Welcome to your CDP Water Security Questionnaire 2022

W0. Introduction

W0.1

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

Cisco designs and sells a broad range of technologies that power the Internet. We are integrating our platforms across networking, security, collaboration, applications and the cloud. These platforms are designed to help our customers manage more users, devices and things connecting to their networks. This will enable us to provide customers with a highly secure, intelligent platform for their digital business.

We conduct our business globally and manage our business by geography. Our business is organized into the following three geographic segments: Americas; Europe, Middle East, and Africa (EMEA); and Asia Pacific, Japan, and China (APJC).

Our products and technologies are grouped into the following categories: Infrastructure Platforms; Applications; Security; and Other Products. In addition to our product offerings, we provide a broad range of service offerings, including technical support services and advanced services. Increasingly, we are delivering our technologies through software and services. Our customers include businesses of all sizes, public institutions, governments, and service providers, including large webscale providers. These customers often look to us as a strategic partner to help them use information technology (IT) to differentiate themselves and drive positive business outcomes.

The responses in this questionnaire contain forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to (1) our goals, commitments and programs; (2) our business plans, initiatives and objectives; (3) our assumptions and expectations; (4) the scope and impact of our corporate responsibility risks and opportunities; and (5) standards and expectations of third parties. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in our most recent filings with the Securities and Exchange Commission on Form 10-K and Form 10-Q.

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, 2020 | July 31, 2021 |

W0.3

(W0.3) Select the countries/areas in which you operate.

Angola

Argentina

Armenia

Australia

Austria

Azerbaijan

Bahrain

Bangladesh

Belarus

Belgium

Bosnia & Herzegovina

Brazil

Bulgaria

Canada

Chile

China

China, Macao Special Administrative Region

Colombia

Costa Rica

Croatia

Cyprus

Czechia

Denmark

Ecuador

Egypt

Estonia

Finland

France

Germany

Greece

Hong Kong SAR, China

Hungary

Iceland

India

Indonesia

Ireland

Israel

Italy

Japan

Jordan

Kazakhstan

Kenya

Kuwait

Latvia

Lebanon

Lithuania

Luxembourg

Malaysia

Malta

Mauritius

Mexico

Morocco

Myanmar

Netherlands

New Zealand

Nigeria

North Macedonia

Norway

Oman

Pakistan

Peru

Philippines

Poland

Portugal

Qatar

Republic of Korea

Romania

Russian Federation

Saudi Arabia

Senegal

Serbia

Singapore

Slovakia

South Africa

Spain

Sri Lanka

Sweden

Switzerland

Taiwan, China

Trinidad and Tobago

Tunisia

Turkey

Ukraine

United Arab Emirates

United Kingdom of Great Britain and Northern Ireland

United States of America

Uzbekistan

Viet Nam

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

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

|  |  |
| --- | --- |
| Indicate whether you are able to provide a unique identifier for your organization. | Provide your unique identifier |
| Yes, a Ticker symbol | CSCO |

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 direct 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 and why we selected important. Cisco's primary use of freshwater in our direct operations is drinking water for our employees and general water use in our office spaces such as for restrooms, cafeterias, cooling towers and irrigation. In addition to our direct operations, we selected the importance rating for indirect use because many of our suppliers require fresh water as a direct input during production, and because it is important to provide drinking water and sanitation for their employees. Our Tier 1 suppliers’ (i.e. contract manufacturing and Original Design Manufacturing suppliers) primary use of freshwater is the same as Cisco's, which is general water use at their facilities, such as restrooms, cafeterias, cooling towers and irrigation. For some Tier 2 component suppliers that need large amounts of water in their production process, such as semi-conductor and Printed Circuit Board suppliers, the water quantity & quality will impact their daily operations. 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. We expect these to remain important, and do not anticipate that our dependence on freshwater will change in the future for our direct or indirect operations, because we are not planning any major changes to the way we conduct business. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | 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 locations, but still rely on recycled water where available for irrigation. We also use recycled water for cooling in some of lab and data center cooling towers where possible. Without a supply of recycled water, we would have to rely on potable water for irrigation, which is less desirable. Recycled water is important for some component suppliers that need large amounts of industrial water in their production processes, such as semi-conductor and PCB suppliers. Using recycled water for those processes can reduce costs for those suppliers as well as address concerns of stakeholders such as customers and NGOs who are attentive to water management and conservation. Cisco selected important for both our direct and indirect operations because the use of recycled and/or produced water 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 and suppliers as well. We expect these to remain important, and do not anticipate that our dependence on recycled water will change in the future for our direct or indirect operations, because we are not planning any major changes to the way we conduct business. |

