



2019 Annual Report

# Defining the Future of the Internet

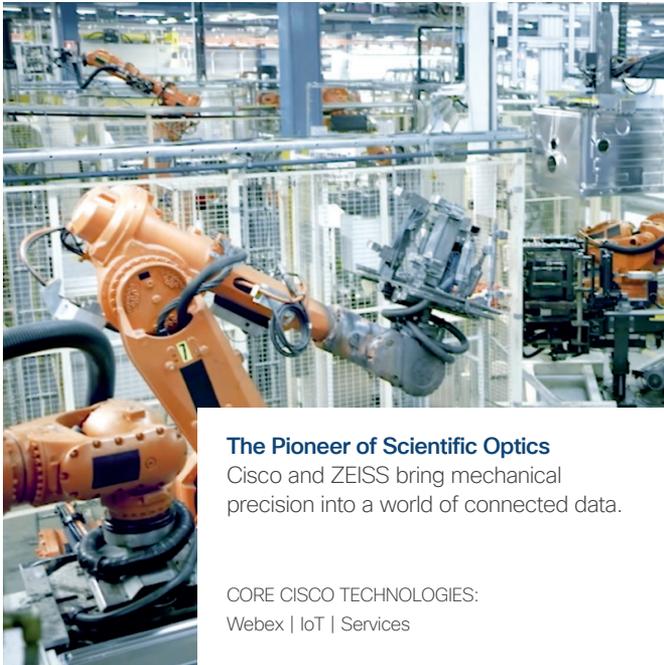


# About Cisco

Cisco (NASDAQ: CSCO) is the worldwide technology leader that has been making the Internet work since 1984. Our people, products, and partners help society securely connect and seize tomorrow's digital opportunity today.

Find news at [thenetwork.cisco.com](http://thenetwork.cisco.com) and follow us on Twitter at @Cisco.

Cisco technology is creating a world of potential



**The Pioneer of Scientific Optics**  
Cisco and ZEISS bring mechanical precision into a world of connected data.

CORE CISCO TECHNOLOGIES:  
Webex | IoT | Services



**Turku Energia, Finland**  
By extending Turku Energia's IT network to its operations, Cisco helps to secure the provision of heat and power.

CORE CISCO TECHNOLOGIES:  
IoT | Switches | Security



**The world's largest mobile data network**  
It's a new day in India; Reliance Jio is empowering women in enterprise.

CORE CISCO TECHNOLOGIES:  
Mobile | Services | Infrastructure



**Europe's largest port**  
Each year, 468 million tons of cargo move through the Port of Rotterdam. Cisco helps to connect and protect them all.

CORE CISCO TECHNOLOGIES:  
IoT | Security | IoT Kinetic | Routers

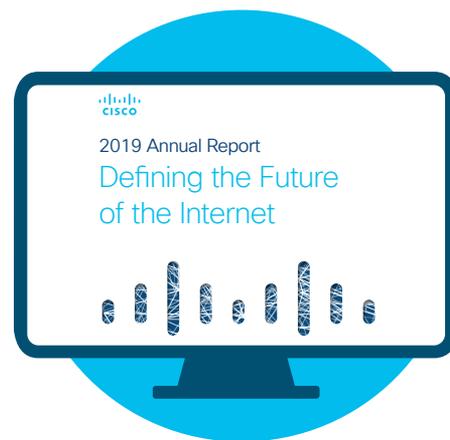
Discover more at: [www.cisco.com](http://www.cisco.com).

# Introduction to summary report

This section provides an overview of Cisco. It does not contain all of the information you should consider. Please review our Annual Report on Form 10-K, our Proxy Statement for our 2019 Annual Meeting of Shareholders, and our Corporate Social Responsibility (CSR) Report, all available on: [www.cisco.com](http://www.cisco.com).

## Fiscal 2019 summary report

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

## Forward-looking statements

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

# Letter to shareholders

## To our shareholders,

Fiscal 2019 was a great year for Cisco. We began the year with our sights set on continued growth, execution, and innovation. Our teams delivered all three. I truly believe that our portfolio has never been stronger, and I hear this from our customers as well. Technology has never been more critical to them as they navigate the complexity of their environments, and we have an opportunity to help drive their success.

Four years ago, we set out to transform Cisco into a company that will lead our customers' architectural transitions and power their futures. We are reinventing IT architectures designed to deliver a simple and secure value proposition to help our customers succeed. At the same time, we continue to explore how we can provide the solutions to some of the world's most pressing problems.

### Our customers drive our strategy

Our strategy is aligned to the needs of our customers and the outcomes they want to achieve. As we continue to build a highly secure, intelligent platform for digital business, there are six core elements we are focused on: applications, data, security, cloud, infrastructure, and teams. Every investment we make and every product and service we build fits within one of these categories that our customers care about.

We understand that the applications being delivered to organizations represent the technology layer closest to the business opportunity. This is why we are delivering solutions like Application Centric Infrastructure (Cisco ACI), which simplifies, optimizes, and accelerates the deployment lifecycle of applications across data centers and multiple clouds. Another key offering, AppDynamics, provides visibility into applications to help customers make the right decision at the right time. This

“We are reinventing IT architectures designed to deliver a simple and secure value proposition to help our customers succeed.”

— Chuck Robbins,  
Chairman and CEO



real-time action is critical in today's world, where success is increasingly defined by speed and agility.

We also know that data is the most critical asset for our customers, and we are helping them not only gain valuable insights from it, but also secure it. In a multicloud world with more data, more users, and more services, the threat surface is expanding while hackers' tactics continue to evolve. We must protect users, data, and workloads that are moving and expanding to the cloud. We are integrating our firewall and secure web gateway capabilities into Cisco Umbrella, our cloud-native platform, to give customers a choice in how they deploy security controls—from the network to the endpoint to the cloud. We are developing the capability to orchestrate security policies consistently across all environments with Cisco Defense Orchestrator. We are also integrating these solutions—together with Duo, which controls user access to networks and applications, and Talos, our industry-leading threat intelligence—into an end-to-end security architecture for the multicloud world.

