costs when compared to designs that require customers to replace an entire system when they want to significantly increase network or product performance, functionality, or the number of users supported.

Recovery Programs

Cisco has a World Wide Reverse Logistics (WWRL) team that is charged with:

- Managing product recovery, reuse, and recycling programs
- Serving as a central clearinghouse for recovered products
- Determining how to maximize product reuse and minimize impact on the environment
- Collaborating with other Cisco departments to promote our programs
- Coordinating with our recycling partners
- Working with regulators to develop and comply with requirements

Equipment Upgrades

The Cisco Technology Migration Program enables customers to trade in Cisco or a competitor's networking products in exchange for a credit toward the purchase of new Cisco products. This global program includes most major products offered by Cisco. The Cisco Exceptional Pick-Up Program facilitates the return of products that are not eligible for the Cisco Technology Migration Program.

Cisco and the Environment

Service and Warranty Returns

Cisco equipment is covered by warranties that enable customers to return nonfunctioning parts for reuse, recycling, or disposal. We refurbish returned products whenever possible and make them available to new customers, philanthropic programs, or internal Cisco groups.

Equipment Take-Backs

Product take-back and recycling, now available in most of Cisco's major markets worldwide, allow customers to return Cisco equipment for environmentally responsible reuse, recycling, or disposal. When requested, Cisco also works with customers to handle the recovery and disposal of other brands of electronic equipment.

Recovering Materials

Cisco supports public-sector regulations, private-sector standards, and our own voluntary initiatives to reduce the quantity of electronic materials that end up in landfills. During FY07 we consolidated our worldwide recycling operations to four contractors, all of whom are certified to ISO 14001 environmental management system standards. The WWRL team meets regularly with recycling contractors to evaluate performance and further improve business processes. Our efforts during FY07 resulted in a 20-percent increase in the recovery of all materials.

Recycling Electronic Equipment

We encourage employees to reuse, reduce, and recycle unneeded personal and work-related electronics whenever possible. All Cisco campuses are equipped with conveniently located bins for recycling various types of electronic devices. Products that are no longer functional are disassembled into components and recycled. Those that can be refurbished are donated to nonprofit agencies and schools.

During our 2007 Earth Day celebration, 16 Cisco sites worldwide collected nearly 200 metric tons of unwanted personal and work-related electronic equipment, a 40 percent increase compared to FY06.

Reusing Products

The WWRL team serves as a central clearinghouse for returned products, assessing them to determine how best to reuse or recycle equipment and components. The WWRL also collaborates with internal users of equipment, such as Cisco service centers, engineering and testing laboratories, and demonstration laboratories. A portion of this recovered equipment goes to nonprofits and other worthy organizations.

Compliance Programs

Cisco has dedicated resources to help ensure successful implementation of programs that meet the requirements of the European Union (EU) Waste Electrical and Electronic Equipment (WEEE) Directive. Moreover, we have acted to extend our programs beyond basic compliance:

- While not legally obligated to do so, Cisco plans to recycle its products in all EU countries, as well as in Switzerland and Norway, at the levels required of "producers" under the EU directives.
- Where applicable, Cisco is pursuing the registration of the Linksys division and Scientific Atlanta subsidiary under the EU directives.
- We have created a database that enables detailed reporting of product lifecycle management systems.

Cisco and the Environment

Cisco is also working with the European Commission on upcoming WEEE Directive revisions, and taking an active role in key organizations such as the U.N.'s Solving the E-waste Problem (StEP), the Global e-Sustainability Initiative (GeSI), and the European Information & Communications Technology Industry Association (EICTA).

Progress and Future Plans

During FY07, Cisco recycled more than 7102 metric tons of electronic equipment globally. This represents a 75 percent increase over FY06.

In FY08 we plan to improve and expand WWRL's programs globally. Focus areas include:

- Expanding our recovery and recycling presence in emerging markets
- Improving our programs and systems to accelerate recovery and reuse
- Increasing reuse of returned products by 20 percent

Cisco and the Environment

Product Energy Efficiency

As the number of devices and the amount of traffic on the Internet grow, the energy needed to handle that growth will continue to increase. For example, the energy required to power the world's data centers has doubled in the past five years. It now accounts for nearly two percent of worldwide power consumption, according to a recent study by Jonathan G. Koomey, a staff scientist at Lawrence Berkeley National Laboratory and consulting professor at Stanford University. The U.S. Environmental Protection Agency calculates that U.S. data centers used about 61 billion kWh of electricity in 2006.

A study by Gartner estimates that two percent of global carbon-dioxide emissions can be attributed to information and communications technology—as much carbon dioxide as the aviation industry emits.

To help alleviate this problem, Cisco strives to increase the energy efficiency of our products while also enhancing performance. First, we are improving the configuration of key components and subassemblies to keep power requirements at a minimum. Second, we are assisting customers and service providers in maximizing utilization of their equipment, so they do not have to add more power-consuming devices to their networks when they want to expand capacity. We continue to explore ways to virtualize network resources, a strategy that makes infrastructures greener by consolidating and concentrating services.

Energy Efficiency Standards

Cisco supports government and private-sector energy regulations as well as voluntary standards. We are working with industry, nongovernmental organizations, academic institutions, and governments around the world to explore ways to improve energy efficiency while still maintaining high levels of product functionality and reliability.

Cisco actively participates in the following organizations and groups:

- U.S. Department of Energy (DOE)/ EPA ENERGY STAR energy efficiency specifications for set-top boxes
- The Green Grid consortium and the U.S. EPA / DOE Report to Congress on Data Center and Server Energy Efficiency, which will include policy recommendations on how the federal government, industry, and other stakeholders can work together to promote energy efficiency practices for data centers
- The Government of Japan's Ministry of Economic Trade and Industry (METI) Top Runner program to develop energy-consumption metrics and energy efficiency standards for networking equipment sold to households and small-to-midsize businesses
- The EU Eco-Design for Energy-Using Products (EuP) Directive for developing and implementing measures related to stand-by power for network equipment and external power supplies
- The EU Broadband Communication Code of Conduct working group devoted to energy-efficient design for home and small-business network appliances
- Institute of Electrical and Electronics Engineers (IEEE) Study of Energy Efficient Ethernet 2010, a group developing a standard that is expected to save large amounts of power during idle operation

During 2006 Cisco also established an internal, cross-functional working group to support energy-efficient product design, industry standards, and metrics. This Power Steering Committee serves as a single point of contact for inquiries from customers and other stakeholders.

Cisco and the Environment

Product and Component Efficiency

Energy efficiency is of particular concern in consumer electronic devices and appliances that are sold in large volumes. Even in idle or standby mode, home devices such as computers, network equipment, home entertainment products, and telephones continue to draw power. When multiplied by millions of households, this adds up to billions of kilowatt-hours.

Here are three examples of power-reduction features that we have incorporated into our consumer products:

- Spin-down and screen saver: The hard drive in the Scientific Atlanta set-top digital video recorder automatically goes into sleep mode (spins down) between the hours of 1:00 a.m. and 6:00 a.m. unless the user presses a remote key. Once spin-down is complete and the screen saver is active, the drive remains spun down until the user presses a remote or front panel key.
- Low-power modes on IP phones: Cisco Unified Communications Manager Version 4 provides a central command that can darken the displays on all the IP phones connected to a network at a given time after business hours. This can save up to 25 percent of a phone's typical energy consumption.
- External power adapters: Any device with an external power adapter continually draws electrical current even when it is not in use. According to the U.S. government's ENERGY STAR program, these power adapters consume about 300 billion kWh per year, approximately 11 percent of the national electric bill. In 2006 the California Energy Commission enacted Title 20 to make external power adapters more efficient. All Cisco's power adapters meet this standard, and we are addressing similar standards in Australia, the European Union, and the rest of the United States.

