

# Case Studies

See how Cisco's supply chain auditing, corrective action, and supplier engagement processes work in practice as part of our overall due diligence process. Below are recent examples from our supply chain team.

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# Upholding Responsible Purchasing Practices

## FY25 Aligning Our Supply Chain With Our Values

When we identify adverse human rights impacts in our supply chain, we aim to use our influence to address and mitigate these impacts and remediate workers. In many cases, we have been able to [collaborate with suppliers to achieve better outcomes with workers](#). However, in rare instances where we are unable to exercise influence, we may have to consider disengagement from a supplier that will not align with our values, despite multiple attempts for collaboration. In one case, a Responsible Business Alliance (RBA) Validated Assessment Program audit identified that foreign migrant workers had paid excessive recruitment fees at a component supplier facility in Taiwan, a violation of our Supplier Code of Conduct and a risk for bonded labor. We engaged with the supplier following our standard corrective action process to [address bonded labor](#). The supplier agreed to stop the charging of recruitment fees to workers, ceasing further impacts to workers. However, the supplier repeatedly refused Cisco's requests for the supplier to provide remedy and reimbursement to impacted workers. Instead, they suggested to transfer production to another facility, thereby avoiding, rather than addressing, the issue. Repayment of recruitment fees to workers is required pursuant to our Supplier Code of Conduct and, typically, Cisco guides suppliers through [this process](#) so that workers can receive this remedy.

In this case, we had very low spend with the supplier and low forecasted demand, as the parts supported a product that would soon no longer be available for purchase. As a result, Cisco had little to no influence to incentivize the supplier to follow international standards and align to our values. Due to the supplier's unwillingness to meet our requirements, an assessment was made to remove the site from our supply chain and cease allocating business to it. Cisco initiated a process to disengage, which involved identifying an alternate supplier, conducting a risk assessment prior to initiating business with the new supplier, and reallocating our purchases. At completion of the alternate supplier's onboarding, we broke off the relationship with the noncooperative site.

## FY24 Controlling Working Hours and Days of Rest

Working hours and days of rest continue to be a chronic issue in the electronics industry supply chain and our most frequent audit nonconformance category.

As a result of the Human Rights Impact Assessment we conducted at the end of fiscal 2023, we began to identify and assess how Cisco could be contributing to working hours fluctuations in the direct materials supply chain with an aim to prevent excessive working hours. We convened a cross-functional team to identify factors that could contribute to suppliers' working hours nonconformances. The team assessed factors, such as supply shortages, forecast accuracy, production goals, rush orders and lead times, and contractual terms, to see their potential influence on working hours at manufacturing and logistics partners over the past year. The team's analysis surfaced several factors that impacted workers and production capacity: COVID-19 affected the number of workers who were able to work on the production floor; materials shortages sometimes slowed down or disrupted production; and increased demand put a strain on production planning and targets. These factors, alone or in concert, could make recovery to normal working hours more difficult.

With this variety of factors affecting production schedules and planning, Cisco worked during fiscal 2024 to smooth production spikes and make production planning more predictable.

For example, if materials arrived late and caused production delays, overtime was likely needed to catch up with the production plan and meet deadlines, potentially triggering short-term spikes in working hours. To mitigate the risk of disruption due to materials shortages, Cisco has worked to build material safety stock or extra inventory on hand.

Cisco has also been working to simplify the manufacturing of our products. We have simplified

# Upholding Responsible Purchasing Practices (continued)

our network, or the number of manufacturing sites that build Cisco's final products, resulting in a consolidation of business volume across fewer facilities. We have also simplified manufacturing processes to increase throughput and implement universal production lines where possible. These provide benefits to our manufacturers by allowing them to better plan and utilize their capacity. The higher baseline production volumes should provide more stability over time, reducing the likelihood they will be significantly impacted by erratic demand fluctuations for niche product lines.

Cisco has worked to provide manufacturing partners with increased visibility into the forecast pipeline, extending that visibility from less than one year, to a rolling 24-month window across the Cisco hardware product portfolio. Updated monthly, these forecasts could provide manufacturers with a longer-term outlook on demand within the pipeline and help support materials and capacity planning.

When Cisco forecasts, it aims to give manufacturers the most accurate outlook. When there are projected discrepancies in forecasts and the actual customer orders, Cisco's supply chain works with the sales organization to analyze the differences. We then quickly adjust so manufacturers have the most accurate outlook and mitigate potential challenges. The difference between forecast and actual is reviewed on a quarterly basis in an effort to make continuous improvement of estimates.