This brings us to infrastructure. We launched our intent-based networking platform two years ago to reinvent networking for today's dynamic environment. Our new network is designed for agility using cloud and wireless capabilities, with the ability to garner insights from the data, and with security

integrated throughout. This innovation required a new application-specific integrated circuit (ASIC) for the entire Cisco Catalyst 9000 switching family and a new operating system designed to be open, programmable, resilient, secure, and capable of being run on-premises or hosted in the cloud. We also innovated at the controller layer, introducing Cisco DNA Center as the single controller to run the entire system. Now we are adding artificial intelligence (AI) and machine learning capabilities to make it more intuitive and even simpler to use.

For the first time, we have a completely refreshed portfolio of campus switches, wireless access points, and enterprise routing products with software-defined wide area network (SD-WAN) capabilities within our intent-based networking architecture. We have extended intent-based networking capabilities to the Internet of Things (IoT) edge to deliver unprecedented scale, flexibility, and security for increasingly connected environments. We continue to drive more automation, security, agility, cost-efficiency, and ease of use for our customers, helping make the network the foundational driver of their business outcomes.

The next step is to interconnect every domain of the expanded enterprise, from IoT to operational technology (OT), from the campus and the branch to the data center, and from security to cloud and service

providers. This is what we are building: a multidomain architecture that helps securely connect any user on any device to any application on any network.

Technology is also at the heart of how teams interact. Our customers need effective and simple ways for their teams to work better together to increase collaboration and productivity. They also need new ways to engage with customers and partners to drive enhanced, personalized experiences. Intimacy, speed of response, and simplicity of interaction are critical. Our cognitive collaboration solutions use AI and machine learning to bring powerful capabilities to our customers' collaboration experiences. With AI seamlessly integrated across the collaboration suite, our customers can automate tasks, gain contextual insights, and build better relationships.

#### When our customers win, Cisco wins

With intent-based networking, software and the network have become increasingly interconnected. To help our customers take advantage of the new opportunities in application design, software development, and automation, we have introduced Cisco DevNet training and certification programs. These programs provide both networking professionals and software developers with skills and industry recognition that translate into jobs and opportunities. Cisco-certified professionals join a global community that is defining the future of our industry.

As we have evolved our portfolio, we have rethought how we engage with our customers through the entire lifecycle, from the time they buy our technology to the time they retire it. This allows them to gain greater value from their technology investments as well as speed in achieving that value, and this is what our Customer Experience teams, in partnership with Sales, are working on every day. We are supporting our customers and partners at every stage, from the planning phase to the development of capabilities and the renewal of subscriptions. We are integrating more intelligence, machine learning, and analytics into our solutions to provide timely insights for customers, and our support-based resources are available to help them address the most challenging projects with greater speed and agility.

We seek to provide customers with flexibility and continuous value through our software and subscription-based offerings.

This is why it is so important for us to support our customers through the entire lifecycle. In fiscal 2019 we delivered strong top-line growth and profitability, reporting revenue of \$51.9 billion. Revenue from subscriptions was 65% of our software revenue in FY19, up 9 percentage points year-over-year adjusted for the divestiture of our Service Provider Video Software Solutions business. Today, we have a subscription model across our Enterprise Networking portfolio, and we will continue to broaden our offerings going forward.

When our customers win, Cisco wins. That is why issues such as compliance and data privacy inform our innovation in automation, policy enforcement, and security. It is why we are reinventing IT architectures to help our customers address the unprecedented complexity of today's world to drive their future success.

#### With opportunity comes responsibility

I often say to our teams that when we run a great business, it gives us the ability to give back to our communities and to help change people's lives for the better. This is more than just an opportunity—it is a responsibility for businesses around the world to help their people, communities, and planet thrive. Several issues are particularly close to Cisco's heart, starting with the devastating issue of homelessness in Silicon Valley. We are working with Destination Home to provide services and housing for those most in need. We have also entered into a long-term partnership with Global Citizen, which is committed to ending extreme poverty globally by 2030. These are just a few of many examples.

Three years ago, we set a goal to positively impact 1 billion people around the world by 2025 through our social impact grants and signature programs. Today we are almost halfway toward reaching that target. At the same time, we are working to ensure the long-term sustainability of our business. We have set ourselves ambitious targets for greenhouse gas (GHG) reduction, renewable energy usage, plastic reduction, and product return, among other targets, taking into consideration the entire ecosystem and lifecycle of the products and services we provide.

In today's dynamic environment, we remain focused on our customers, teams, and communities, and on things we can control. We will continue to invest in silicon, optics, and software, the combination of which is

## Key milestones



Completely refreshed portfolio of campus switches, wireless access points, and enterprise routing products with SD-WAN capabilities **within our intent-based networking architecture**



With 2.15 million students in 180 countries participating in Cisco Networking Academy in fiscal 2019, we **exceeded our goal of reaching two million Cisco Networking Academy students per year by 2021**



Introduced **new software developer training and certifications under DevNet**, Cisco's developer program



**469 million people positively impacted** by our cash grant investments



**50% of employees donated or volunteered** in fiscal 2019

at the heart of our intent-based networking strategy. We believe our new intent-based architecture gives us a unique market advantage and differentiation, while offering our customers the simple, intelligent, and highly secure environments they need to succeed. We intend to continue to build the most innovative products and solutions to unleash the potential of our digital world.

Thank you for your continued support.

