

**Company Engagement Questions:**

**KnowTheChain Information and Communications Technology Sector benchmark**

Companies can use these questions to provide additional information relevant to KnowTheChain’s benchmarking of companies commitments and programs targeted at addressing human trafficking and forced labor in the supply chain.

***Please note that answers to these questions will be made publicly available on the*** [***website of Business & Human Rights Resource Centre***](http://www.business-humanrights.org/en/knowthechain-company-disclosure) ***(BHRRC)***, one of the partners in KnowTheChain. The project will maintain a strict standard of only including information provided via a company’s public website or BHRRC’s website in the evaluation.

Please send your answers to Annabel Short, Program Director, Business & Human Rights Resource Centre: short@business-humanrights.org, with a cc to Megan Wallingford, Senior Advisor, Advisory Services, Sustainalytics: megan.wallingford@sustainalytics.com.

We encourage companies to answer as many of the questions as possible. You may wish to focus particularly on those for which your company currently does not have information available on its website.

 **Name of company: Cisco Systems, Inc.**

**Name of respondent: Lori Biesen Tricco**

**Position of respondent: Operations Manager, Corporate Affairs**

**Respondent’s contact information (email): lbiesen@cisco.com**

**Documents**

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company’s approach to managing forced labor risks in the supply chain.

***Cisco Supplier Code of Conduct*** *(website)*

[*http://csr.cisco.com/pages/supplier-code-of-conduct*](http://csr.cisco.com/pages/supplier-code-of-conduct)

Cisco has adopted the Electronic Industry Citizenship Coalition’s (EICC) [Code of Conduct](http://www.eicc.info/eicc_code.shtml) as our code of conduct for supply chain suppliers. It outlines our requirements regarding workers at supplier facilities having the right to freely choose their employment. Forced, bonded (including debt bondage), indentured labor, involuntary prison labor, slavery, or trafficking of persons shall not be allowed.

In addition to the collaborative effort with the EICC, Cisco has internal policies and practices that are based on international labor and human rights standards. We partner with our supply chain to create an environment where workers have the right to freely choose employment. This focus on slavery and human trafficking is part of a larger effort around supply chain transparency and accountability. Cisco has taken multiple actions to ensure the prevention of forced labor, slavery and human trafficking in our supply chain.

***Cisco Position on Slavery and Human Trafficking*** *(website)*

[*http://csr.cisco.com/pages/human-trafficking*](http://csr.cisco.com/pages/human-trafficking)

***Cisco Human Rights Policy*** *(document)*

[*https://csr.cisco.com/cdnorigin/media/documents/Human-Rights\_129973805781330000.pdf*](https://csr.cisco.com/cdnorigin/media/documents/Human-Rights_129973805781330000.pdf)

***2015 Cisco CSR Report*** *(document)*

[*http://csr.cisco.com/pages/csr-reports*](http://csr.cisco.com/pages/csr-reports)

**Commitment and governance**

Awareness and commitment

2.Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

**Yes**-our commitment is listed on our website at:

<http://csr.cisco.com/pages/human-trafficking>

and also in our Supplier Code of Conduct:

[*http://csr.cisco.com/pages/supplier-code-of-conduct*](http://csr.cisco.com/pages/supplier-code-of-conduct)

Cisco’s Human Rights Working Group is a cross functional executive body the guides the implementation of our Human Rights Policy. Our policy was developed to follow the UDHR, ILO, UNGC, and UN Guiding Principles on Business and Human Rights:

[https://csr.cisco.com/cdnorigin/media/documents/Human-Rights\_129973805781330000.pdf \](https://csr.cisco.com/cdnorigin/media/documents/Human-Rights_129973805781330000.pdf%20%5C)

We are committed to transparently communicating our commitment and actions to implement our Human Right Policy and Supplier Code of Conduct. We are compliant with the transparency requirements under California SB 657 and are in the process of addressing the new requirements of the UK’s Modern Slavery Act of 2015. In accordance with the UK’s Home Office Guidance issued under section 54(9) of the Modern Slavery Act 2015, businesses with a financial year-end date on or after 31 March 2016 are expected to publish the slavery and human trafficking statement within six months of the organization’s financial year end. We will be publishing our statement by calendar year end. Cisco was an instrumental member of the EICC’s member taskforce that engaged the UK authorities responsible for developing the new disclosure requirements. We also many significant contributions to the development of the EICC toolkit to assist members assess their programs and help meet the disclosure requirements. We believe that these actions are part of our responsibility to promote the broad adoption of measures to protect human rights in the shared electronics supply chain.

