

Cisco Global Tax Strategy

Cisco recognizes it has a responsibility to contribute and work in partnership with the communities and places in which it has operations. Such responsibility includes ensuring that Cisco pays tax on the appropriate level of profits generated from the activities undertaken in each jurisdiction.

i) Approach to Tax

Cisco complies with applicable tax laws, treaties, regulations, and other tax guidance. Cisco follows applicable tax laws, treaties, regulations, and other tax guidance to ensure that each Cisco entity reports the appropriate profit based on their respective functions performed, assets used, and risks assumed.

ii) Approach to risk management and governance in relation to taxation

Cisco employs a global staff that consists of qualified and competent tax professionals with the appropriate experience, expertise, and education in taxation to identify and manage potential tax risks. Cisco invests in ongoing technical tax and general business training and development of its employees. All Cisco tax compliance is undertaken with appropriate diligence and technical expertise. We obtain advice from external advisors to supplement our internal expertise or resources, as appropriate.

Our management of specific tax risks includes:

- a. Use of a framework to globally analyze and review uncertain tax positions and tax contingencies on a periodic basis under applicable accounting standards. These tax risks are revalidated each quarter under the supervision and review of our external auditors;
- b. Continuous monitoring and analyzing domestic and international tax legislation, case law, guidance, and practice;
- c. Ongoing review and refinement of the policies and procedures supporting tax compliance; and
- d. Regular training of our employees to ensure that our tax decisions and compliance activities are conducted accurately with the appropriate level of expertise and oversight.

In addition, Cisco employees are trained on the importance of compliance and Cisco's compliance framework to ensure that Cisco remains compliant in all areas. This framework is designed to detect and evaluate compliance issues and take the appropriate action. We reinforce our 'Keep Cisco Compliant' culture through the roles of specialist compliance functions and a strong internal audit function.

Cisco's taxation is the responsibility of Cisco management with oversight by the Cisco Systems, Inc. Board of Directors (ultimate parent of the group). The Board has two committees to assist with that oversight: (1) a Finance Committee which reviews liquidity and capital structure, and (2) an Audit Committee, which reviews financial information which will be provided to the shareholders and others; reviews the systems of internal controls which management and the

Board of Directors have established; reviews Cisco's financial and risk management policies; and oversees Cisco's accounting and financial reporting processes and the audits of Cisco's financial statements. As part of these Committees' responsibilities they review items relating to Cisco's taxation. The senior leadership team of the Global Tax and Customs department regularly informs the Finance and Audit Committees so that they are effectively able to fulfill their duties.

The boards of directors of all Cisco companies within the Cisco group are responsible for the oversight of the financial policies and risk management for their legal entities, including with respect to tax. The Tax department personnel responsible for a particular legal entity's tax matters regularly inform the statutory directors of the legal entity as to tax compliance matters to enable them to effectively fulfill their duties.

iii) Attitude towards tax planning

We undertake appropriate tax planning, consistent with tax laws and principles, and aligned to Cisco's business and operations.

We utilize tax incentives that are appropriate to Cisco's business and are consistent with the policies and goals of the organization offering such incentives. To the extent Cisco obtains an incentive, we fully comply with the requirements of such incentives.

We obtain advice from external advisors to supplement our internal expertise and resources, as appropriate.

iv) Level of risk in relation to taxation that Cisco is prepared to accept

Cisco does not enter into transactions that have no commercial rationale or carry legal or reputational risks to our relationships with tax authorities, our customers, or the wider communities in which we operate. Cisco only takes tax positions that are reasonable and defensible under the tax law. Cisco prepares its tax returns in compliance with applicable tax laws. In instances in which the tax treatment of an issue is not settled, Cisco takes a reasonable and defensible position within the law. Cisco's tax returns in most countries are regularly examined by tax authorities. In those examinations, the company always seeks to maintain open and cooperative relationships with tax authorities. Tax risks may exist if tax authorities do not agree with the company's position.

v) Approach towards dealings with tax authorities

Cisco acts with integrity at all times. We place great importance on preserving our positive reputation with governments, regulatory bodies, customers, and other stakeholders globally. Accordingly, Cisco interacts with the tax authorities in a transparent and honest manner. This includes compliance, audit defense, Advance Pricing Agreements, disclosures, and documentation. In addition, Cisco proactively engages with tax authorities on areas of uncertainty and acts in good faith throughout these discussions.