It is challenging to determine how much impact any of these singular actions make on smoothing production spikes and production planning, especially since Cisco continued to see the lingering effects of the COVID-19 pandemic on supply chain operations through the first half of fiscal 2024. However, we are optimistic that these actions, in addition to collaborating closely with manufacturing partners, support both Cisco's and our suppliers' goals for more feasible and predictable production targets, and consequently, optimized staffing and reductions in last-minute changes to overtime.

## FY24 From Complying to Collaborating: Building Supplier Capabilities

At Cisco, we know first-hand the value of fostering collaborative relationships with our suppliers to drive social and environmental outcomes. When one of our suppliers rolled out a new sustainability program and expressed an openness to learn from Cisco on social and environmental issues, we recognized this as an opportunity to pilot a new partnership model to help build their capabilities. We initiated quarterly social- and environment-focused touchpoints with their sustainability team to support their efforts.

This partnership model set the stage for open, transparent conversations about challenges and various paths toward improvement. Cisco shared valuable lessons learned from our own journey, such as overcoming the challenges of greenhouse gas (GHG) emissions accounting or standardizing social- and environment-related data. In return, the supplier's sustainability team provided insights into their sub-tier supplier management efforts around GHG reduction and industry-level climate work they were involved in.

Our conversations advanced to forward-thinking dialogue about tackling shared challenges, the industry's future trajectory, and ways to stay ahead of the curve. For example, at the start of our engagement, the supplier had not yet set an absolute GHG reductions goal, a Cisco requirement and common industry expectation, but it had committed to setting a science-based target to reduce GHG emissions and was in the process of developing the goal. The collaboration enabled open sharing between Cisco and the supplier of common experiences and lessons learned on climate target setting and roadmap development. Today, the supplier's target has been formally approved by the Science-Based Target initiative, which means it is in line with the latest climate science, and the team is ramping up its own supply chain engagement program around GHG reduction. The supplier continues to report its climate progress publicly through annual

# Upholding Responsible Purchasing Practices (continued)

sustainability reports and CDP, as well as collaborating proactively with Cisco to discuss strategies to achieve the established emissions reduction goals.

Cisco's journey toward net zero and advancing other social and environmental goals is linked with our suppliers' progress. Collaborating with our suppliers to understand and address their unique challenges has proven to be an effective model for strengthening business relationships and co-innovating solutions that drive mutual environmental and social progress.

## FY22 Helping Contract Manufacturers Avoid Excessive Working Hours

During fiscal 2022, Cisco discovered that one of our third-party contract manufacturers' locations was experiencing persistent working hours nonconformances for several quarters in a row. As part of our due diligence, we worked to understand why. During the discovery process, Cisco brought together stakeholders from the contract manufacturer and Cisco's internal operations and production planning departments to identify the root causes. It was revealed that multiple factors were at play: late shipment arrivals were prompting overtime work on weekends, lengthening consecutive working days; order backlogs created pressure to manufacture products outside of planned production schedules to meet customer expectations; and labor shortages exacerbated the situation. In addition, there were plantwide shared staff – emergency personnel – whose total number of hours were not being accounted for.

As a result, both Cisco and the manufacturer collaborated to implement short-term solutions to reduce working hours and eventually prevent excessive working hours over the longer term. While there were robust communication channels to address production needs, there were less robust channels open around the impacts of variable working days, such as holidays, and their impact on working hours and consecutive working days. As a near-term solution, production schedulers were empowered to factor in the variety of observed holidays to create a more effective overall working schedule to support working hours and days-off goals. Over the long term, Cisco and the manufacturer intend to work more closely with supply planning to communicate the timing of supply shipments and adjust deliveries in a manner designed to support workforce planning.

The discovery process generated valuable lessons that Cisco is working to operationalize so that we can better support our contract manufacturers to avoid excessive working hours. Through this process, Cisco gained greater understanding of the ways in which supply chain constraints can demand more dynamism from plant managers and how these variables impact workers' schedules. We are continuing to work to give plant managers the tools to more effectively forecast how ebbs and flows in component parts could affect the volume of product produced, and thus the number of workers needed to realize such orders.

# Providing Access to Remedy for Grievances and Recruitment Fee Remediation

## FY25 Accelerating Remediation With Early Risk Assessments and Commercial Leverage

At Cisco, we aim to embed human rights due diligence into key processes within our operations and sourcing decisions, starting from the earliest stages of supplier onboarding. Setting expectations early with prospective suppliers allows us to source from suppliers who align with our values and are more likely to maintain that alignment throughout our relationship. It also allows us to identify and prevent potential adverse human rights impacts and prevent our business from contributing to or being linked to them. In one such case, early expectation setting and detection set the stage for a swift, collaborative response and better outcomes for impacted workers.