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 | 100% | In FY21, Cisco quantified total volumes of water withdrawals for 100% of our total real estate portfolio within our operational control. Some facilities are located where water rights and usage are an issue of concern. Since FY07, we have been using the World Business Council for Sustainable Development’s and/or World Resources Institute (WRI) Aqueduct water tools to understand water risks at the country and local watershed level. Our water withdrawal data is based on our monthly water bills, which are consolidated and reviewed at least annually. However, water withdrawal billing data is not available 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. We estimate monthly and consolidated annual water withdrawals from sites where we don’t directly pay water bills. |
| Water withdrawals – volumes by source | 100% | In FY21, Cisco quantified total volumes of water withdrawals by source for 100% of our total real estate portfolio within our operational control. Some facilities are located where water rights and usage are an issue of concern. Since FY07, we have been using the World Business Council for Sustainable Development’s and/or WRI Aqueduct water tools to understand water risks at the country and local watershed level. Where we pay the water bill, our water withdrawal data are based on monthly bills which are consolidated and reviewed at least annually. However, water withdrawal billing data is not available 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. We estimate monthly and consolidated annual water withdrawals from these sites where we don’t pay water utility bills directly. |
| Water withdrawals quality | 100% | Where we pay the water bill, 100% of Cisco's water withdrawals are monitored on at least a monthly basis by third party sources (e.g. municipal supply) who must monitor the water they provide using industry standard monitoring methods. Previously, an exception to this was our Boxborough, MA campus where water was withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. This system was decommissioned last fiscal year (FY20) and is no longer in use. Billing data is not available for 100% of our facilities given the size and geographic distribution of our operations and 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. We estimate monthly and consolidated annual water withdrawals from sites where we don’t pay water bills directly. |
| Water discharges – total volumes | 100% | In FY21, Cisco quantified total volumes of water discharges for 100% of our total real estate portfolio within our operational control. Where we pay the water bill, our water discharges are estimated based on water withdrawals and irrigation billing data received monthly and consolidated on at least an annual basis. However, estimated water discharges from billing data are not available 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. As mentioned above, previously water was treated onsite and discharged to groundwater at our Boxborough, MA, campus until the system was decommissioned last fiscal year (FY20) and is no longer in use. |
| Water discharges – volumes by destination | 100% | In FY21, Cisco quantified total volumes of water discharges by destination for 100% of our total real estate portfolio within our operational control. Where we pay the water bill, our water discharges are estimated based on water withdrawals and irrigation billing data received monthly and consolidated on at least an annual basis. However, estimated water discharges from billing data are not available 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. As mentioned above, previously water discharges were treated onsite at our Boxborough, MA, campus until the system was decommissioned in the previous fiscal year (FY20) and is no longer in use. The vast majority of other Cisco locations send water discharges to the water utility for treatment. |
| Water discharges – volumes by treatment method | 100% | Where we pay the water bill, 100% of Cisco's water discharges are monitored on at least a monthly basis for quality by standard effluent parameters using industry standard monitoring methods. The vast majority of Cisco's water discharges are to third party sources (e.g., municipal/industrial wastewater treatment plant) that monitor the standard effluent parameters of water they receive through the sewer system. Previously, an exception to this was our Boxborough, MA campus where water was withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. This system was decommissioned in the previous fiscal year (FY20) and is no longer in use. |
| Water discharge quality – by standard effluent parameters | Not relevant | Cisco does not produce any industrial wastewater that would require metering or permitting, therefore we do not currently measure quality of wastewater discharges. The vast majority of Cisco's water discharges are to third party sources (e.g., municipal/industrial wastewater treatment plant) which typically use primary and secondary level treatments. Previously, an exception to this was our Boxborough, MA campus where water was withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. This system was decommissioned last fiscal year (FY20) and is no longer in use. |
| Water discharge quality – temperature | Not relevant | Cisco does not produce any industrial wastewater that would require metering or permitting, therefore we do not currently measure quality of wastewater discharges. The vast majority of Cisco's water discharges are to third party sources (e.g., municipal/industrial wastewater treatment plant) which typically use primary and secondary level treatments. Previously, an exception to this was our Boxborough, MA campus where water was withdrawn from the groundwater supply, treated onsite and then discharged back to the groundwater. This system was decommissioned last fiscal year (FY20) and is no longer in use. |
| Water consumption – total volume | 100% | In FY21, Cisco quantified total volumes of water consumption for 100% of our total real estate portfolio within our operational control. Where we receive irrigation bills, water consumption is based on monthly billing data that we aggregate on at least an annual basis. Cisco consumes water provided by third party municipal sources primarily for irrigation and cooling at our facilities. Consumption volumes are metered and monitored on at least a monthly basis using industry standard monitoring methods. Any water consumed by our employees is considered negligible compared to our broader water withdrawals and discharges and is not estimated. We are in the process of improving our water accounting practices in this area. |
| Water recycled/reused | 100% | In FY21, Cisco accounted for recycled / reused water volumes from 100% of our total real estate portfolio within our operational control. Some of our water utilities do provide recycled non-potable water, which we use primarily for irrigation or cooling. For facilities where we receive reclaimed water irrigation bills, recycled/reused water is based on monthly billing data that we aggregate on at least an annual basis. Cisco uses water or wastewater more than once prior to discharge at our Bangalore, India facilities. We are in the process of improving our water accounting practices in this area. |
| 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. Cisco requires 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 using best practice methods as frequently as necessary, and 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 | 2,901.63 | About the same | Our FY21 water withdrawals are about the same as our withdrawals in FY20. In FY21, Cisco collected water data from utility bills for approximately 68% of our real estate portfolio. Our methodology is to extrapolate our measured water withdrawals to 100% of our operationally controlled facilities rather than only reporting the measured water use. We use water for domestic purposes such as restrooms, cafeterias, cooling towers and irrigation. In FY20, our total volume of water withdrawals was 3183 megaliters. In FY21, we decreased our water withdrawals by 9% to 2902 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This change is expected due to natural fluctuations in revenue, employee headcount and our operations. We do not anticipate future water withdrawal volumes to change provided Cisco does not make any significant changes to its business. |
| Total discharges | 2,631.08 | About the same | Our FY21 water discharges are about the same as our water discharges in FY20. In FY21, Cisco collected water withdrawal data for approximately 68% of our real estate portfolio. Our methodology is to extrapolate our measured water to 100% of our facilities rather than only reporting the measured water volumes. Cisco consumes water for irrigation purposes at our facilities. Total discharges are estimated and equal total withdrawals minus total consumption (D = W – C). In FY20, our total water discharge volume was 2848 megaliters. In FY21, we decreased our water discharges by 9% to 2631.08 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This change is expected due to natural fluctuations in revenue, employee headcount and our operations. We do not anticipate future water withdrawal volumes to change provided Cisco does not make any significant changes to its business, however slight changes may occur as we continue to improve our water accounting practices. |
| Total consumption | 270.54 | About the same | Our FY21 water consumption is about the same as our water consumption in FY20. In FY21, Cisco collected water withdrawal data for 70% of our real estate portfolio. Our methodology is to extrapolate our measured water to 100% of our facilities rather than only reporting the measured water volumes. Cisco consumes water for irrigation purposes at our facilities. Total discharges are estimated and equal total withdrawals minus total consumption (D = W – C). In FY20, our total water discharge volume was 334 megaliters. In FY21, we decreased our water discharges by 9% to 271 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This change is expected due to natural fluctuations in revenue, employee headcount and our operations. We do not anticipate future water withdrawal volumes to change provided Cisco does not make any significant changes to its business, however slight changes may occur as we continue to improve our water accounting practices. |