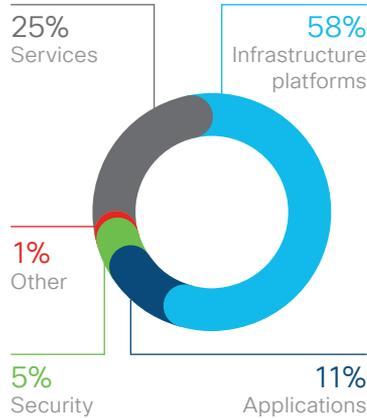
**Chuck Robbins**  
Chairman and Chief Executive Officer  
October 18, 2019

# Financial highlights for fiscal 2019

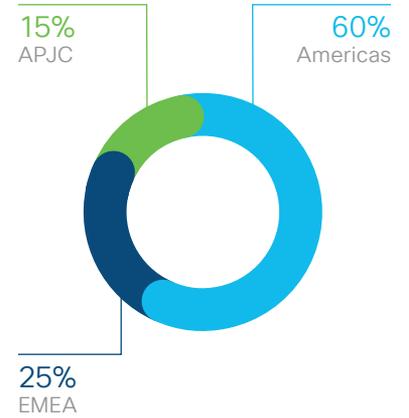
Revenue trend (\$B)



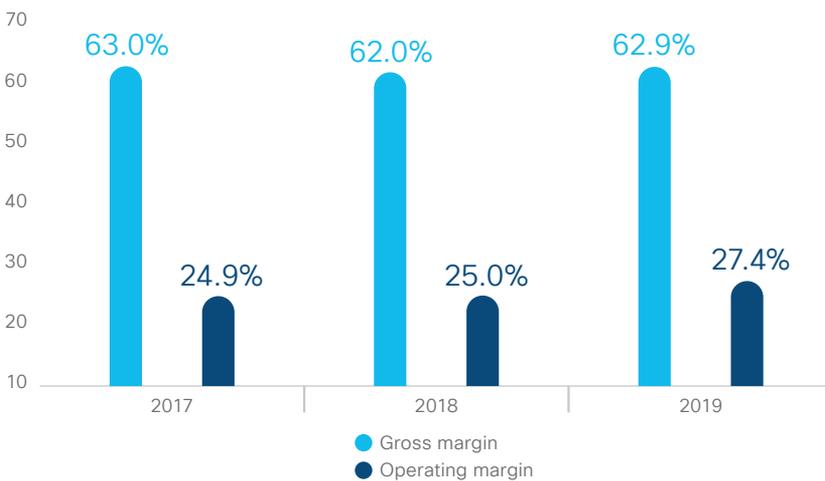
Revenue by product category and services



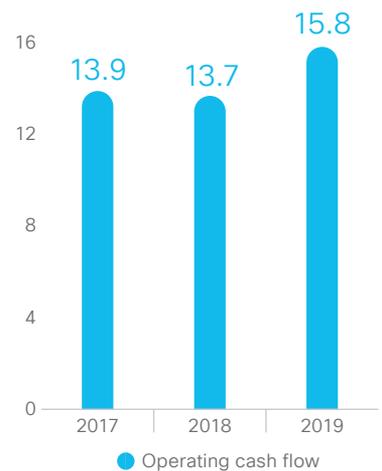
Revenue by geographical segment



Margins (%)



Operating cash flow (\$B)



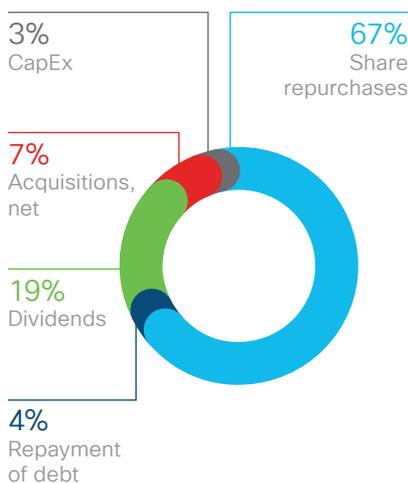
“We executed well in fiscal 2019, delivering strong top-line growth and profitability. The returns on our investments in key strategic areas and driving the shift to more software and subscriptions position Cisco for long-term growth and shareholder value.”

— Kelly Kramer, CFO

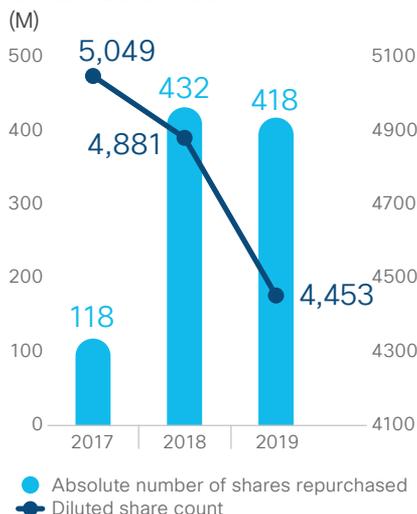


## Capital allocation

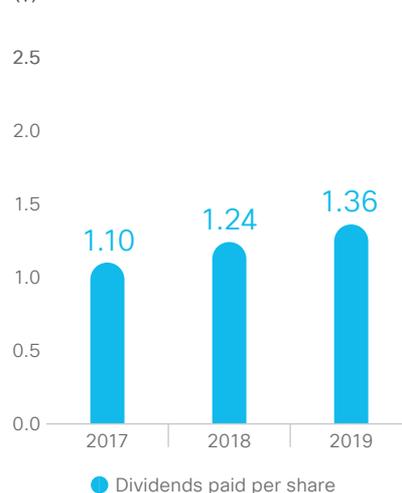
### Primary uses of cash



### Share repurchases and diluted share count (M)



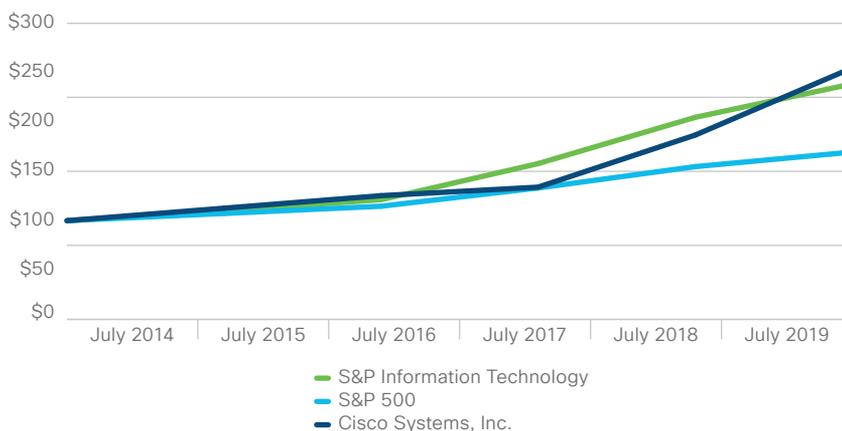
### Dividends paid per share (\$)



## Total shareholder return

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

### Comparison of 5 year cumulative total return\* among Cisco Systems, Inc., the S&P 500 Index, and the S&P Information Technology Index



\* \$100 invested on 7/26/14 in stock or index, including reinvestment of dividends. Fiscal year ending July 27.

