CISCO

2021

ANNUAL REPORT

The Future of Work

About Cisco

Cisco (Nasdaq: CSCO) is the worldwide leader in technology that powers the internet.

Discover more at **thenetwork.cisco.com** and follow us on Twitter at **@Cisco**.

Our purpose

To Power an Inclusive Future for All

We are committed to leading the way, to inspiring change, to seeing the world through the eyes of others, and to stepping up to the challenges of inequity to create new possibilities for tomorrow.

Our strategy

To help our customers connect, secure, and automate in order to accelerate their digital agility in a cloud-first world

To execute on our strategy and address our customer priorities, we are focusing on the following six strategic pillars: Secure, Agile Networks; Hybrid Work; Optimized Application Experiences; End-to-End Security; Internet for the Future; and Capabilities at the Edge.

Our commitment

To drive the most trusted customer experience in the industry with our extraordinary people and great technologies

Our employees bring talent and ingenuity to everything we do, from designing products and solutions and protecting sensitive data to helping us Power an Inclusive Future for All.

Technology for building bridges

The solutions we use to get you where you need to go:

- Networking
- Collaboration
- Security
- Cloud and compute

Why Cisco?

- Trusted partner
- Continuous innovation
- Technology leadership
- Global scale and reach
- Driven by purpose
- Flexible Consumption

Introduction to summary report

This section provides an overview of Cisco. It does not contain all of the information you should consider. Please review our latest Annual Report on Form 10-K and online versions of the Annual Report on the **website**. Please also review our Proxy Statement for our 2021 Annual Meeting of Stockholders, and our reports related to corporate social responsibility (CSR), available on **www.cisco.com**.

Table of contents

Forward-looking statements

This Summary Report and our Annual Report on Form 10-K ("Annual Report") included herein contain projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward- looking statements. See Cisco's filings with the Securities and Exchange Commission, including its most recent filing on Form 10-K, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or other forward-looking statements.

Letter to stockholders

To our stockholders,

Fiscal 2021 was a truly transformative year, and one like no other. Our fiscal year began last July with tremendous global uncertainty, as the COVID-19 pandemic continued to reshape how businesses operated, and how all of us lived and worked. In addition, the racial and social injustices that came to light shortly before the start of the fiscal year made it clear that we are all facing a time of incredible change, and throughout the year, the unfolding reality of climate change created even more urgency to build a more sustainable economy.

Despite the complexity of navigating these challenges, it has been a year of hope and optimism as a recovery has started to take shape. At Cisco, we are incredibly proud of how our teams have supported our customers, partners, communities, and one another through this time, giving us all a renewed sense of purpose.

This past year has also made it undeniably clear that a focused, agile, and resilient business, guided by its purpose and values, and anchored in its strategy, can emerge stronger and better from challenging times. While the world looks and feels different today, Cisco's core purpose to power an inclusive future for all continues to guide us as we look forward to enabling a reimagined future with tremendous opportunity ahead.

Building momentum

While fiscal 2021 certainly carried uncertainties, we ended it with exceptional momentum and positive revenue growth. We believe that our performance demonstrates strong execution against our strategy, robust customer adoption, trust in our innovative solutions, and accelerating adoption of our software and subscription offerings. In the fourth quarter, we experienced the strongest product order year-over-year growth rate in over a decade, driven in part by our customers' urgency to modernize their infrastructure, digitize their businesses, and adapt to the future of work.

As we continue the successful transformation of our business model that we have been investing in and executing on to drive higher subscription revenue, we have seen more predictability in our business model and greater visibility into our future. Our solid performance, combined with the strength of our transformation, only reinforces my confidence about our future.

In fiscal 2021, our software revenue was $15 billion of our total revenue of $49.8 billion, up 7% year over year, making us one of the largest software companies in the world. We also achieved software subscription revenue growth of 15% year over year. We believe our investments are paying off, as our offerings delivered a strong recurring stream of revenues and are one of the key reasons why we finished the year with strong remaining performance obligations. Our consistent performance allowed us to close out the year with a strong balance sheet and solid cash flows, enabling us to continue to invest in our growth.

However, we are also seeing similar supply issues for key components that nearly every company in the industry is experiencing. We believe our world-class supply chain team will help us navigate this complex situation, enable us to optimize our access to key components (including semiconductors), and help us to take care of our customers by fulfilling demand as quickly as possible.

Power of our portfolio– Leading with innovation

As businesses slowly reopen, we see a tremendous opportunity ahead as nearly every company in every industry accelerates its digital agility in a cloud-first world. Our customers are looking for solutions that provide speed, agility, and simplicity, and Cisco is the right company to deliver on each of these areas with our continued innovation.

We believe that we are at a pivotal moment as we have a massive opportunity to transform what has been the traditional office and define the future of hybrid work. As our customers look to create safer hybrid workplaces and collaborative, engaging experiences for their customers and

> **" We are committed to providing our customers the technologies they need to successfully navigate highly dynamic environments at an incredibly rapid pace, and we're continuing to see strong customer reception for our accelerated investments in software and subscriptions. "**

employees, we believe they are becoming increasingly reliant on Cisco technologies to help them achieve those goals.

Over the last fiscal year, we have introduced a number of new capabilities across our entire portfolio, while also investing in more flexible consumption models including our core networking capabilities as a service, highlighted by the recent launch of Cisco Plus.

Our new Cisco Plus solutions will deliver cross-portfolio technologies to help solve our customers' biggest needs with faster time to value. Our initial "network-as-a-service" offering delivers hybrid cloud technologies and will later expand to a broader catalog of services built and delivered with our partner ecosystem. While still in the early days of its launch, Cisco Plus directly aligns with our transformation goals around driving more subscription-based revenue.

In collaboration, we continue to invest in and accelerate Webex, through both acquisitions and delivering new innovations, including the introduction of more than 1,000 new features and devices since last year. These innovations include the all-new Webex Suite, with a new look and feel that support hybrid work collaboration.

We acquired several software-based companies within the collaboration space, including Slido and Socio Labs, which we are integrating into our Webex platform to provide a comprehensive event management solution. We also acquired IMImobile, a cloud communications software and services company, and Involvio, a leading student experience platform.

In security, we are focused on proactively protecting our customers from threats and remediating against them in an ever-increasing cyberthreat environment. We are increasingly deploying our zero-trust and secure access service edge (SASE) architectures, along with automation, authentication, and analytics capabilities. Additionally, we have delivered several new innovations, including passwordless authentication, cloud-based malware detection, and enhancements to SecureX. To complement these innovations, we acquired assets like Kenna Security, to drive even greater security efficacy.

The broad and accelerating adoption of multicloud and modern application environments is changing how the world's largest networks are built, operated, and secured, and we believe Cisco is at the center of this transition. We are building the internet for the future by creating breakthrough innovation with our routing, optical, and automation technologies to deliver significant economic benefits. We launched a new routed optical networking solution integrating our scalable, high-performance routers and Acacia's pluggable optics, which offers significant cost savings. We are also significantly expanding our footprint with our webscale customers as they begin their 400G upgrade cycles.

Going forward, we will continue to increase our investments in key growth areas and technology shifts to help our customers succeed. Our focus areas will include hybrid cloud, hybrid work, 5G, Wi-Fi 6, edge, security, and cloud-native architectures. I firmly believe increased investments in these areas will extend our technology leadership position and help our customers identify solutions that drive speed, agility, and simplicity.

Powering an inclusive future for all— Creating positive impact

Whether it's our deep focus on delivering the best results for our customers, partners, and employees, or our commitment to making a difference in communities across the world, Cisco remains committed to our purpose: to power an inclusive future for all.

One key focus area is our commitment to creating sustainable solutions to address environmental issues that face communities around the world. For example, we've taken several actions to protect the planet and address the global climate change crisis. In September, we announced our commitments to be net zero across all scopes of greenhouse gas (GHG) emissions by 2040, which includes our product use, operations, and supply chain, and net zero across all global Scope 1 and Scope 2 GHG emissions by 2025. We have already achieved 100% renewable energy in the U.S. and in many countries across Europe and will continue to take additional steps to reduce our carbon footprint going forward. In addition, in April, the Cisco Foundation committed $100 million over 10 years to fund nonprofit grants and impact investing in climate solutions.

We also continue to remain focused on the critical need to address racial equality and social justice. This past May, we announced our commitment to invest $150 million in historically black colleges and universities by providing networking, security, and collaboration technologies, as well as IT support services, to address their cybersecurity and digital infrastructure needs.

Confidence in our future

As we look to fiscal 2022, we are excited to build on our strong momentum from this past fiscal year, with continued focus on growth, execution, and innovation. As the global recovery takes shape, we are executing on our vision of rebuilding a better world—one that is digital, sustainable, inclusive, and highly secure.