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Identification tool | Please explain |
| Row 1 | Yes | 11-25 | Lower | WRI Aqueduct | In FY18, we began using the World Resources Institute’s WRI Aqueduct tool to assess Cisco’s water risks at our major campuses at both the country and local watershed level. The WRI Aqueduct tool was used to assess water risks at all of our major campus locations that have water withdrawals. Specifically, we uploaded GPS latitude and longitude coordinates for all of our locations to evaluate against Aqueduct GIS data to determine water stress. The Baseline Water Stress metric was used to determine whether a given location was in a water stressed area. Any location receiving a score of “high” or “extremely high” for WRI Aqueduct’s Baseline Water Stress indicator was selected as being in a water stressed area. This information was incorporated into our water inventory, and water withdrawals were summed for all locations in water stressed areas. In FY20, the proportion of our total withdrawals sourced from water stressed areas was 16%. In FY21, the proportion of our total withdrawals sourced from water stressed areas was 14%, 12.5% lower than the previous year. We consider any increase or decrease in water metrics between 10% and 20% to be “higher” or "lower" as the prior year, respectively. This change is expected due to natural fluctuations in revenue, employee headcount and our operations. We do not anticipate future water withdrawal volumes to change provided Cisco does not make any significant changes to its business. |

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 | Relevant | 227.75 | Much higher | Fresh surface water is relevant to Cisco because water is withdrawn from a nearby lake at our Vaud, Switzerland campus, where it is circulated through a cooling system and then discharged back at the same quality as withdrawn to the lake. In FY20, our total withdrawals from this source were 220 megaliters. In FY21, we increased our withdrawals by 4% to 228 megaliters from this source due to natural fluctuations in our Vaud, Switzerland campus operations. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. We do not anticipate future water withdrawals from this source to change provided Cisco does not make any significant changes to its business. |
| Brackish surface water/Seawater | Not relevant |  |  | Brackish surface water and seawater is not relevant to Cisco because we do not use brackish surface water/seawater for any of our operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business. |
| Groundwater – renewable | Not relevant |  |  | Renewable groundwater withdrawals were relevant to Cisco in FY20 but are no longer relevant in FY21. In FY20, water was withdrawn from the groundwater supply at our campus in Boxborough, MA, treated onsite and then discharged back to the groundwater. However, this system was decommissioned last fiscal year (FY20) and was not in use in FY21. Therefore, this source is no longer relevant to Cisco because we do not withdraw from this source for any of our operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business. |
| Groundwater – non-renewable | Not relevant |  |  | Non-renewable groundwater is not relevant to Cisco because we do not withdraw from this source for any of our operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business. |
| Produced/Entrained water | Not relevant |  |  | Produced/Entrained water is not relevant to Cisco because we do not withdraw water from this source for any of our 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 | 2,673.88 | About the same | Water withdrawals from this source are relevant to Cisco because we withdraw most of our water from third party sources (e.g. municipal supply). In FY20, our total water withdrawal volumes from third party sources was 2929 megaliters. In FY21, water withdrawals from third party sources (e.g. municipal supply) decreased by 9% to 2674 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This decrease is expected due to natural fluctuations in our operations. We do not anticipate future water withdrawal volumes from this source to change provided Cisco does not make any significant changes to its business. |

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 | Relevant | 227.75 | Much higher | Fresh surface water is relevant to Cisco because water is withdrawn from a nearby lake at our Vaud, Switzerland campus, where it is circulated through a cooling system and then discharged back at the same quality as withdrawn to the lake. Therefore, in the case of fresh surface water, withdrawals equal discharges. In FY20, our total discharges to this source were 220 megaliters. In FY21, we increased our discharges by 4% to 228 megaliters to this source due to natural fluctuations in our Vaud, Switzerland campus operations. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. We do not anticipate future water withdrawals from this source to change provided Cisco does not make any significant changes to its business. |
| Brackish surface water/seawater | Not relevant |  |  | This destination is not relevant to Cisco because we do not discharge water volumes to brackish surface water/seawater for any of our operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business. |
| Groundwater | Not relevant |  |  | Groundwater discharges were relevant to Cisco in FY20 but is no longer relevant in FY21. In FY20, water was withdrawn from the groundwater supply at our campus in Boxborough, MA, treated onsite and then discharged back to the groundwater. However, this system was decommissioned last fiscal year (FY20) and was not in use in FY21. Therefore, this source is no longer relevant to Cisco because we do not discharge to this source for any of our operations. We do not anticipate this to change in the future provided Cisco does not make any significant changes to its business. |
| Third-party destinations | Relevant | 2,403.34 | About the same | This destination is relevant because we discharge most of our water to third party destinations (e.g. municipal sewer systems). In FY20, our total discharges to third party destinations were 2595 megaliters. In FY21, we decreased our water discharges to third party destinations (e.g. municipal/industrial wastewater treatment plant) by 7% to 2403 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This decrease is expected due to natural fluctuations in our operations. We do not anticipate the future volume of discharge to this destination to change provided Cisco does not make any significant changes to its business. |

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Relevance of treatment level to discharge | Volume (megaliters/year) | Comparison of treated volume with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
| Tertiary treatment | Not relevant |  |  |  | This treatment level is not applicable to Cisco. |
| Secondary treatment | Not relevant |  |  |  | This treatment level was applicable to Cisco in FY20 but is no longer applicable in FY21. In FY20, water was withdrawn from the groundwater supply at our campus in Boxborough, MA, treated onsite using secondary treatment methods described in our previous CDP Water Response, and then discharged back to the groundwater. However, this system was decommissioned last fiscal year (FY20) and was not in use in FY21. Therefore, this treatment method is no longer relevant to Cisco. |
| Primary treatment only | Not relevant |  |  |  | This treatment level is not applicable to Cisco. |
| Discharge to the natural environment without treatment | Relevant | 227.75 | About the same | Less than 1% | At our Vaud, Switzerland campus, water is withdrawn from a nearby lake exclusively for use in a cooling system, and then discharged back at the same quality as withdrawn to the lake. Therefore, in the case of fresh surface water, withdrawals equal discharges. Our rationale for this level of treatment (discharging to natural environment without treatment) is that the quality of the water is not changed by this method of use. Further, our discharges are in compliance with local laws and regulations. In FY20, our total discharges from this source were 220 megaliters. In FY21, we increased our discharges by 4% to 228 megaliters to this source due to natural fluctuations in our Vaud, Switzerland campus operations. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. We do not anticipate future water withdrawals from this source to change provided Cisco does not make any significant changes to its business. |
| Discharge to a third party without treatment | Relevant | 2,403.34 | About the same | 91-99 | We discharge most of our water to third party destinations without treatment (e.g. discharging to municipal sewer systems). Our rationale for this level of treatment (discharging to a third party without treatment) is that the municipal sewer systems are designed to treat wastewater such as that produced within our restrooms, cafeterias, and cooling towers. Further, our discharges are in compliance with local laws and regulations. In FY20, our total discharges to third party destinations were 2595 megaliters. In FY21, we decreased our water discharges to third party destinations (e.g. municipal/industrial wastewater treatment plant) by 7% to 2403 megaliters. We consider any change in water withdrawals, discharges, or consumption less than 10% to be “about the same” as the prior year. This decrease is expected due to natural fluctuations in our operations. We do not anticipate the future volume of discharge to this destination to change provided Cisco does not make any significant changes to its business. |
| Other | Not relevant |  |  |  | Not applicable to Cisco. |