Cisco's process is to require new suppliers and sites to complete a social and environmental responsibility survey before initiating business. During this process, we flagged a potential risk at one of our prospective suppliers: Foreign migrant workers were paying recruitment fees, a known indicator of bonded labor risk according to the International Labour Organization and a violation of our Supplier Code of Conduct. The Cisco commercial team who manages the relationship with the supplier played a pivotal role, having already informed the prospective supplier of Cisco's policies and expectations for responsible social and environmental conduct early in business discussions. When the risk was identified, Cisco escalated to the supplier's leadership team that resolving the recruitment fee issue was a prerequisite to completing the onboarding process. At that point, the supplier had a choice: Risk potential future business with Cisco or invest more resources and incur more upfront costs in order to meet Cisco's requirements.

Recognizing that Cisco treats fee remediation very seriously, the supplier committed to meeting Cisco's requirements, including an aggressive timeline to institute the Employer Pays Principle and remediate. With Cisco's clear guidance and frequent collaboration – sometimes meeting three to five times a week – the supplier navigated unfamiliar territory in reimbursing workers for recruitment fees. This hands-on support

helped to expedite progress by overcoming challenges, such as tracing payments made by workers and gathering documentation.

Within eight months, the supplier reimbursed 34 foreign migrant workers a total of approximately US\$145,000. Reaching this outcome was not just about contractual obligations or exercising Cisco's leverage; it was the result of a deep partnership where human rights due diligence was woven into the sourcing decision-making process and the development of the supplier relationship early on.

This experience underscores how integrating social and environmental responsibility into business operations empowers sourcing teams to drive meaningful change. By combining commercial leverage with active partnership and clear expectations and guidance, Cisco is better able to maintain a responsible supply chain and promote better human rights outcomes.

## FY24 Tracing Workers to Reach as Many as Possible Who Were Impacted

Cisco identified risks of bonded labor at a component supplier factory in Taiwan and engaged the supplier to assess the impacts to workers. The RBA third-party fees investigation uncovered that the issue was more complex than initially understood. In worker interviews, investigators confirmed that they had been paying recruitment fees during their employment. However, they also learned that some workers had been transferred from another employer at which they had also been subject to fees. Through deeper engagement with workers and management, investigators found that those workers had been transferred from another business unit that reported into the same parent company. The investigation followed workers' employment history to itemize fees that they paid with their current employer, fees paid with the previous employer (the other business unit), and fees they may have paid in the sending and receiving countries during their recruitment journey. The amount owed to workers doubled after accounting for the other business unit's activities.

# Providing Access to Remedy for Grievances and Recruitment Fee Remediation (continued)

Cisco reiterated expectations for the employer to pay all recruitment and employment-related fees, in alignment with international human rights standards. In collaboration with the parent company, steps were taken to stop fees from being charged across multiple business units, and to reimburse workers according to the investigation's results.

The reimbursement process was complete for impacted workers. However, the RBA received grievances from two different workers. Both workers alleged they were entitled to reimbursement but were missed due to the timing in which they were transferred between the business units and the timing of the investigation. RBA, Cisco, and the supplier are continuing to address the issue so that the remaining impacted workers can also receive access to remedy.

## FY23-FY24 Taking a Comprehensive Approach to Recruitment Fee Remediation

Our “no fees” policy prohibits the charging of recruitment fees to workers, and if we discover that workers have paid fees, we work with suppliers to facilitate repayment to workers. Sometimes, by the time the supplier has initiated repayment of fees to affected workers according to an agreed-upon remediation plan, some workers no longer work for the company. We became aware of a situation like this in fiscal 2023, when a worker reported to Cisco's EthicsLine that they had not been compensated for the recruitment fees they paid.

Cisco worked with the RBA to cross-reference who had already received payments. We discovered that the worker was correct, and that they were not alone in having missed out on reimbursements from switching employers. This led to deeper discussions with our supplier on how they were handling reimbursements for departed workers. In line with our commitment to nonretaliation, RBA and Cisco obtained consent from impacted workers before identifying them to the supplier so that the supplier could make reimbursements.

Along with the RBA, Cisco is working to help impacted workers receive access to repayment, and the supplier is making greater efforts to connect with departed

workers. This situation highlighted the importance of Cisco-supplier collaboration and the need to support suppliers in making good faith efforts to correct issues. It was also a reminder of the role of effective and accessible grievance mechanisms, like EthicsLine, in driving access to remedy for supply chain stakeholders.