**Supply chain standards**

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

*Note on EICC membership: Many ICT companies are members of the Electronics Industry Citizenship Coalition, EICC. If your company is a member and provides a link from its own website to the latest version of the EICC Code (i.e. version 5.1 effective January 1, 2016), then that code will be considered by KnowTheChain in reviewing the company’s supply chain standards.*

***Yes***

We take a proactive approach to upholding labor standards in our supply chain through our relationships with our suppliers. The Electronic Industry Citizenship Coalition (EICC) Supplier Code of Conduct is the backbone of our supplier engagement process and is the baseline expectation, not the end goal.

***Cisco Supplier Code of Conduct***

[***http://csr.cisco.com/pages/supplier-code-of-conduct***](http://csr.cisco.com/pages/supplier-code-of-conduct)

If labor violations are discovered in our supply chain, we take swift action to resolve them. For example, in 2014 when we discovered that factory workers were paying excessive recruitment fees at one of our supplier locations, we acted swiftly, engaging with the supplier to pay back affected workers. But, we did not stop there. Cisco participated in the vulnerable workers taskforce, through the EICC, that developed the definition of fees. This was a critical step to ensure fees were prohibited under the new CoC in 2015.

**Management**

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe their scope of responsibility.

**John L. Kern, Senior Vice President, Supply Chain Operations**

John Kern leads a global organization responsible for accelerating innovation, enabling profitable growth, and delivering an unrivaled customer experience. His functional accountabilities include new product introduction, product lifecycle management, sourcing and supplier management, planning, manufacturing, logistics, quality and social, ethical and environmental responsibility of the supply chain.

**Kathleen Shaver, Director of Supply Chain Value Protection**

Kathleen Shaver leads a global team responsible for protecting the value of our supply chain through resiliency management, security excellence, proactive regulatory compliance, and environmental and social responsibility. Kathleen has chaired the EICC Board of Directors in 2015 and 2016.

Kathleen’s responsibilities specific to Social Responsibility and Human Rights include*:* Code of Conduct (CoC) communication, scorecard evaluation for key suppliers, supplier audit activities, corrective action plan closure activities and capability building. Cisco’s supplier engagement program (SEP) aligns with the Electronic Industry Citizenship Coalition (EICC) CoC. Cisco communicates its expectations of suppliers through the CoC and expects all suppliers to comply with the CoC. The suppliers’ compliance with the CoC is monitored through the scorecard and audit program activities. Regular engagement with suppliers through the audit program, supplier scorecarding and training strengthens Cisco’s relationship with its suppliers and allows Cisco to monitor performance and identify areas to enhance sustainability capabilities.

**Training**

5. Does your company conduct training programs for internal decision-makers and suppliers on risks, policies and standards related to human trafficking and forced labor? Please describe.

**For employees**

Our Code of Business Conduct (COBC) provides employees with a clear understanding and expectation of the high ethical standards we pride ourselves on, while our accompanying training is tailored to higher-risk functions and roles.

Our COBC and ethics training is designed to educate our employees about unlawful or unethical conduct that may be wrongly used to secure direct business or preferential treatment. We have zero tolerance for corrupt behavior among our employees. In FY15, 99.9 percent of our employees completed an annual certification of compliance with the Cisco COBC.”

Cisco developed and launched customized Human Rights training for our employees in 2015. The Human Rights training included specific details about human rights in supply chain, and is part of our commitment to help everyone at Cisco understand what human rights are, what the risks are to the IT sector, and what can be done to help prevent risk from rising to the level of infringement. Overall 81% of the supply chain employees completed the training, which connects the work of our supply chain employees with our corporate commitment to respect human rights, emphasizing that everyone in a supply chain function has a responsibility to watch for and call out human rights abuses.