We are committed to providing our customers the technologies they need to successfully navigate highly dynamic environments at an incredibly rapid pace, and we're continuing to see strong customer appreciation of our accelerated investments in software and subscriptions. I'm more confident than ever in our position as the worldwide leader in technology that powers the internet, the digital enterprise, and the future of work, and I'm excited for the opportunities ahead.

Thank you for your continued support, and we hope you stay healthy and safe.

Chuck Robbins

Chuck Robbins
Chair and Chief Executive Officer
October 21, 2021

2021 key milestones

Achieved over 53% of subscription revenue from software and services in FY21.

Cisco is one of the top software companies in the world, with $15 billion in software revenue in FY21.

Launched our new as-a-service portfolio, Cisco Plus, and our first offer, Cisco Plus hybrid cloud.

Cisco is committing to reach net zero across all scopes of greenhouse gas (GHG) emissions by 2040.
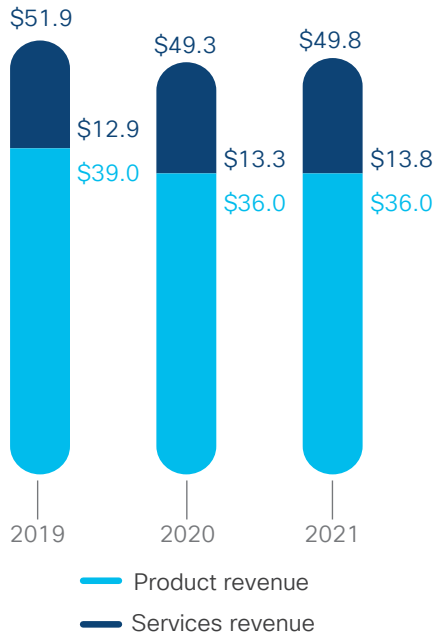
Ranked #1 Best Place to Work in the World for the past 2 years by Great Place to Work®.
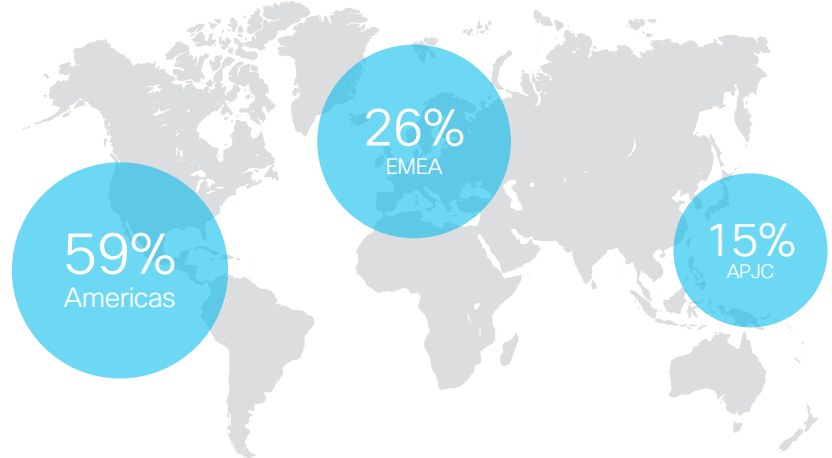
Financial highlights for fiscal 2021
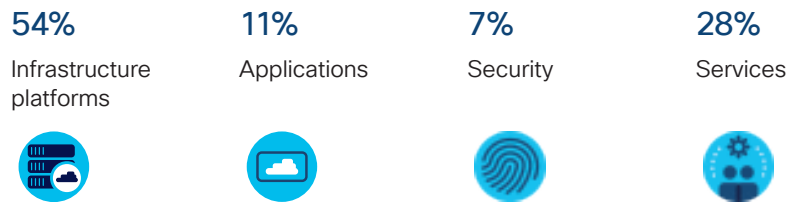
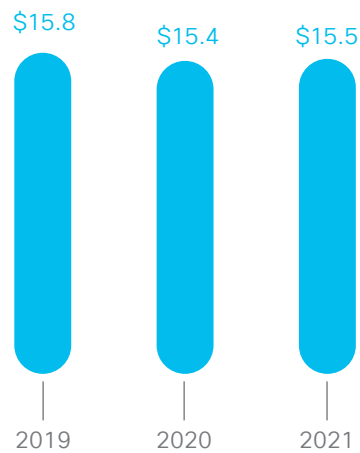All amounts on an annual basis.

Revenue trend
($B)

Year	Services	Product	Total
2019	$12.9	$39.0	$51.9
2020	$13.3	$36.0	$49.3
2021	$13.8	$36.0	$49.8

- Product revenue
- Services revenue

Revenue
by geographical segment

59% Americas

26% EMEA

15% APJC

by product category and services*

54%
Infrastructure platforms

11%
Applications

7%
Security

28%
Services

Operating cash flow
($B)

Year	Value
2019	$15.8
2020	$15.4
2021	$15.5

Margins
(%)

Year	Gross margin	Operating margin
2019	62.9%	27.4%
2020	64.3%	27.6%
2021	64.0%	25.8%

- Gross margin
- Operating margin
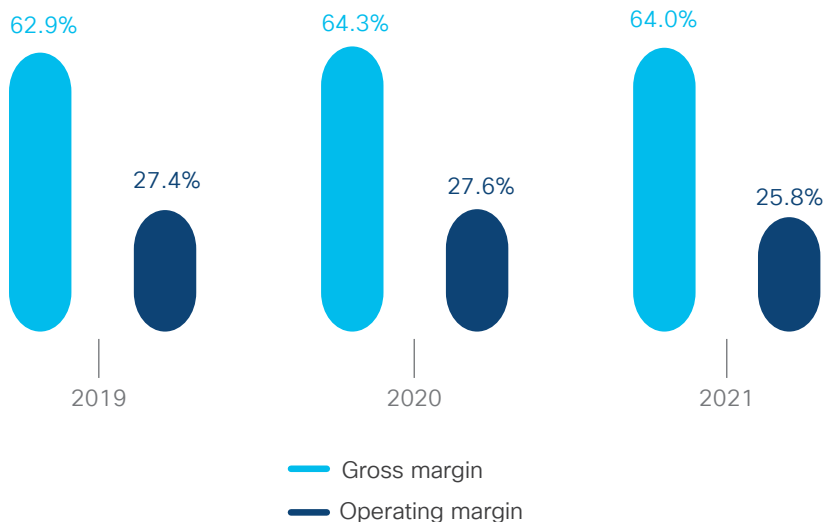
*Percentages may not equal 100% due to rounding

Capital allocation

Dividends paid per share ($)

- $1.36 — 2019
- $1.42 — 2020
- $1.46 — 2021

— Dividends paid per share
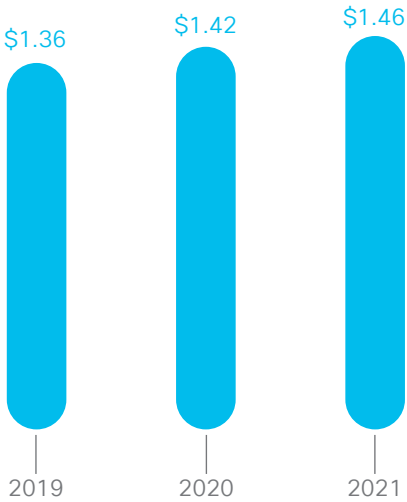
Share repurchases and diluted share count (Millions)

- 418 — 2019
- 59 — 2020
- 64 — 2021
- 4,453 / 4,254 / 4,236 (Diluted share count)
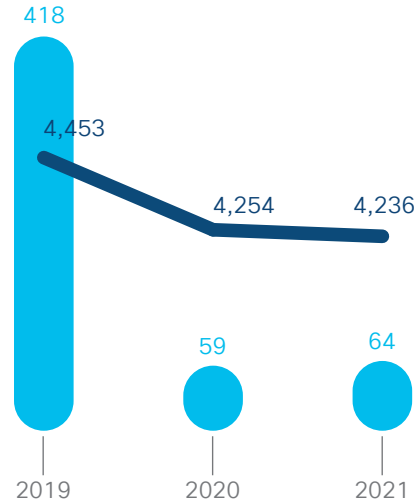
— Absolute number of shares repurchased

— Diluted share count

Primary uses of cash in FY21

15%	31%	15%
Repayment of debt	Dividends	Share repurchases

3%	36%	
Capital expenditures	Acquisitions, net	
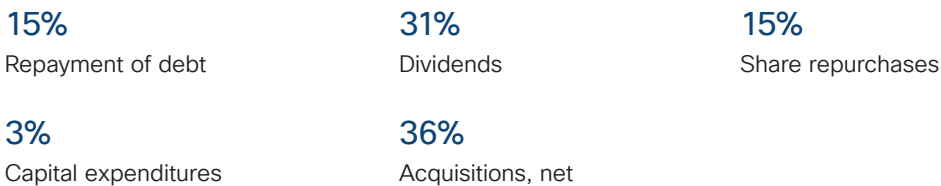
Total stockholder return

This graph shows a 5-year comparison of the cumulative total stockholder return on Cisco common stock with the cumulative total returns of the S&P 500 Index and the S&P Information Technology Index. The graph tracks the performance of a $100 investment in Cisco's common stock and in each of the indexes (with the reinvestment of all dividends). Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.