## FY24 Update

During fiscal 2024, we continued to engage with the departed worker who filed the grievance and the employer. The factory increased efforts to contact departed workers. However, the RBA received grievances from two different workers. Both workers alleged they were entitled to reimbursement but were missed due to the timing in which they were transferred between the business units and the timing of the investigation. RBA, Cisco, and the supplier continue to collaborate to address reimbursement of transferred or departed workers so that the remaining impacted workers can also receive access to remedy. The worker who had filed the grievance was able to provide names and contact information for another 19 departed workers who were also eligible to receive reimbursement. In total, we were able to facilitate the reimbursement of 31 workers who had departed the supplier. Engaging with the worker who came forward was critical to being able to reach as many impacted workers as possible. As a result, 49 more workers were able to be reimbursed in the last year.

## FY22 Responding to Worker Grievances

In fiscal 2022, the Supply Chain Sustainability team at Cisco received a complaint through Cisco's grievance mechanism, [EthicsLine](#). A supply chain worker alleged that their employer was a supplier to Cisco and that they were subjected to a variety of forced labor issues, including passport withholding, recruitment fees, and penalties for resigning.

Cisco reviewed the worker's allegations and opened a formal channel to directly communicate with the worker to gather more information and receive periodic updates. In conjunction with this conversation, Cisco

## Providing Access to Remedy for Grievances and Recruitment Fee Remediation (continued)

reviewed our business relationships with the supplier and identified it as a “low-spend” components supplier – a supplier that provided parts to Cisco’s manufacturing partners. Due to low spend and lack of visibility into sub-tier relationships and data on worker characteristics, Cisco had not included the supplier in our vulnerable worker risk assessment as part of our usual risk-based process. However, in light of the worker complaint, Cisco engaged with the supplier and confirmed multiple elements of the allegation.

Cisco took immediate action to address the allegations, including putting the supplier on a Supplier Improvement Plan, an internal Cisco process aimed at improving supplier performance to comply with our standards and policies. To ensure a comprehensive investigation and thorough mitigation plan, Cisco alerted and engaged the RBA, which conducted a [Specialty Validated Assessment Program](#) on forced labor. The RBA garnered industry support and used collective leverage to show the supplier that they would have to conform to a consistent set of conditions and industry standards. The industry approach minimized confusion for the supplier and meant that a single entity would drive the fulfillment of the Corrective Action Plan (CAP).

The plan mandated the following changes:

- A timeline to reimburse employees
- Updates to policies to prohibit fees paid by workers
- Revised worker contracts to remove a requirement that workers pay fees
- Revised labor agent contracts to prevent fees from being passed on to workers and removed other restrictions agents put on workers

Cisco is continuing to work with the RBA to monitor the supplier site’s progress toward remediating the affected workers and to validate that the corrective and preventive actions were implemented effectively.

This case brought forward a host of lessons learned. We continue to find power in collective action, especially when it comes to driving change with suppliers with which we have low leverage. We also continue to explore how broader education of suppliers and direct engagement with labor brokers and affected workers can drive elimination of forced labor within the supply chain, especially where local law on issues such as charging recruitment fees conflicts with international standards and best practices.

# Helping Supply Chain Workers Elevate Their Voice

## FY25 Elevating Worker Voices for Longer-Lasting Health and Safety Solutions

Inspired by our learnings from the TenSquared program, Cisco is continuing our worker engagement initiatives. We support suppliers to involve their workers when developing and implementing CAPs for health- and safety-related audit nonconformances. We equip the supplier with guidance and resources – such as sample surveys and a root cause analysis tool – to facilitate worker engagement and collect valuable input.

We originally launched this model in fiscal 2023 for addressing personal protective equipment (PPE) nonconformances. Since fiscal 2025, we have expanded this engagement model to include chemical management nonconformances and accessible infrastructure issues for workers with disabilities, implementing it across 11 sites.

Encouraging suppliers to involve their workers in developing longer-lasting health and safety solutions has driven notable outcomes. For example, one supplier had a Major nonconformance because soldering workers were wearing the incorrect type of mask required by an occupational hazards assessment report. With Cisco's guidance, three management representatives from the supplier company's human resources department, procurement department, and production department, alongside four worker representatives from the production line, established a project team to resolve the issue. Together, they set a goal that 100% of the soldering workers would wear the required masks when entering and operating in production areas.

