

Cisco Systems, Inc. - Water 2018

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Cisco is the worldwide leader in networking that transforms how people connect, communicate, and collaborate. Our technology is changing the nature of work and the way we live. Founded in 1984, Cisco pioneered the development of Internet Protocol (IP)-based networking technologies. This tradition continues with the development of routing, switching, and other technologies such as application networking services, home networking, security, storage area networking, TelePresence systems, unified communications, video systems, and wireless. As an innovator in the communications and information technology industry, Cisco and its valued partners sell Cisco hardware, software, and services to businesses of all sizes, governments, service providers, and consumers.

An integral part of Cisco's business strategy is strong corporate citizenship. Responsible business practices help ensure accountability, business sustainability, and commitment to environmentally conscious operations and products. Social investments built upon public-private partnerships positively impact recipient communities around the world. As an expression of our company's values and beliefs, these activities are designed to build trust in our company and empower our employees.

For more information, visit <http://newsroom.cisco.com/overview>

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	August 1 2016	July 31 2017

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

Other, please specify (Global)

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	All of our employees working across our operations need access to good, quality freshwater that is readily available in order for our employees to complete their basic job functions, which is very important to Cisco. Cisco's primary use of water is drinking water for our employees and general water use in our office spaces such as for restrooms, cafeterias, cooling towers and irrigation. Also, all of our suppliers' employees need access to good quality fresh water that is readily available in order for their employees to complete their basic job functions, which is also very important to Cisco. Our suppliers' primary use of water is the same as Cisco's, which is general water use in our suppliers' facilities such as restrooms, cafeterias, cooling towers and irrigation. Given this daily demand for quality freshwater within our operations and supply chain, we rated the importance of this water quality/quantity as a high priority both now and into the future.
Sufficient amounts of recycled, brackish and/or	Important	Important	Cisco's direct use of recycled water is for irrigating landscapes on our major campuses. We have installed drip-irrigation systems and native, drought resistant plants throughout our major campus

	Direct use importance rating	Indirect use importance rating	Please explain
produced water available for use			locations but still rely on recycled water where available for irrigation. Without a supply of recycled water, we would have to rely on potable water for irrigation, which is less desirable. Our suppliers' direct use of recycled water is also for irrigation. Without a supply of recycled water, we would have to rely on potable water for irrigation, which is less desirable but would have an immaterial impact on the business. Cisco rates the importance of recycled and/or produced water as a high priority because it reduces demand for potable water from our local water sources, is less energy-intensive to produce than potable water, and provides cost savings to Cisco as well. Given this demand, we rated the importance of this water quality/quantity as a high priority both now and into the future.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	51-75	In FY17, Cisco measured and monitored total volumes of water withdrawals for 72% of our total real estate portfolio by area on at least a monthly basis. Some facilities are located in regions where water rights and usage are an issue of concern and as a result, since FY07, we have been collecting and tracking water data for major campuses and using the World Business Council for Sustainable Development's water tool to better understand our water use and risks at both the country and local watershed level. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord.
Water withdrawals – volumes from water stressed areas	51-75	In FY17, Cisco measured and monitored total volumes of water withdrawals from water stressed areas for 72% of our total real estate portfolio by area on an annual basis. Some facilities are located in regions where water rights and usage are an issue of concern and as a result, since FY07, we have been collecting and tracking water data for major campuses and using the World Business Council for Sustainable Development's water tool to better understand our water use and risks at both the country and local watershed level. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord.