System-Level Energy Efficiency

Besides designing power efficiency into individual products, Cisco is also lowering power consumption in data centers with modular, scalable solutions that make better use of existing capacity. For example, Cisco's network-based virtualization capabilities help customers increase utilization of their data storage assets by up to 70 percent. Furthermore, Cisco's service-module approach to systems design helps make data centers greener by reducing the number of power-consuming appliances that need to be connected to the network.

The convergence of data center infrastructure, applications, and operations has also opened new opportunities for power efficiency at the systems level. Cisco's intelligent networks provide a solid foundation for monitoring and managing energy use across the enterprise. We are exploring these opportunities as a member of The Green Grid, an international industry consortium devoted to lowering power consumption in data centers by developing standards, measurement methods, processes, and new technologies.

Cisco and the Environment

Hazardous Substances

Cisco is developing and implementing consistent environmental standards across all our divisions and subsidiaries, including the consumer products developed by Linksys and Scientific Atlanta. Our approach aligns with our philosophy of maintaining excellence in the design and manufacture of our products, and our commitment to meeting customer demand for next-generation equipment.

We have joined countries and regions throughout the world in following the European Union's Restriction of Hazardous Substances (RoHS) directives for keeping lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ether from entering landfills. Together with other industry leaders, such as those participating in the International Electronics Manufacturing Initiative (iNEMI), we are working to replace lead in solders and pastes. Such materials innovation will allow Cisco to take advantage of advances in mixed metallurgy and still maintain the quality and reliability of our networking infrastructure equipment.

In accordance with the 1987 Montreal Protocol on Substances That Deplete the Ozone Layer, we have been working with our supply chain partners to phase out ozone-depleting substances (ODSs) in their manufacturing processes.

On March 1, 2007 Cisco became fully compliant with *China's Measures for the Administration of Pollution Control of Electronic Information Products* (Ministry of Information Industry Order No 39, commonly known as China RoHS). All Cisco products shipped to China comply with the provisions of this order and bear the appropriate labels. In July 2007 Cisco also voluntarily launched an independent Supply Chain RoHS Validation Program.

Cisco and the Environment

Accessibility for All

Cisco builds products and services for all our customers and is committed to maintaining sustainable business practices in the areas of product accessibility and the supply chain.

In 2004 Cisco launched the Accessibility Initiative to help ensure that our products—as well as our facilities, Websites, and documentation—can be easily accessed by users with disabilities. The initiative calls for:

- Staff training to increase awareness and tools to help employees design, manufacture, market, and deliver accessible products and related materials
- Policy and engineering guidelines to evaluate the accessibility, usability, and compatibility of equipment and services
- Design principles that incorporate accessibility and usability throughout product development
- Product trials and evaluations that involve people with disabilities
- Support of and contributions to industry standards and guidelines for accessibility

Reporting to Cisco's Corporate Compliance group, the Cisco Accessibility Team monitors ongoing compliance with Cisco accessibility standards and worldwide regulations. During FY07 the team implemented the Accessibility Initiative across all Cisco business units. The Accessibility Initiative has also been incorporated into the work of Cisco's IT department, which will integrate accessibility features in the development and procurement of software.

The timeline below shows how the Accessibility Initiative has progressed since its inception.

Cisco Accessibility Initiative Timeline

FY04	FY05	FY06	FY07	FY08 GOAL
• Developed Accessibility Design Requirements and a training program for our product teams • Launched Accessibility Initiative	• Accessibility Team became a central part of Cisco Engineering department • Constructed Accessibility Testing Lab and Evaluation Studio • Expanded Accessibility Initiative to four new business units	• Awarded the Helen Keller Award by the American Foundation for the Blind for making products accessible for all people with vision loss • Expanded the Accessibility Academy with online training for accessibility • Expanded Accessibility Initiative to seven new business units • Established the Accessibility Academy for training business units	• Completed Accessibility rollout to 22 business units • Converted four instructor-led training courses to online Web-based learning environments	• Complete Accessibility Initiative rollout to new subsidiaries and acquisitions • Finalist in the 2007 Brandon Hall Excellence in Learning Awards for innovation in learning technology

Cisco and the Environment

Accessibility Partners

Cisco works with the following vendors to improve accessibility and usability in our products:

- In partnership with Tenacity, Inc., we released Access A Phone, an innovative software product for the Cisco Unified IP Phone 7900 Series. Access A Phone allows users to operate the phone from their PC keyboards and enables text-to-speech for caller ID, calls on hold, voicemail notification, and missed, received, and placed calls. The product is also compatible with leading speech-recognition software that lets dexterity-impaired people control the phone with vocal commands.
- Working with NXI Communications, we are developing solutions that connect Cisco Unified Communications Manager to the NXI Server, enabling features such as chat messaging that serve the hearing-impaired community.
- ARC Solutions' attendant console assists visually impaired users by supporting the Job Access with Speech (JAWS) screen reader, which provides access to information displayed on the screen using text-to-speech or a Braille display.

Meeting and Setting Standards

Cisco participates actively in committees devoted to setting accessibility standards within the International Telecommunications Union, the Internet Engineering Task Force, and the Telecommunications Industry Association. We require that our equipment comply with the Americans with Disabilities Act, Section 255 of the U.S. Telecommunications Act, and the U.K. Disability Discrimination Act. Our products also conform to Section 508 of the U.S. Rehabilitation Act and similar legislation, and we are participating in efforts to help the United States Access Board rewrite and update the Section 508 requirements.

Internally, Cisco's employee intranet complies with the Web Accessibility Initiative, an independent consortium working with organizations worldwide to develop strategies, guidelines, and resources to help make the Web accessible to people with special needs.

Cisco and the Environment

Cisco Accessibility Academy

The Cisco Accessibility Academy is a comprehensive training program devoted to teaching employees how to design more accessible products. To date, the academy has provided training to 5785 employees, and we have expanded the curriculum to offer five Web-based courses led by instructors.

Employees Trained by Cisco's Accessibility Academy, by Course

Course Name	2004	2005	2006	2007	Total
Awareness	288	799	1803	930	3820
Accessibility for Product Managers		20	86	119	225
Accessibility and Cisco's Great Engineering Methodology (GEM) Process		79	391	148	618
Designing Accessible Software		34	356	168	558
Accessibility Testing Procedures		18	96	86	200
Using JAWS			51	21	72
Designing Accessible Websites		13	159	120	292
Total	288	963	2942	1592	5785

Future Accessibility Plans

For FY08 our goals are to:

- Complete training across the internal IT, customer service, and human resources teams
- Extend the Accessibility Initiative to our largest acquisitions and subsidiaries, including Linksys, Scientific Atlanta, and WebEx
- Complete the curriculum for a Designing and Developing Accessible Flash Modules course

Cisco and the Environment

Cisco's Supply Chain



Cisco has one of the most complex supply chains in the IT industry, with more than 600 suppliers and some 50,000 purchased parts supporting almost 200 product families. Our partners provide electronic manufacturing, test, design, transportation, logistics, and other services. With this breadth of supply and critical fabrication partners, managing supplier relationships is a complex, demanding, and ongoing process.

Supply Chain Management

Cisco believes that a world-class supply chain allows us to offer our customers world-class products and services. We select suppliers whose standards align with our values, particularly with regard to business integrity. And we conduct quarterly business reviews of our suppliers' business activities, financial stability, engineering practices, and quality procedures.

When necessary, we request third-party audits of a supplier's business operations to assess their adherence to each point of our Supplier Code of Conduct. Despite a business model that is heavy on outsourcing, Cisco's supply chain management structure gives us significant control over our supply chain, helping to ensure that deliverables meet our cost, quality, and delivery expectations.