W1.3

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Revenue | Total water withdrawal volume (megaliters) | Total water withdrawal efficiency | Anticipated forward trend |
| Row 1 | 49,818,000,000 | 2,902 | 17,166,781.5299793 | We do not anticipate water withdrawal efficiency to change, provided Cisco does not make any significant changes to its business. |

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

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

76-100

% of total procurement spend

76-100

Rationale for this coverage

Cisco joined the CDP Supply Chain Water program in FY20. FY21 is the 2nd year to request External Manufacturing partners, strategic Original Design Manufacturers (ODMs), and component suppliers to complete the annual CDP Water Security questionnaire and make their response public. Recognizing that a significant amount of our water footprint occurs in our supply chain, we collect water related data from our top suppliers by spend covering 100% of Cisco Tier 1 supplier (EMS & strategic ODM) spend and more than 80% Tier 2 (Component) supplier spend.  
  
In FY21, Cisco continued to use a database from the Institute of Public and Environmental Affairs to identify the reported environmental pollution violations for our suppliers in Mainland China, including water pollution. We worked closely with these suppliers to remediate existing issues and ensure they comply with the local environmental law. In addition, suppliers who were found to have environmental violations and suppliers who were identified as high environmental impact (meaning they are identified as generating wastewater, air emissions or hazardous waste in their production process) published Pollutant Release and Transfer Register (PRTR) reporting at our request. Suppliers were incentivized to report and take actions through quarterly sustainability scorecard evaluation metrics, which helps central sourcing teams to help drive more educated decision-making and improve performance.

Impact of the engagement and measures of success

By participating in the CDP Supply Chain Water program, Cisco drives more suppliers in our direct material supply chain to take action on existing water risk and challenges. This also increases Cisco’s visibility to supply chain water risk, which helps to support supply chain resilience.  
  
In FY21, 100% of Cisco External Manufacturing partners and strategic ODM partners, and 94% of Top 80% spend Hardware suppliers completed the CDP water questionnaire. By engaging more suppliers to complete CDP water reporting and engaging key suppliers to improve reporting performance and maturity, Cisco obtained more water related data from suppliers including on the topics of supplier water policy, water target, water risk, water use data for their high-risk facilities and more. Some of the data feeds into our supplier sustainability scorecard system to evaluate suppliers’ sustainability performance, to motivate more suppliers to complete better CDP report year by year. We also encourage our manufacturing partners to work with their downstream suppliers on environmental stewardship, including water conservation and pollution prevention.  
  
In Mainland China, suppliers identified to have high environmental impact are required to complete PRTR reporting for the prior calendar year. PRTR reporting includes water security, risk, and management information. In FY21, 133 supplier sites completed PRTR reporting compared to 102 sites in FY20. We saw large increases in part by motivating our manufacturing partners to ask their high environmental impact suppliers to complete this reporting. The disclosure of this information promotes transparency and accountability. Suppliers with environmental violations are required to address them within six months and inform Cisco of their progress. We use this information and metrics to assure that suppliers are disclosing their pollution information constantly and addressing issues found. A total of 10 environmental violations were found and remediated within a 6 months' timeline in FY21. In addition to remediating pollution, this work promotes business continuity in China, where increased regulation and regulatory enforcement in regard to water has the potential to result in government shutdowns of supplier facilities with water-related risk or regulatory violations. Success is measured by the number of violations resolved and number of suppliers completed PRTR reporting.

Comment

W1.4b

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

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Cisco has adopted the Responsible Business Alliance (RBA) Code of Conduct as our code of conduct for our suppliers. The RBA Code of Conduct requires suppliers to adhere to provisions covering water stewardship and management. Cisco also evaluates our direct material suppliers for social and environmental risk through a risk assessment tool. Environmental risk is one of the key risk factors, and World Resource Institute's (WRI) water risk is one input to the overall environmental risk score. The outcome of this supplier risk assessment determines which suppliers are high risk and therefore in scope for RBA audits, which includes a review of water management.

Impact of the engagement and measures of success

In FY21, Cisco completed 94 RBA audits for high-risk suppliers identified in Cisco’s supplier risk assessment. Section C7.1 of the RBA code and audit requires suppliers to set up adequate and effective procedures to document, characterize, and monitor water sources, water discharge and control channels of contamination. It helps to build a water security awareness competency with our suppliers when they acknowledge the code. Our routine RBA audits conducted at supplier sites help us to identify areas for improvement and then our audit team engages suppliers to help them close RBA water management findings through the RBA CAP (Corrective Action Plan) Process. This helps us reduce the potential supply chain impact from water, strengthen supply chain resilience, and help suppliers reduce their water risk through water management system optimization.  
  
Success is measured by the number of corrective actions our team is able to resolve using the CAP (Corrective Action Plan) review process. In FY21, a total of six C7.1 water management findings were identified in the 94 supplier audits conducted. We worked with the suppliers to correct 4 major and 1 minor findings using Cisco’s Corrective Action Plan review process. There is 1 minor finding from FY21 we’re still working with a supplier to resolve.

Comment

W1.4c

(W1.4c) What is your organization’s rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Cisco engages its utilities and government customers with smart water solutions and IoT technologies to help them gain actionable insights, higher levels of visibility, and automation into the operations and maintenance of water facilities. These impacts and the business opportunities provide the rationale for designing and delivering these technologies and services to customers. Cisco’s strategy for engaging customers includes webinars, exhibition booths, case studies and webpages to inform utilities or government workers about Cisco’s solutions.