**For suppliers**

Many of our manufacturing partners, and several of our suppliers are EICC member companies. As peer companies, the investments we collectively make to EICC workshops and [training](http://www.eiccoalition.org/resources/training/) content are mutually beneficial across our supply chain, ensuring our supply base understands our policies and standards related to human trafficking and forced labor.

The EICC offers its members and their suppliers a range of [training opportunities](http://www.eiccoalition.org/resources/training/), ranging from an extensive online e-learning platform to in-person trainings offered in multiple languages. EICC trainings are designed to support all learners on their path to leadership in supply chain sustainability.

The EICC e-Learning Academy, launched in April 2014, provides EICC members with best-in-class online trainings on a range of sustainability topics from CSR program management to methods to combat trafficked and forced labor in the supply chain. With over 30 training modules drawn from sources around the world, the EICC e-Learning Academy allows learners to progress through training modules at their own pace on their own computer. The EICC frequently reviews internal and external sources for new training materials, and occasionally commissions custom training modules. The EICC e-Learning Academy is available to EICC members and their suppliers and offers a mix of free and paid trainings. The e-Learning Academy also offers training resources about EICC tools, such as EICC-ON and the Validated Audit Process.

As part of our supplier audit process, a supplier will be directed to training resources related to an audit finding are expected as part of the audit closure process to complete the training.

**Stakeholder engagement**

6. In the last three years, has your company engaged a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives on human trafficking and forced labor, especially as it relates to the supply chain? Please describe with whom your company has engaged, the purpose of the engagement, and your company's role.

We maintain regular dialogue with our key stakeholders. Their views help us prioritize issues, better align our business to society’s needs, and develop our CSR strategy and programs. In addition to valuing our ongoing engagement with stakeholders in regards to CSR issues, we also offer our shareholders the opportunity to provide feedback on our remuneration policies at annual meetings.”

**(Also see listing of Stakeholder Groups and Engagement Forums and Tools on page B11 of our CSR Report.)**

We are currently working with Business for Social Responsibility (BSR) on undertake a human rights impact assessment of the company’s supply chain operation.

In addition, Kathleen Shaver represented Cisco and EICC in a high level dialogue in 2015 with the US Department of Labor, US State Department and Government Accountability Office about industry efforts to protect the human rights of vulnerable workers in the supply chain.

We actively collaborate with our industry partners in the EICC to help identify opportunities to share best practices among members, expand the Code of Conduct, and make recommendations on available tools and training. In 2014 and 2015, Cisco was one of three EICC Board Member Companies to collaborate in a taskforce along with stakeholders from civil society and organized labor to develop proposed revised EICC Code of Conduct language to address freely chosen employment and freedom of association. These efforts contributed to the eventual adoption by the EICC membership of new code provisions mandating zero recruitment fees paid by workers.

Cisco is also participating in the EICC Vulnerable Worker Working Group. Major deliverables of the work group are:

1. Partnership with NGO LESN (Labor & Education Service Network) to deliver Student workers management toolkit to assist members and their supply chain in recruiting & managing student workers responsibly in China

2. Strengthening of EICC audit protocol on young & student workers

3. Partner with Stanford University’s Rural Education Action Program to deliver the credentialing model for vocational schools in China.

On top of being an active member in the work group, Cisco sponsors multi-stakeholder forums to promote best practices against forced labor.

 **Traceability and risk assessment**

Traceability and risk assessment

7. Please describe your company's supply chain tracing and risk assessment processes. Include any specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group.

At onboarding, and on an annual basis, suppliers with annual spend exceeding $1M are required to complete the SAQ (Self Assessment Questionnaire), which assists Cisco in understanding the level of risk the supplier poses from a social responsibility standpoint. Knowing which suppliers are the riskiest allows the Supply Chain Sustainability team to target which suppliers will be selected for auditing.