The project team utilized Cisco's root cause analysis tool and identified that in addition to providing workers with the wrong kind of masks, there was insufficient training

to educate workers on the importance of properly wearing PPE to protect their health and safety.

To make the experience of wearing PPE more comfortable, the project team asked 30 workers to sample two different masks; one of the options proved to be a clear winner with 80% of the surveyed workers listing it as their preference. While some workers were still resistant, the project team designed two different PPE trainings to ensure effectiveness: one through their official training platform and another delivered by production line workers. In the worker-led training, they introduced the risks of failing to wear PPE appropriately, the type of masks which are most protective and how to wear them correctly, and how to hold one another accountable for PPE safety. The team tested workers' knowledge improvement, collected workers' input, and adjusted the training material based on their feedback. Finally, they established monthly awards to recognize those wearing PPE consistently. As a result, they reached their goal of 100% compliance in just four months.

In fiscal 2025, four sites resolved their PPE nonconformances, and five different pieces of PPE were upgraded based on workers' feedback, improving health and safety outcomes for more than 574 workers in our supply chain.

Despite our successes, Cisco has found year over year that not all factory sites are eager to adopt this model, preferring traditional top-down management approaches to resolve nonconformances. To help overcome this resistance, we set regular touchpoints with suppliers to coach them throughout CAP closure. We aim to continue scaling this worker engagement model throughout fiscal 2026 to empower more workers across our supply chain.



# Helping Supply Chain Workers Elevate Their Voice (continued)

## FY24 Elevating Worker Voices for Longer-Lasting Health and Safety Solutions

Inspired by our learnings from the TenSquared program, Cisco has now piloted our own worker engagement initiative. When we discover that a supplier is nonconformant due to PPE issues, we ask suppliers to involve their workers as part of their CAP. We support the supplier with guidance and materials, such as sample surveys and a root cause analysis tool, so that they can engage workers and gather their input in developing solutions. We piloted this initiative in fiscal 2023 and have continued it throughout fiscal 2024, learning valuable lessons along the way.

Encouraging suppliers to involve their workers in developing longer-lasting health and safety solutions has driven some notable outcomes. For example, one supplier had a Major nonconformance because workers were not wearing specialized carbon masks needed to filter out hazardous fumes. With Cisco's guidance, four site leaders and six workers established a focus team to resolve the issue, setting a goal that 100% of the 750 workers would wear the required masks when entering production areas. By surveying a sample of 29 workers, it was revealed that workers weren't wearing masks consistently because they were uncomfortable. Complaints included small and stiff ear straps, hard metal boning across the nose, a lack of size options, and itchy material that was subject to pilling quickly. The focus team considered these factors as they evaluated various alternative mask brands and selected the most comfortable options. Then, the site conducted a trial run for all 750 employees and provided education regarding how the mask would protect them from fumes during production. Finally, to foster a

culture of peer-enforced safety, the workers from the focus team help monitor production areas to ensure employees are regularly wearing the masks properly and following protocol.

After the trial, surveys showed that workers were satisfied with the new masks. It was time to embed the new equipment and practices into formal procedures. All workers received a special instruction form outlining the importance of wearing PPE and signed an acknowledgement showing they understood the protocol. Not only were workers pleased with the changes, but factory management saw the value of workers' ideas, recognizing that this collaborative approach would lead to more sustainable solutions than just issuing warnings. They plan to expand this model to address other environment, health, and safety issues in their facility.

So far, Cisco has implemented this model of incorporating worker voice in health and safety CAPs management across nine different sites, with eight sites resolving their nonconformances leveraging this model during fiscal 2024. Overall, this work resulted in 10 different pieces of PPE being upgraded based on workers' feedback, improving the health and safety of more than 1,300 workers in our supply chain. Despite our successes, Cisco has found that not all factory sites are eager to adopt this model, preferring traditional top-down management approaches to resolve nonconformant findings. To help overcome this resistance, we set regular touchpoints with suppliers to coach them throughout CAP closure. We aim to continue scaling this worker engagement model throughout fiscal 2025 to empower more workers across our supply chain.

# Helping Supply Chain Workers Elevate Their Voice (continued)

## TenSquared Initiative

### FY22 TenSquared Launch

Engaging supply chain workers is crucial but not always easy. To help facilitate dialogues with supply chain workers, Cisco in fiscal 2022 partnered with the nonprofit Social Accountability International (SAI) to implement its TenSquared program – a 100-working-day engagement effort that brings together supply chain workers and managers to collaboratively identify and address occupational health and safety (OHS) challenges.