Comparison of 5-year cumulative total return*
among Cisco Systems, Inc., the S&P 500 Index, and the S&P Information Technology Index

- July 2016
- July 2017
- July 2018
- July 2019
- July 2020
- July 2021

— Cisco Systems, Inc.
— S&P 500 Index
— S&P Information Technology Index

* $100 invested on 7/30/16 in stock or index, including reinvestment of dividends. Fiscal year ending July 31, 2021.

R. Scott Herren
EVP and Chief Financial Officer

" We delivered a solid fiscal year with strong operational execution and growth in our portfolio of software and services. Software subscriptions were 79% of our software revenue and we now have over $30 billion in remaining performance obligations. Our results reflect the returns on the investments we're making in innovation and a continued shift to more software and subscriptions, driving more recurring revenue delivering growth and shareholder value. "

Cisco strategy

As our customers add billions of new connections to their enterprises, and as more applications move to a multicloud environment, the network becomes even more critical. Our customers are navigating change at an unprecedented pace. Our mission is to shape the future of the internet by inspiring new possibilities for them by helping transform their infrastructure, expand applications and analytics, address their security needs, and empower their teams.

We believe that our customers are looking for outcomes that are data-driven and provide meaningful business value through automation, security, and analytics across private, hybrid, and multicloud environments. We are focusing on four customer priorities: Reimagine Applications, Power Hybrid Work, Transform Infrastructure, and Secure the Enterprise. We are also accelerating our efforts to enable the delivery of network functionality as a service, as our customers increasingly want to consume our technologies in flexible ways. We have made the initial step with our new as-a-service portfolio, Cisco Plus, and our first offer, Cisco Plus hybrid cloud, which combines our data center compute, networking, and storage portfolio. Cisco Plus includes our plans to deliver networking as a service, which is designed to unify networking, security, and observability across access, wide area network (WAN), and cloud domains.

Our strategy is to help our customers connect, secure, and automate in order to accelerate their digital agility in a cloud-first world. To execute on our strategy and address our customer priorities, we are focusing on the following six strategic pillars: Secure, Agile Networks; Hybrid Work; Optimized Application Experiences; End-to-End Security; Internet for the Future; and Capabilities at the Edge.

Secure, Agile Networks

Build networking solutions with built-in simplicity, security, agility, and automation that can be consumed as-a-service.

Hybrid Work

Deliver highly secure access, a safer workplace, and collaboration experiences for the hybrid workforce.

Optimized Application Experiences

Enable greater speed, agility, and scale of cloud-native applications.

End-to-End Security

Build simple, integrated, and high-efficacy end-to-end security solutions, delivered on-premises or in the cloud.

Internet for the Future

Transform connectivity by efficiently meeting the ever-growing demand for low latency and higher speeds.

Capabilities at the Edge

Develop new capabilities for a distributed world while enhancing the developer experience and extending enterprise and carrier networks.

Leadership

Cisco's executive leadership team
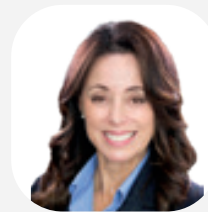
Chuck Robbins
Chair and Chief
Executive Officer

54%
diverse based
on gender or
ethnicity

Liz Centoni
EVP, Chief Strategy
Officer, and
General Manager,
Applications

Eyal Dagan
EVP, Common
Hardware Group

Jonathan Davidson
EVP and General
Manager, Cisco
Mass-Scale
Infrastructure

Gerri Elliott
EVP and Chief
Customer and
Partner Officer

R. Scott Herren
EVP and Chief
Financial Officer

Francine Katsoudas
EVP and Chief
People, Policy &
Purpose Officer

Maria Martinez
EVP and Chief
Operating Officer

Todd Nightingale
EVP and General
Manager, Enterprise
Networking & Cloud

Jeetu Patel
EVP and General
Manager, Security &
Collaboration

Mark Patterson
SVP, Chief of Staff
to the Chair
and CEO

Maria Poveromo
SVP and Chief
Communications
Officer

Dev Stahlkopf
EVP and Chief
Legal Officer

Diverse leadership

At Cisco, diversity, inclusion, and collaboration are fundamental to who we are, how we create the best teams, and how we drive success. A diverse workplace creates a vibrant culture where everyone is welcomed, respected, valued, and heard.

Cisco has signed the CEO Action for Diversity and Inclusion™ Pledge. We are delivering on this pledge by accelerating full-spectrum diversity— including gender, age, race, ethnicity, orientation, ability, nationality, religion, veteran status, background, culture, experience, strengths, and perspectives. It starts at the top in that 46% of our executive leadership team (ELT) are women and 54% are diverse in terms of gender or ethnicity, making Cisco an industry leader in ELT diversity.

Leadership@Cisco

Learn more about Cisco's executive leadership team at **https://newsroom.cisco. com/ exec-bios**.

Governance and responsibility

Cisco is committed to stockholder-friendly corporate governance, and the Board of Directors has adopted clear corporate policies that promote excellence in corporate governance.

Stockholder engagement

At Cisco, we recognize the importance of regular and transparent communication with our stockholders. Each year, we continually engage with a significant portion of stockholders that include our top institutional investors.

~27%
Stockholder engagement
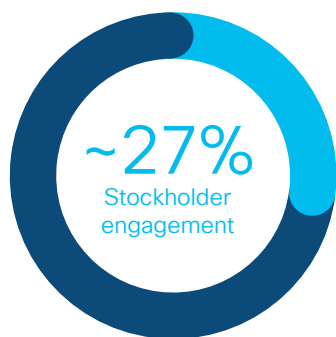
In fiscal 2021, our Chair of the Board and Chief Executive Officer, Secretary, and Investor Relations team held meetings, conference calls and/or corresponded with investors representing approximately 27% of our outstanding shares, including 65% of our top 30 stockholders.

We engaged with these stockholders on a variety of topics, including our business and long-term strategy, corporate governance and risk management practices, board leadership and refreshment, diversity, corporate social responsibility initiatives (including environmental, social, and governance matters), executive compensation program, and other matters of stockholder interest.

Consistent with feedback we received from stockholders, for fiscal 2021, we considered each executive's progress toward Cisco's ESG-related initiatives in the individual performance factors (IPF) in our Executive Incentive Plan, namely our executives' progress during the COVID-19 pandemic in promoting Cisco's Conscious Culture, an inclusive, safe, and healthy work environment in which our employees can thrive.

Risk management approach

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. Cisco's management is responsible for day-to-day risk management activities. The Board of Directors, acting directly and through its committees, is responsible for the oversight of Cisco's risk management. With the oversight of the Board of Directors, Cisco has implemented practices, processes, and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking with our efforts to increase stockholder value.

Policies and practices

We have adopted these policies and practices consistent with our commitment to transparency and best-in-class practices, as well as to ensure compliance with the rules and regulations of the SEC, the listing requirements of Nasdaq, and applicable corporate governance requirements.

- Stockholder proxy access
- Annual election of all directors (since IPO)
- Majority voting (since 2007)
- Robust Lead Independent Director role
- Stockholder right to call a special meeting (since IPO)
- No poison pill
- Recoupment/clawback policy
- Stock ownership guidelines for directors and executive officers
- Stockholder recommendations for director candidate to the Board
- Stockholder right to act by written consent (since IPO)

Board of Directors

The Board of Directors regularly discusses many core subjects with executive management, including strategy, operations, information systems, finance, and legal and public policy matters, in which risk oversight is an inherent element.

Audit Committee

The Audit Committee, which oversees financial and risk management policies, including data protection (comprising both privacy and security), receives regular reports on enterprise risk management (ERM) from the chair of the ERM operating committee and regular reports on cybersecurity from Cisco's Chief Security and Trust Officer multiple times a year.

Other committees

Other board committees oversee specific categories of risk associated with their respective areas of responsibility.

Management

Cisco's management has implemented an ERM program, managed by Cisco's internal audit function, that is designed to work across the business to identify, assess, govern, and manage risks and Cisco's response to those risks.

Cisco's internal audit function performs an annual risk assessment that is used by the ERM program. The structure of the ERM program includes both an ERM operating committee that focuses on risk management-related topics and an ERM executive committee consisting of members of executive management.

The ERM operating committee conducts global risk reviews and provides regular updates to the ERM executive committee.

Executive compensation

Our pay practices align with our pay-for-performance philosophy and underscore our commitment to sound compensation and governance practices.

These charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs[1]) as a group for fiscal 2021 and demonstrate our continued pay-for-performance philosophy.