Social Responsibility

Since 2004 Cisco has taken a leadership role in supply chain social responsibility. We support the Electronics Industry Code of Conduct (EICC), the Global e-Sustainability Initiative (GeSI), and other key industry coalitions. As a member of the EICC steering committee, we have been able to help guide the expansion and management of this groundbreaking group, and we have actively contributed to the development of standardized methodologies, tools, and processes for assessing and monitoring supply chain social responsibility across our industry sector.

Cisco's involvement in these supply chain initiatives reflects our commitment to working within the industry to improve the environmental, labor, health, and safety performance of our common supply base. Cisco's Supplier Code of Conduct reflects the common rules developed through the EICC, but also includes additional requirements specific to our business and operating model.

Cisco and the Environment

Supplier Code of Conduct

The Cisco Supplier Code of Conduct forms the basis for our supply chain social responsibility program. All contracts with suppliers make reference to the Supplier Code of Conduct, and suppliers agree to the tenets of the Code before working with us.

Cisco's supplier assessment process evaluates supplier performance on Supplier Code of Conduct issues. Our assessment is consistent with the process developed collaboratively within the EICC. It consists of:

- Risk assessment of each supplier facility
- Review of the systems for those facilities that are identified as being most at risk
- A process for conducting third-party facility audits (where appropriate)
- Corrective action program

Progress and Future Plans

In 2007 our supplier assessment process started with our participation in the EICC Joint Pilot Audits. The pilot consisted of third-party audits of more than a dozen EICC member facilities in China, including both contract manufacturers and commodity suppliers. Using the EICC-designed tools and reporting format, the audits focused on the labor, environmental, health, safety, ethics, and management system aspects of the code of conduct. The results of these audits enable Cisco to identify potential opportunities for improvement and work with our suppliers to resolve any challenges.

Beyond our supplier assessment program, Cisco is also evaluating other aspects of supplier performance, including ozone-depleting chemical use, energy consumption, and waste disposal programs.

For FY08 Cisco plans to expand the scope of its supplier assessment process to include our first-tier supply base, as well as any key commodity suppliers that participate in Phase II of the EICC joint audits that will take place at the end of 2007. We plan to report metrics around this program in the 2008 Cisco Corporate Citizenship Report.

Cisco and the Environment

Supplier Diversity

Many of Cisco's suppliers are small businesses or independent contractors that provide a number of services. Diversity among these suppliers is an important aspect of Cisco's supply chain philosophy. We believe diversity is good for our business in a variety of ways:

- Regional diversity gives us access to worldwide skills and markets, and provides business resiliency if disruptions should occur in a particular region. It also helps reduce transportation costs.
- Cultural diversity, with suppliers offering different viewpoints and styles of interacting, helps us develop and market products that fit the needs of the broad global community.
- Social diversity promotes inclusiveness that benefits communities and local economies.

Any time we engage a new partner, we conduct an assessment that takes into account financial, technological, geographic, and political risks. In this way, we try to avoid possible problems by making sound business resiliency decisions at the outset. Regional diversity helps us balance the risks to the supply chain posed by such factors as potential civil unrest, natural hazards, and economic uncertainties.

The Cisco Global Supplier Diversity Business Development (GSDBD) program was established more than 15 years ago to provide equal access to businesses owned by minorities, women, disabled people, and military veterans, as well as to companies in Historically Underutilized Business Zones (HUBzones). Cisco has an internal goal of awarding 10 percent of our supplier expenditures to such businesses.

The GSDBD team also provides ongoing supplier diversity training throughout Cisco's business units. To help identify diverse suppliers, Cisco is working with external inclusion organizations as well as with Cisco's own employee networks. We also have implemented a vendor management tool that allows us to manage and prioritize certified diverse suppliers.

For the past four years, Cisco has been recognized for our supplier diversity efforts by DiversityBusiness.com. Cisco ranks as one of the top 50 U.S. companies providing multicultural business opportunities, based on feedback received from more than 350,000 women- and minority-owned businesses.



Cisco and Society

“Corporate social responsibility is a core Cisco value. We believe our social investments contribute to our long-term sustainability as a business while also helping to build a stronger, healthier global community.”

Tae Yoo,
Senior Vice President, Corporate Affairs

Cisco's social investment strategy focuses on empowering individuals and transforming communities through networking. We advance a broad range of economic, educational, and social initiatives worldwide by making use of our market strength, industry experience, and business acumen. And we collaborate with a variety of organizations, including local groups, nongovernmental organizations (NGOs), government agencies, schools, and universities.

Corporate social responsibility is a core Cisco value. We believe our social investments contribute to our long-term value as a business while also helping to build a stronger, healthier global community. This community, in turn, supports and sustains the markets within which our business can thrive.

Cisco and Society

Cisco recognizes the [United Nations Millennium Development Goals](#), which call for timely, quantifiable progress in:

- Eradicating extreme poverty and hunger
- Achieving universal education
- Promoting gender equality
- Reducing child mortality
- Improving maternal health
- Combating deadly diseases such as HIV/AIDS
- Ensuring environmental sustainability
- Building a global partnership for development

Nearly every country in the world has approved these goals, and we believe companies such as ours have a responsibility to help make them a reality as well.

Over the years we have learned a great deal from our social investment efforts. For example, the Cisco Networking Academy, our first and most comprehensive education initiative, has taught us how to scale a program to meet the needs of diverse students, communities, and learning environments. We have applied that knowledge to other Cisco and joint education initiatives, such as the Global Education Initiative, the 21st Century Schools Initiative, and the New Partnership for Africa's Development.

Cisco makes social investments in three primary areas:

- Education and lifelong learning
- Human services, with donations of funds, products, and expertise
- Companywide volunteer activities

Cisco Financial Contributions over Five Years

DONATION (IN MILLIONS)	FY03	FY04	FY05	FY06	FY07
Foundation total (corporatewide)	\$ 11.4	\$ 8.5	\$ 10.6	\$ 9.3	\$ 8.8
In-kind total (corporatewide products and people)	20.1	19.7	29.0	39.4	49.0
Cash total (Foundation cash and corporatewide cash)	36.8	33.4	35.0	76.1	67.7
Corporatewide giving total	56.0	53.0	65.0	115.5	116.8
Contributions as a percentage of earnings before income tax (EBIT) from previous year	2%	1.1%	1%	1.4%	1.5%

Cisco and Society

A key part of Cisco's social investment portfolio, the Cisco Systems Foundation provides financial grants to organizations in communities where Cisco has offices or a large number of employees. The Foundation is a separate private nonprofit 501(c)(3) organization established with a gift from Cisco in the form of an endowment. At the close of FY07, the total value of the Foundation endowment was more than \$160 million, up from about \$100 million in FY05 because of a \$50 million contribution from Cisco to the Foundation. The Cisco Foundation Board of Trustees, made up of Cisco executives, oversees the Foundation and provides effective stewardship of its endowment.

To help ensure that all Foundation grants are consistent with Cisco's CSR vision and that we have exercised due diligence regarding the qualifications of recipients, we have implemented a systematic review process. This process addresses both legal and regulatory requirements as well as assessment of the qualification of proposals against our grant-making criteria and guidelines. The majority of grant programs are by invitation only, with program officers making recommendations regarding potential social investments. Initial vetting of the applicant organizations is rigorous and consistent, a service provided to Cisco and the Foundation through our partnership with the nonprofit organization Universal Giving. All Foundation grant proposals are reviewed by a grants committee, with final approval by the executive director of the Foundation and the Cisco Foundation Board.

Financial information about the Foundation is available on Form 990-PF filed with the U.S. Internal Revenue Service.

Cisco and Society

Transforming Communities Through Education



Cisco takes pride in the depth and breadth of our educational development programs, which reflect our commitment to the lifelong learning required to build tomorrow's workforce. Through Cisco Networking Academy, our global education initiatives, and beyond, we combine partnerships, products, funding, and human expertise to deliver long-term results and strengthen our business value.