As mentioned in question 6 ‘Stakeholder Engagement”, we are currently working with Business for Social Responsibility (BSR) on outlining how we can partner on conducting a human rights impact assessment of the company’s supply chain management.

Cisco’s Enterprise Risk Management program supports the identification, assessment, and management of enterprise risks. Executive-level oversight of the program is provided by a committee that reports to the Board of Directors. Risks associated with Corporate Social Responsibility & Sustainability are included in this process.

**Transparency**

8. Does your company disclose a) identified forced labor risks b) the names and locations of first-tier suppliers, and c) some information on suppliers beyond the first tier? If yes, please provide a URL.

Improving transparency in the supply chain is critical to helping us address some of our most significant sustainability issues: supply chain labor standards, lifecycle environmental impacts, and ethical sourcing.

To help us understand key impacts in our supply chain and how they are managed, we:

• Encourage suppliers to publish CSR reports describing how they manage their most significant sustainability impacts

• Require suppliers to report GHG emissions and targets via CDP and our scorecard

• Conduct site audits of high-risk supplier facilities

• Use tools like Labor Link to gather actionable, direct feedback from factory workers to complement audit findings

We do not disclose our SAQ (Self Assessment Questionnaire) and audit reports publicly. However, we do disclose forced labor issues found within our supply chain, albeit we do not disclose publicly names and specific locations. In 2014, Verite’s survey of migrant IT factory workers in Malaysia identified evidence of passports being held and excessive recruitment fees being paid by those seeking work. As an EICC member, Cisco contributed to a task force to address this serious issue and identify actions companies can take to eliminate forced labor in supply chains.

In FY15, we identified an instance of excessive recruitment fees impacting migrant workers at one of our supplier locations in Malaysia. We acted swiftly to engage the supplier; they then investigated their recruitment practices and implemented immediate changes to eliminate recruitment fees. Cisco took this issue very seriously and secured the repayment of $251,000 to impacted migrant workers. Beyond repayment, we drove adoption for the new, stricter requirements for the elimination of fees as noted previously in the stakeholder engagement section.

We are also focused on human rights in our extended supply chain. We also complete a [Conflict Minerals Disclosure Report](http://www.cisco.com/c/dam/en_us/about/doing_business/docs/2014-cisco-conflictminerals-sdandreport.pdf) on an annual basis and file with the Securities and Exchange Commission (SEC). Our due diligence activities continue to evolve from our early efforts, which focused on engaging our suppliers to identify the smelters that were producing one or more of the four minerals. In FY15, our efforts have focused on driving more smelters toward certification through industry collaboration and influencing suppliers to conduct appropriate due diligence as well as shifting to alternative conflict-free sources of minerals.

We have improved our understanding of the smelters supplying us and have increased the number that is certified conflict-free by the Conflict-Free Sourcing Initiative (CFSI) by 50 percent over the past year.

We continue to work with other CFSI members to verify the status of the remaining facilities and encourage more smelters and refineries to comply with the Conflict-Free Smelter Program (CFSP). We are also working with suppliers to improve the accuracy and completeness of the data they provide and to better understand the sourcing strategies they are implementing to eliminate the use of noncertified smelters.

**Purchasing practices**

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

We do pre-acquisition or pre-engagement review before we enter a relationship with a new manufacturing partner. Kathleen Shaver, Director of Supply Chain Value Protection, consults with the manufacturing business and SCVP provides a review of the supplier’s compliance materials as part of the formal assessment process. A serious nonconformance such as a unresolved human rights finding would prevent an engagement with Cisco.

**Supplier selection**

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them? Please describe.

At onboarding, and on an annual basis, suppliers with annual spend exceeding $1M are required to complete the SAQ (Self Assessment Questionnaire), which assists Cisco in understanding the level of risk the supplier poses from a social responsibility standpoint. Knowing which suppliers are the riskiest allows the Supply Chain Sustainability team to target which suppliers will be selected for auditing.

All suppliers must commit to the Code of Conduct before on-boarding. The CoC applies to all active suppliers, which include contract manufacturers, original design manufacturers, original equipment manufacturers, joint design manufacturers, component suppliers, forward and reverse logistics providers and recyclers. The suppliers’ compliance with the CoC is monitored through a scorecard and audit program activities.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands?