[1] As defined in our Proxy Statement for our 2021 Annual Meeting of Stockholders

CEO

- **15%** Variable cash incentive awards (performance-based)
- **6%** Base salary
- **48%** Performance-based equity incentive awards
- **32%** Time-based equity incentive awards

NEOs other than CEO

- **9%** Variable cash incentive awards (performance-based)
- **6%** Base salary
- **46%** Performance-based equity incentive awards
- **39%** Time-based equity incentive awards

Percentages may not total 100% due to rounding.

Our executive compensation program rewards performance

- Compensation philosophy is designed to attract and retain, motivate performance, and reward achievement
- Performance measures are aligned with stockholder interests
- Majority of annual total direct compensation is performance-based
- No dividends are paid on unvested awards
- ESG performance goals are included in the variable cash incentive program

We apply leading executive compensation practices

- Independent compensation committee
- Independent compensation consultant
- Comprehensive annual compensation program risk assessment
- Caps on incentive compensation
- No employment, severance, or change in control agreements for our executive officers
- Stock ownership guidelines
- Recoupment/clawback policy

- Limited perquisites
- No single-trigger vesting of equity award grants
- No stock option repricing or cash-out of underwater equity awards
- No supplemental executive retirement plan or executive-defined benefit pension plan
- No golden parachute tax gross-ups
- Broad anti-pledging and anti-hedging policies

Board of Directors

Cisco's Board of Directors believes strongly in the value of an independent board of directors. Independent board members have consistently comprised over 75% of the members of Cisco's Board of Directors. All members of the key board committees—the Audit Committee, the Compensation and Management Development Committee, and the Nomination and Governance Committee—are independent.

M. Michele Burns
63

Independent Director
Former Chair and CEO,
Mercer LLC
Director since: 2003

Skills: 🎖 💳 🌐 ✋ 👥

Committees: **AU** | **F** CHAIR

Wesley G. Bush
60

Independent Director
Former Chair and CEO,
Northrop Grumman Corporation
Director since: 2019

Skills: 🎖 💳 🌐 💻 👥 📢

Committees: **C** | **F**

Michael D. Capellas
67

Lead Independent Director
Founder and CEO,
Capellas Strategic Partners
Director since: 2006

Skills: 🎖 💳 🌐 💻 👥 📢

Committees: **N** CHAIR | **AQ** CHAIR

Mark Garrett
63

Independent Director
Former CFO,
Adobe Systems Incorporated
Director since: 2018

Skills: 🎖 💳 🌐 💻 👥

Committees: **AU** CHAIR | **N**

John D. Harris II
60

Independent Director
Former Vice President of
Business Development,
Raytheon Company
Director since: 2021

Skills: 🎖 🌐 ✋ 👥 💻 📢 💳

Committees: **F**

Dr. Kristina M. Johnson
64

Independent Director
President,
The Ohio State University
Director since: 2012

Skills: 🎖 💳 ✋ 👥 💻 🎓

Committees: **C** | **F**

Roderick C. McGeary
71

Independent Director
Former Vice Chair,
Consulting KPMG LLP
Director since: 2003

Skills: 🎖 💳 🌐 💻 👥

Committees: **AU** | **C** CHAIR | **N**

Charles H. Robbins
55

Chair and Chief Executive Officer
Director since: 2015
Chair since: 2017

Skills: 🎖 🌐 👥 💻 📢

Brenton L. Saunders
51

Independent Director
Executive Chair,
The Beauty Health Company
Director since: 2017

Skills: 🎖 💳 🌐 👥 📢

Committees: **C** | **AQ**

Dr. Lisa T. Su
51

Independent Director
President and CEO,
Advanced Micro Devices, Inc.
Director since: 2020

Skills: 🎖 🌐 ✋ 👥 💻 📢

Committees: **AQ**

Marianna Tessel
53

Independent Director
Executive Vice President and
Chief Technology Officer, Intuit Inc.
Director since: 2021

Skills: 🎖 🌐 ✋ 💻

Committees: **AQ**

Key to committees

AU	Audit Committee
AQ	Acquisition Committee
N	Nomination and Governance Committee
F	Finance Committee
C	Compensation and Management Development Committee

The role of the Board of Directors in strategy

One of the Board's key responsibilities is overseeing management's formulation and execution of Cisco's strategy. Throughout the year, our CEO, the executive leadership team, and other leaders from across the company provide detailed business and strategy updates to the Board. During these reviews, the Board engages with the executive leadership team and other business leaders regarding various topics, including business strategy and initiatives, capital allocation, portfolio updates, the competitive landscape, talent and culture including inclusion and diversity, ESG concerns including human rights implications of Cisco product development and sales, our environmental impact, and regulatory developments. Additionally, on an annual basis, the Board reviews and approves Cisco's financial plan. The Lead Independent Director also chairs regularly scheduled executive sessions of the independent directors, without Cisco management present, during which Cisco's strategy is reviewed and other topics are discussed.

Board snapshot

Gender diversity

36% Women
64% Men

Race/ethnicity diversity

82% White
9% African American or Black and Native American
9% Asian

Sexual orientation diversity

18% LGBTQ+

Director tenure

7 Director 0-7 years
1 Director 8-14 years
3 Director 15+ years

Board governance structure

10 Independent
1 Non-independent

Board skills and attributes

Leadership		11
Sales and marketing		6
Academia		1
Technology		9
Gender/ethnic/racial/sexual orientation diversity		5
Financial experience		8
Public company board experience		10
Global business		10

Corporate social responsibility

Technology has the potential to create opportunities—or deepen inequalities. Cisco believes that technology, when thoughtfully and strategically applied, can help address inequities; bring positive, lasting change to people's lives and communities; and benefit the planet. We have a purpose to Power an Inclusive Future for All. We announced this purpose in 2020 and developed a framework for how we can fulfill this purpose through our technology, actions, and intentions. Throughout our upcoming fiscal 2021 Purpose Report, which is expected to be published in December 2021, we share how Cisco has helped to bring this purpose to life. Our corporate social responsibility (CSR) reporting describes our commitments, goals, progress, and impact for the environmental, social, and governance (ESG) topics that are significant to Cisco and our stakeholders.

CSR governance and management

Cisco Corporate Affairs leads our social investment programs and champions our commitment to CSR performance and transparency. This team engages with internal and external stakeholders, leads our ESG materiality assessment,[1] and stewards CSR reporting activities, which are aligned with standards set by the Global Reporting Initiative (GRI). Additionally, to improve ease of use and comparability with peers, Cisco plans to index its 2021 Purpose Report against frameworks from GRI, the Value Reporting Foundation (SASB Standards), the Task Force on Climate-related Financial Disclosures, and the UN Sustainable Development Goals, where applicable. The Corporate Affairs team also works cross-functionally to help determine CSR priorities and drives the process for CSR governance across business functions. The Nomination and Governance Committee of the Board reviews Cisco's policies and programs concerning corporate social responsibility, including ESG matters. This structure is designed to ensure that we prioritize the right ESG issues as a company, and that we stay on track with our commitments.

Board of Directors

Nomination and Governance Committee

Reviews Cisco's policies and programs concerning corporate social responsibility, including environmental, social, and governance matters.

Other board committees

- Acquisition
- Audit
- Finance
- Compensation and Management Development

Corporate CSR

Champion Cisco's company-wide commitment to CSR performance and transparency

Business functions and cross-functional groups

Conduct due diligence and implement policies and programs for specific CSR focus areas

Governance, Risk, and Controls

Champion enterprise risk management (ERM) efforts across the business to identify, assess, and manage risks

CSR focus areas*

- Climate change and GHGs
- Inclusion and diversity
- Corporate governance
- Human rights and working conditions in the supply chain
- Business ethics
- Data security and privacy
- Innovation and responsible technology
- Employee health and safety and labor rights
- Circular design and lifecycle management
- Operational waste
- Environmental protection
- Water
- Talent
- Employee well-being
- Community impact
- Digital Inclusion
- Critical human needs and disaster relief
- Economic empowerment

---

* These CSR focus areas are the topics identified in our FY21 ESG materiality assessment.[1]

[1] ESG materiality, as used in this 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 this report and for purposes of determining our ESG strategy may not be considered material for SEC reporting purposes, nor does inclusion of information in this report indicate that the topic or information is material to Cisco's financial condition or results of operations.

Cisco's efforts to deliver on our stated purpose to Power an Inclusive Future for All are organized into several ESG topics. From the technology that helps securely power the world's connectivity (Power), to driving fairness, inclusion, and equitable opportunity (Inclusive), and helping to ensure a sustainable and regenerative planet (Future).

Power

Over 85% of the world's web traffic travels securely across Cisco connections. Our software and solutions protect the data of millions of users within public sector organizations and businesses of all sizes, including 98% of the Fortune 500.