As part of our emphasis on industry collaboration, Cisco and another industry peer jointly deployed the TenSquared program at four supplier sites in fiscal 2022. There were 10 participants at each site – five managers and five front-line workers – who worked together over the 100 working days to jointly identify an issue and achieve a goal focused on OHS. Workers and managers were tasked with creating systemic solutions that would last beyond the duration of the TenSquared program.

Ahead of the program's launch, the 10 members at each site held pre-project meetings to finalize and introduce team members. Subsequent two-day launch workshops were held, where the teams raised issues of concern, such as operational safety rates, noise levels, and chemical and hazardous chemical risk exposure rates, and started brainstorming ways to tackle them. During the next several weeks, teams came up with ideas to tackle their chosen problems, review the challenges, and adjust the plan during a midpoint review workshop. The program ended with a sustainability review workshop to ensure the supplier sites could embed key TenSquared themes and implement its methodology, either through additional workshops or other OHS mechanisms.

Overall, Cisco was proud of the breadth and depth of solutions that the program sparked:

- One of the suppliers focused on increasing workers' OHS behavior rate from about 80% to about 95% in a pressing production workshop. The supplier site has maintained that improved rate into fiscal 2023. A key innovation the workers requested was to designate personal safety observers who wore blue vests and who could support workers in maintaining proper health and safety behaviors during every shift, day or night. This uniform became a visual reminder for workers, especially those new to the factory floor, to follow steps to safeguard their health and safety. This simple action has encouraged both managers and workers to continue to work together to ensure that safety is a priority.
- In addition, they trained workers to take more responsibility around health and safety by helping determine if their workplace was safe or not. Managers invited workers to help brainstorm and devise workplace safety solutions, including having workers observe and flag safety precautions. Workers agreed to rotate this observer role so that each worker could have the opportunity to perform and watch the implementation of safe behaviors. By engaging more workers in a practical way, the supplier found that workers prioritized safe behaviors and even reminded colleagues to do the same. In essence, the training created a culture of safety rooted in worker inclusion and buy-in that has been sustained with new hires who joined during and after the TenSquared workshop.

# Helping Supply Chain Workers Elevate Their Voice (continued)

The program team from the four suppliers provided positive feedback from the workers and managers, which convinced Cisco to continue this program in fiscal 2023. Feedback we received included:

- “The methodology has improved the factories’ original management weaknesses.”
- “This program is more useful than internal OHS training and is very interesting.”
- “100 days is too short; we wish we could have more opportunities to exchange ideas.”
- “Nice to hear from workers that they need more training and info on hazardous materials.”

Using TenSquared revealed that greater worker engagement yields sustainable solutions to tough workplace issues. In addition, bringing together workers and managers improved overall communication, with management becoming more aware of workers’ ability to contribute solutions to many onsite issues. The collaborative framework of TenSquared created a mechanism whereby workers feel more comfortable sharing their ideas, and where workers can get recognized for innovation. Workers also feel more empowered since they have a better understanding of the purpose of health and safety policies and procedures. The workers thus see how their adherence to and participation in workplace safety results in an overall safer environment. Cisco will continue TenSquared in fiscal 2023 to help these four suppliers sustain this program methodology and will partner with additional suppliers to expand the program’s benefits.

“Working with Cisco’s suppliers was unforgettable and meaningful,” said Jane Liu, Senior Manager at SAI, “because of Cisco’s deep understanding of the project and creation of an open and independent innovation space for suppliers. This was very helpful to the workers’ efforts, helping their voices be heard and actions accounted for. The most exciting changes and the most encouraging achievements took place during these short 100 days. We appreciate Cisco’s leadership in making this opportunity available in their supply chain.”

## FY23 TenSquared Update

Cisco and another industry peer jointly deployed TenSquared at three supplier sites during fiscal 2023. The 10 participants at each site – five managers and five front-line workers – worked together to identify a health and safety issue and then come up with a durable solution that would outlast the 100 days.

One solution the team chose to tackle was appropriate use of PPE. At one supplier site, available PPE was going unused, and worker feedback revealed that the available equipment was uncomfortable and poorly fitting. The group decided that managers would buy different types of PPE, and workers would vote on the most comfortable options. This led to greater use of the equipment, with more than 180 workers wearing protective footwear and 56 wearing more comfortable safety goggles. Learning from this solution, Cisco adopted new practices as part of its CAP process whereby workers are consulted regarding findings related to PPE – in essence extending these positive outcomes beyond this one supplier site. Since implementing these new practices, Cisco has engaged four factories around their PPE-related audit findings, and one has already switched to face masks that workers found more comfortable. This change is expected to impact more than 750 workers.