Our educational programs have been recognized as among the industry's best. They are designed to be scalable, replicable, and sustainable, and to deliver tangible benefits to our investors, our customers, and the communities in which we operate.

Overcoming the Digital Divide in the Great Rift Valley

The Maasai are an independent, nomadic tribe scattered across Kenya and Tanzania whose way of life is increasingly threatened by wildlife preserves and encroaching urban populations. Their tradition-bound lifestyle has not prepared them to thrive in the technology-driven economy of the 21st century.

A few years ago Cisco executive Waseem Sheikh met with Ledama Olekina, a Maasai elder and founder of the [Maasai Education Discovery](#) (MED) program. MED had established an education resource center located in Narok, Kenya, but Olekina wanted to bring education directly onto the Maasai reservations, where there is very little infrastructure.

Sheikh developed a business plan and then worked with Cisco's Product Grant Program to donate networking hardware and other essential

technology. He also contacted the U.S. Agency for International Development (USAID), which helped solicit the support of additional agencies such as the International Red Cross and Oxfam. Sheikh then persuaded college students at universities where he had done recruiting to donate hundreds of PCs. Many students also volunteered their time and funds.

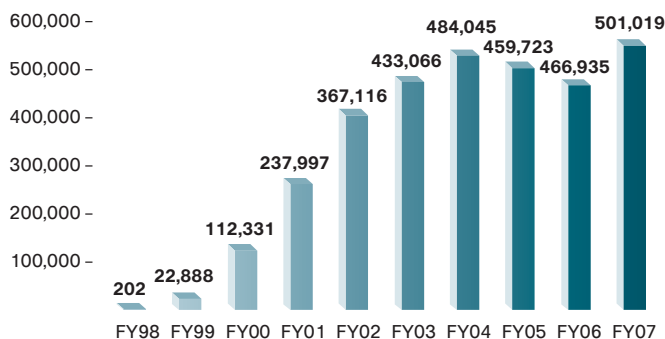
In addition, Sheikh used more than \$50,000 in private contributions from friends, family, and others to construct a boarding school for 360 Maasai girls. The school became a certified Cisco Networking Academy last year and will graduate 10 students in 2007—most of whom have already found jobs. Sheikh hopes to increase that number to 20 in 2008. He is also busy implementing Cisco wireless capability in 16 additional schools near Narok.

Cisco and Society

Cisco Networking Academy

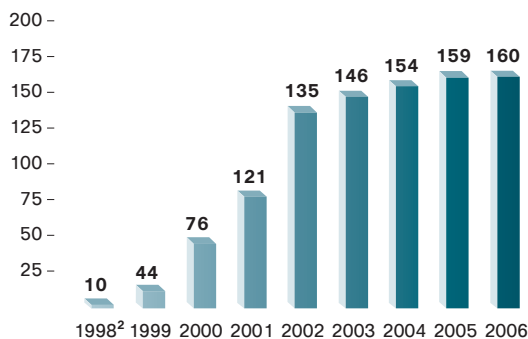
In FY08 [Cisco Networking Academy](#) celebrates 10 years of providing information and communication technology education to students around the world. We partner with educational institutions, nonprofits, NGOs, businesses, and government organizations to deliver globally consistent and locally relevant learning experiences, improving economic and career opportunities for students. As of September 2007, 2 million students have participated in courses since the Cisco Networking Academy was established.

Number of Students Enrolled in Cisco Networking Academy Courses, Year by Year



The Networking Academy is now active in more than 160 countries worldwide. In an FY07 survey of Networking Academy students, 91 percent of participants reported using skills they learned in their Networking Academy courses on a daily basis.

Number of Countries¹ with Participating Networking Academy Sites, Year by Year



¹ For administrative purposes, we have defined some regions as "countries" that are not autonomous states or are not recognized as countries by international bodies such as the United Nations. Examples of these include Hong Kong, Puerto Rico, and Taiwan.

² Years represent a 12-month period starting November 1 and ending on October 31 of the year noted.

Cisco and Society

Ongoing Commitment to Excellence

Today's companies increasingly rely on networking technologies to support their business objectives, and demand is growing for skilled employees to support their networks. In response, Cisco has redesigned the Networking Academy curricula to provide students with the skills they need to succeed in a wide range of IT careers across a broad range of industries.

The Networking Academy blends classroom instruction with online curricula, hands-on lab exercises, realistic network simulations, and an Internet-based assessment tool to deliver a consistent, standards-based learning experience. The Networking Academy portfolio comprises 18 courses designed to prepare students for entry-level IT career opportunities, continuing education, and globally recognized certifications.

This year we made several changes to better serve the needs of students from differing socioeconomic, cultural, and educational backgrounds, while also aligning curricula with market demands. Two new Cisco CCNA associate-level certification tracks—CCNA Discovery and CCNA Exploration—were added, featuring an updated user interface to simplify translation and embedded learning tools to improve comprehension. The Cisco CCNP professional-level certification and IT Essentials curricula were also revised to make sure they remain up to date and relevant, continuing to serve student needs in a fast-changing industry.

Cisco also introduced a new entry-level certification, Cisco Certified Entry Network Technician (CCENT), to the Career Certification Program. CCENT offers a new point of entry for those just beginning to build a career in networking. As an optional first step toward CCNA certification, CCENT validates the skills required to successfully install and verify basic networks—a requirement for most entry-level network support positions in small and midsize businesses.

In addition, the Cisco Networking Academy IT infrastructure has been upgraded with new equipment and transferred to the Cisco data center to improve service to our students, instructors, and administrators. This data-management system processes nearly a million assessments each month and delivers online courses in multiple languages.

Cisco and Society

Networking Academy Achievements in FY07

The Cisco Networking Academy made considerable progress this year in several areas worldwide. Among these achievements:

SPARK Initiative

This initiative brings IT training to disadvantaged youths in Turkey at no charge. Co-funded by Cisco and the United Nations Development Program (UNDP), SPARK established Networking Academy sites at the Gebze Institute of Technology and Erciyes University in Kayseri, with more locations anticipated in the future. Approximately 100 students have completed Cisco Networking Academy courses to date, and graduates serve as volunteer instructors to keep costs down.

Soccer Academies

In South Africa, an innovative Soccer Academy program reaches at-risk youths and young adults who have been incarcerated or have overcome crime, poverty, health risks, and other obstacles. The program offers them a chance to build their confidence, marketable skills, and leadership qualities. To create the program, Cisco partnered with Lee Sharpe Soccer, Ambassadors in Sport, the iPod Company, and Global Events Group. The academies offer coaching, life skills development, and educational training programs, including Networking Academy courses. Future plans call for development of an additional 10 soccer academies in South Africa, including one at the Pollsmore Prison, where former president and Nobel Peace Prize winner Nelson Mandela was incarcerated until 1990.

First Nations SchoolNet

Cisco partnered with the Canadian government's First Nations SchoolNet to bring technology training to remote aboriginal communities across Canada. Since its inception in 2005, this program has become a best-practices model for distance learning. To date, 30 students in two Canadian provinces have found IT jobs as a result of this training, and 14 have passed certification exams in another province. First Nations SchoolNet was created by the Canadian government to establish stimulating, technology-enabled learning environments in the First Nations schools.

Other Achievements

New Networking Academy sites for the blind and visually impaired were established in Rio de Janeiro, Brazil, and Perth, Australia; a Networking Academy was created at the Arya Orphanage in Delhi, India; and IT curricula were made available to economically disadvantaged youths in the United States through Job Corps, the U.S. Labor Department's largest youth training program.