# Strategy

As our customers add billions of new connections to their enterprises, and as more applications move to a multicloud environment, the network continues to be extremely critical.

We believe that our customers are looking for intent-based networks that provide meaningful business value through automation, security, and analytics across private, hybrid, and multicloud environments. Our vision is to deliver highly secure, software-defined, automated, and intelligent platforms for our customers. Our strategic priorities include accelerating our pace of innovation, increasing the value of the network, and transforming our business model.



## Accelerating our pace of innovation and increasing the value of the network

### Enabling network automation

Our intent-based networking platform is designed to be intelligent, highly secure, powered by “intent,” and informed by “context”—features aiming to constantly learn, adapt, automate, and protect in order to optimize network operations and defend against an evolving cyber threat landscape. For the data center, our strategy is to deliver multicloud architectures that bring policy and operational consistency regardless of where applications or data reside.

### Powering a multicloud world

Our cloud strategy is to deliver solutions designed to simplify, secure, and transform how customers work in this multicloud world to maximize business outcomes. We are focused on enabling simple, intelligent, automated, and highly secure clouds by delivering the infrastructure to navigate complex IT environments through our software and subscription-based offerings. We offer a solution for all cloud environments, including private, hybrid, and public clouds.

## Transforming our business model

We are transforming our offerings to meet the evolving needs of our customers. We are increasing the amount of software offerings that we provide and the proportion of subscription software offerings. Increasingly, our offerings are crossing multiple product categories. As our core networking evolves, we expect we will add more common software features across our core networking platforms.

### Security is foundational

Our security strategy is focused on delivering an effective cybersecurity architecture combining network, cloud, and endpoint-based solutions. Our portfolio is designed to prevent, detect, and remediate a cyber attack and to integrate security across networking domains. Our intent is to enable our customers to secure their networks for a multicloud world by delivering a platform that continuously detects threats and verifies trust.

### Unlocking the power of data

We believe the network will play an even more critical role in enabling our customers to aggregate, automate, and draw actionable insights from this highly distributed data, where there is a premium on security and speed.

# Leadership

## Cisco's executive leadership team



**Chuck Robbins**  
Chairman and Chief Executive Officer



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



**Amy Chang**  
EVP and General Manager, Cisco Collaboration



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



**David Goeckeler**  
EVP and General Manager, Networking and Security Business



**Anuj Kapur**  
SVP and Chief Strategy Officer



**Francine Katsoudas**  
EVP and Chief People Officer



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



**Stella Low**  
SVP and Chief Communications Officer



**Maria Martinez**  
EVP and Chief Customer Experience Officer



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



**Irving Tan**  
EVP and Chief of Operations

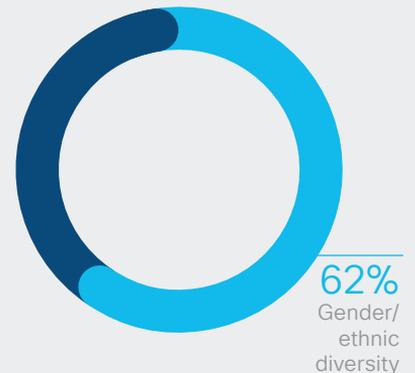


**Michael Timmeny**  
SVP and Chief Government Strategy Officer

## Diverse leadership

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

Cisco has signed the CEO Action for Diversity and Inclusion™ pledge. We are delivering on our vision of accelerating full-spectrum diversity—including gender, age, race, ethnicity, orientation, ability, nationality, religion, veteran status, background, culture, experience, strengths, and perspectives. It starts at the top, where 46% of our Executive Leadership Team (ELT) are women and 62% are diverse in terms of gender or ethnicity, making Cisco an industry leader in ELT diversity.



### Leadership@Cisco

Learn more about Cisco's Executive Leadership Team at

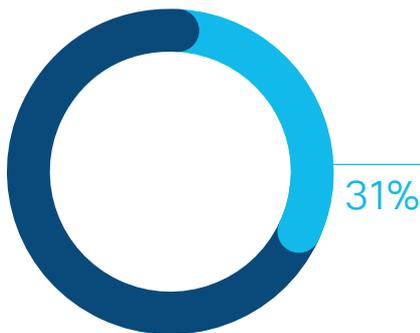
<https://newsroom.cisco.com/exec-bios>.

# Governance and responsibility

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

## Shareholder Engagement

At Cisco, we recognize the importance of regular and transparent communication with our shareholders. Each year, we continually engage with a significant portion of shareholders that include our top institutional investors. In fiscal 2019, our Chairman of the Board and Chief Executive Officer, Secretary, and Investor Relations team held meetings and conference calls with investors representing approximately 31% of our outstanding shares. We engaged with these shareholders on a variety of topics, including our business and long-term strategy, corporate governance and risk management practices, board refreshment, corporate social responsibility initiatives (including environmental, social, and governance matters), our executive compensation program, and other matters of shareholder interest.



In fiscal 2019, we reached out to investors representing approximately 31% of our outstanding shares.