The success of our smart water systems is measured in it's ability to enable customers to increase resiliency, improve regulatory compliance and quality while reducing operations and maintenance costs. Cisco collaborates with water utilities and ecosystem partners to deliver state-of-the-art solutions. From advanced metering infrastructure (AMI) and supervisory control and systems acquisition (SCADA) modernization to water quality monitoring to condition-based and flood monitoring to asset management, Cisco provides the secure networking backbone. Our intent-based approach paired with a foundational integrated cybersecurity portfolio allows real-time data to flow securely from any kind of water IoT sensor to any type of water analytics application, empowering utility staff to make informed and timely decisions. Global examples such as Portugal’s Caldas Da Rainha water management and smart cities system built on a LoRaWAN network, Pittsburgh Veteran's Hospital and Australia’s Great Barrier Reef for water quality monitoring are a few key success stories and showcases of Cisco’s leadership in the space. In Caldas de Rainha, a Portuguese city, Cisco worked with its government to implement smart water and loT technology. In just the first few weeks, the system detected a leak of 200,000 liters of water. The system informed the city about the situation, and even controlled and repaired the problem.

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.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

Tools and methods used

WRI Aqueduct

Other, please specify

Cisco enterprise risk management process

Contextual issues considered

Water availability at a basin/catchment level

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Employees

Local communities

Comment

Water is integrated into Cisco’s comprehensive enterprise risk management (ERM) process, covering our facilities and all Tier One suppliers. Our corporate ERM process considers a full spectrum of potential issues that could pose risk to or afford opportunity for the company. These risks include environmental considerations—such as energy cost, energy efficiency, greenhouse gas emissions, material availability and cost, and water availability and cost. These environmental risks and opportunities can present themselves in our operations, supply chain, products, employees or the communities where Cisco operates. 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 reviewed by our CFO and the Audit Committee of Cisco’s Board of Directors. Key process owners are interviewed to identify potential risks based on likelihood, severity, and present ability to manage the risk. Cisco also uses the World Resources Institute’s WRI Aqueduct tool to assess water risks at all of our major campus locations with water withdrawals. We uploaded GPS latitude and longitude coordinates for all of our locations to determine water stress. Locations receiving a score of “high”, or “extremely high” Baseline Water Stress were identified as being in a water stressed area. This information was incorporated into our water inventory, and water withdrawals were summed for all locations in water stressed areas.

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Enterprise risk management

Databases

Tools and methods used

Enterprise Risk Management

Other, please specify

Cisco enterprise risk management process and WRI Aqueduct; Alliance for Water Stewardship Standard.

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Implications of water on your key commodities/raw materials

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

Suppliers

Comment

Water is integrated into Cisco’s comprehensive enterprise risk management (ERM) process, covering our facilities and all Tier One suppliers. Our corporate ERM process considers a full spectrum of potential issues that could pose risk to or afford opportunity for the company. These risks include environmental considerations such as water availability and cost. These environmental risks and opportunities can present themselves in our operations, supply chain, products, employees or the communities where Cisco operates. 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 reviewed by our CFO and the Audit Committee of Cisco’s Board of Directors. Key process owners are interviewed to identify potential risks based on likelihood, severity, and present ability to manage the risk. In FY20, we also conducted a water risk survey and analysis in our component supply chain. We surveyed suppliers on their water use, reuse, discharge and other water stewardship activities. In our analysis, we identified the commodities with the highest water risk based on water use and dependency on water for their processes. Cisco's supply chain team also conducted water risk assessment through WRI Aqueduct risk tool to identify Cisco supply chain factories that are located in high water stress areas. Based on the water survey and WRI Aqueduct tool, we prioritized suppliers for water stewardship capability building in FY21.

W3.3b

(W3.3b) 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:

* 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 reviewed by the CFO and the 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.
* A business continuity plan is maintained by supply management.
* A regulatory and standards legal team which is part of Regulatory Affairs Legal group that specifically addresses regulatory risks.
* Market risk, such as from unmet customer environmental requirements, is assessed by the Quality organization through an established customer survey process.
* 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 World Resources Institute (WRI) Aqueduct 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. Outcomes of the risk assessment are used to inform internal decisions such as investing in water related projects and improvements to our facilities. 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.

The contextual issue of water availability at a basin/catchment level and access to fully-functioning, safely managed WASH services for all employees are included in our assessment of water risk within our direct operations because, although we do not use significant amounts of water, we still need water locally available for our employees to use and to operate our business. The contextual issues considered of water availability at a basin/catchment level, water quality at a basin/catchment level, implications of water on your key commodities/raw materials, status of ecosystems and habitats, and access to fully-functioning, safely managed WASH services for all employees are included in our assessment of water risk within our supply chain because many of our suppliers require fresh water as a direct input during production. Since this water usage is directly related to our business, a broader review of contextual issues that could have an impact on Cisco’s business was performed. The stakeholders referenced in question W3.3a are included in our assessment because employees and local communities were determined to be the most relevant water stakeholders for our direct operations because our sites do not use a significant amount of water and would not have a significant impact beyond those stakeholder groups. Customers, employees, investors, local communities, suppliers are the most relevant water stakeholders for our supply chain because many of our suppliers require fresh water as a direct input during production, which could have a larger impact on Cisco’s business and therefore affecting the suppliers themselves, our customers, employees, and investors, and the local community. Although freshwater and non-freshwater are important for use in Cisco’s direct and supplier operations, significant quantities of water have not been necessary to meet Cisco’s business objectives, and therefore we do not currently 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?

 i) **A definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks:**In keeping with GRI Reporting Principles, we conduct a comprehensive ESG materiality assessment every two years to confirm our environment-related priorities (which includes climate risks and opportunities) and inform CSR planning, management and reporting activities. The ESG materiality assessment methodology follows GRI’s recommended process and principles, and addresses ESG topics that have an impact on our business and on society. Cisco’s ESG materiality process is the beginning point for assessing the potential size and scope of ESG risks and opportunities. Separately, Cisco’s management has implemented an enterprise risk management (“ERM”) program, managed by Cisco’s internal audit function, that is designed to work across the business to identify, assess, govern and manage enterprise risks and Cisco’s response to those risks, including risks associated with CSR and sustainability. Cisco’s internal audit function performs an annual risk assessment which is utilized by the ERM program. The structure of the ERM program includes both an ERM operating committee and an ERM executive committee. The ERM operating committee conducts global risk reviews and provides regular updates to the ERM executive committee. The Audit Committee of our Board of Directors, which oversees our financial and risk management policies, receives regular reports on ERM from the chair of the ERM operating committee.

 ii) **A description of the quantifiable indicator(s) used to define substantive financial or strategic impact:**Solely for the purposes of our CDP submission, Cisco describes a substantive water-related financial impact as approximately 5% of the prior year’s pre-tax earnings. Water risks are also assessed relative to other CSR and sustainability risks through the ESG materiality assessment process. All ESG risks are assessed and ranked for impact consequence, stakeholder concern, and likelihood, which are indicators used to determine potential substantive strategic risk. ESG materiality, as used in this CDP report, and our ESG materiality assessment process, is different than when used in the context of Securities and Exchange Commission (“SEC”) disclosure obligations. Issues deemed material for purposes of our ESG reporting and for purposes of determining our ESG strategy may not be considered material for SEC reporting purposes, nor does inclusion of information in our ESG reporting indicate that the topic or information is material to Cisco’s business or operating results for SEC reporting purposes.

