

Cisco Systems Inc.

TICKER
NAS:CSCO

MARKET CAPITALIZATION
US\$205 billion

HEADQUARTERS
United States

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS
Yes

California Transparency in Supply Chains Act: Yes

OVERALL RANKING

11 out of 49

([2018 Rank](#): 9 out of 40)

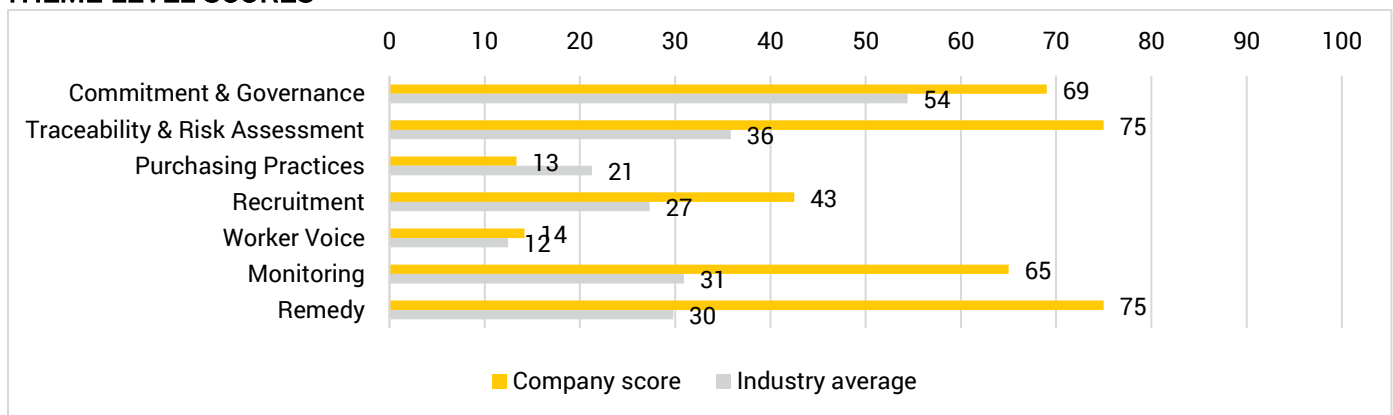
OVERALL SCORE

51 out of 100

SUMMARY

Cisco Systems Inc. (Cisco), ranks 11th out of 49 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except Purchasing Practices. The company maintained its 2018 score, despite a strengthened methodology that makes it harder to achieve the same score. This is because the company began disclosing a supplier list as well as the outcomes of remedy for supply chain workers, including fee repayments. The company's score is based on its good performance on the themes of Traceability & Risk Assessment and Monitoring. The company has an opportunity to improve its performance and disclosure on the themes of Purchasing Practices, Recruitment, and Worker Voice.

THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#). It includes an [allegation in the company's supply chains regarding forced labor of ethnic minorities transferred from Xinjiang to factories across other provinces in China](#), which falls outside of the research timeframe.

KEY DATA POINTS**SUPPLIER LIST**

Yes

AVERAGE SUPPLIER SCORE

30/100

HIGH-RISK SOURCING COUNTRIESChina¹**NO-FEE POLICY**

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAINS WORKERS

Yes

LEADING PRACTICES

Recruitment Fees: Cisco discloses that it discovered that excessive recruitment fees were being charged to migrant workers, ranging from 5% to more than 150% of monthly wages. It reports that, during 2019, it oversaw the repayment of approximately US\$400,000 in fees paid by workers for health checks and recruitment fees to 2,150 workers. It reports that it will “monitor and coach” suppliers, if needed, to ensure improvements.

NOTABLE FINDINGS

Stakeholder Engagement: Cisco discloses that it is a full member of the Responsible Business Alliance (RBA), an industry initiative that includes a focus on forced labor. It states it works with BSR, a membership organization focusing on responsible business, to improve its human rights programs and is also part of BSR’s Working Group on Human Rights.

Risk Assessment: Cisco discloses that it conducts an annual risk assessment that takes into account indicators of forced labor such as vulnerable worker groups and locations with weak governmental responses. It reports that it also conducted a human rights impact assessment with BSR, based on the UN Guiding Principles on Business and Human Rights, to determine the extent to which its processes identify human rights risks. Cisco reports the specific areas it has identified as high risk in its supply chains.

Monitoring: The company reports that it has been working with some of its component suppliers to gain a better understanding of the next tier of suppliers. It states that these component suppliers have conducted audits against RBA standards on their major suppliers and that they worked with Cisco to ensure suppliers improve.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to assess the risks of forced labor at potential suppliers before entering into contracts with them and to disclose the outcomes of this process. It is further encouraged to adopt responsible purchasing practices (such as improving planning and forecasting).

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 the [ILO core labor standards](#), which include the elimination of forced labor. The company is further encouraged to disclose information on the recruitment agencies used by its suppliers.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. While it uses the EthicsLine reporting tool and requires suppliers to have a grievance mechanism in place, the company may consider disclosing data about the practical operation of a mechanism used by its suppliers' workers, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanisms.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The US Department of Labor lists China as a country where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor.](#)"