Our manufacturing operations team owns capacity planning. The supply chain sustainability team has a close partnership with manufacturing operations to review ODM/ OEM/ contract manufacturing partners working hour data on a regular basis. Working hour data is shared online by manufacturing operations and analyzed by the supply chain sustainability team. Improvement targets are set and reviewed monthly.

**Integration into supplier contracts**

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Our broad product portfolio necessitates a complex global supply chain comprised of numerous types of suppliers that we need to engage in our sustainability programs. In some cases we may have a relatively low level of spend with a supplier. This can be influenced by several factors, including the diversity of their customer base, duration of our business relationship, price of the component, and dividing our sourcing needs between two or more suppliers for resiliency purposes.

This challenge limits our ability to integrate supply chain standards addressing forced labor and human trafficking into all supplier contracts. However, in 2015, we updated the language of our contracts with major manufacturing partners to expand our review in the areas of supplier diversity and Code of Conduct.

Additionally, our suppliers, manufacturing partners and logistics partners are scored on sustainability criteria as part of their overall business scorecard. The scorecard is used as a factor to determine future business.

Cisco is committed to sustainable and responsible business practices with regard to ethics, labor, health and safety, diversity, and the environment. Sustainability represents between three and eight percent of the total score on our business scorecard for suppliers, and they are required or encouraged to:

* Follow the [Cisco Supplier Code of Conduct](http://csr.cisco.com/pages/supplier-code-of-conduct) as part of their contractual agreements with Cisco
* Create a culture and workplace that fosters [inclusion and diversity](http://www.cisco.com/web/about/ac50/ac142/sdbd/index.html)
* Report greenhouse gas emissions to the Carbon Disclosure Project (CDP)
* Monitor and report on environmental and labor impacts
* Agree to the Cisco [Supplier Ethics Policy](http://www.cisco.com/web/about/ac50/ac142/sdbd/Documents/Supplier_Ethics_Policy.pdf)

**Cascading standards**

13.Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

All the suppliers are required to acknowledge [Cisco CoC](http://csr.cisco.com/pages/supplier-code-of-conduct) before onboarding. Cisco expects its suppliers to operate in accordance with the EICC Code of Conduct, which includes provisions covering responsible management in labor, health & safety, environment and ethics. Suppliers are also expected to hold their own suppliers to the same standards.

The labor standards are:

1. Freely Chosen Employment
2. Young Workers
3. Working Hours
4. Wages and Benefits
5. Humane Treatment
6. Non-Discrimination
7. Freedom of Association

The suppliers’ compliance with the CoC is monitored through the scorecard and audit program activities. Regular engagement with suppliers through the audit program, supplier scorecarding and training strengthens Cisco’s relationship with its suppliers and allows Cisco to monitor performance and identify areas to enhance sustainability capabilities.

**Recruitment**

Recruitment approach

14. Please describe you company's recruitment approach, including whether your company requires recruitment agencies in its supply chain to uphold workers' rights, whether it has a policy on direct employment, and whether it requires suppliers to disclose to the company the recruiters that they use.

The EICC [Validated Audit Protocol](http://www.eiccoalition.org/standards/validated-audit-process/) (VAP) includes that a supplier must have a policy on direct employment and recruiter management. The VAP requires suppliers to audit their recruiting agency.

As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law.

**Recruitment fees**

15. Please describe your company’s approach to recruitment fees, including whether your company requires that no fees be charged during recruitment processes, and whether and how it ensures that fees paid are reimbursed.

The EICC CoC includes provisions on recruitment fees:

“Workers shall not be required to pay employers’ or agents’ recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.”

The EICC [Validated Audit Protocol](http://www.eiccoalition.org/standards/validated-audit-process/) (VAP) includes validation on recruitment fees.

“As in the case of identified excessive recruitment fees at a manufacturing partner site in Malaysia in 2014, we act swiftly to engage the supplier. We work closely with the supplier to investigate their recruitment practices and implement immediate changes to eliminate recruitment fees.”