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 | Although freshwater and non-freshwater are important for use in Cisco’s direct operations, significant quantities of water have not been necessary to meet Cisco’s business objectives. Therefore, we do not currently consider exposure to water-related risk to be material. Cisco uses the World Resources Institute (WRI) Aqueduct 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. In Bangalore, our India operations are vulnerable to future water supply disruptions, increased operating costs or contaminations due to reliance on trucking for water needs. Specifically, our Bangalore campus is reliant on water supplies delivered by tanker shipments controlled by third parties. Given reliance on tanks for water, our offices are susceptible to increased operating costs or supply disruptions. Although this would be problematic to our India operations, it would not have a substantive financial impact on Cisco’s global business. 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 | Although freshwater and non-freshwater are important for use in Cisco’s supplier operations, significant quantities of water have not been necessary to meet Cisco’s business objectives, and therefore we do not currently consider exposure to water-related risk to be material. We will continue to assess our company's water strategies and all water-related risk to our value chain 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 for our suppliers, who would likely pass those costs to Cisco. In past five years including FY21, Cisco used a database from the Institute of Public and Environmental Affairs to identify the existing and reported environmental pollution violations for our suppliers in mainland China, including water pollution. We worked closely with these suppliers to remediate existing issues and make sure they comply with the local environmental law. In addition, suppliers who were found to have environmental violations or identified as high environmental impact (meaning those who generate wastewater, air emission or hazard waste) published Pollutant Release and Transfer Register (PRTR) reporting at our request. Although some suppliers do use water-intensive processes, at this time the water risk does not meet Cisco’s definition of substantive for the purposes of its CDP submission (i.e., had a financial impact greater than 5% of pre-tax revenue). |

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

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Even though Cisco, as a fabless company, does not use significant amounts of water in our direct operations, we understand the importance of reducing water consumption as much as we can in our operations and supply chain. It’s essential to protect this limited resource not only for our business needs, but also for the sake of the communities in which we operate.  
  
We have implemented numerous water conservation projects in our direct operations over the past few years, including in Bangalore, India. This is a strategic opportunity because this campus is in the top 10 of water consuming sites for Cisco globally and our annual water risk assessment using the WRI Aqueduct tool identified our site in Bangalore as having Extremely High Baseline Water Stress.  
  
The largest opportunity we’ve realized is at our Bangalore site where we have implemented a comprehensive water management system. The campus is a zero-discharge facility, meaning no wastewater is discharged to third parties or the environment. All building water discharge is sent to two sewage treatment plants that use filtration and reverse osmosis to treat the water for eventual reuse. The treated water is used in an evaporative cooling system, for irrigation, and for toilet flushing in two campus buildings. In FY20, Cisco upgraded our campus sewage treatment plant with the latest in water treatment technology to provide higher-quality recycled water in a shorter time, while wasting less water. The new installed technology is cleaner and faster, allowing us to recover and reuse 95% of water sent for treatment. This makes more recycled water available for use in our cooling towers onsite and also provides energy cost savings for the project, in addition to water cost savings.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

350,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The total financial impact is derived from the cost of the sewer treatment plant upgrade ($670,000) minus savings of $340,000 over 3 years anticipated annually. Therefore ($340,000 x 3 years) = $1,020,000 –$670,000 = $350,000 savings total financial impact. We consider potential financial impact of under $1M to be low impact.

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) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

|  |  |
| --- | --- |
| Position of individual | Please explain |
| Board-level committee | i) How responsibilities of the committee are related to water: Cisco’s Nomination and Governance (N&G) Committee of the Board of Directors has responsibility for climate-related issues, including water, and related risk oversight responsibility rests with the Audit Committee of Cisco’s Board of Directors. The ERM team, the N&G Committee, and the Board as a whole receive updates from senior management.  The Board, receive updates from the Chief People, Policy, and Purpose Officer who is the executive sponsor for all initiatives impacting operations, including Scope 1 & 2 emissions reduction, renewable energy, water conservation, and waste reduction, and Cisco's response to the annual CDP questionnaires.  ii) Example of water-related decision: An important input into our CSR reporting and strategy, including our approach to climate and water, is our ESG materiality assessment which helps us understand what issues are most important to stakeholders inside and outside Cisco. We conduct a full assessment every two years. In years that we do not conduct a full assessment such as FY21, we do an internal ESG materiality refresh to validate priorities relative to business risks and opportunities. Results are provided to the Cisco Governance, Risk, and Controls team, which feeds into the ERM program. The ERM team reviewed and approved the results in FY19, which included elements related to climate and water. In FY21, the Nomination and Governance Committee of the Board of Directors received a presentation by the senior vice president of Corporate Affairs on Cisco’s Corporate Social Responsibility program, including water-related impacts. |

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 annual budgets  Reviewing and guiding risk management policies  Reviewing and guiding corporate responsibility strategy | The Board of Directors, acting directly and through its committees, is responsible for the oversight of Cisco’s risk management, including climate and water risks. Cisco's Enterprise Risk Management (ERM) Executive team has oversight of the identification, prioritization, aggregation, mitigation, and ownership of significant risks across the organization. The ERM team is made up of leaders from functional areas of the company and manages risk assessment, risk ranking, establishing risk mitigation. The ERM team includes an executive committee and an operating committee. The ERM executive committee consists of members of senior management, including EVP and CFO, EVP and COO, and EVP, Chief Legal Officer. The ERM operating committee provides semi-annual updates to the ERM executive committee and also provides regular reports to the Audit Committee of the Board of Directors. |

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

|  |  |  |
| --- | --- | --- |
|  | Board member(s) have competence on water-related issues | Criteria used to assess competence of board member(s) on water-related issues |
| Row 1 | Yes | We use prior experience to assess competence. |

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

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

Other C-Suite Officer, please specify

Chief People, Policy & Purpose Officer

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

Cisco's Chief People, Policy & Purpose Officer (CPPPO) reports directly to the CEO and is the executive owner & sponsor of sustainability programs and objectives. Therefore the CPPPO is the official owner of and conduit for sharing water-related strategy and performance information with the Executive Leadership Team (ELT), our CEO, and the Board. The ERM team and the Nomination and Governance committee of the Board of Directors receive updates, as needed, from the CPPPO, or her designee, who is the executive sponsor for all initiatives impacting operations, including Scope 1 & 2 emissions, renewable energy, water conservation, and waste, and our CDP response.  
  