## Risk management approach

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

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

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



## Policies and practices

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

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

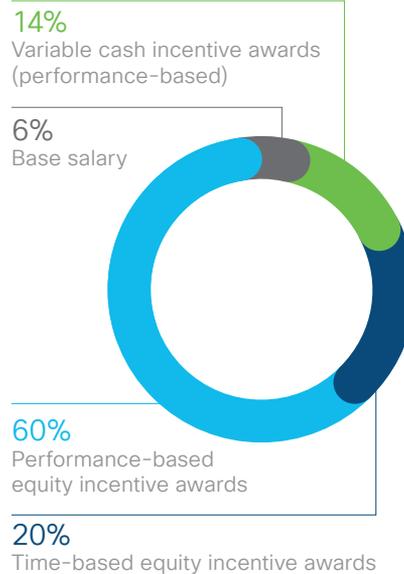
## Executive compensation

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

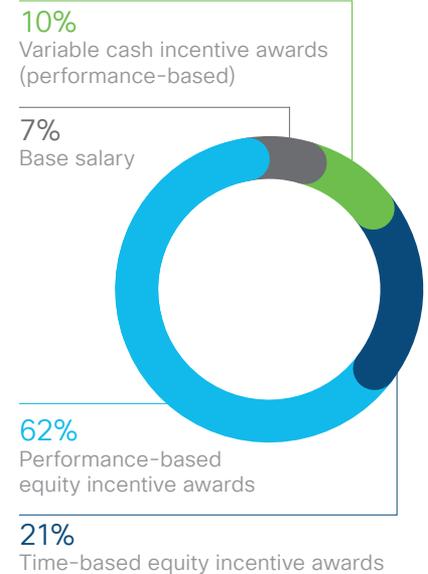
These charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs<sup>1</sup>) as a group for fiscal 2019 and demonstrate our continued pay-for-performance philosophy.

<sup>1</sup> As defined in our Proxy Statement for our 2019 Annual Meeting of Shareholders

### CEO



### NEOs other than CEO



### Our executive compensation program rewards performance

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



### We apply leading executive compensation practices

- ✓ Independent compensation committee
- ✓ Independent compensation consultant
- ✓ Comprehensive annual compensation program risk assessment
- ✓ Caps on incentive compensation
- ✓ No employment or severance or change in control agreements
- ✓ Stock ownership guidelines
- ✓ Recoupment policy
- ✓ No single trigger vesting of equity award grants
- ✓ No stock option repricing or cash-out of underwater equity awards
- ✓ "No perks" policy with limited exceptions
- ✓ No supplemental executive retirement plan or executive-defined benefit pension plan
- ✓ No golden parachute tax gross-ups
- ✓ Broad anti-pledging and anti-hedging policies

## Board of Directors

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

### The Role of the Board of Directors in Strategy

One of the Board's key responsibilities is overseeing management's formulation and execution of Cisco's strategy. Throughout the year, our CEO, the executive leadership team, and other leaders from across the company provide detailed business and strategy updates to the Board. During these reviews, the Board engages with the executive leadership team and other business leaders regarding various topics, including business strategy and initiatives, capital allocation, portfolio updates, the competitive landscape, talent and culture, and regulatory developments. Additionally, on an annual basis, the Board reviews and approves Cisco's financial plan.

**Charles H. Robbins**  
**Chairman and CEO**  
 Age 53  
 Director since 2015  
 Chairman since 2017

Skills/attributes



**Wesley G. Bush**  
**Independent Director**  
 Age 58  
 Director since 2019

Skills/attributes



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

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

**M. Michele Burns**  
**Independent Director**  
 Age 61  
 Director since 2003

Skills/attributes  
  
 Committees



**Michael D. Capellas**  
**Lead Independent Director**  
 Age 65  
 Director since 2006

Skills/attributes  
  
 Committees

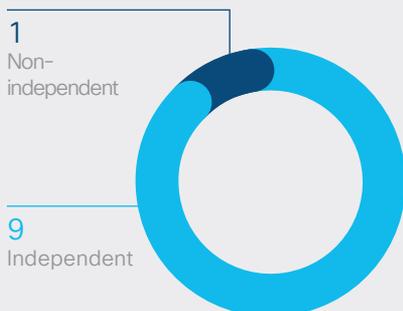


Ms. Burns provides to the Board of Directors expertise in corporate finance, accounting, and strategy, including experience gained as the chief financial officer of three public companies. Through her experience gained as chief executive officer of Mercer, she brings expertise in global and operational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

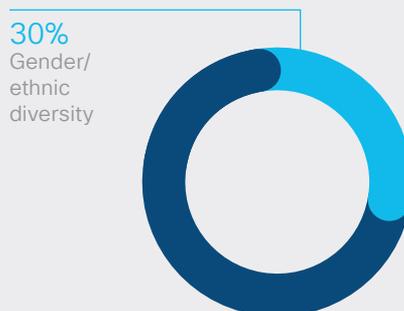
Mr. Capellas brings to the Board of Directors experience in executive roles and a background of leading global organizations in the technology industry. Through this experience, he has developed expertise in several valued areas, including strategic product development, business development, sales, marketing,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

## Board snapshot

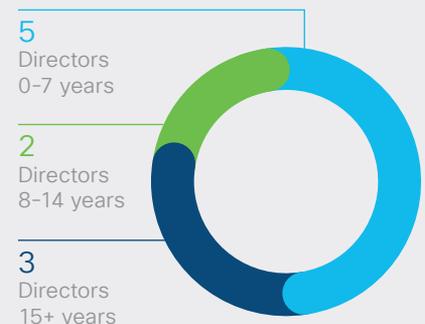
### Board governance structure



### Board diversity



### Director tenure



**Mark Garrett**  
**Independent Director**  
 Age 61  
 Director since 2018

Skills/attributes

Committees



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

**Arun Sarin, KBE**  
**Independent Director**  
 Age 64  
 Director since 2009

Skills/attributes

Committees



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

**Dr. Kristina M. Johnson**  
**Independent Director**  
 Age 62  
 Director since 2012

Skills/attributes

Committees



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

**Brenton L. Saunders**  
**Independent Director**  
 Age 49  
 Director since 2017

Skills/attributes

Committees



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

**Roderick C. McGeary**  
**Independent Director**  
 Age 69  
 Director since 2003

Skills/attributes

Committees



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

**Steven M. West\***  
**Independent Director**  
 Age 64  
 Director since 1996

Skills/attributes

Committees



Mr. West's experience in the information technology industry includes a variety of leadership and strategic positions, which have provided him with accumulated expertise in operational management, strategy, finance, and experience as an outside board member and audit committee member. Mr. West is a member of the National Association of Corporate Directors (NACD) and was named to the NACD Directorship 100 in 2018. He is also a frequent speaker on audit committee and cybersecurity-related issues. In addition, Mr. West has knowledge of Cisco acquired through more than 20 years of service on the Board of Directors.