Please see the discussion on this issue in the stakeholder engagement section.

**Recruitment audits:**

16. Does your company audit recruiters to assess risks of forced labor and human trafficking?

Since we do not directly employ a DL workforce and our manufacturing is outsources, we do not directly audit recruiters. The EICC [Validated Audit Protocol](http://www.eiccoalition.org/standards/validated-audit-process/) (VAP) includes that a supplier must have a policy on direct employment and recruiter management. The VAP requires suppliers to audit their recruiting agency. As part of our risk assessment and audit prioritization process, we pay particular attention to the issue of recruitment fees in countries where this has been identified as a concern.

**Worker voice**

Communication of policies to workers

17. Please describe how your company communicates is human trafficking and forced labor related policies and standards to workers in its supply chain.

We communicate our policies and standards to Cisco internal employees across our supply chain through our corporate-led Human Rights training. The Human Rights training includes specific details about human rights in supply chain, and is part of our commitment to help everyone at Cisco understand what human rights are, what the risks are to the IT sector, and what can be done to help prevent risk from rising to the level of infringement. 81 percent of supply chain employees completed human rights training.

In 2015, we piloted a supply chain employee engagement program intended to help Cisco Supply Chain Ops employees discover their personal connection to sustainability and how their role influences our performance.

Our first employee event was held in San Jose, California, and brought colleagues across several supply chain functions together to discuss how they can influence sustainability initiatives and supply chain priorities, including human trafficking and forced labor. An online community was also created to encourage continued engagement and crowdsource new disruptive ideas. In FY16, we plan to expand the program and host additional workshops at our supply chain offices globally

In 2016, we launched our first ever Corporate Social Responsibility event to share key focus areas from our 2015 CSR report and inspire supply chain employees to find ways to align their job roles to sustainability outcomes. Four of our supply chain executives gave their perspectives of the business value and importance of sustainability in our supply chain, including our SVP of Supply Chain Operations, John Kern. Forced Labor was a key topic, as we discussed the identification of excessive recruitment fees and process to return of US$251,000 back to impacted migrant workers at a manufacturing site in Malaysia in 2015.

Cisco communicates its expectations on human trafficking and forced labor of suppliers through the [supplier Code of Conduct](http://csr.cisco.com/pages/supplier-code-of-conduct) and expects all suppliers to comply with the CoC. The suppliers’ compliance with the CoC is monitored through the scorecard and audit program activities. Regular engagement with suppliers through the audit program, supplier scorecarding and training strengthens Cisco’s relationship with its suppliers and allows Cisco to monitor performance and identify areas to enhance sustainability capabilities.

**Worker voice**

18. Please describe how your company engages with workers outside of the context of the factories in which the work (whether directly or in partnership with stakeholders).

We do not have direct contact or engagement with workers from suppliers. However, during the EICC audit process, the auditors from a third party may conduct interviews with workers outside of the factory setting.

**Worker empowerment**

19. Please elaborate on whether and how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing where there are regulatory constraints on freedom of association.

We meet applicable laws, regulations, and standards where we do business. We do encourage our suppliers to ensure workplace environments where workers are able to organize. This is enforced as part of our [supplier code of conduct](http://www.eiccoalition.org/standards/code-of-conduct/), and is addressed in section A7.

**“**In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.”

**Grievance mechanism**

20. Please describe your company's grievance mechanism, including whether it is available to suppliers' workers, and how it is communicated to suppliers' workers.

We provide several confidential ways to get help with an ethical question or concern. We do not tolerate retaliation against individuals for reports of misconduct that are made honestly and in good faith.

Our Ethics Office accepts incident reports in five ways: by phone, mail, email, fax, or online. We strive to manage all inquiries promptly and confidentially, to the extent provided by law.

As part of our [supplier code of conduct](http://www.eiccoalition.org/media/docs/EICCCodeofConduct5_1_English.pdf), suppliers are required to have management systems which facilitate worker feedback and participation, and is found in section E8.