At Cisco, we hold ourselves to the highest standards of business conduct. This requires applying leading security and privacy practices and global principles of human rights to the design, sourcing, manufacturing, and sale of our solutions and working to integrate a human rights perspective across Cisco's global business. Cisco earns trust by striving to operate with transparency, fairness, accountability, and integrity in every aspect of our business. The pandemic has intensified the importance of all these issues. Digital, cloud-first, and remote/hybrid work are now the default for many organizations, and advanced networks are essential for business resiliency and reliability.

Earning and upholding stakeholder trust goes beyond the integrity of solutions and networks. It also speaks to our financial transparency and high standards of ethical conduct. Cisco has forged trusted relationships among global stakeholders.

Cisco works to ensure that our products are made responsibly, consistent with Cisco's values. We expect our manufacturing partners and suppliers to uphold Cisco's standards for labor, health and safety, environment, and ethics. We are a founding member of the Responsible Business Alliance (RBA) and have long adopted the RBA Code of Conduct as our Supplier Code of Conduct. We maintain high expectations of our global network of suppliers, engaging closely with them to protect human rights, promote health and well-being, and extend economic opportunity. We assess our suppliers' conformance to our policies through risk assessments, audits, and targeted engagements. If suppliers do not meet our standards, we work with them to improve and hold them accountable to achieve that improvement. We also implement targeted initiatives to address identified areas of risk or opportunities to deliver benefit. This work in our supply chain is a core element of our commitment to corporate social responsibility.

Inclusive

We power inclusivity through our Conscious Culture and social impact initiatives. Our Conscious Culture informs all aspects of the Cisco employee experience—from how we support employees across the full spectrum of diversity to how we engage teams and give back to communities. It is a set of expectations, principles, and measures that we believe best define Cisco's values, beliefs, and ethos. Our values and expectations are laid out in our Code of Business Conduct. Every employee must certify compliance with the code each year to help ensure integrity in the workplace and the ethical use of data and resources, and to help prevent conflicts of interest. Living a Conscious Culture requires us to act with dignity, respect, fairness, and equity in each of our interactions with one another, building a culture that allows us to become a catalyst for social change.

Diversity, equity and inclusion, and talent and culture highlights

Global employees (based on FY2020 data)

27% Women

73% Men
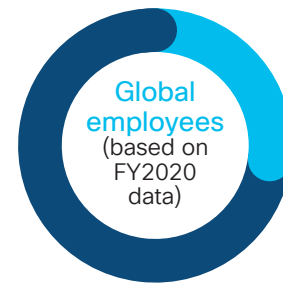
- At Cisco, it starts at the top: 46% of our ELT are women and 54% are diverse in terms of gender or ethnicity. With respect to our Board of Directors, 36% are women, 64% are men, 9% are Asian, 9% are African American or Black, and Native American, 82% are White, and 18% are diverse in terms of sexual orientation.

- Based on our annual fiscal 2020 data, our global employee base was comprised of 27% women and 73% men, and our U.S. employee base was comprised of the following ethnicities: 51.8% White/Caucasian, 36.5% Asian, 5.8% Hispanic/Latinx, 4.1% African American/Black, 1.4% two or more races (not Hispanic or Latinx), and 0.4% additional groups (including American Indian, Alaska Native, and Native Hawaiian or other Pacific Islander).

- Cisco has signed the CEO Action for Diversity and Inclusion Pledge.

- We announced our Social Justice Beliefs, which includes a set of actions including our response to systemic racism and a commitment to be antiracist in all forms.

- We continued to offer employees "A Day for Me," which were paid days off that allowed for each individual to recharge and rest.

- Approximately 2 million Team Space Check-Ins by our employees in fiscal 2021, reflecting 85% of employees submitting Team Space Check-Ins.

When people are respected for who they are and encouraged to seek balance between work and personal life, we believe they are more productive and successful in their jobs and able to give their best to their families and communities. In fiscal 2017, we set a goal to achieve 80% employee participation in community impact by 2020. We achieved that goal last year and sustained it through fiscal 2021. We were honored to be ranked number 1 on the Great Place to Work® list of the World's Best Workplaces in 2020, with 93% of employees surveyed saying Cisco is a great place to work.

This year, we continued our momentum and growth in the diversity of our workforce. We have continued to make significant gains in diverse talent even while we continue to navigate the challenges and impacts of the pandemic. Of special note is the accelerated progress Cisco is making in attracting African American/Black talent at both the non-executive and Director/VP levels.

Since we announced our Social Justice Beliefs in September 2020, we have launched 12 subsequent actions in support of and solidarity with the Black community. Our Social Justice Beliefs provide a blueprint for how we respond to injustice and address inequity, not just now, but in the future, when we see injustice and systemic inequality happening for any community across the full spectrum of diversity. This year, we launched the Inclusive Future Action Office to accelerate Cisco's priorities in this area. Our Inclusive Future Action Office will help us be relentless in our progress and will support teams in expanding their impact.

Cisco has always been committed to compensating our employees fairly and equitably. We are a founding signer of the White House Equal Pay Pledge and the Parity.org pledge, and we are leading the charge to make fair pay a reality for all employees through the Employers for Pay Equity Consortium. We have also introduced an innovative and inclusive framework that provides us powerful analytics to evaluate our complex compensation system. For example, by using these powerful analytics, we are able to test for pay parity on a regular basis, and when gaps are found, we strive to correct them.

At its core, to Power an Inclusive Future for All means helping the underserved and most vulnerable. Cisco believes that technology can be used to help solve our greatest social challenges, such as addressing critical human needs and disaster relief, economic inequality, digital inclusion, and education, including training in digital skills. Cisco set a goal in 2016 to positively impact one billion people by 2025 through our social impact grants and signature CSR programs.[2] We cannot create this future on our own, so we engage with nonprofit partners to invest in early-stage solutions and form long-term partnerships that allow organizations to put technology to its highest and best use.

Cisco has a proud legacy of leading the private sector in responding to humanitarian challenges. In fiscal 2021, we merged two existing functions within Cisco—the Critical Human Needs portfolio team and the Tactical Operations (TacOps) team—to form Cisco Crisis Response (CCR). CCR brings together our Critical Human Needs investment portfolio, which provides cash and product grants to organizations responding to humanitarian crises and natural disasters, with our Cisco TacOps team, which, since 2005, has responded to more than 60 worldwide incidents, from natural disasters to forced mass migration, providing free crisis communication networks to support recovery.

We are also teaching IT skills to millions of students every year through the Cisco Networking Academy. In fiscal 2021, three million people participated in Cisco Networking Academy courses in 180 countries, bringing the total to 15 million students since inception. We also expanded the Cisco Networking Academy by launching Skills for All, a mobile-first platform offering learners a personalized pathway to entry-level technology jobs.

Future

Environmental sustainability is foundational to creating a more inclusive world. Since 2006, Cisco has been driving meaningful change by reducing emissions associated with our operations, product use, and supply chain. We are also helping to ensure sustainable use of resources by continuing to apply circular economy principles to the entire lifecycle of our products, and by being responsible stewards of the natural resources we all share, like water and air.

Addressing climate change

In early fiscal 2022, we committed to reach net zero for greenhouse gas (GHG) emissions across all scopes by 2040, 10 years ahead of when climate scientists say the planet must reach net zero to avoid the worst impacts of climate change.

FUTURE
Selected goals

Net zero
for GHG emissions by 2040 and for all global Scope 1 and Scope 2 GHG emissions by 2025

30%
absolute reduction in Cisco's supply chain Scope 3 GHG emissions by FY30 (FY19 baseline)

77% to 87%
improvement in large rack-mounted equipment system power efficiency by FY22 (FY16 baseline)

[2] Some of our social impact grantees receive funding from other organizations. Recently Cisco completed an external limited assurance review of our progress toward this goal. For more information see the **criteria** document and **assurance report** available at **csr.cisco.com**.

Cisco's net zero goal will be supported by near-term targets, including to reach net zero for all global Scope 1 and Scope 2 emissions by 2025.

Strategies Cisco has adopted to get to net zero include:

- Continuing to increase the energy efficiency of our products
- Accelerating our use of renewable energy
- Embracing hybrid work
- Investing in carbon removal solutions
- Further embedding sustainability and circular economy principles across our business

Cisco has been setting and achieving emissions reduction goals since 2006 and is currently working toward targets to reduce emissions from our operations, products, and supply chain. Our fiscal 2022 targets covering Scope 1 and 2 emissions are approved by the Science Based Targets initiative (SBTi) and are consistent with reductions required to keep global warming to well below 2°C. We met these targets one year early and will now turn our attention to our 2025 Scope 1 and 2 targets.

Measuring and managing environmental performance extends to Cisco's global supply chain operations. Active engagement with suppliers is helping us make progress toward our goals to have suppliers set their own absolute GHG emissions reduction targets and reduce Cisco's absolute supply chain-related Scope 3 GHG emissions.

The largest portion of Cisco's carbon footprint is from the operation of our products by our customers. Cisco has set a goal to improve large rack-mounted equipment system power efficiency by 77% to 87% by fiscal 2022 (fiscal 2016 baseline). This improvement will help reduce our customers' operating expense and Cisco's carbon footprint. As we have done over the course of many years, we will continue to invest in key engineering initiatives to help drive progress in this area.