Water-related responsibilities: The CPPPO is responsible for reviewing and providing guidance and direction on Cisco's sustainability programs, and provides oversight for Cisco's environmental initiatives, including water, thus is the executive owner responsible for the success of Cisco's water-related efforts.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

|  |  |  |
| --- | --- | --- |
|  | Provide incentives for management of water-related issues | Comment |
| Row 1 | Yes | Page 32 of our Proxy Statement states that, “for fiscal 2021, Cisco considered each executive officer’s progress towards Cisco’s ESG-related initiatives... as part of the leadership category.” ESG-related initiatives include our environmental goals and initiatives. |

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

|  |  |  |  |
| --- | --- | --- | --- |
|  | Role(s) entitled to incentive | Performance indicator | Please explain |
| Monetary reward | Chief Executive Officer (CEO)  Chief Financial Officer (CFO)  Chief Operating Officer (COO) | Other, please specify  Progress towards Cisco's ESG-related initiatives | We consider each Executive’s progress towards Cisco’s ESG-related initiatives in the individual performance factor portion of the Cisco Systems, Inc. Executive Incentive Plan for Fiscal 2021. |
| Non-monetary reward |  |  |  |

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?

Yes, trade associations

Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

At Cisco, we make social investments in three areas where we believe our technology and our people can make the biggest impact—education, economic empowerment, and crisis response, the last of which incorporates shelter, water, food, and disaster relief. We back organizations that successfully address critical needs of underserved communities, because those who have their basic needs met, are better equipped to learn and thrive. Our water stewardship program supports our commitment to manage water responsibly across our direct operations and supply chain and ties in with our social investment strategy as its built on the awareness that water is a finite resource and we have a part to play in both reducing our use and increasing the access for others. Within the Cisco Crisis Response (CCR) portfolio, Cisco provides financial support to non-profit partners developing technologies to increase access to safe drinking water for the most vulnerable. Several of these partners engage with governments, peer implementers, development agencies and other actors to influence policies regulations and standards around water, sanitation, and hygiene (WASH).  For example, Cisco funds the Safe Water Network, Akyo and the Centre for Affordable Water and Sanitation Technology (CAWST) through our Global Impact Grant program.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

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 | Yes, water-related issues are integrated | 5-10 | Water-related issues that directly influence our long-term business objectives, such as ensuring and maintaining water quality & availability in water stressed regions where we operate, are integrated within our CSR business processes. Examples of integrated water issues include water efficiency, conservation, stewardship, and reputational risk to Cisco. As part of our CSR process, we collect information about water-related issues from internal and external stakeholders to inform internal business functions, business decisions and CSR reporting, with the purpose of ensuring business function response to changing customer expectations. In FY18, we announced our goal to achieve water neutrality by FY20 for our Research Triangle Park (RTP) campus. To reduce water use, our strategy is to conduct water audits and invest in water efficiency and restoration projects. In FY20, we met our first water neutrality target for our RTP campus. The next phase of our water stewardship journey is to develop water goals for our other major campuses and partner with organizations to develop more innovative water restoration projects around the world as we look to expand our water neutrality ambitions beyond RTP. We set the RTP target as part of a broader, long term business objective to reduce global environmental impact, including water. We will use this campus initiative and the lessons we learn to create similar strategies across our global operations in the future. |
| Strategy for achieving long-term objectives | Yes, water-related issues are integrated | 5-10 | Water-related strategies for achieving our long-term business objectives, such as ensuring and maintaining water quality and availability in water stressed regions where we operate, are integrated within our Corporate Social Responsibility (CSR) business processes. Examples of integrated water strategies include water efficiency, conservation, stewardship, and reputational risk to Cisco. As part of our CSR process, we collect information about water-related issues from internal and external stakeholders to inform internal business functions, business decisions and CSR reporting. The purpose of these processes is to speed business function response to changing customer expectations. The objective is to is identify customer requirements and make those requirements visible to the internal business functions for prioritization and response. In FY18, we announced our goal to achieve water neutrality by FY20 for our Research Triangle Park (RTP) campus. To reduce water use, our strategy is to conduct water audits and invest in water efficiency and restoration projects. We set this target as part of a broader, long term business objective to reduce global environmental impact, including water. We will use this campus initiative and the lessons we learn to create similar strategies across our global operations in the future. Throughout our goal-setting process, we engaged our internal and external stakeholders as part of our broader CSR business processes. |
| Financial planning | Yes, water-related issues are integrated | 5-10 | Water-related issues that directly influence long-term financial planning, such as the cost of ensuring and maintaining water quality and availability in water stressed regions where we operate, are integrated within our Corporate Social Responsibility (CSR) business processes. Examples of integrated water issues include the costs of water efficiency, conservation, stewardship, and reputational risk to Cisco. As part of our CSR process, we collect information about water-related issues from internal and external stakeholders to inform internal business functions, business decisions and CSR reporting. The purpose of these processes is to speed business function response to changing customer expectations. The objective is to is identify customer requirements and make those requirements visible to the internal business functions for prioritization and response. In FY18, we announced our goal to achieve water neutrality by FY20 for our Research Triangle Park (RTP) campus. To reduce water use, our strategy is to conduct water audits and invest in water efficiency and restoration projects. We set this target as part of a broader, long term business objective to reduce global environmental impact, including water. We will use this campus initiative and the lessons we learn to create similar strategies across our global operations in the future. Throughout our goal-setting process, we engaged our internal and external stakeholders as part of our broader CSR business processes. |

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?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Cisco continues to implement projects to better manage and reduce water use in its operations every year. Our focus has remained the same and therefore we have not experienced any substantial increase or decrease in CAPEX or OPEX funding for water projects in FY21 compared to FY20. 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.  
  