“Ongoing processes to assess employee’s understanding of and obtain feedback on practices and conditions covered by this code and to foster continuous improvement.”

**Monitoring**

Auditing process

21. Please describe your companies auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents, and c) interviews with workers.

We completed audits of 46 supplier facilities in FY15. We prioritize high-risk supplier facilities for site audits using the EICC self-assessment process. Our aim is to audit all high-risk manufacturing facilities and component suppliers every two years. As in FY14, we met this commitment and our EICC commitment to audit at least 25 percent of our high-risk suppliers. Audits are conducted by a third-party auditor at the supplier’s facility. All audits in FY15 were announced; however, we do conduct unannounced audits as necessary. We share audit findings through EICC common audits where our needs align with those of other EICC member companies.

Auditors use the standard protocol and audit tools developed by the EICC covering all aspects of the EICC Code of Conduct, including reviewing documentation, conducting site tours, and assessing how suppliers monitor their own suppliers.

For any findings identified, the supplier must produce a corrective action plan and then provide evidence that the corrective actions have been implemented. Action must be taken on priority issues within 30 days. All findings are expected to be addressed within 180 days except for issues that require long-term improvement plans.

We work closely with suppliers until performance improves, then conduct a follow-up audit if needed. During FY15, 71% of outstanding corrective action plans were closed within the EICC’s prescribed timeframe.

**Audit disclosure**

22. Does your company disclose a) the percentage of suppliers audited annually b) the percentage of unannounced audits c) information on who carried out the audits, and d) a summary of findings, including details of any violations revealed? Please provide a URL.

<http://www.cisco.com/assets/csr/pdf/CSR_Report_2015.pdf#page=141>

a) Yes, see CSR report page F16, Table 3.

b) All of our audits in FY15 were announced audits. However, we will conduct unannounced audits as necessary.

c) We do not disclose information on who carried out the audits; however all auditors must use the standard protocol and audit tools developed by the EICC covering all aspects of the EICC Code of Conduct.

d) Yes, see CSR report page F17 Table 4., and page F18 Table 5.

**Remedy**

Corrective action plans

23. Does your company have a process for creating corrective action plans? Please describe this process and the elements of a corrective action plan.

Post audit, the supplier must produce a Corrective Action Plan for all findings. Priority issues must be resolved within 30 days. Other findings must be closed within 180 days. An example of a major finding could be working hour nonconformance, where a worker is working more than 60 hours per week for a significant percentage of the year. In that example, a supplier submits monthly to Cisco a working hours

Corrective Action Plans are reviewed and agreed upon between the supplier and the Supply Chain Sustainability team. When corrective actions are completed, a review is conducted to determine if the action can be closed. The supplier is required to provide the Corrective Action Plan (CAP) within 2 weeks after CAP kick off. If the supplier fails to complete actions on time, or is unresponsive, an escalation will be sent to the Cisco supplier manager and the supplier’s scorecard will be impacted.

24. Does your company have a process to provide remedy to workers in its supply chain, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes of this program.

Cisco takes a holistic approach to CSR in our supply chain, managing sustainability issues at every stage in the lifecycle of our products. We work closely with our suppliers to help maintain our high standards for ethics, labor rights, health and safety, and the environment throughout the supply chain.

Cisco actively monitors and audits our suppliers, and findings are taken seriously.

If any issues are identified, Cisco works with the supplier to identify specific, corrective action plans for each violation, requiring the issue to be addressed in an aggressive timeframe. Depending on severity of the violation, there may be business ramifications for the supplier. Cisco may stop doing business with a supplier that is not demonstrating good-faith efforts to address identified violations.

As mentioned previously, in 2014 when we discovered that factory workers were paying excessive recruitment fees at one of our supplier locations. We acted swiftly to engage the supplier; they then investigated their recruitment practices and implemented immediate changes to eliminate recruitment fees. Cisco secured the return of US$251,000 back to impacted migrant workers. But, we did not stop there. Cisco participated in the vulnerable workers taskforce, through the EICC, that developed the definition of fees. This was a critical step to ensure fees were prohibited under the new CoC in 2015.