Additionally, Cisco is helping innovators and communities around the world explore solutions and respond to the consequences of a changing climate. In April 2021, the Cisco Foundation announced a 10-year, $100 million commitment to fund nonprofit grants and impact investing in climate solutions. This new funding portfolio will support strong initiatives to spur community engagement and innovative solutions that

are designed to draw down the carbon already in the atmosphere or regenerate depleted ecosystems. Also in fiscal 2021, we offered the first ever Greenhouse Gas Solutions Prize in our annual Cisco Global Problem Solver Challenge. Through this program, Cisco awards cash prizes to early-stage startups using technology to address environmental and social challenges.

Circular economy

Making the world a better place with technology begins with how that technology is designed, made, used, and reused. For decades, the global economy has been based on a "take-make-dispose" model, where products are manufactured from virgin materials, purchased, and then discarded. This linear model is not sustainable. It depletes scarce natural resources, creates too much waste, and produces carbon emissions that contribute to climate change.

Cisco has been working and continues to work to integrate circular economy principles across our business. In addition to making our products more energy efficient, we are designing them to reduce the environmental impacts of their manufacture and to better facilitate repair and remanufacturing—with the goal to maximize reuse of products and materials. We continue to make progress on our Platform for Accelerating the Circular Economy (PACE) Capital Equipment Pledge, signed by CEO Chuck Robbins in 2018, committing to 100% product return upon request, at no cost to our customers. This builds on almost two decades of programs to facilitate product returns for reuse and recycling, offer comprehensive service and repair, and remanufacture used equipment for sale through Cisco Refresh. We continue to work to improve the customer experience to drive increased product returns at end of use, and expand business and as-a-service models to facilitate return and reuse.

Cisco's technology and solutions also enable customers to derive value from a circular model and achieve their own environmental sustainability goals. The physical mechanics of the circular economy—for example, remanufacturing and recirculating products or improving infrastructure in cities to minimize resource use and waste—are enabled by digital technology. Collaborating with our customers and other stakeholders is essential to achieving a circular economy.
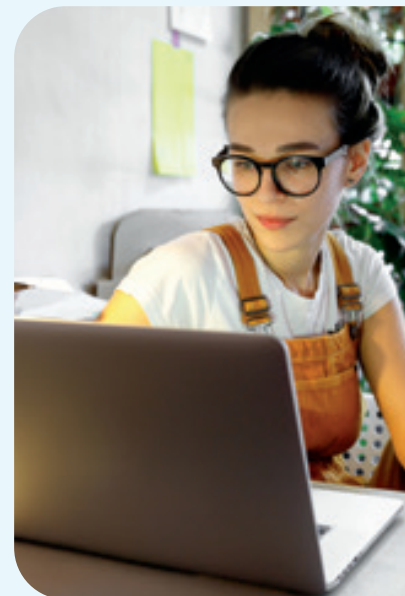
The industry in which we compete is characterized by rapidly changing technology, a large number of patents, and frequent claims and related litigation regarding patent and other intellectual property rights. There can be no assurance that our patents and other proprietary rights will not be challenged, invalidated, or circumvented; that others will not assert intellectual property rights to technologies that are relevant to us; or that our rights will give us a competitive advantage. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws of the United States. The risks associated with patents and intellectual property are more fully discussed in "Item 1A. Risk Factors," including the risk factors entitled "Our proprietary rights may prove difficult to enforce," "We may be found to infringe on intellectual property rights of others," and "We rely on the availability of third-party licenses."

Environmental Sustainability

Sustainability and protecting the environment are both top priorities for Cisco. We have set long-term goals to address the environmental impacts from our products and business operations.
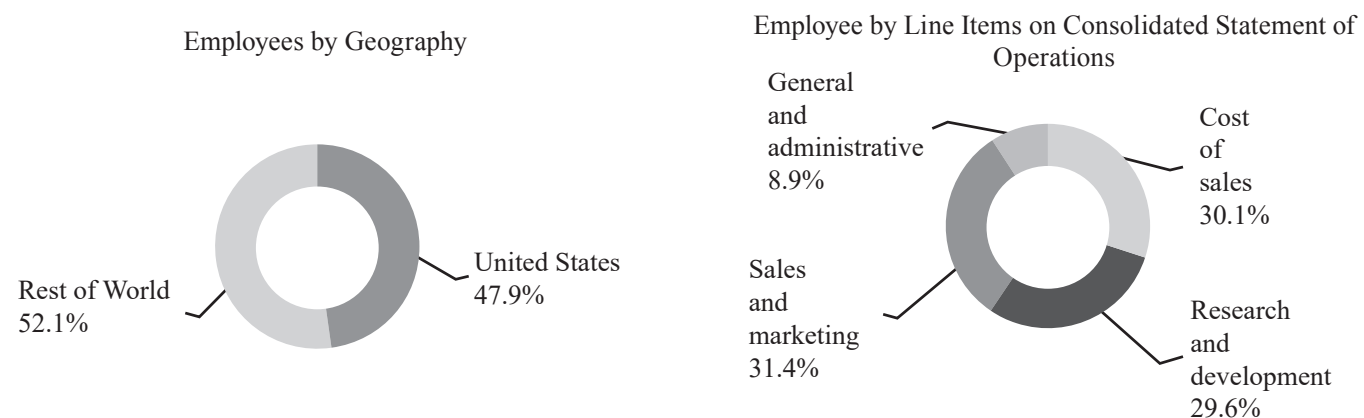
We strive to reduce the impacts of our operations and supply chain, help our customers decrease greenhouse gas (GHG) emissions, and support our communities experiencing direct effects of a changing climate by, among others:

- Continuing to invest in renewable energy, including investments in solar and wind energy;

- Designing our products and packaging for reuse, repair, recycling, and resource efficiency and managing our equipment for multiple lifecycles;

- Enhancing our Webex and other remote collaboration tools;

- Investing in projects to improve the efficiency of our offices, labs, and data centers worldwide;

- Working with our component suppliers, manufacturing partners, and logistic providers to reduce emissions and set targets for absolute GHG emissions reductions;

- Helping our employees to engage with events and opportunities to raise awareness and create a sense of community around sustainability; and

- Providing critical connectivity in the aftermath of natural disasters.

Talent and Culture

At Cisco, we value our people, our technology, and changing the world for the better with a focus on creating a more inclusive future. Our goal is to attract, retain, and develop talent in order to help our customers connect, secure and automate to accelerate their digital agility in a cloud-first world. Our relationship with our employees is one of mutual benefit, our employees bring talent and ingenuity to everything we do. In turn, we provide employees meaningful careers and development opportunities. As a testament to this, Cisco has been named as the number one place to work on the "World's Best Workplaces List" by *Great Places to Work* and *Fortune Magazine* for 2019 and 2020.

As of July 31, 2021, we had approximately 79,500 full-time employees and they are categorized as follows:

Employees by Geography

Employee by Line Items on Consolidated Statement of Operations

Employees by Geography: Rest of World 52.1%; United States 47.9%

Employee by Line Items on Consolidated Statement of Operations: General and administrative 8.9%; Cost of sales 30.1%; Research and development 29.6%; Sales and marketing 31.4%

We have a responsibility to support our employees through times of change and enable them to be their best. We do this by fostering a Conscious Culture. Living a Conscious Culture requires us to act with dignity, respect, fairness, and equity in each of our interactions with one another, building a culture that allows us to become a catalyst for social change. By intentionally creating and cultivating an inclusive work environment where employees can thrive, we believe Cisco is helping to bring about a better world.

Inclusion & Diversity

Inclusion and diversity are core components in our Conscious Culture. Inclusivity is our strength and our priority. We want every employee to feel valued, respected, and heard. We are prioritizing inclusion and diversity across the company, recognizing that connecting people of all experiences and backgrounds allows us to innovate and collaborate. In order to continue accelerating diversity and finding extraordinary talent, we have designed a framework that includes: introducing new tools and technologies to help accurately map the talent market, creating job roles that attract highly qualified diverse candidates, and expanding the diversity within our interview panels.

We currently have a total of 29 Inclusive Communities comprised of 11 Employee Resource Organizations and 18 Employee Networks supporting full-spectrum diversity globally, including gender, ethnicity, race, orientation, age, ability, veteran status, religion, culture, background, as well as varied experiences, strengths, and perspectives. These thriving communities continue to be a source of strength and support for employees, and they help to foster a more conscious culture by providing opportunities for proximity and learning.

Cisco has signed the CEO Action for Diversity and Inclusion Pledge. The CEO Action for Diversity & Inclusion Pledge is a CEO-driven business commitment to drive measurable action and meaningful change in advancing diversity, equity and inclusion in the workplace. We are delivering on this pledge by accelerating full-spectrum diversity — including gender, age, race, ethnicity, orientation, ability, nationality, religion, veteran status, background, culture, experience, strengths and perspectives. At Cisco, it starts at the top: 46% of our Executive Leadership Team (ELT) are women and 54% are diverse in terms of gender or ethnicity.