	% of sites/facilities/operations	Please explain
Water withdrawals – volumes by source	51-75	In FY17, Cisco measured and monitored total volumes of water withdrawals by source for 72% of our total real estate portfolio by area on at least a monthly basis. Some facilities are located in regions where water rights and usage are an issue of concern and as a result, since FY07, we have been collecting and tracking water data for major campuses and using the World Business Council for Sustainable Development's water tool to better understand our water use and risks at both the country and local watershed level. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord.
Produced water associated with your metals & mining sector activities - total volumes		
Produced water associated with your oil & gas sector activities - total volumes		
Water withdrawals quality	100%	Based on our interpretation of this question, 100% of Cisco's water withdrawals are monitored for quality on at least a monthly basis. The vast majority of Cisco's water withdrawals are from third party sources (e.g. municipal supply) who are required to monitor the water they provide. The only exception to this is our Boxborough, MA campus, where water is withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. Cisco monitors all necessary withdrawal and discharge water quality parameters including standard effluent parameters and temperature daily at this site.
Water discharges – total volumes	51-75	In FY17, Cisco measured and monitored total volumes of water discharges for 72% of our total real estate portfolio by area on at least a monthly basis. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord. Cisco only has one campus where water discharges are treated directly by Cisco operations and this process is managed and monitored daily. All other locations send water discharges to the water utility for treatment.
Water discharges – volumes by destination	51-75	In FY17, Cisco measured and monitored total volumes of water discharges by destination for 72% of our total real estate portfolio by area on at least a monthly basis. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord. Cisco only has one campus

	% of sites/facilities/operations	Please explain
		where water discharges are treated directly by Cisco operations and this process is managed and monitored daily. All other locations send water discharges to the water utility for treatment.
Water discharges – volumes by treatment method	51-75	In FY17, Cisco measured and monitored total volumes of water discharges by treatment method for 72% of our total real estate portfolio by area on at least a monthly basis. We have greatly improved our tracking of water-related data for our real estate operations, however we are not able to measure water-related data for 100% of our facilities given the size and geographic distribution of our operations and the fact that many locations where Cisco shares a building with other tenants do not have water sub-meters and water bills are paid by the landlord. Cisco only has one campus where water discharges are treated directly by Cisco operations and this process is managed and monitored daily. All other locations send water discharges to the water utility for treatment.
Water discharge quality – by standard effluent parameters	100%	Based on our interpretation of this question, 100% of Cisco's water discharges are monitored for quality on at least a monthly basis. The vast majority of Cisco's water discharges are to third party sources (e.g. municipal/industrial wastewater treatment plant) who monitor the water they receive through the sewer system. The only exception to this is our Boxborough, MA campus, where water is withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. Cisco monitors all necessary withdrawal and discharge water quality parameters including standard effluent parameters and temperature daily at this site.
Water discharge quality – temperature	100%	Based on our interpretation of this question, 100% of Cisco's water discharges are monitored for quality on at least a monthly basis. The vast majority of Cisco's water discharges are to third party sources (e.g. municipal/industrial wastewater treatment plant) who who monitor the water they receive through the sewer system. The only exception to this is our Boxborough, MA campus, where water is withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. Cisco monitors all necessary withdrawal and discharge water quality parameters including standard effluent parameters and temperature daily at this site.
Water consumption – total volume	51-75	In FY17, Cisco measured and monitored total volumes of water consumption for 72% of our total real estate portfolio by area on at least a monthly basis, which we calculate to be 0 since none of the water Cisco withdraws is incorporated into products or waste products. We believe the amount of water evaporated from our cooling towers and irrigation is negligible compared to our broader water withdrawals and discharges; however, over the next few years, we will be working with our water utilities and utility bill management providers to improve our global water data collection processes and expect to be able to more precisely calculate our water consumption due to evaporation.
Water recycled/reused	Not relevant	Cisco does not use water or wastewater more than once prior to discharge at any of our facilities. Some of our water utilities do provide recycled water, which we use for irrigation and cooling tower purposes.

