

Cisco Systems Inc.

TICKER

NasdaqGS:CSCO

MARKET CAPITALIZATION

US\$205 billion

HEADQUARTERS

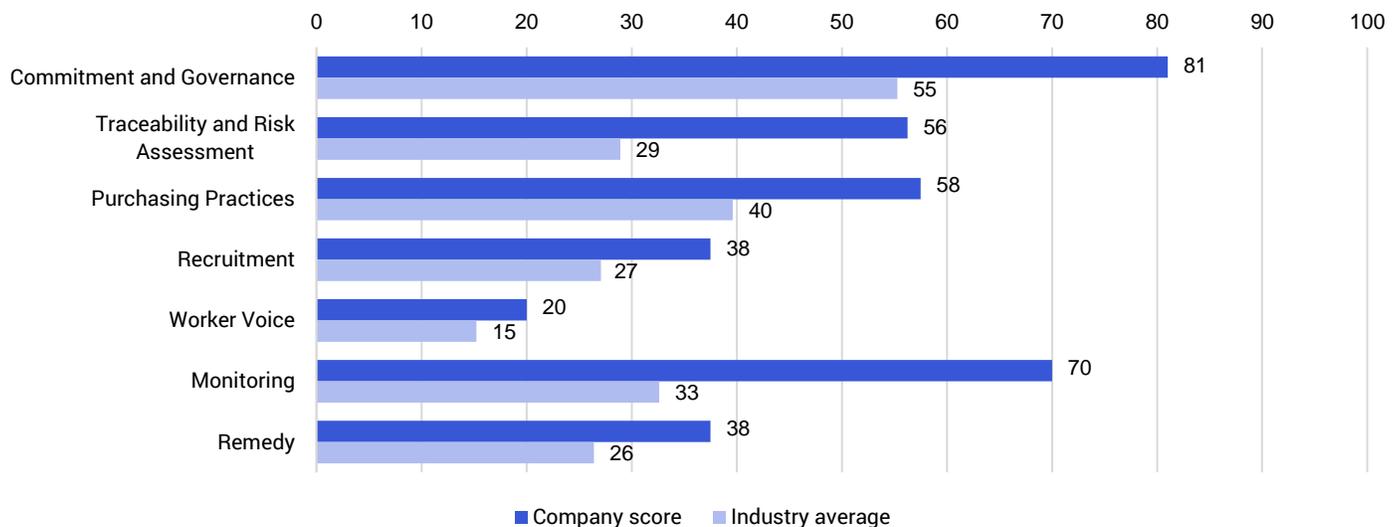
United States

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Yes](#)
COMMITMENTS
[Yes](#)
OVERALL RANKING
9 out of 40

(2016: 4 out of 20)

OVERALL SCORE
51 out of 100
SUMMARY

Cisco Systems Inc. (Cisco) ranks 9th out of 40 companies, disclosing more information on its forced labor policies and practices than its peers across all themes, including particularly strong scores on the themes of commitment and governance and monitoring. It has improved its score since 2016 by disclosing and implementing the human rights risk assessment which it said it was developing in 2016. Notably, the company disclosed a commitment to assess additional lower-tier suppliers. Further steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of recruitment, worker voice, and remedy.

THEME LEVEL SCORES


LEADING PRACTICES

Corrective Action Plans

Cisco states that it uses digital solutions to help measure, analyze and communicate audit-related metrics and to support suppliers to improve their performance. In 2017, the company co-developed an g interface which allows it to access its suppliers' audit results on the Responsible Business Alliance (RBA) platform in real-time. Key suppliers are required by Cisco to share results via this platform to enable the company to assess risks in lower tiers of its supply chains.

NOTABLE FINDINGS

Commitment and Governance: Cisco discloses it has a human rights business function that is responsible for due diligence, governance, risk management and oversight, and for implementing related policies and programs. It further states that it has a cross-functional Human Rights Working Group in place which includes experts from departments such as supply chain operations, government affairs, communications, and investor relations. This group is "sponsored" by a member of senior management and tasked with identifying and responding to the most significant human rights risks, opportunities and impacts across the company's business operations and supply chains. Cisco discloses it is a full member of the Responsible Business Alliance (RBA), sits on the initiative's board, and "contributes to the development and periodic revision of the [RBA] Code of Conduct". Cisco also discloses it is an active participant in BSR's Working Group on Human Rights.

Risk Assessment: Cisco states that it uses the RBA Maplecroft Risk Assessment tool and that it convenes or attends training on the risks associated with recruitment practices. Further, Cisco reports that BSR conducted a human rights impact assessment of its supply chains. The assessment was based on the UN Guiding Principles for Business and Human Rights and analyzed to what extent Cisco's supply chain assessment and audit process identifies human rights risks. The assessment confirmed Cisco's understanding that its most severe risks include working hours and freely chosen employment, and identified raw materials and supply chain grievance mechanisms as additional risk areas to be addressed by the company.

Monitoring: Cisco discloses that in 2017 it audited 53 suppliers, which includes both manufacturing as well as component suppliers. The company uses the RBA Validated Audit Process (VAP) for supplier audits which includes a review of relevant documents, such as working hour records and payroll, formal and informal interviews with workers which are conducted privately, and visits to production facilities and workers' housing. Cisco publishes a summary of audit findings, broken down by type of violation, type of supplier, and country.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: The company may consider developing and disclosing a policy that requires direct employment in its supply chains. In addition, the company may consider requiring employment recruitment agencies – and where relevant employment agencies – in its supply chains to uphold workers' fundamental rights and freedoms. The company is further encouraged to disclose information on the recruitment agencies used by its suppliers. Further, the company may consider disclosing and establishing practices to support ethical recruitment in its supply chains beyond audits of recruitment agencies, and work with suppliers to ensure its code provisions regarding migrant workers' rights are implemented.

Worker Voice: To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. While the company has a grievance mechanism in place, works through industry coalitions to offer such mechanisms, and requires suppliers to put in place such mechanisms, the company may consider ensuring that these mechanisms are communicated to, trusted and

used by suppliers' workers.

Remedy: The company may consider establishing a process to ensure remedy is provided to workers in its supply chains in cases of human trafficking and forced labor, and disclosing details on this process, such as timeframes, engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to suppliers' workers.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#), including information on the company's business model.