We publish certain gender diversity and ethnic diversity workforce data annually. Across our global company, we have driven broad improvements in overall workforce diversity. Based on our annual fiscal 2020 data, our global employee base was 27% female and 73% male, and our U.S. employee base was comprised of the following ethnicities: 51.8% White/Caucasian, 36.5% Asian, 5.8% Hispanic/Latino, 4.1% African American/Black, 1.4% two or more races (Not Hispanic or Latino), and 0.4% additional groups (including American Indian, Alaska Native, Native Hawaiian or Other Pacific Islander).

With respect to social justice, Cisco is taking a stand and partnering across the globe to multiply our positive impact throughout our communities. In September 2020, we announced our Social Justice Beliefs & Actions, which is our blueprint for how Cisco will show up when we see inequality and injustice in the world.

This work is part of a plan for Cisco to drive transformational, generational impact for vulnerable communities. Our Inclusive Future Action Office helps drive progress and excellence in our strategic actions in this area, which are designed to address the broader ecosystem including our employees, partners, customers and suppliers.

At present, our Inclusive Future Action Office is focused on driving impacts through our strategic actions in the African American/Black community, but these actions will be the blueprint for how we help address inequity in communities around the world in the future. We are creating actions that can be replicated and scaled and are designed to cover the full spectrum of diversity, inclusive of gender, generation, race, ethnicity, orientation, ability, nationality and background - the foundation of our Conscious Culture.

Compensation and Benefits

Our total compensation philosophy is designed to attract, reward & retain talent. It provides market competitive, performance-based compensation aligned with each employee's contribution and impact to the value we drive to our customers, partners and stockholders. We reward and recognize our employees for effecting innovation, collaboration, profitability, and growth within our geographies, product lines, and functions.

Cisco has always been committed to compensating our employees fairly and equitably. We are a founding signer of the White House Equal Pay Pledge and the Parity.org pledge, and we are leading the charge to make fair pay a reality for all employees through the Employers for Pay Equity Consortium. We have also introduced an innovative and inclusive framework that provides us powerful analytics to evaluate our complex compensation system. For example, by using these powerful analytics, we are able to test for pay parity on a regular basis, and when gaps are found, we strive to correct them.

Health & Well-being

We have an ongoing commitment to focus on the health, safety, and well-being of our employees. We provide our employees and their families high-quality, flexible and convenient benefits and resources for their physical, mental, and financial well-being. Since the start of the COVID-19 pandemic, employees have continually had to focus on how to balance careers and personal lives, all while managing their own physical, emotional, and financial health. During fiscal 2021, most of our global workforce was working from home. In addition, we are moving towards a hybrid work model, giving our employees the flexibility to work

offsite or onsite Cisco locations. We developed a COVID-19 response and recovery strategy with a focus on both physical and mental health, recognizing the need to create an environment where employees can speak openly about mental health. In fiscal 2021, we continued to offer employees "A Day for Me," which were paid days off that allowed for each individual to recharge and rest.

Employee Development

We believe in open-ended, self-directed learning, understanding that each individual knows what skills and resources they need to succeed. We encourage employees to explore job roles outside of their daily work and encourage everyone to harness their strengths and improve the way we all work. Employees choose their own path and we support that choice by providing them tools and resources to help them achieve their career goals.

Employee Engagement

We believe that strong communication is key in our Conscious Culture. This communication includes regular, virtual all hands, which we refer to as a "Cisco Check-In," and weekly team leader check-ins, which we refer to as a "Team Space Check-In." Our regular virtual Cisco Check-Ins were initially launched with a focus on sharing medical information at the start of the COVID-19 pandemic. The Cisco Check-Ins have since evolved into a forum where we can discuss much more with our employees, from business updates to social justice to physical and mental health.

In fiscal 2021, we have seen high level of employee engagement. For example, there were approximately 2 million Team Space Check-Ins by our employees in fiscal 2021, reflecting 85% of employees submitting Team Space Check-Ins. Employees also participate in our global Engagement Pulse Survey and the Real Deal Survey. These surveys allow our employees to provide confidential feedback on our culture, company strategy and trust in their direct leaders.

CSR Impact Report

Additional information regarding Cisco's activities related to its people and Corporate Social Responsibility (CSR), as well as our workforce diversity data, can be found in our CSR Impact Report and related supplemental information, which are located on our ESG Reporting Hub at https://www.cisco.com/c/m/en_us/about/csr/esg-hub.html. The contents of our CSR Impact Report and related supplemental information are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

Information about our Executive Officers

The following table shows the name, age, and position as of August 31, 2021 of each of our executive officers:

Name	Age	Position with the Company
Charles H. Robbins	55	Chair and Chief Executive Officer
Gerri Elliott	65	Executive Vice President and Chief Customer and Partner Officer
R. Scott Herren	59	Executive Vice President and Chief Financial Officer
Maria Martinez	63	Executive Vice President and Chief Operating Officer
Deborah L. Stahlkopf	51	Executive Vice President and Chief Legal Officer

Mr. Robbins serves as our Chief Executive Officer since July 2015, as a member of the Board of Directors since May 2015, and as Chair of the Board since December 2017. Mr. Robbins joined Cisco in December 1997, from which time until March 2002 he held a number of managerial positions within Cisco's sales organization. Mr. Robbins was promoted to Vice President in March 2002, assuming leadership of Cisco's U.S. channel sales organization. Additionally, in July 2005, Mr. Robbins assumed leadership of Cisco's Canada channel sales organization. In December 2007, Mr. Robbins was promoted to Senior Vice President, U.S. Commercial, and, in August 2009 he was appointed Senior Vice President, U.S. Enterprise, Commercial and Canada. In July 2011, Mr. Robbins was named Senior Vice President, Americas. In October 2012, Mr. Robbins was promoted to Senior Vice President, Worldwide Field Operations, in which position he served until assuming the role of Chief Executive Officer. Mr. Robbins is also a member of the board of directors of BlackRock, Inc (since 2017).

Ms. Elliott joined Cisco in April 2018 and serves as our Executive Vice President and Chief Customer and Partner Officer. Ms. Elliott is a former Executive Vice President of Juniper Networks, Inc. ("Juniper"), where she served as Executive Vice President and Chief Customer Officer from March 2013 to February 2014, Executive Vice President and Chief Sales Officer from July 2011 to March 2013, and Executive Vice President, Strategic Alliances from June 2009 to July 2011. Before joining Juniper, Ms. Elliott held a series of senior executive positions with Microsoft Corporation ("Microsoft") from 2001-2008, including as Corporate Vice President of Microsoft's Industry Solutions Group, Worldwide Public Sector and North American Enterprise Sales organizations. Prior to joining Microsoft, Ms. Elliott spent 22 years at International Business Machines Corporation ("IBM"), where she held several senior executive positions both in the U.S. and internationally. Ms. Elliott is a member of the board of directors of Whirlpool Corporation (since 2014) and Marqeta, Inc. (since 2021).

Mr. Herren joined Cisco in December 2020 and serves as our Executive Vice President and Chief Financial Officer. Prior to joining Cisco, Mr. Herren served as Senior Vice President and Chief Financial Officer of Autodesk, Inc. ("Autodesk") since November 2014. Prior to joining Autodesk, Mr. Herren served as Senior Vice President of Finance at Citrix Systems, Inc. ("Citrix") from September 2011 to October 2014, and in a variety of other leadership roles after joining Citrix in March 2000, including as Vice President and Managing Director for EMEA and Vice President and General Manager of Citrix's virtualization systems group. Before joining Citrix, Mr. Herren spent over 15 years in senior strategy and financial positions at FedEx Corporation and IBM.

Ms. Martinez joined Cisco in April 2018 and served as our Executive Vice President and Chief Customer Experience Officer until her appointment as our Executive Vice President and Chief Operating Officer in March 2021. Prior to joining Cisco, Ms. Martinez served in a variety of senior executive roles at salesforce.com, inc. ("Salesforce"), including as President, Global Customer Success and Latin America from March 2016 to April 2018; President, Sales and Customer Success from February 2013 to March 2016; Executive Vice President and Chief Growth Officer from February 2012 to February 2013; and as Executive Vice President, Customers for Life from February 2010 to February 2012. Ms. Martinez's experience prior to Salesforce includes serving as Corporate Vice President of Worldwide Services at Microsoft, President and Chief Executive Officer of Embrace Networks, Inc. and various senior leadership roles at Motorola, Inc. and AT&T Inc./Bell Laboratories. Ms. Martinez is a member of the board of directors of McKesson Corporation (since 2019).