Cisco and Society

Least-Developed Countries Initiative

Cisco is creating public-private partnerships to help bridge the digital divide by bringing Cisco Networking Academy classes to underserved populations in least-developed countries (LDCs) around the world. Since 2000, more than 250 Networking Academy sites have been established in 53 LDCs, reaching nearly 50,000 students. More than 12,700 of these students have successfully completed all four modules of the Cisco CCNA curriculum for network associates, with women representing 29 percent of the CCNA graduates in participating countries.

LDC Impact Assessment of Student Success

In FY07 Cisco and the Cisco Learning Institute (CLI), along with partners UNDP, USAID, and the International Telecommunications Union (ITU), sponsored a study by GCR Custom Research to examine the impact of the Networking Academy on least-developed countries.

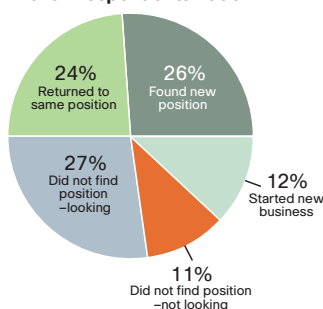
This LDC Impact Assessment evaluated the initiative in six countries chosen to represent Africa's overall geographic, cultural, and economic profile: Cameroon, Kenya, Nigeria, Senegal, Uganda, and Zambia. The study's primary purpose was to determine the effects of the program on individual stakeholders, former students, instructors, employers, and community leaders, so the data could be used to make informed decisions about future initiatives and resource allocation.

The results indicate that the Networking Academy has had a very positive impact on least-developed countries by:

- Supporting the development of IT skills
- Improving job opportunities
- Promoting self-confidence among women entering the IT field
- Raising the overall education level within communities

Nearly two-thirds of the students who participated in the survey found employment after completing the program, while three-quarters of those employed obtained jobs that require networking skills. Over three-quarters of the employers surveyed rate the skills of employees who have completed Networking Academy courses to be superior to those who have not completed these courses. Over 10 percent of the students surveyed started their own businesses after completing the courses.

**Networking Academy LDC
Student Outcomes**
No. of Respondents = 330



The survey also identified some areas for improvement that we plan to address in the coming year:

- Provide more hands-on experience and access to the latest equipment
- Increase the availability of programs in rural areas
- Offer students more employment assistance, such as arranging internships and locating job opportunities

Cisco and Society

Gender Initiative

Women are often excluded from the career opportunities offered by IT. Without targeted recruitment and training, women will continue to be left behind. To address the global challenge of the digital divide between the sexes, Cisco is implementing what we call the Gender Initiative “ABCs”: *accessing* the Internet, *building* knowledge, and *creating* careers.

Accessing the Internet

Cisco’s Gender Initiative, a component of the Networking Academy, helps provide Internet access for women and girls through partnerships with regional telecenters, community organizations, shelters, girls’ schools, and women’s colleges and universities. This includes equipment donations to global NGOs. Examples:

- **Pakistan:** Cisco donated laboratory equipment to eight new Networking Academy sites in Lahore, Islamabad, and Karachi. Five of the partnerships are with women-only universities, and three are with coeducation institutions committed to achieving a 30-percent female enrollment. As a consequence of this program, approximately 500 women will be enrolled in technology courses by next year. Cisco received an award from the Minister of Science and Technology recognizing our efforts in promoting IT gender participation in Pakistan universities.
- **Kenya:** Using equipment donated to the Maasai Education Discovery School, instructors and students from the Networking Academy set up Internet networks at 14 local organizations, including dormitories, libraries, an orphanage, and secondary and primary schools.

Building Knowledge

Cisco promotes the Internet as a source of information and as a means for students to acquire and refine their technical skills. Today 18 percent of students taking Cisco Networking Academy courses worldwide are women. The Gender Initiative focuses on recruitment and retention of technically trained women through scholarship programs, development partnerships, and local, regional, and national workforce partnerships.

The U.N. Global Compact publication [“Joining Forces for Change: Demonstrating Innovation and Impact through U.N. Business Partnerships” \(July 2007\)](#) cited the work Cisco has done with UNIFEM as a best practice in workforce development. Examples:

- **Latin America:** With only an 11 percent Networking Academy female enrollment, Brazil was targeted for the first Cisco Scholarship Pilot Program for Women and Girls. This scholarship program, part of the Gender Initiative Latin America campaign, sponsors academy attendance in the poorest regions of Brazil as well as in the growing business areas. National Industrial Training Service of Brazil (Portuguese acronym SENAI), a Brazilian government organization that operates a network of not-for-profit, secondary-level professional schools, will select approximately 50 women from two academies to receive scholarships for classes in August 2007.
- **Poland:** In response to the comparatively low percentage of women with IT jobs in Poland, a Cisco Gender Scholarship Pilot was established in 2007 to encourage women to enter Cisco Networking Academy and the IT fields. Nicolaus Copernicus University in Torun and Zespol Szkol Chlodniczych i Elektronicznych Local Academy in Gdynia are participating in the Gender Initiative with 30 partial scholarships for women in CCNA courses.

Cisco and Society

- **Kenya:** Mukuru is a large slum district near the capital city of Nairobi. The Mukuru Skills Training Centre Initiative, which began in 2000, is a partnership that also includes British Airways, Microsoft Education, Colemar (Revlon), the Kenya and U.K. Ministries of Education, and Sisters of Mercy (Ireland). The initiative provides several services aimed at preparing people to establish economically viable small businesses. Cisco is partnering to develop two modules: an instructor training program in the use of technology for teaching and learning, and a module for an online hairdressing course.

Because of cultural and economic barriers, certain parts of the world present particular challenges when it comes to attaining gender equality in a technical education setting. Cisco's Gender Initiative has made significant progress in many of these regions. For example, the table below shows women as a percentage of all the students enrolled in Networking Academy classes in selected Middle Eastern, African, and Asia-Pacific countries.

**Highlights of Female Enrollment in Network Academy Courses
by Selected Country**

COUNTRY	WOMEN AS % OF TOTAL ENROLLMENT*
Afghanistan	30
Algeria	29.5
Bhutan	33.9
Egypt	27.7
India	24.8
Indonesia	28.5
Jordan	28.6
Laos	29.5
Malaysia	42.3
Morocco	30.8
Oman	42.5
Philippines	39.4
Thailand	32.5
United Arab Emirates	40.7

*As of July 29, 2007

These percentages compare very favorably with female enrollment in other parts of the world.

Creating Careers

Career programs connect Cisco volunteers and partners with community organizations to mentor and coach girls and women who are interested in future technology jobs. Additional programs help sustain women who are already working in the technology sector.

For example, the Women's Empowerment Program (WEP) is a training program for women aged 20 to 35 who belong to disadvantaged Jewish and Arab communities in Israel that delivers high-technology education, fosters personal and social empowerment, and nurtures business skills.

WEP was launched in 2006 with two pilots—one for Jewish women in Netanya and the other for Arab women in Baqa el Garbya—comprising 150 women. Every woman in the Netanya pilot completed the training, and 60 percent have already found IT-related jobs. The Baqa el Garbya pilot is expected to produce similar results. We plan to extend this program to Hungary, Slovenia, and Turkey in FY08.

Cisco and Society

Global Education Initiative

Cisco recognizes the importance of education in the economic development of impoverished communities and aims to create sustainable models of education in the developing world. Educating the next generation is a priority for governments. For the private sector, it is critical for building a skilled labor force, stimulating the economy, and improving productivity.

The Global Education Initiative (GEI) came about in response to an appeal by Cisco Chairman and CEO John Chambers at the World Economic Forum in 2003 to develop a technology-supported education model that would reduce the gap between developed and developing countries. Based on its vision and commitment to the advancement of education, the government of Jordan was selected to launch this effort in partnership with the World Economic Forum and business leaders. The Jordan Education Initiative demonstrated the power and potential of collaborative public-private partnerships to catalyze education reform. The initiative comprised more than 45 participating organizations and had a direct investment of \$25 million. Building on the success of the work in Jordan, the GEI is now being implemented in the Indian state of Rajasthan and in Egypt.