\* Retiring from the Board in December 2019.

### Board skills and attributes

(number of Board members)



### Key to committees

- Audit Committee
- Nomination and Governance Committee
- Finance Committee
- Compensation and Management Development Committee
- Acquisition Committee
- Committee Chair

### Key to skills/attributes

- Leadership
- Technology
- Financial experience
- Global business
- Gender/ethnic diversity
- Sales and marketing
- Academia
- Public company board experience

## Corporate social responsibility

Cisco pioneered the technology that connects everything. We believe that connections have the potential to create opportunity for everyone and to solve some of the world’s most pressing challenges. We use our technology, our expertise, and our resources not only to provide value for our customers, but also to make a positive impact on people, society, and the planet.

Corporate social responsibility (CSR) is core to our purpose, our culture, and how we invest. We focus on the issues that align with our business strategy, and where we can have the greatest potential for global impact, including inclusion and diversity, supporting local community programs, and reducing our environmental impact.

### Culture of integrity



#### People

- Ethics and integrity
- Employee training and development
- Inclusion and diversity
- Employee wellness and benefits



#### Society

- Data security and privacy
- Digital rights and inclusion
- Socially responsible supply chain
- Local community impact
- Global social impact—IT skills and digital readiness
- Global social impact—critical human needs and disaster relief
- Economic inequality

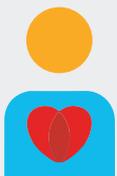


#### Planet

- Energy and GHG
- Product and packaging materials
- IT solutions for the environment

## Key initiatives and progress toward goals

### People



80%

Achieve 80% employee engagement through volunteering or making donations by 2020.

Our success is built on a Conscious Culture, where trustworthiness and ethical conduct are expected and supported among employees, suppliers, and business partners. For Cisco, Conscious Culture is an inclusive and diverse environment, molded by our beliefs, behaviors, rituals, and principles and how employees experience this through their work and teams.

Our values and expectations are laid out in our Code of Business Conduct. Every employee must certify compliance with the code each year. The Conscious Culture framework, introduced in fiscal 2019, informs all our interactions with one another. In fiscal 2020, we will update the code with Conscious Culture content.

Inclusion and collaboration are not an afterthought in our workforce planning. In fiscal 2019, we introduced Inclusive Workforce Planning to all people leaders. Our Executive Leadership Team uses Diverse Talent Accelerator solutions to create action plans for their

organizations, which they then put into practice. To date, more than 14,000 Cisco people leaders have been given access to these tools to make smarter, fairer hiring decisions.

We encourage Cisco employees to pursue continuous personal and professional development. Degreed, a learning experience platform, makes this possible by uniting internal learnings with external materials. Since we rolled out Degreed to all Cisco employees in late 2018, nearly half of our employees have become active users.

During fiscal 2019, employee community engagement, measured by the proportion of employees volunteering or making donations, increased by approximately 3 percentage points—to 50%—compared to fiscal 2018. Cisco employees contributed a total of 447,935 volunteer hours, and \$25.5 million was generated by employee donations and Cisco matching for nonprofits and schools.

## Society



### 1 billion

Positively impact 1 billion people by 2025.

### 2 million

Reach 2 million Cisco Networking Academy students per year by 2021—Achieved!

Cisco strives to accelerate global problem-solving by using technology to expand opportunity for people and communities around the world. We enable nonprofits and social enterprises to accelerate early-stage, technology-based solutions in the areas of education, economic empowerment, and critical human needs; we educate millions of people in IT through Cisco Networking Academy; and we support social entrepreneurs who are addressing the world's challenges. Through these strategic investments and signature programs, we are partnering to drive an inclusive digital economy and to positively impact 1 billion people by 2025.

The cumulative number of people reached through these CSR investments and signature programs since we announced our goal in fiscal 2016 is 469 million, 47% of our 2025 goal.\* This total does not include all of our CSR investments, including, for example, our cash and in-kind support for most natural disasters, our product grant investments, and some of our cash grant investments.

A top priority for Cisco is to build local capacity in ways that help communities thrive. We focus on capacity-building in domains that are relevant and strategic, such as networking, cybersecurity, and software development. Our strategic investment in Cisco Networking Academy helps countries meet industry demand for a digitally skilled workforce by providing a comprehensive learning experience. With 2.15 million students

in 180 countries participating in Cisco Networking Academy in fiscal 2019, we exceeded our goal of reaching 2 million Cisco Networking Academy students per year by 2021. Since inception, the program has reached 10.9 million students worldwide.

Supply chain responsibility is an important facet of our ethical sourcing strategy. Cisco was one of the founding members of the Responsible Business Alliance (RBA) and has adopted the RBA Code of Conduct as our own Cisco Supplier Code of Conduct. Suppliers must acknowledge the code, which sets standards for labor, health and safety, environment, ethics, and management systems, and we assess our suppliers' conformance to those requirements. We have also expanded our conflict minerals activities to create the Responsible Minerals Program, which now encompasses additional minerals, such as cobalt, and geographies beyond the Great Lake Region in central Africa.

This year, we created a new legal function, led by Executive Vice President, Chief Legal Officer and Chief Compliance Officer Mark Chandler, to address human rights issues that are central to our business. Business and Human Rights at Cisco (BHRC) will set Cisco's human rights strategy and assess the human rights impacts of our technologies worldwide. The new team's design allows for input on legal, regulatory, and policy decisions that are relevant to human rights and important to our business.

\* A readiness review is underway for external limited assurance of this cumulative-to-date number.

## Planet



Energy and GHG, and product and packaging materials goals.