	% of sites/facilities/operations	Please explain
The provision of fully-functioning, safely managed WASH services to all workers	100%	100% of Cisco's real estate operations provide full functioning wash services for all of our employees. This is a requirement whenever Cisco builds a new building or opens up a new lease to ensure that all of our facilities provide our employees access to clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management, drainage and hygiene. This aspect is monitored as frequently as necessary, every time a new site is opened.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	3066.75	About the same	Our FY17 water use is about the same as our water use in FY16. Note that we updated our methodology in this reporting year to extrapolate our measured water use to 100% of our facilities rather than only reporting the measured water use. We made this change based on industry best practice and recommendation from our auditor WSP, who approved our extrapolation method and total water water use for this reporting year. We use water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. Water use is highly dependent on Cisco's headcount and energy consumption in our operations. Comparing this year's water use to last years', factoring in the 100% extrapolation, our water use has increased by 0.5% This slight increase is expected given that water use is highly dependent on Cisco's headcount and energy consumption in our operations. Over the same period our headcount increased by 0.6% and energy consumption per person housed decreased by 0.9%. We do not anticipate this volume to change in the future provided Cisco does not make any significant changes to its business.
Total discharges	3066.75	About the same	Our FY17 water use is about the same as our water use in FY16. Note that we updated our methodology in this reporting year to extrapolate our measured water use to 100% of our facilities rather than only reporting the measured water use. We made this change based on industry best practice and recommendation from our auditor WSP, who approved our extrapolation method and total water water use for this reporting year. We use water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. Water use is highly dependent on Cisco's headcount and energy consumption in our operations. Comparing this year's water use to last years', factoring in the 100% extrapolation, our water use has increased by 0.5% This slight increase is expected given that water use is highly dependent on Cisco's headcount and energy consumption in our operations. Over the same period our headcount increased by 0.6% and energy consumption per

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
			person housed decreased by 0.9%. We do not anticipate this volume to change in the future provided Cisco does not make any significant changes to its business.
Total consumption	0	About the same	We use water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. Based on the definition of consumption provided in the CDP Water Security Reporting Guidance for 2018 and the CDP Technical Note on Water Accounting Definitions as "The amount of water that is drawn into the company boundary and not discharged back to the water environment or a third party.", we have calculated our consumption for the year to be 0 using the following formula: Withdrawals (3066.75) = Discharges (3066.75) + Consumption (0). None of the water Cisco withdraws is incorporated into products or waste products. We believe the amount of water evaporated from our cooling towers and irrigation is negligible compared to our broader water withdrawals and discharges; however, over the next few years, we will be working with our water utilities and utility bill management providers to improve our global water data collection processes and expect to be able to more precisely calculate our water consumption due to evaporation. We do not anticipate this volume to change in the future provided Cisco does not make any significant changes to its business.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	70.8	Lower	WBCSD Global Water Tool	Since FY07, we have been collecting and tracking water data for major campuses and using the World Business Council for Sustainable Development (WBCSD)'s water tool to better understand our water use and risks at both the country and local watershed level. In FY17, Cisco measured and monitored total volumes of water withdrawals from water stressed areas for 72% of our total real estate portfolio by area. Our proportion above only includes information from the 72% of our square footage where we receive water data. Cisco uses this tool because it helps us easily and quickly identify the facilities that are located in areas of varying water stress levels (e.g. Extreme Scarcity, Scarcity, Stress, Sufficient and Abundant) at both the Country and Watershed Level and share the results with internal stakeholders across Cisco. We define water stress in line with CDP and the WBCSD Global water tool, which state that high baseline water stress is when withdrawals are in the range of 40-80% of total annual available blue water, and that extremely high baseline water stress is when withdrawals are >80% of availability of blue water. To calculate the above proportion, we summed the percentage of our total measured water withdrawals from

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
				<p>facilities with a baseline water stress listed as "High" and Extremely High" (source: WRI Aqueduct) on the Output Watershed Data tab of the WBCSD Global Water Tool, version 2015 1.3.5. Our percentage of our water withdrawn from stressed areas is high as our two largest campuses, San Jose, California and Bangalore India both have an "Extremely High" baseline water stress and make up 65% of our total measured water withdrawals. However our total water withdrawals are relatively low compared to other companies. For example, through the Commercial Buildings Energy Consumption Survey (CBECS), the Energy Information Agency (EIA) estimates that the 46,000 large commercial buildings (greater than 200,000 square feet) in the United States used (we assume this means withdrawn and either consumed or discharged in this context) about 18,400 gallons (69.65 m3) per worker in 2012. Cisco calculates that it used (and discharged) 40.2 m3 of water per worker in FY17, which is nearly half the EIA average. Since Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, we do not currently consider exposure to water-related risk to be material. We continue to evaluate this on an annual basis through the process described above but do not expect this to change in the near future, requiring a modification in Cisco's current growth strategy. Note that water is integrated into a comprehensive, company-wide risk assessment process incorporating both operations and supply chain that is discussed in further detail in Question 03 of our 2018 CDP Water Security Response.</p>