# Helping Supply Chain Workers Elevate Their Voice (continued)

At another site, workers use carts to transport printed circuit boards for temporary storage after they are assembled. A worker suggested locking carts to the staging area – a solution that can not only protect products from falling and save money, but also prevent injuries to workers.

Deploying TenSquared revealed that greater worker engagement can yield solutions to tough workplace issues. It increases managers' awareness of workers' abilities to contribute solutions, meanwhile helping workers feel more comfortable sharing their ideas.

“TenSquared is a very good project,” said one participant. “It didn’t just help us improve health and safety issues, but also helped us understand that good ideas are in workers’ heads. Once we find out about those good ideas, we can help each other and build up mutual trust.”

Cisco will continue TenSquared in fiscal 2024 to help these three suppliers sustain their achievements.

## FY24 TenSquared Update

In fiscal 2024, three supplier sites participated in TenSquared with the goal of reducing workplace risks. Since fiscal 2022, 10 Cisco supplier sites have participated in TenSquared and have engaged over 4,100 workers to participate in the problem-solving process, resulting in longer-lasting solutions.

## FY25 TenSquared Update

In fiscal 2025, four supplier sites participated in TenSquared with the goal of reducing workplace risks. Since fiscal 2022, 14 Cisco supplier sites have participated in TenSquared and have engaged 5,983 workers to participate in the problem-solving process, resulting in longer-lasting solutions.

## FY22 Protecting Young Workers

Cisco aims to improve working conditions in our supply chain, including identifying and auditing “high risk” suppliers to ensure they comply with our Supplier Code of Conduct. This includes protecting workers between the ages of 16 and 18 who are legally permitted to work in the relevant jurisdiction, specifically against the types of work that could negatively impact their health, such as overtime and night shifts.

Cisco considers young workers a vulnerable group, alongside others such as migrant workers and marginalized peoples. We make extra efforts to identify and mitigate risks at the manufacturing and components suppliers who employ them. Our Juvenile Labor Policy and Expectations outlines how we protect workers between the ages of 16 and 18.

In April 2021, Cisco conducted an RBA audit of a component supplier site that was identified as high risk in our annual assessment and with whom we had low spend and low leverage. This audit uncovered that managers were having their young workers work overtime and night shifts, which is not allowed under Cisco’s Supplier Code of Conduct. In addition, the site did not register all juvenile employees at the local labor administrative department, which is a violation of local legal requirements. There were also other labor and health and safety issues at the component supplier site.

As part of the CAP, the site registered all the young workers with the local administrative authorities, but refused to immediately resolve the overtime and night shift for these workers, citing regional labor shortages. To address Cisco’s expectations, the site chose to reassign workers from Cisco designated production lines to another part of the factory rather than stop them from working overtime and night shifts, raising a red flag for Cisco. Cisco persisted in asking for the cessation of all overtime and night shifts for the young

## Helping Supply Chain Workers Elevate Their Voice (continued)

workers – not just shifting workers so that they were not linked to building Cisco products. In subsequent discussions, the supplier proposed a mitigation timeline of several years to replace the younger workers with age-appropriate workers. This solution again did not satisfy Cisco’s requirement for an immediate resolution. Cisco persisted, and, in December 2021, Gordon Buckle and his team from Global Supplier Management held steadfast to Cisco’s expectations, and Cisco and the supplier were able to foster a path forward.

Cisco’s persistence led the supplier to resolve the issue successfully; continuous escalation through supply chain management and continued focus on full conformance to our standards is what finally drove the supplier to fix their nonconformance. A final review by Cisco’s supply chain sustainability team validated that all overtime and night shifts for young workers were stopped in June 2022, with the supplier providing sufficient evidence to prove that the issue had been resolved.

“Cisco has a Purpose to Power an Inclusive Future for All. We believe in a world with equal access to opportunity, a world in which businesses operate with all aspects of society in mind,” said Buckle, Head of Specialty Technologies, Global Supplier Management. “Cisco prides itself on using its supply chain to catalyze positive impacts for people and communities, and this situation showed that Cisco’s persistence could create better outcomes.”

Cisco continues to ensure that vulnerable workers, such as young workers, while not a large portion of the overall worker population, are protected and not mistreated.