The scope of environmental impact we consider at Cisco includes our operations, extended operations (supply chain), products, and services. In fiscal 2018, we invited approximately 5,000 customers to complete an online survey on environmental sustainability. The results of our fiscal 2019 materiality assessment on sustainability matched the feedback from this survey: energy and GHG, product and packaging materials, and enabling IT solutions for the environment continue to be our priorities.

Cisco encourages employees to be global problem solvers by promoting environmental sustainability. We provide digital tools, educational activities, and volunteer opportunities to employees who want to make an impact in the office and in their communities. We also

sponsor environment-related projects with local universities and innovation challenges. These efforts help improve recruitment and retention among a candidate and employee cohort that increasingly makes employment decisions based on a company's commitment to sustainability.

We study environmental priorities for sustainability and business value. Improved resource efficiency reduces both waste and cost. Our collaboration products, for example, reduce the need for business travel and increase employee productivity. By setting goals to reduce environmental impacts and accelerating our contributions to a resource-efficient, low-carbon and circular economy, we build long-term resilience for our business, our partners, and our customers.

## Energy and GHG

### 60%

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

### 85%

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

### 87%

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

### 80%

80% of manufacturing and logistics suppliers by spend will have a public GHG-reduction goal by FY25.

### 30%

Reduce Cisco upstream supply-chain GHG emissions by 30% on an absolute basis by FY30 (FY20 baseline).

In fiscal 2019, Cisco continued its ongoing, 12-year effort to reduce total Scope 1 and 2 GHG emissions worldwide. To meet our goals, Cisco is investing \$45 million over the five-year goal period in energy efficiency and

\* Fiscal 2019 performance will be reported in our 2019 CSR Report expected to be published in December 2019.

renewable energy. At the end of fiscal 2018, our emissions were 45% below our fiscal 2007 baseline and 82% of our global electricity came from low-carbon solar and wind generation—well on track to meet two of our goals.\*

The largest portion of Cisco's carbon footprint is from the operation of our products by our customers. Meeting our goal to improve product energy efficiency by 10 percentage points will reduce customer operating expense, and will help us meet our own GHG reduction goal.

Cisco has requested public, energy and GHG reporting by our supply chain partners since 2011. Based on energy savings of more than 25% in a manufacturing location pilot, and the increasingly mature sustainability programs of all our suppliers, we recently announced goals committing to supplier reductions in absolute GHG emissions.

## Product and packaging materials

### 20%

Decrease use of virgin plastic in Cisco products and packaging by 20% by FY25 (FY18 baseline).

### 75%

Reduce foam used in Cisco product packaging by 75% by weight by FY25 (FY19 baseline).

### 50%

Increase product packaging efficiency by 50%, as measured by the package volume to product ratio by FY25 (FY19 baseline).

In fiscal 2019, Cisco released its product and packaging materials goals. Customers are asking for increased recycled content in products and no single-use plastic in our packaging, which we're implementing as part of a broader goal to reduce use of virgin plastics. Customers also want more efficient packaging, which can reduce Cisco logistics costs as well as customer operating expense to dispose of product packaging.

As part of the Platform for Accelerating the Circular Economy (PACE), at the World Economic Forum in Davos in January 2018, Cisco Chairman and CEO Chuck Robbins pledged 100% product return as the cornerstone of Cisco's circular economy program. We continue to develop business processes to enable product return from our customers and to scale circular design and consumption models.

### Cisco 100% product return pledge

- Provide product return pickup and transport at no cost for any customer worldwide upon request.
- Establish alternative commercial models that promote product return including: purchase trade-in, banked credit, leasing, and product-as-a-service.
- Offer comprehensive warranty, replacement, service, and repair for all products to extend useful product lifetime and minimize obsolescence.
- Repurpose returned product, subsystems, components, and commodities, including closed-loop return to new product manufacturing.