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			Cisco does not use fresh surface water for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.
Brackish surface water/seawater	Not relevant			Cisco does not use brackish surface water/seawater for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Groundwater – renewable	Relevant	16.03	Lower	This is for our Boxborough, MA facilities. Water is treated onsite and then discharged back to the groundwater. This figure is lower because we closed one of our buildings in this location, reducing our water demand.
Groundwater – non-renewable	Not relevant			Cisco does not use nonrenewable groundwater for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.
Produced water	Not relevant			Cisco does not use product/process water for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.
Third party sources	Relevant	3050.72	About the same	Our FY17 water withdrawals from third party sources (e.g. municipal supply) increased 1.4% compared to FY16. We use municipal water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. Some of our water utilities do provide recycled water, which we use for irrigation purposes. Note that we updated our methodology in this reporting year to extrapolate our measured water use to 100% of our facilities rather than only reporting the measured water use. This figure is about the same as last year because Cisco's demand for water has not changed significantly from last reporting year to this reporting year.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Cisco does not use fresh surface water for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.
Brackish surface water/seawater	Not relevant			Cisco does not use brackish surface water/seawater for any of its operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Groundwater	Relevant	16.03	Lower	This is for our Boxborough, MA facilities. Water is treated onsite and then discharged back to the groundwater. This figure is lower because we closed one of our buildings in this location, reducing our water demand.
Third-party destinations	Relevant	3050.72	About the same	Our FY17 water discharges to third party destinations (e.g. municipal/industrial wastewater treatment plant) increased 1.4% compared to FY16. We use municipal water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. Some of our water utilities do provide recycled water, which we use for irrigation purposes. Note that we updated our methodology in this reporting year to extrapolate our measured water use to 100% of our facilities rather than only reporting the measured water use. This figure is about the same as last year because Cisco's demand for water has not changed significantly from last reporting year to this reporting year.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

26-50%

% of total procurement spend

76-100

Rationale for this coverage

These are our Tier 1 Suppliers, who make up the bulk of our total supply chain spend.

Impact of the engagement and measures of success

Comment

Cisco consistently engages its Tier 1 suppliers on various issues, including environmental concerns and challenges such as water risk.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

6 to 10 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

Other, please specify (Cisco enterprise risk management process)

Comment

Water is integrated into Cisco's comprehensive enterprise risk management (ERM) process, covering our facilities and all Tier one suppliers. Our ERM process is conducted by Cisco's internal audit organization, who establishes the internal audit plan for the coming period and is presented to and approved by the CFO and Audit Committee of the Board of Directors. Key process owners are interviewed to identify potential risks based on likelihood, severity, and present ability to manage the risk.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

6 to 10 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

Other, please specify (Cisco enterprise risk management process)

Comment

Water is integrated into Cisco's comprehensive enterprise risk management (ERM) process, covering our facilities and all Tier one suppliers. Our ERM process is conducted by Cisco's internal audit organization, who establishes the internal audit plan for the coming period and is presented to and approved by the CFO and Audit Committee of the Board of Directors. Key process owners are interviewed to identify potential risks based on likelihood, severity, and present ability to manage the risk.

Other stages of the value chain

Coverage

None

Risk assessment procedure

Frequency of assessment

How far into the future are risks considered?

Type of tools and methods used

Tools and methods used

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Whenever Cisco evaluates building a new facility or opening a new building in a new region, the location is always evaluated to determine if there are any limitations to providing basic employee and company needs such as the ability to withdraw to good quality water as well as discharge it properly. Cisco also uses the World Business Council for Sustainable Development (WBCSD) Water Tool to assess its water risk for its major global campus locations on an annual basis.
Water quality at a basin/catchment level	Relevant, always included	Whenever Cisco evaluates building a new facility or opening a new building in a new region, the location is always evaluated to determine if there are any limitations to providing basic employee and company needs such as the ability to withdraw to good quality water as well as discharge it properly. Cisco also uses the World Business Council for Sustainable Development (WBCSD) Water Tool to assess its water risk for its major global campus locations on an annual basis.
Stakeholder conflicts concerning water resources at a basin/catchment level	Not relevant, included	Cisco recognizes that our business could be affected by reduced access to fresh water. Our global supplier management program fosters a close relationship with our suppliers, which mitigates potential risks from reduced access to water. While we currently do not consider this issue to be material, Cisco is making progress to engage our key suppliers and stakeholders on their environmental risks that could affect Cisco. Such initiatives are presently managed by the EICC working group.
Implications of water on your key commodities/raw materials	Not relevant, included	Cisco recognizes that our business could be affected by reduced access to fresh water. Our global supplier management program fosters a close relationship with our suppliers, which mitigates potential risks from reduced access to water. While we currently do not consider this issue to be material, Cisco is making

