

Cisco Systems Inc.

TICKER:
NASDAQ: CSCO

MARKET CAPITALIZATION:
US\$ 147 billion

HEADQUARTERS:
United States

4 OUT OF 20

Company’s Overall Ranking

58 OUT OF 100

Company’s Overall Score

Cisco Systems Inc. (Cisco) provides stronger disclosure of its policies and programs aimed at addressing forced labor risks in its supply chain relative to most of its peers. The company ranks fourth on the benchmark overall. Its relatively high rank is driven by its comprehensive disclosure of forced labor policies, internal management systems, and supply chain management processes that support its commitment to eradicate human trafficking and forced labor from its supply chain. Notably, the company demonstrates leading practices with respect to its engagement with relevant stakeholders on human trafficking and forced labor topics. Cisco may consider improving its transparency and performance by disclosing evidence of a management approach to recruitment practices in its supply chain, empowering suppliers’ workers to voice their concerns, and establishing a process to remedy the rights of supply chain workers when violated.

THEME LEVEL SCORE

Commitment and Governance	100 out of 100
Traceability and Risk Assessment	63 out of 100
Purchasing Practices	38 out of 100
Recruitment	42 out of 100
Worker Voice	26 out of 100
Monitoring	78 out of 100
Remedy	63 out of 100

LEADING PRACTICES

Stakeholder Engagement: Cisco collaborates with various stakeholders in the ICT industry on human trafficking and forced labor issues in supply chains. For example, it discloses that it contributed to the Electronic Industry Citizenship Coalition (EICC)’s Vulnerable Worker Working Group, through which it partnered with a local Hong Kong NGO, the Labor and Education Service Network, to deliver toolkits to assist EICC members with the responsible recruitment of student workers in China. Additionally, the company participated in the EICC’s task force focused on improving the EICC Code of Conduct, particularly with respect to the freely chosen employment and recruitment fees.

NOTABLE FINDINGS

Commitments and Governance: The company has robust internal systems that support its



commitment to reduce human trafficking and forced labor risks in its supply chain. The company adopted the most recent version of the EICC Code of Conduct, which prohibits forced labor. It has a team that is responsible for the execution of its human rights strategy, including forced labor, which includes representatives from supply chain, privacy, government affairs, business strategy, communications, and investor relations. Its Senior Vice President of Supply Chain Operations and Director of Supply Chain Value Protection are responsible for overseeing the implementation of its policies and standards related to forced labor are implemented.

Training: Cisco discloses that it ensures that its employees working in supply chain management are trained on human rights and related issues, such as forced labor, and discloses that in 2015, 81% of those employees completed specialized training on human rights.

Recruitment Fees: Cisco demonstrates awareness of the risk of exploitation of migrant workers by recruitment agencies and discloses a case study in which it discusses forced labor risks associated with migrant workers. The company's supplier standard includes a clause prohibiting suppliers from charging workers recruitment fees. Notably, in 2014, Cisco identified that migrant workers at one of its suppliers were charged excessive fees. As a result of the company's intervention, a total of USD 251,000 has been returned to impacted migrant workers.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment Approach and Audits: Cisco is encouraged to further expand its existing work related to worker recruitment in its supply chain by formalizing its expectation towards recruitment agencies to uphold workers' rights. The company may also consider requesting its suppliers to report the recruitment agencies that they use. Furthermore, Cisco is encouraged to include recruitment agencies in the scope of its regular auditing activities to detect and address, if necessary, human trafficking and forced labor risks.

Worker Voice: To improve its performance, the company is encouraged to enhance its engagement with suppliers' workers. It may consider directly communicating with workers in its supply chain on their labor rights and how to report their concerns via a trusted grievance mechanism. The company may also consider engaging with suppliers' workers outside of the factories in which they work, either directly or in partnership with other stakeholders.

Remedy: The company is encouraged to establish and disclose a process for addressing violations of its social standards in its supply chain. Its remedy program may involve the company itself providing remedy to workers whose rights have been violated or the company ensuring that its suppliers provide remedy to the workers whose rights have been violated. Cisco is encouraged to disclose evidence of its process for managing grievances and its process for remedying workers' rights in the event that they are violated.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[Yes.](#)