GEI Projects

Ongoing GEI projects include:

- **Partnerships for Education:** This joint initiative with the United Nations Educational, Scientific, and Cultural Organization (UNESCO) and the World Economic Forum was created to enable what are called Multi-Stakeholder Partnerships for Education. Cisco is participating by helping to document the role of the private sector in these partnerships.
- **Egypt Education Initiative:** During the first phase of this initiative, 2000 schools, 15 universities, 650,000 students, and 70,000 teachers have joined together to enact improvements in e-learning across Egypt. To date, Cisco has created 104 Networking Academy sites, with 200 more scheduled to open by late 2007.
- **Rajasthan Education Initiative:** This initiative in India's largest state seeks to improve social and economic conditions by developing IT skills in a predominantly agrarian region. Targeted at girls, rural children, urban under-privileged children, and children with special needs, the initiative aims to accelerate IT education in 32 government District Computer Education Centres (DCECs) across Rajasthan. Two DCECs are operational and three more DCECs are expected to open by the end of calendar year 2007. To date, 44 instructors have been trained on IT Essentials and 28 students, half of them female, have completed the course.

Cisco and Society

21st Century Schools Initiative

This 21st Century Schools Initiative in the states of Louisiana and Mississippi came about in response to the devastation on the United States' Gulf Coast caused by hurricanes Katrina and Rita. Backed by Cisco's \$40 million investment in technology and training programs, the initiative has created a replicable model for education reform by focusing on strategically aligned, visionary leadership, extensive professional development for teachers, accelerated learning and increased administrative efficiency using 21st century communications technology, and close connections between schools and communities.

After the first full year of operation in Mississippi, the Education Development Center (EDC), an independent evaluator, surveyed school administrators regarding the success of the initiative. The vast majority of the respondents believed the students are better prepared for college and future employment:

- 94 percent of the administrators think students will be more globally competitive.
- 92.6 percent felt that teachers will be more likely to stay with their district/schools.
- 93 percent thought the teachers will be performing more efficiently.

In fact, administrators consider the Cisco Connected Schools technology blueprint such an important enabler for creating a 21st century student learning environment that they have committed to expanding it from the original 50 sites to an additional 88 schools, with districts using their own funds for the implementation.

According to EDC's lead evaluator, "The 21st Century Schools Initiative has had the greatest impact in the shortest time of any program we have ever evaluated."

21st Century Schools Highlights

Highlights for this year include:

- The initiative deployed fully converged voice, video, and data technology infrastructure in the schools to facilitate interactive class activities, individualized online learning, and student assessment administration and reporting. During the second year of the initiative, video surveillance, IP intercoms and public address systems, IP phones, bells for student safety, and parent communications applications were installed in 45 schools. IP surveillance will now cover all 16 initiative schools, plus the rest of Jefferson Parish's high schools.
- To date, 20 Cisco employees have worked on the initiative as part of the Cisco Fellows program, and are a key reason for its success.
- Nearly 3000 teachers have been trained in leading education practices, delivered in person or online. This, coupled with well-equipped classrooms, has helped fill teaching vacancies that went unfilled in prior years.
- The changes in teacher classroom practices have been widespread and profound, according to the EDC evaluation. The technology has also resulted in greater student participation.
- During the second year of the program, Cisco added a second round of grants to support teacher professional development, acquisition of classroom technology, educational programs and software, and the establishment of Professional Learning Communities.

Cisco and Society

- With NGO partner One Economy, Web portals were launched to make it easier for parents to communicate with schools and to provide online educational content and tutoring resources to underserved communities.
- The Digital Opportunity Trust trained 90 college seniors to be interns in schools. Two of the first 33 student interns have been hired as full-time technical support staff, and three have been retained as teachers.
- Cisco Networking Academy sites were reestablished in three Mississippi high schools after the storms, and 13 more academy sites will begin classes in the New Orleans area for the 2008 school year.

Beginning in late 2007, the 21st Century Schools Initiative will support Cisco TelePresence sites at Lamar County schools, connecting educators with universities and key teacher development partners, including Harvard University, Louisiana State University, Lesley University, Loyola University, Tulane University, the Universities of Mississippi and Southern Mississippi, November Learning, and the Schlechty Center.

Cisco and Society

New Partnership for Africa's Development

Cisco believes that with increased opportunities for education comes the power to address the many challenges that African nations face on their road to development. We have partnered with several other companies to bring educational resources to Africa, and we have assigned a Cisco Leadership Fellow to work on developing education solutions that promote sustainable growth and renewal in Africa.

As one of five companies leading the New Partnership for Africa's Development (NEPAD) consortium, Cisco is implementing IT-enabled learning environments in 19 schools in six African countries: Algeria, Ghana, Mauritius, Rwanda, Senegal, and South Africa. Cisco is also providing networking technology to an additional 39 schools in another nine countries. So far, these efforts have benefited approximately 30,000 students who for the first time have access to computers and the Internet. Next year, we expect to increase that number to 50,000 students.

The technology implemented at each school includes basic network infrastructure, a full PC laboratory environment, Internet connectivity, a wireless LAN, curriculum-based content, interactive whiteboards, office equipment, a media center, e-health content, comprehensive teacher training, and online technical support.

Cisco and Society

Partnership for Lebanon

Partnership for Lebanon was established by U.S. business leaders in September 2006 to assist in postwar reconstruction efforts in Lebanon and to help the Lebanese people find the path to long-term stability and economic growth. The focus is on areas where the partners believe we will have the most impact: IT infrastructure, workforce training and education, private sector revival, connected communities and government, and crisis relief and response.

Highlights

In FY07 Cisco supported the Partnership for Lebanon initiative by:

- Establishing a program management office staffed by five senior full-time Cisco employees
- Engaging Digital Opportunity Trust—a nonprofit funded by the Canadian International Development Agency (CIDA), USAID, and the Cisco Foundation—to analyze the emerging and future needs of Lebanon
- Donating two Cisco 12000 Series Routers for an International Internet Gateway
- Dispatching a senior consulting team to assess the needs of the public sector and lead an effort to create a national broadband strategy
- Finalizing an agreement with Hariri Foundation, the Ministry of Education, and the Lebanese American University to more than double Networking Academy sites, from 21 to 44
- Sponsoring or hosting 16 Lebanese interns at Cisco facilities in Phoenix, Arizona, and San Jose, California
- Working with the U.S. Chamber of Commerce, Overseas Private Investment Corporation (OPIC), and the Near East Consulting Group (NECG) to match Lebanese companies with compatible business partners in the United States and elsewhere
- Committing to an investment of \$10 million in the Lebanese private sector over three years
- Donating two Cisco TelePresence units to the Lebanese government to facilitate communications among government agencies and, eventually, with other governments
- Establishing a pilot for five connected communities in Alma Al Chaab, Baalbek, Bint Jbeil, Bourj al Barajne, and Nabatiye in partnership with Mercy Corps, the Professional Computer Association, and the Ministry of Social Affairs
- Providing funding through the Cisco Foundation and employee contributions totaling more than \$870,000 to support the rebuilding of homes and schools

Cisco and Society

Bolstering Human Services and Support



By selecting the appropriate mix of people, funding, and products for our social investments, Cisco endeavors to close the digital divide between developed and underdeveloped countries, improve opportunities in communities worldwide, and address basic human needs—especially for underserved populations.

With our human services and support initiatives, we are demonstrating how much stronger we can be together than we can ever be apart.

The Cisco Leadership Fellows program exemplifies how Cisco people and technology come together to make a difference in the community. The Leadership Fellows program places top-performing employees in local community organizations, where they use Cisco solutions and their own know-how to help expand and enhance the services the organization offers its clients. This program is also a unique way for employees to develop their leadership skills. Leadership Fellows learn to adapt, negotiate, collaborate, and consult in new ways, which serves them well in advancing social goals and their careers at Cisco.