	Relevance & inclusion	Please explain
		progress to engage our key suppliers and stakeholders on their environmental risks that could affect Cisco. Such initiatives are presently managed by the EICC working group.
Water-related regulatory frameworks	Not relevant, included	Cisco's Corporate Compliance and Facilities department keeps track of all utility tariffs and regulatory requirements for all of its facilities on an ongoing basis, inclusive of any water regulations and tariffs. Water costs represent less than 1% of Cisco's annual utility costs so any material changes to tariffs will in all likelihood have an immaterial impact on Cisco's overall utility and operating budget. We have not experienced any major regulatory changes related to water that impact our operations to date and due to our limited use of water at our facilities (drinking water for employees and general water use in office spaces such as restrooms, cafeterias, cooling towers and irrigation), any major changes to water regulations will in all likelihood have an immaterial impact on Cisco's operations.
Status of ecosystems and habitats	Not relevant, included	Cisco evaluates current and future potential biodiversity and land-use impacts of facility sites through environmental impact assessments required for permitting and generates an annual biodiversity summary report that summarizes GRI EN11-15 and EN25 for all existing Cisco owned land and property.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We include this in our assessments to ensure that 100% of Cisco's real estate operations provide full functioning wash services for all of our employees. This is a requirement whenever Cisco builds a new building or opens up a new lease to ensure that all of our facilities provide our employees access to clean water for drinking, cooking and cleaning purposes, adequate facilities for excreta purposes, solid waste management, drainage and hygiene. Cisco also uses the World Business Council for Sustainable Development (WBCSD) Water Tool to assess its water risk for its major global campus locations on an annual basis.
Other contextual issues, please specify	Please select	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Cisco consistently engages its customers on various issues, including environmental concerns and challenges such as water risk. Engagement happens in the form of annual customer satisfaction surveys, engagement with Cisco customers via the Global Customer Advisory Board, and through social media.
Employees	Relevant, always included	Having access to good quality water is a basic need for Cisco's employees while at work and away so we consider this stakeholder relevant and include them in our water risk assessments. We engage our employees through surveys, the engagement pulse platform, and monthly "Cisco Beat" company meetings. In February and March of 2016, we assessed the impact our employees made in their communities through focus groups, surveys, and

	Relevance & inclusion	Please explain
		strategic meetings with key stakeholders. From our evaluation of employee engagement, we wanted to find ways to multiply this impact.
Investors	Relevant, always included	Cisco consistently engages its investors on various issues, including environmental concerns and challenges such as water risk.
Local communities	Relevant, always included	Cisco consistently engages the local communities where it has a presence on various issues, including environmental concerns and challenges such as water risk. Engagement happens in the form of partner community forums, Partner Education Connection, and the Cisco Foundation, which makes grants to improve community water availability and quality.
NGOs	Relevant, sometimes included	Cisco consistently engages key NGOs on various issues, including environmental concerns and challenges such as water risk. Engagement often happens in the form of ranking and research inquiries.
Other water users at a basin/catchment level	Relevant, sometimes included	Cisco consistently engages other local stakeholders where it has a presence on various issues, including environmental concerns and challenges such as water risk. The Cisco Foundation makes grants to improve community water availability and quality.
Regulators	Relevant, sometimes included	Cisco consistently engages local regulators on various issues, including environmental concerns, challenges from water risk, and issues such as quality and price.
River basin management authorities	Not relevant, included	Cisco consistently engages other local stakeholders such as river basin management authorities where it has a presence on various issues, including environmental concerns and challenges such as water risk. The Cisco Foundation makes grants to improve community water availability and quality.
Statutory special interest groups at a local level	Relevant, sometimes included	Cisco consistently engages other local stakeholders where it has a presence on various issues, including environmental concerns and challenges such as water risk. The Cisco Foundation makes grants to improve community water availability and quality.
Suppliers	Relevant, sometimes included	Cisco consistently engages its Tier 1 suppliers on various issues, including environmental concerns and challenges such as water risk.
Water utilities at a local level	Relevant, sometimes included	Cisco consistently engages its water utilities and suppliers on water-related issues and concerns such as water availability, quality and price.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Cisco uses several processes to identify water risks:

- o Cisco's enterprise risk management (ERM) process conducted annually by Cisco's internal audit organization establishes the audit plan for the coming period and is presented to and approved by the CFO and Audit Committee of the Board of Directors. Key executives and process owners are interviewed to identify top potential risks based on likelihood, severity, and present ability to manage the potential risk.
- o A business continuity plan is maintained by supply management
- o A regulatory and standards team part of Corporate Compliance specifically addresses regulatory risks
- o Market risk, such as from unmet customer environmental requirements, is assessed by the Quality organization through a established customer survey process
- o Facilities and safety and security evaluates risk for individual Cisco facilities and manufacturing looks at possible physical impacts at individual manufacturing facilities at our suppliers

To assess water risks, Cisco enters all water data it collects for its facilities into the WBCSD Global Water tool annually. This tool is then used to assess Cisco's water use and risks relative to water availability. Cisco uses this tool because it helps us easily and quickly identify facilities located in water stressed areas at the country and watershed level. The results are shared with internal stakeholders across Cisco and included in Cisco's annual ERM risk-assessment process.

Cisco addresses risks related to water in water scarce regions by monitoring our water consumption and investing in water efficiency improvements for our facilities. Where available, we use reclaimed water to irrigate our landscaping and in our cooling towers and communicate with our employees about reducing water consumption. Since Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, we do not consider exposure to water-related risk to be material.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Cisco defines substantive change as either affecting publicly reported financial results, changes to existing enterprise risk assessment results requiring mitigating action, or impacting component or product availability to the extent customer shipments or schedule are impacted. Cisco defines a substantive financial impact as anything that creates a penny a share impact or greater; i.e. greater than \$50M in net income, or more than \$200M in revenue. This definition applies to both our direct operations and supply chain and is reviewed and updated on an annual basis as part of Cisco's broader enterprise risk management (ERM) process conducted by Cisco's internal audit organization.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, and therefore we do not currently consider exposure to water-related risk to be material. Cisco uses the World Business Council for Sustainable Development (WBCSD) Water Tool to assess its water risk for its major global campus locations on an annual basis. We will continue to assess our company's water strategies and all water-related risk on an annual basis. An example of a risk is if water becomes scarce in a particular region, the cost of water would likely go up and would increase Cisco's operations budget. Water costs currently represent less than 1 percent of Cisco's global utility budget so although cost increases would have a negative impact, the impact would be immaterial to Cisco's operating budget or projected revenues.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, and therefore we do not currently consider exposure to water-related risk to be material. Cisco uses the World Business Council for Sustainable Development (WBCSD) Water Tool to assess its water risk for its major global campus locations on an annual basis. We will continue to assess our company's water strategies and all water-related risk on an ongoing basis. An example of a risk is if water becomes scarce in a particular region, the cost of water would likely go up for our suppliers, who would likely pass those costs to Cisco. Since our suppliers do not require significant quantities of water to meet our business objectives, this cost impact would not be substantial.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

There may be market opportunities to improve the efficiency of water use, such as in agriculture, through a global market shift called the Internet of Everything (IoE), a market expected to be worth over \$19 Trillion by 2020 (Forbes, 2014). In general, improved efficiency of water use in agriculture requires combining "on-the-ground" sensor data with other cartographic information to monitor, learn and control water use related to crop yields.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Potential financial impact