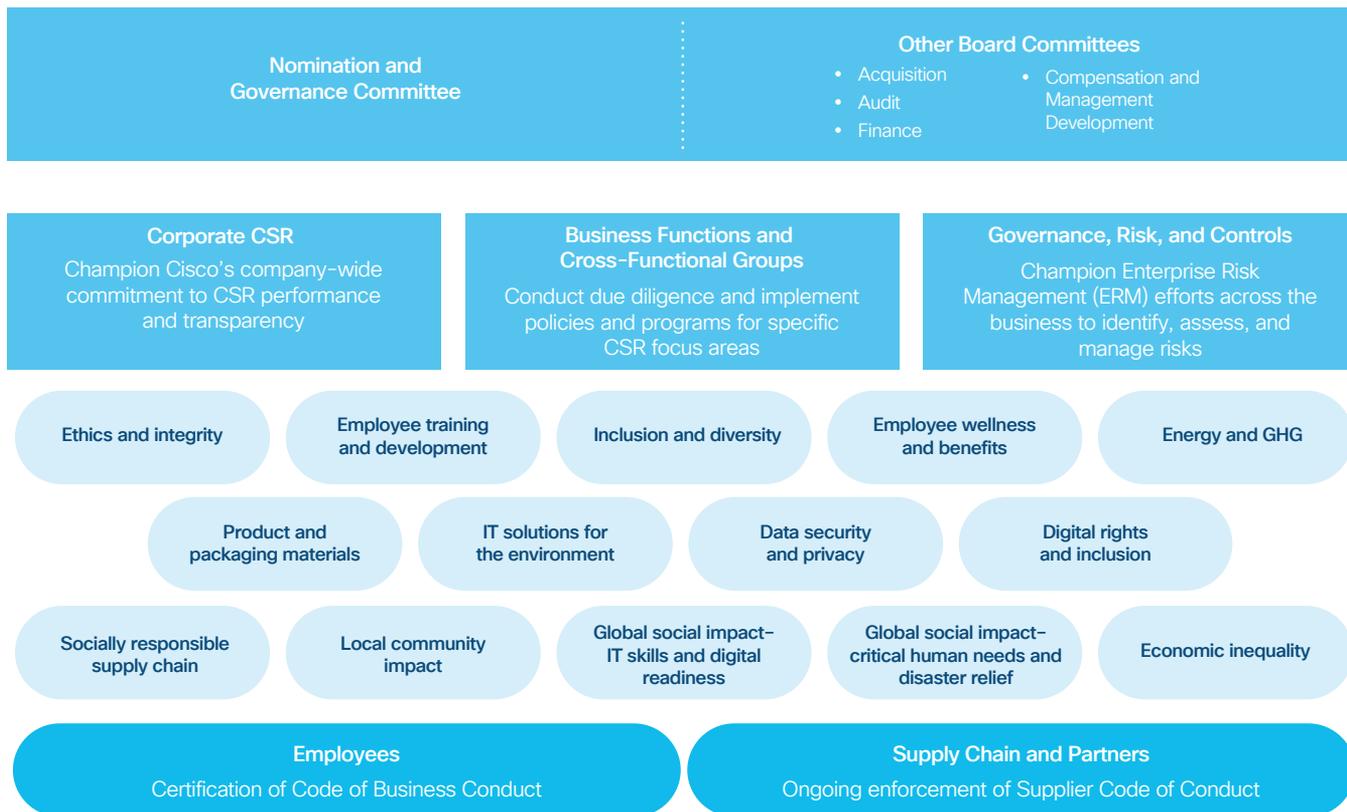
## CSR governance and management

Cisco Corporate Affairs leads our social investment programs and champions our commitment to CSR performance and transparency. This team engages with internal and external stakeholders and leads CSR materiality assessment and reporting activities, which are aligned with standards set by the Global Reporting Initiative (GRI). The team works cross-functionally to assess and monitor CSR priorities, drive process for CSR management, and provide reporting guidance and coordination across business functions.

CSR priorities are owned by business functions and are integrated into ongoing business strategy and planning. Business functions set CSR goals, implement plans, and measure performance. Where a cross-functional approach is needed, we establish teams to implement our commitments.

The Nomination and Governance Committee of the Board reviews Cisco’s policies and programs concerning corporate social responsibility including environmental, social, and governance matters.

### Board of Directors



For more information about our performance, see our CSR website at [csr.cisco.com](https://csr.cisco.com). Our full fiscal 2019 CSR Report is expected to be published in December 2019.

# Stakeholder engagement

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



# Shareholder information and forward-looking statements

## Executive Officers

### Charles H. Robbins

Chairman and  
Chief Executive Officer

### Mark Chandler

Executive Vice President,  
Chief Legal Officer, and  
Chief Compliance Officer

### Gerri Elliott

Executive Vice President  
and Chief Sales and  
Marketing Officer

### David Goeckeler

Executive Vice President and  
General Manager, Networking  
and Security Business

### Kelly A. Kramer

Executive Vice President and  
Chief Financial Officer

### Maria Martinez

Executive Vice President and  
Chief Customer Experience  
Officer

### Irving Tan

Executive Vice President and  
Chief of Operations

### Principal Accounting Officer

### Prat S. Bhatt

Senior Vice President,  
Corporate Controller, and  
Chief Accounting Officer

## Resources

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

### Investor Relations

Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
1 408 227 CSC0 (2726)

[investor.cisco.com](http://investor.cisco.com)

Cisco's stock trades on the  
NASDAQ Global Select Market  
under the ticker symbol CSC0.

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
San Jose, CA

### Transfer Agent and Registrar

Computershare Investor  
Services  
P.O. Box 505000  
Louisville, KY 40233-5000  
[www-us.computershare.com/  
investor](http://www-us.computershare.com/investor)  
Toll-free: 1 800 254 5194  
International: 1 781 575 2879

### Notice of Annual Meeting

Cisco Systems, Inc.  
Building 9  
260 East Tasman Drive  
San Jose, CA 95134  
December 10, 2019  
8:00 a.m. Pacific time

## Forward-Looking Statements

This Annual Report contains forward-looking statements regarding future events and our future results that are subject to the safe harbor provisions created under the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended. These statements are based on current expectations, estimates, forecasts, projections, and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to our anticipated growth, trends in our business, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including business and economic conditions and growth trends in the networking industry; our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment; overall information technology spending; the growth and evolution of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market and other customer markets; the return on our investments in certain priorities, key growth areas, and certain geographical locations, as well as maintaining leadership in routing, switching, and services; the timing of orders and manufacturing and customer lead times; changes in customer order patterns or customer mix; insufficient, excess, or obsolete inventory; variability of component costs; variations in sales channels, product costs, or mix of products sold; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; our ability to achieve expected benefits of our partnerships; increased competition in our product and service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, intellectual property, antitrust, shareholder, and other matters, and governmental investigations; our ability to achieve the benefits of the announced restructuring and possible changes in the size and timing of the related charges; cyber attacks, data breaches, or malware; vulnerabilities and critical security defects; terrorism; natural catastrophic events; a pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, engineering, service, marketing, and manufacturing activities; our ability to recruit and retain key personnel; our ability to manage financial risk and to manage expenses during economic downturns; risks related to the global nature of our operations, including our operations in emerging markets; currency fluctuations and other international factors; changes in provision for income taxes, including changes in tax laws and regulations or adverse outcomes resulting from examinations of our income tax returns; potential volatility in operating results; and other factors listed in Cisco's most recent report on Form 10-K contained in this Annual Report. Our results of operations for the year ended July 27, 2019, are not necessarily indicative of our operating results for any future periods. We undertake no obligation to revise or update any forward-looking statements for any reason.



**Americas Headquarters**

San Jose, CA, USA

**Asia Pacific Headquarters**

Singapore

**Europe Headquarters**

Amsterdam, The Netherlands

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

Published October 2019

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The papers used in the production of this Annual Report are all certified for Forest Stewardship Council (FSC.) standards, which promote environmentally appropriate, socially beneficial, and economically viable management of the world’s forests. This Annual Report was printed by a facility in North America that uses exclusively vegetable-based inks and 100% renewable wind energy and releases zero VOCs into the environment.