The Cisco Foundation has a reputation across the industry for carefully vetting recipients. For instance, when we evaluate an organization seeking assistance, we make sure it is not associated with any cause that advocates or intends harm to any group or individual. We also determine that the organization is well run and keeps its overhead costs low, so the clients they serve can obtain maximum benefits.

Cisco and Society

Climbing the Learning Curve in North Carolina

Of every 100 students entering high school in impoverished parts of North Carolina, only 19 will complete a two- or four-year college degree program. As a native North Carolinian, a mother of two, and the daughter of a dedicated teacher, Cisco employee Kathryn Robinson viewed that figure as a tragedy.

"What this group was doing appealed to me in so many ways. They really took a holistic approach to education reform. It's not just about improving or testing content, or even improving instruction. It's about integrating all of those things."

Kathryn Robinson

So in June 2006 Robinson joined the North Carolina New Schools Project (NCNSP) as a volunteer through the Cisco Leadership Fellows program.

"The eastern and western parts of the state have really been ravaged by the 'flat world' globalized economy," she says. "With the textile industry's move to China and the changes to the tobacco industry came very high unemployment rates, and that has affected the schools' abilities to offer a quality education. Without an educated, capable workforce, these areas can't attract new industries and the cycle continues."

In addition to providing executive-level volunteers to the organization, Cisco donated equipment and provided a cash grant of \$50,000 to aid NCNSP in its mission to improve high school graduation rates by expanding students' use of technology in the classroom. But access to technology and grants is only part of the solution. Giving these students a competitive edge requires changing instructional methods to enable them to use the tools effectively.

Cisco and Society

TechSoup Stock

Since 2002 Cisco has partnered with TechSoup, an organization that distributes donated computer technology to nonprofits and libraries. Through the TechSoup Stock online program, we have donated products to nonprofits across the United States. This program has been extended to Africa, Asia, and Europe, with plans to include Latin America in the next fiscal year.

Over the past five years, we have donated 22,351 products valued at more than \$24.8 million to 4018 unique nonprofit organizations worldwide through the TechSoup Stock portal. The numbers in the table below reflect unique instances of giving to these organizations. Organizations are encouraged to apply every year to receive new products.

Unique Donations to TechSoup Stock, FY03 to FY07

	FY03¹	FY04¹	FY05²	FY06²	FY07²	TOTAL
Number of organizations receiving donations	573	551	1106	995	793	4018
Total retail value of donations	\$2.2 million	\$2.5 million	\$8.2 million	\$6.6 million	\$5.1 million	\$24.8 million
Number of products donated	2192	2632	6344	5738	5445	22,351

1 U.S. only

2 U.S., Africa, Asia, and Europe

Cisco and Society

Teachers Without Borders

Teachers Without Borders is a nondenominational, nonprofit, international NGO dedicated to improving education in underserved areas through teacher professional development and learning centers. With funding from Cisco, Teachers Without Borders has created an open-source toolset that allows teachers around the world to collaborate by sharing their most effective classroom practices and pedagogical techniques.

The toolset offers modular, customized applications that integrate with offline environments such as print, CD, and radio. It also facilitates the use of shared educational materials online. The result is a cross-cultural dialogue among teachers that promotes high-quality learning and saves educational costs. More than 1330 teachers in Africa, Asia, Australia, Canada, Central and Eastern Europe, Latin America, the Middle East, Russia, and the United States are using the Teachers Without Borders toolset.

Cisco and Society

NPower NY ITBasic

NPower is a national network of local nonprofit organizations that provide high-quality, unbiased, affordable, and appropriate technology assistance to other organizations. Launched in 2005 in New York City, NPower NY ITBasic helps nonprofits meet their technology needs so they can keep their focus on serving clients. The program relies on Cisco products distributed through TechSoup Stock.

NPower NY ITBasic has a track record of solving 80 percent of IT problems within the first half hour, saving nonprofits approximately 150 hours per year that would have been lost coping with technical issues.

The program also helps train disadvantaged youths through the Technology Service Corps. Graduates work at a help desk to provide IT support for the nonprofits while they are learning job skills. A dozen students have gone through the ITBasic program since it started, and NPower currently employs 10 of these graduates full time.

Cisco and Society

Grameen Microfinance Open Source

Sometimes called “banking for the poor,” microfinance uses very small loans (usually less than \$200) to enable people to escape poverty by starting, establishing, and expanding small businesses. Grameen Foundation is a microfinance institution (MFI) that uses microloans and innovative technology to fight global poverty and bring economic opportunity to some of the world’s poorest areas.

Grameen Foundation’s Technology Center used a \$300,000 grant from Cisco to establish the Mifos Initiative, a software platform designed to help MFIs manage their clients, portfolios, and reporting needs. This platform allows these organizations to cut costs by using locally based development and support services to assist them in customizing their technology.

Grameen plans to continue to encourage adoption of the platform and add new functionality. Toward this end, Cisco Foundation is funding Grameen with a \$611,000 grant that will help make Mifos software easier to deploy and scale it to serve more institutions and clients. By the end of the grant period, it is expected that Mifos deployments will be under way or completed at nine MFIs, potentially reaching 250,000 clients.

Cisco and Society

LifeLines India

Until recently the only sources of agricultural and veterinary information for farmers in rural India were community meetings and agriculture extension workers. OneWorld South Asia, a charitable organization working in the areas of human rights and sustainable development, has joined with British Telecom (BT), and Cisco to create LifeLines India, a program that helps small-scale Indian farmers better support their families by giving them useful farming advice.

Farmers dial the LifeLines India number from a community telephone that gives them access to a Cisco Unified Messaging platform. The farmers record their questions and receive recorded answers when they call back. Each call costs only five rupees (about \$0.12), keeping the program affordable and sustainable.

"My cow was ill and giving very watery milk. I called the helpline number and got advice on nutrition and care. I followed the advice and my cow is fine now. This service is very good, as the answers are given in a simple and easy-to-follow manner."

Sushil Gupta, Sakrar Village,
Jhansi

By June 2007, LifeLines India coverage was available to about 40,000 farmers living in 700 villages. Plans are in place to extend coverage to 3000 villages by 2010. Nearly 70 percent of the users report they have improved their crop quality and farming efficiency, and profits have increased as a result.

Cisco and Society

Volunteering Worldwide



Cisco Citizens are employees who donate money or volunteer their time to nonprofits, community projects, and various charities. The Cisco Foundation provides up to \$1000 per employee each calendar year in gift-matching funds and also matches funds raised during team volunteer events. The Cisco Foundation also matches Cisco Citizens' volunteer hours up to \$1000 (\$10 each hour). This contribution is over and above the matching funds for team volunteer events.

More than 15 percent of our employees use our matching gift program to make financial contributions to charities. We hope to increase the number of participants to 50 percent of employees by FY10. From August 2006 through July 2007, Cisco Citizens helped administer more than 230 team match campaigns. On average, about 45 active fund-raising campaigns are underway at any given time. These campaigns resulted in \$550,000 in employee donations in FY07. The Cisco Foundation has matched more than \$490,000 of those donated funds.

Cancer Diagnostics Goes Mobile in Pakistan

People in remote areas of South Asia often fall victim to cancers that are not detected at early stages or go untreated. In 1989, international cricket star Imran Khan helped found the nonprofit Shaukat Khanum Memorial Cancer Hospital and Research Centre (SKM) in Lahore, Pakistan—the only hospital in the region that provides cancer treatment regardless of a patient's ability to pay.