The water-related expenditure in FY21 encompassed a project designed to improve cooling tower water filtration in RTP to improve water quality, increasing heat transfer capability, and minimize fouling. This project is expected to reduce the amount of water required for use in our cooling towers, because higher water quality means that water can be cycled multiple times through the system before discharge.

W7.3

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

|  |  |  |
| --- | --- | --- |
|  | Use of 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

As of FY21, Cisco has not considered using an internal price on water as water costs currently represent less than 1 percent of Cisco's global utility budget.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

|  |  |  |  |
| --- | --- | --- | --- |
|  | Products and/or services classified as low water impact | Primary reason  for not classifying any of your current products and/or services as low water impact | Please explain |
| Row 1 | No, and we do not plan to address this within the next two years | Judged to be unimportant, explanation provided | There is minimal water impact associated with the use of our products and services. Cisco sells networking products which directly consume energy during their use phase, so one of our top priorities to reduce the environmental impact of our products during the use phase is to improve product energy efficiency. Since the production of electrical power is one of the largest users of fresh water, one of the greatest opportunities for Cisco to reduce our impact on water resources globally is by continuing to make our products and operations more energy efficient. We also maintain an enterprise-wide circular economy program, which includes efforts to design our products for circularity and manage our equipment for multiple lifecycles. This reduces the need for new manufacturing, which will help to reduce the water impacts associated with the manufacturing phase of the product lifecycle. |

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 | Site/facility specific targets and/or goals | Targets are monitored at the corporate level  Goals are monitored at the corporate level | In FY18, we announced an aggressive operational target for our campus in Research Triangle Park (RTP), North Carolina to achieve and maintain 100% water neutrality for water withdrawals by FY20 from an FY18 base year. Our approach to setting this target was to develop it as a part of a comprehensive green strategy for the RTP campus. We set this target as an initial part of a broader goal to expand our focus beyond GHG emissions and make changes to reduce water usage throughout our global operations. We will use this campus initiative and the lessons we learn to create similar strategies across our global operations in the future. As part of our goal-setting process, we conducted water audits and evaluated water efficiency and restoration projects for goal achievement. We also engaged our internal and external stakeholders as part of our broader sustainability strategy engagement. |

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Primary motivation

Water stewardship

Description of target

In FY18, we announced an aggressive operational target for our campus in Research Triangle Park (RTP), North Carolina to achieve 100% water neutrality for water withdrawals by FY20 from an FY18 base year. This target was developed as part of a comprehensive green strategy for the RTP campus. This initiative is an initial part of a broader goal to expand our focus beyond GHG emissions and reduce water usage in our global operations. We will use this campus initiative and the lessons we learn to create similar strategies across our global operations in the future. As part of our goal-setting process, we conducted water audits and evaluated water efficiency and water restoration projects for goal achievement. We also engaged our internal and external stakeholders as part of our broader sustainability strategy engagement.

Quantitative metric

% increase in investment in watershed remediation and habitat restoration, ecosystem preservation activities

Baseline year

2018

Start year

2018

Target year

2020

% of target achieved

100

Please explain

We achieved this goal by investing in restoration projects that restore local freshwater watersheds in North Carolina and the Southeast. We will continue to maintain water neutrality and to reduce our water demand at the campus over time to minimize our need to invest in the water restoration projects every year.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Watershed remediation and habitat restoration, ecosystem preservation

Level

Site/facility

Motivation

Water stewardship

Description of goal

One of our goals for the RTP campus is to maintain water neutrality – this goal is important to us because water stewardship is a priority where we have significant operations. To meet this goal, we are restoring water to local watersheds and mitigating our use of available freshwater sources. This initiative is an initial part of a broader goal to expand our focus beyond GHG emissions and reduce water usage in our global operations. We’ve implemented numerous water conservation projects on campus over the past few years that are still conserving water and will continue to do so for many years. For example, we are using reclaimed water for irrigation and cooling towers; installing low flow toilets, sinks, and showerheads; and replacing decorative water fountains and turf with native planter beds that require little water. To balance the remainder of both the freshwater and recycled water we use, we invested in water restoration projects that restore the amount of water we withdraw at RTP back to local freshwater watersheds in North Carolina and the Southeast. One of the projects we are supporting is the removal of Ward Mill Dam, a decommissioned dam in the Watauga River Basin ranked the #1 ranked most important dam removal project in North Carolina.

Baseline year

2018

Start year

2018

End year

2020

Progress

The indicators that are used to assess progress towards this water stewardship goal are based on monthly utility bills for water withdrawal volumes at the RTP campus. In addition, the procurement of water restoration certificates is also used as an indicator to provide confirmation of water restoration and progress. The threshold of success is restoring the full amount of water that we withdraw at the RTP campus to local watersheds in quantities equal to our campus-wide volume of water withdrawals. In FY20, we procured the full amount of water restoration certificates needed to restore the amount of water we withdraw back to local freshwater watersheds in North Carolina and the Southeast and will continue to do so to maintain our goal. In FY21 we maintained water neutrality at our RTP campus by procuring the full amount of water restoration certificates needed to restore the amount of water we withdraw at RTP.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

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W9.1a

(W9.1a) 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 withdrawal for FY21 reporting year: 2,901,628 cubic meters, reported in W1.2b as 2902 megaliters of water withdrawn in FY21. | Other, please specify  Verification guidance adapted for water from: ISO 14064-3 | We verified this figure using the ISO 14064-3 Standard, adapted for water. This figure in addition to other water data received limited assurance as part of the third-party attestation work completed by WSP USA. |

W10. 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.

The responses in this questionnaire contain forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to (1) our goals, commitments and programs; (2) our business plans, initiatives and objectives; (3) our assumptions and expectations; (4) the scope and impact of our corporate responsibility risks and opportunities; and (5) standards and expectations of third parties. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in our most recent filings with the Securities and Exchange Commission on Form 10-K and Form 10-Q.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

|  |  |  |
| --- | --- | --- |
|  | Job title | Corresponding job category |
| Row 1 | Chief People, Policy & Purpose Officer | Other C-Suite Officer |

W10.2

(W10.2) 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)].

Yes