# Advancing Environmental Stewardship

## Fostering Collaboration for Net Zero: Cisco's Supplier Roundtable in Thailand

As Cisco continues its journey toward reaching net-zero GHG emissions across its value chain by 2040, we recognize that progress requires collective action across our supply chain. In fiscal 2025, Cisco hosted a net-zero workshop in Thailand, bringing together 27 attendees representing 14 Thai supplier sites, as well as business partners, environmental professionals, and local experts. The workshop aimed to address critical challenges related to renewable energy adoption and Product Carbon Footprint (PCF) calculations, promoting collaboration, knowledge sharing, and actionable solutions to empower our suppliers in advancing their sustainability efforts while jointly driving progress toward Cisco's net-zero goal.

Key focus areas included:

- **Renewable Energy Adoption:** Participants highlighted the financial and regulatory barriers to renewable energy procurement and explored ways to streamline permitting, reduce costs, and enhance market access.
- **PCF Calculations:** The workshop emphasized the need for standardized tools and methodologies to improve data accuracy and enable more targeted emissions reductions. Suppliers shared challenges in accessing granular data and discussed how Cisco could provide support through training, data platforms, and IoT-based monitoring systems.
- **Knowledge Sharing and Collaboration:** Suppliers exchanged best practices, from joint purchasing agreements to innovative energy management solutions, while Cisco facilitated discussions on leveraging its network to drive collective impact.

In Southeast Asia and particularly Thailand, many suppliers face significant hurdles in adopting renewable energy. These challenges include high investment costs, lengthy permitting processes, fluctuating electricity prices, and regulatory policies that limit solar installation capacity. At the same time, accurately calculating PCFs – a critical tool to inform emissions reduction – is hindered by a lack of standardized methodologies, limited data transparency, and the complexity of collecting emissions data across supply chains. Addressing these barriers supports our 2030 Scope 3 emissions reduction target<sup>1</sup> and our 2040 net-zero goal.

The workshop underscored the importance of mutual learning and support. Suppliers gained insights into overcoming financial and regulatory barriers, while Cisco deepened its understanding of supplier needs and challenges. Together, participants identified actionable next steps, such as forming a Power Purchase Agreement (PPA) cohort for Thai suppliers, advocating for policy improvements and developing more accessible tools for PCF calculation, including standardized methods, streamlined data collection, and capacity-building.

While the transition to renewable energy in Thailand is a long-term endeavor, the workshop successfully laid the groundwork for collective action. Success will ultimately be measured by the level of collaboration achieved, the launch of joint projects, reductions in investment costs, and progress on renewable energy adoption. By working closely with suppliers and empowering them with the tools, resources, and knowledge they need, Cisco is helping to pave the way for a more resilient supply chain.

<sup>1</sup> Reduce absolute Scope 3 emissions from purchased goods and services, upstream transportation and distribution, and use of sold products by 30% by fiscal 2030 (fiscal 2019 base year). The baseline and progress reported for our fiscal 2030 goal includes a subset of Scope 3 Category 1 (purchased goods and services from manufacturing, component, and warehouse suppliers), a subset of Scope 3 Category 4 (upstream transportation and distribution from Cisco purchased air transportation), and all of Scope 3 Category 11 (use of sold products).

# Advancing Environmental Stewardship (continued)

## Empowering Change: How Cisco Helps Suppliers Plug Into Renewable Energy

To make progress toward our net-zero goal, we collaborate across our supply chain to reduce emissions associated with product manufacturing. That's why in fiscal 2025, Cisco joined forces with two consumer brands to collectively help suppliers access affordable clean energy in China.

The project began by offering suppliers education sessions about how to procure clean energy through PPAs and Green Electricity Certificates (GECs). The PPA and GEC bidding project allows multiple companies to buy clean energy in bulk directly from energy providers. By pooling their energy demands, companies can negotiate lower prices, making clean energy more cost-effective. In this initiative, Cisco worked to coordinate our suppliers' participation, ensuring they had the tools,

education, and support needed to join the agreement. Cisco's facilitation of this initiative demonstrates the power of pooling regional demand to accelerate the transition to clean energy:

- Four supplier sites, representing three Cisco suppliers, purchased over 27 million kilowatt-hours (kWh) of clean energy through this program in fiscal 2025 (this includes 22 million kWh from PPAs and 5.9 million kWh from GECs). This collective action is expected to avoid 167,174 metric tons of CO<sub>2</sub> emissions, which is equivalent to the annual emissions of approximately 3,634 passenger vehicles.
- One of the supplier sites had never purchased clean energy previously, but is now powering 15% of the site with clean energy, thanks to the competitive pricing that resulted from this joint effort.