Because many potential patients live too far away or are too poor to travel to the hospital, doctors at SKM needed a mobile diagnostic laboratory to reach these people. When a group of Cisco employees with ties to Pakistan learned of Khan's efforts, they immediately saw an opportunity to help.

Cisco supplies networking equipment and our employees also donate their time and expertise to the project. Cisco employees helped organize fund-raising events, and have raised more than \$70,000 to help fund SKM's efforts. When complete, the upgraded hospital network will significantly extend SKM's reach and serve as a showcase for Cisco technology in the emerging South Asian market.

Cisco and Society

Cisco Civic Councils

Employees in 35 Cisco Civic Councils worldwide plan local volunteer projects, develop nonprofit partnerships, identify opportunities for product and cash grants, and solicit feedback from our nonprofit partners to monitor the effectiveness of our social programs.

As of July 31, 2007, 7446 Cisco employees have logged about 130,000 hours of service during FY07. For instance, 1508 Cisco Citizens joined Habitat for Humanity in building more than 120 homes in Costa Rica, India, Korea, Turkey, and in the United States in California, Georgia, Louisiana, Massachusetts, New Hampshire, North Carolina, and South Carolina.

A Tale of Three Continents

The Cisco employees who participate in the **Australia/New Zealand Civic Council** have enlisted Students in Free Enterprise (SIFE) University to help apply business rigor to their social investments.

This year the council established a Community Voice Mail pilot, in which phones are provided to homeless people by a Melbourne-based nonprofit that publishes a magazine sold by homeless people to generate income. The Melbourne University SIFE chapter is evaluating the CVM pilot to see if it can be deployed to other organizations that serve the homeless in Australia.

The council also deployed a Cisco Unified Communications phone system at Cystic Fibrosis New South Wales. SIFE members will evaluate the effects of the new system on cystic fibrosis patients, who previously have had trouble communicating in person due to the threat of cross-contamination.

The **Netherlands Civic Council** provided \$100,000 worth of Cisco products and €1000 in funds to War Child, an organization that offers psychosocial assistance to children affected by war and armed conflict in 11 countries. In addition, employees affiliated with the council assisted at CliniClowns Theatre, a show for handicapped children, their families, and caregivers. One hundred Cisco employees from Belgium, France, and the Netherlands ran the Dam to Dam Marathon to raise money for World Cancer Research Funds. And employees helped prepare the Ronald McDonald Children's Valley facility at the Franciscusoord Rehabilitation Centre at Valkenburg aan de Geul for summer vacationers and their families.

The **Silicon Valley Civic Council** logged more than 50,000 hours of volunteer service this year from the Cisco headquarters campus in San Jose, California. Besides creating a new Website to encourage philanthropy by employees, the council held a large-scale school transformation volunteer event at Costaño School in the city of East Palo Alto, where Cisco employee outreach and volunteerism began more than 20 years ago. Support for the council's annual Back to School drive has resulted in over 1500 fully equipped backpacks being donated to local disadvantaged children returning to school. In addition, environment-oriented NGOs were invited to participate in Cisco's first Earth Day Fair to raise awareness and connect employees with volunteer activities focused on environmental issues.

Volunteerism Worldwide

Saving Street Kids

The Deepalaya-Swagat Kendra Project is home to 45 street children in New Delhi, India. Sponsored by Cisco employees, the project offers institutional care for underprivileged, vulnerable, and destitute children by providing lodging, education, and vocational skills. It also provides noninstitutional care to working children who are surviving without any formal support systems, to integrate them back into society. "What is most impressive is that the program is completely funded out of pocket by the engineers and team managers in India," says Cisco employee Nirav Sheth.

Getting Goods to the Needy

S.H.I.P. Aid collects clothing, food, antibiotics, bandages, books, and other items and ships them to poverty-stricken villages and rural areas in developing countries. The United States produces huge quantities of cast-off goods that are often wasted because people cannot find ways to donate them to communities that need them most. Cisco employee Deron Thorp and others created a grassroots organization that gets basic goods to "adopted" communities, and also helps provide suitable conditions and opportunity for youths to receive a quality education. S.H.I.P. Aid sent approximately 17,000 pounds of essential materials to the African nation of Lesotho in April 2007.

Taking Teenage Creativity Public

Coyote Central in Seattle, Washington, helps middle-school youths ages 12–15 to discover their intellectual and creative talents. For the third year running, Cisco employee Jim Rzegocki and his son will raise funds for Coyote Central. Coyote sets up 18 workshops in the heart of Seattle so that 200 kids can try their hands at creative problem-solving in professional workplaces. The organization also works with local entities to allow the teenagers to transform vacant lots, rundown storefronts, and unsightly façades into community landmarks. Since 1986, almost 7,000 youths have participated.

Coordinating Disaster Relief

Oxfam is a major force for relieving poverty and suffering around the world. Over the past few years Cisco's Australia/New Zealand (ANZ) Civic Council has supported Oxfam Australia in many ways, including a donation of equipment and technical support to connect 17 Oxfam field offices in the region affected by the devastating Boxing Day tsunami in 2004. The technology helped Oxfam respond quickly when a tsunami hit the Solomon Islands in March 2007. In addition, Cisco donated a Cisco Unified Communications solution for Oxfam Australia's new Melbourne headquarters, further improving Oxfam's ability to respond to emergency situations. Cisco employees have also contributed technical consulting, volunteer work, and personal donations to Oxfam.

Feeding the Hungry

During this year's "Harvest of Hope" campaign, Cisco contributed \$2.8 million to aid 106 hunger relief agencies. More than \$1 million of that came from personal employee contributions. Food banks across North America benefited from the drive, including the Ottawa Food Bank in Ontario, Canada, which feeds more than 400,000 needy people each month. Cisco staff in Kanata, Ontario, donated more than \$107,000 in cash to the organization as well as 25 boxes of food. "Last year we logged 250-plus hours, which represents the efforts of more than 40 Cisco Citizens volunteers," says employee Barbra Snyder.

Serving Underserved Schools

A team of Cisco volunteers donated nearly 100 hours of service during Cisco's Day of Service campaign to the Children's Lovecastle Trust. This organization is dedicated to bringing educational resources, including IT equipment and training, to children in rural and other

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underserved communities across India. The volunteers painted and organized a campus library, and donated books and CDs to the charity. "In addition to the volunteer hours, corresponding grants from the Cisco Foundation will help the charity scale its programs from six to 30 schools, giving many more children access to quality education," says volunteer Shruti Gautam.

Rebuilding After the Hurricane

A group of Cisco employees spent a day with Habitat for Humanity helping to rebuild 26 homes that had been destroyed by Hurricane Katrina. After the experience, the volunteers realized there was much more they could contribute. They contacted Habitat for Humanity administrators and volunteered to help them develop processes and inventory tracking systems to help the organization be more productive and efficient. "It's a good feeling to know that as Cisco Citizens, we can use our skills to give back to people who are really in need," says volunteer Dave Rubal.

Scientific Atlanta

Cisco's spirit of volunteerism also extends to our subsidiaries. Scientific Atlanta, a company based in Gwinnett County, Georgia, that Cisco acquired in February 2006, has a long tradition of corporate social responsibility.

For example, Scientific Atlanta, together with the Gwinnett Chamber of Commerce and other sponsors, created a comprehensive community and economic development plan called Partnership Gwinnett: A Shared Vision for the Future. As the chief sponsor, Scientific Atlanta formed a task force of community leaders who created a five-year plan aimed at improving quality of life in the area by attracting key industries, improving the education system, and working on infrastructure and other issues that are important to Scientific Atlanta employees and other citizens.

Scientific Atlanta and its Foundation contribute \$1.6 million yearly to 150 organizations focused on education, health/human services, and civic infrastructure. Employees donate about \$450,000 a year to company-sponsored charitable events and activities. The employees also volunteer more than 6000 hours of their time annually, serving on 66 local boards and community task teams.