190000000000

Explanation of financial impact

The Internet of Everything (IoE) market shift is expected to be worth over \$19 Trillion by 2020. If Cisco was able to capture even 1% of this market share, the magnitude of potential financial impact would be \$190 Billion.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Operating Officer (COO)	Cisco considers water an environmental issue requiring management. As such, it is incorporated into the environment-related issues managed by the Senior Vice President, Chief of Operations (COO) and a Cisco Executive Officer, who is the executive sponsor of Cisco's Sustainability Executive Team (SET) and is the official conduit to the Executive Leadership Team (ELT), our CEO, and the board. This individual was selected to have oversight of environment-related issues, including water, because of the duality of their role, in that they oversee sustainability and climate change related issues, at and below the board-level. Cisco's success is achieved by communicating the business relevance of sustainability to each business function, and then driving responsibility for the environment down in the organization by incorporating sustainability into every business function.
Chief Financial Officer (CFO)	The Executive Vice President, Chief Financial Officer and a Cisco Executive Officer is responsible for Cisco's annual enterprise risk management assessment—which includes sustainability, environmental, and climate change considerations such as water, reported to the board.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Reviewing and guiding risk management policies	The Board of Directors, acting directly and through its "committees", is responsible for the oversight of Cisco's risk management. Cisco's Enterprise Risk Management (ERM) "Executive Committee" has oversight of the identification, prioritization, aggregation, mitigation, and ownership of significant risks across the organization, including water related risks. The ERM committee reports to the Board of Directors at a minimum of once per year and more frequently as needed. All members of the committee are members of senior management, including EVP and CFP, SVP and COO, and SVP, General Counsel and Chief Compliance Officer. The ERM Operating Committee is made up of leaders from each functional area of the company and manages risk assessment, risk ranking, establishing risk mitigation and reports quarterly to the ERM "Executive Committee".

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

Name of the position(s) and/or committee(s)

Chief Operating Officer (COO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Cisco's Chief Operations Officer is a member of the Executive Leadership Team (ELT) and has direct report responsibilities to the CEO and the Board of Directors. Climate-related issues, including water, have been assigned to the COO because they have the primary responsibility of managing and improving Cisco operations which includes addressing all relevant risks and opportunities. Additionally, our goal has always been to work sustainability into every functional and operational aspect of our business and the COO is best positioned to support and help drive this objective. Cisco's COO is the executive sponsor of Cisco's Sustainability Executive Team (SET) and is responsible for sharing climate change (which includes water) related information and efforts with the ELT, CEO, and the Board of Directors. SET provides oversight for Cisco's environmental initiatives and thus the COO is the executive owner responsible for the success of these efforts.

Name of the position(s) and/or committee(s)

Corporate responsibility committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Cisco's Sustainability committee responsible for Cisco's overall sustainability strategy is known as the CSR Integration and Sustainability team within Corporate Affairs and the larger Human Resources organization. Climate-related issues, including water issues, have been assigned to this team because it enables the most nimble approach to identify and action on material risks and opportunities. The team prioritizes climate (including water) risks and opportunities and highlights them to the appropriate business function and to the COO through quarterly

meetings. This team uses annual environmental materiality assessments, customer surveys, benchmarking, information from the hundreds of stakeholder inquiries we receive each year, and formal, worldwide stakeholder feedback through annual, third-party-facilitated Cisco TelePresence sessions are used to build a knowledge base for strategy development.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, and therefore we do not currently consider exposure to water-related risk to be material or have experienced measurable influence on our business objectives. We do not believe this will change in the near future because we do not see our operations or supply chain changing in a way to require significant quantities of water in the near future; however, we continue to evaluate this on an annual basis and will adjust accordingly if this does change.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, and therefore we do not currently consider exposure to water-related risk to be material or have experienced measurable influence on our business strategy. We do not believe this will change in the near future because we do not see our operations or supply chain changing in a way to require significant quantities of water in the near future; however, we continue to evaluate this on an annual basis and will adjust accordingly if this does change.

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Cisco's operations and supply chain do not require significant quantities of water to meet Cisco's business objectives, and therefore we do not currently consider exposure to water-related risk to be material or have experienced measurable influence on our financial planning. Water costs currently represent less than 1 percent of Cisco's global utility budget so although cost increases would have a negative impact, the impact would be immaterial to Cisco's operating budget or projected revenues. We do not believe this will change in the near future because we do not see our operations or supply chain changing in a way to require significant quantities of water in the near future; however, we continue to evaluate this on an annual basis and will adjust accordingly if this does change.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

	Water-related CAPEX (+/- % change)	Anticipated forward trend for CAPEX (+/- % change)	Water-related OPEX (+/- % change)	Anticipated forward trend for OPEX (+/- % change)	Please explain
Row 1	0	0	0	0	Cisco implements projects to better manage and reduce water use in its operations every year but has not experienced any substantial increase or decrease in project funding in FY17 compared to FY16. Water costs currently represent less than 1 percent of Cisco's global utility budget so although cost increases would have a negative impact, the impact would be immaterial to Cisco's operating budget or projected revenues.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Our company sets no targets or goals		

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	Important but not an immediate business priority	Cisco measures and reports water use for the last five years in our public CSR report as well as prioritize water use reduction throughout our operations. We have implemented numerous water conservation projects over the past few years such as using recycled water and irrigation controllers for irrigation throughout our San Jose campus, installing low flow toilets urinals, aerators, showerheads and faucets on our campuses, and converting fountains to native planter beds. Cisco's operations and supply chain do not require significant quantities of water to meet business objectives and thus, our current management strategy does not include publicly available water targets or goals. Cisco does have internal goals to reduce our water use year on year, however, the goals are site specific and not shared publicly. The largest opportunities for Cisco to reduce our impact on water resources is to make our operations, supply chain and products more energy efficient. The U.S. Geological Survey estimates in their latest 2010 water report that 19 gallons of water are used on average to produce one kWh of electricity in the US. Considering this, the energy savings we are achieving through our energy and GHG reduction efforts have a large impact on reducing water usage. We estimate that our completed FY17 energy reduction projects which avoided 29.0 GWh of energy also avoided 2.1 million cubic meters (m3) of water.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Increased energy efficiency

Description of linkage/tradeoff

Cooling systems that use water-side economization technologies are more efficient than air cooled or mechanical chiller systems, thus reducing energy consumption and greenhouse gas (GHG) emissions. Although these technologies create a higher water demand at the facility level, they reduce water use at the utility level because electricity production is one of the largest users of water. For example, the U.S. Geological Survey estimates in their latest 2010 water report that 19 gallons of water are used on average to produce one kilowatt hour of electricity in the United States.

Policy or action

In FY17, Cisco invested in four more waterside economization technologies and chiller plant control upgrades in California, which decreased energy consumption but increased water consumption at these facilities. However, from a state-wide perspective, the environment has been positively impacted because both energy and water consumption have decreased as a result of this project. In general, Cisco's biggest opportunity to reduce our impact on water resources is to make our operations, supply chain and products more energy efficient. This is why energy and GHG emissions continue to be the most material environmental issues at Cisco and one of the reasons why we have set public goals to reduce our energy consumption and scope 1-2 GHG emissions associated with our operations.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

[Cisco FY2017 GHG, Waste, and Water Assurance Review Letter 20180515.pdf](#)

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1. Current state	Total Cisco water use for FY17 reporting year: 3,066,749 cubic meters, reported in 1.2b as 3066.75 megaliters/year of water withdrawn	Other, please specify (Greenhouse Gas Protocol)	We verified this figure using the the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), adapted for water. This figure was verified as part of the third-party verification work completed by WSP USA. Note that Cisco changed its reporting methodology for this figure from FY2016 to FY2017. In FY2016, Cisco reported water use for 72% of its facilities where the data was available. In FY2017, Cisco reported water use for 100% of its facilities, which includes an extrapolation of data to facilities where we are unable to receive water data. We modified our reporting methodology in this way per guidance received by our auditor, WSP USA in order to more accurately compare year over year changes in this metric.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	SVP, Operations	Chief Operating Officer (COO)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	48005000000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	US	17275R1023

SW1.1

(SW1.1) Have you identified if any of your facilities reported in W5.1 could have an impact on a requesting CDP supply chain member?

No, CDP supply chain members do not buy goods or services from facilities listed in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your site facilities not already reported in W5.1?

No, this is confidential data

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services across its operations.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms



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