Ms. Stahlkopf joined Cisco in August 2021 and serves as our Executive Vice President and Chief Legal Officer. Prior to joining Cisco, Ms. Stahlkopf spent 14 years at Microsoft, where she served most recently as Corporate Vice President, General Counsel and Corporate Secretary, Corporate, External and Legal Affairs from April 2018 to July 2021. Ms. Stahlkopf also served in other leadership roles at Microsoft, including as Vice President and Deputy General Counsel from December 2015 to April 2018 and as Associate General Counsel from December 2010 to December 2015. Prior to joining Microsoft, Ms. Stahlkopf practiced law at Perkins Coie LLP and Cooley Godward LLP.

Item 1A.   Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report.

Risks Related to our Business and Industry

Our business, results of operations and financial condition have been adversely affected and could in the future be materially adversely affected by the COVID-19 pandemic.

The COVID-19 pandemic and the resulting containment measures have caused economic and financial disruptions globally, including in most of the regions in which we sell our products and services and conduct our business operations. In the second half of fiscal 2020, the COVID-19 pandemic had an impact on our financial results and business operations, with a significant impact in the third quarter of fiscal 2020 on our supply chain where we saw manufacturing challenges and component constraints. We continue to address these supply chain challenges and cost impacts, which we expect will continue at least through the first half of fiscal 2022 and potentially into the second half of fiscal 2022. The magnitude and duration of the disruption, its continuing impact on us, and resulting decline in global business activity is uncertain. These disruptions include the unprecedented actions taken to try to contain the pandemic such as travel bans and restrictions, business closures, and social distancing measures, such as quarantines and shelter-in-place orders.

The COVID-19 pandemic and the responsive measures taken in many countries have adversely affected and could in the future materially adversely affect our business, results of operations and financial condition. Shelter-in-place orders and other measures, including work-from-home and other policies implemented to protect workers, has and could in the future impact our supply chain. Such disruptions may continue, or worsen, in the future. In addition, current and future restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures, can also impact our ability to meet customer demand and could materially adversely affect us. Our customers have also experienced, and may continue to experience, disruptions in their operations, which can result in delayed, reduced, or canceled orders, and increased collection risks, and which may adversely affect our results of operations. The COVID-19 pandemic may also result in long-term changes in customer needs for our products and services in various sectors, along with IT-related capital spending reductions, or shifts in spending focus, that could materially adversely affect us if we are unable to adjust our product and service offerings to match customer needs.

The recent shift to a remote working environment also creates challenges. For example, governmental lockdowns, restrictions or new regulations has and could in the future impact the ability of our employees and vendors to work with the same speed and productivity in certain areas, even as other areas do not see negative impact. The extent and/or duration of ongoing workforce

restrictions and limitations could impact our ability to enhance, develop and support existing products and services, and hold product sales and marketing events to the extent we were able to previously. In addition, malefactors are seeking to use the COVID-19 pandemic to launch new cyber-attacks. The COVID-19 pandemic has also led to increased disruption and volatility in capital markets and credit markets. The pandemic and resulting economic uncertainty could adversely affect our liquidity and capital resources in the future. The inputs into certain of our judgments, assumptions, and estimates considered the economic implications of the COVID-19 pandemic on our critical and significant accounting estimates. The actual results that we experience may differ materially from our estimates. As the COVID-19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve our estimates may change materially in future periods.

We are continuing to monitor the pandemic and take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The extent of the impact of the COVID-19 pandemic on our operational and financial performance is currently uncertain and will depend on many factors outside our control, including, without limitation, the timing, extent, trajectory and duration of the pandemic, the development and availability of effective treatments and vaccines, the imposition of protective public safety measures, and the impact of the pandemic on the global economy. Potential negative impacts of these external factors include, but are not limited to, material adverse effects on demand for our products and services; our supply chain and sales and distribution channels; collectability of customer accounts; our ability to execute strategic plans; impairments; and our profitability and cost structure. To the extent the COVID-19 pandemic adversely affects our business, results of operations and financial condition, it may also have the effect of exacerbating the other risks discussed in this "Risk Factors" section.

Our operating results may fluctuate in future periods, which may adversely affect our stock price.

Our operating results have been in the past, and will continue to be, subject to quarterly and annual fluctuations as a result of numerous factors, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment. These factors include:

- Fluctuations in demand for our products and services, especially with respect to service providers and Internet businesses, in part due to changes in the global economic environment
- Changes in sales and implementation cycles for our products and reduced visibility into our customers' spending plans and associated revenue
- Our ability to maintain appropriate inventory levels and purchase commitments
- Price and product competition in the communications and networking industries, which can change rapidly due to technological innovation and different business models from various geographic regions
- The overall movement toward industry consolidation among both our competitors and our customers
- The introduction and market acceptance of new technologies and products, and our success in new and evolving markets, and in emerging technologies, as well as the adoption of new standards
- The transformation of our business to deliver more software and subscription offerings where revenue is recognized over time
- Variations in sales channels, product costs, mix of products sold, or mix of direct sales and indirect sales
- The timing, size, and mix of orders from customers
- Manufacturing and customer lead times
- Fluctuations in our gross margins, and the factors that contribute to such fluctuations
- The ability of our customers, channel partners, contract manufacturers and suppliers to obtain financing or to fund capital expenditures, especially during a period of global credit market disruption or in the event of customer, channel partner, contract manufacturer or supplier financial problems
- Actual events, circumstances, outcomes, and amounts differing from judgments, assumptions, and estimates used in determining the values of certain assets (including the amounts of related valuation allowances), liabilities, and other items reflected in our Consolidated Financial Statements
- How well we execute on our strategy and operating plans and the impact of changes in our business model that could result in significant restructuring charges
- Our ability to achieve targeted cost reductions
- Benefits anticipated from our investments
- Changes in tax laws or accounting rules, or interpretations thereof

As a consequence, operating results for a particular future period are difficult to predict, and, therefore, prior results are not necessarily indicative of results to be expected in future periods. Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse effect on our business, results of operations, and financial condition that could adversely affect our stock price.

Our operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment.

Challenging economic conditions worldwide have from time to time contributed, and may continue to contribute, to slowdowns in the communications and networking industries at large, as well as in specific segments and markets in which we operate, resulting in: reduced demand for our products as a result of continued constraints on IT-related capital spending by our customers, particularly service providers, and other customer markets as well; increased price competition for our products, not only from our competitors but also as a consequence of customers disposing of unutilized products; risk of excess and obsolete inventories; risk of supply constraints; risk of excess facilities and manufacturing capacity; and higher overhead costs as a percentage of revenue and higher interest expense.

The global macroeconomic environment continues to be challenging and inconsistent, and is being significantly impacted by the COVID-19 pandemic. During fiscal 2020 and the first quarter of fiscal 2021, we continued to see a broad-based weakening in the global macroeconomic environment which impacted our commercial and enterprise markets. We also experienced continuing weakness in emerging countries, and we expect ongoing uncertainty in this market. Additionally, instability in the global credit markets, the impact of uncertainty regarding global central bank monetary policy, the instability in the geopolitical environment in many parts of the world including as a result of the United Kingdom "Brexit" withdrawal from the European Union, the current economic challenges in China, including global economic ramifications of Chinese economic difficulties, and other disruptions may continue to put pressure on global economic conditions. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, we may experience material impacts on our business, operating results, and financial condition.

Our operating results in one or more segments may also be affected by uncertain or changing economic conditions particularly germane to that segment or to particular customer markets within that segment. In addition, reports of certain intelligence gathering methods of the U.S. government could affect customers' perception of the products of IT companies which design and manufacture products in the United States. Trust and confidence in us as an IT supplier are critical to the development and growth of our markets. Impairment of that trust, or foreign regulatory actions taken in response to reports of certain intelligence gathering methods of the U.S. government, could affect the demand for our products from customers outside of the United States and could have an adverse effect on our operating results.

Our revenue for a particular period is difficult to predict, and a shortfall in revenue may harm our operating results.

As a result of a variety of factors discussed in this report, our revenue for a particular quarter is difficult to predict, especially in light of a challenging and inconsistent global macroeconomic environment, the significant impacts of the COVID-19 pandemic, and related market uncertainty. Our revenue may grow at a slower rate than in past periods or decline as it did in the first quarter of fiscal 2021 and fiscal 2020, and in certain prior periods on a year-over-year basis. Our ability to meet financial expectations could also be adversely affected if the nonlinear sales pattern seen in some of our past quarters recurs in future periods. We have experienced periods of time during which shipments have exceeded net bookings or manufacturing issues have delayed shipments, leading to nonlinearity in shipping patterns. In addition to making it difficult to predict revenue for a particular period, nonlinearity in shipping can increase costs, because irregular shipment patterns result in periods of underutilized capacity and periods in which overtime expenses may be incurred, as well as in potential additional inventory management-related costs. In addition, to the extent that manufacturing issues and any related component shortages result in delayed shipments in the future, and particularly in periods in which our contract manufacturers are operating at higher levels of capacity, it is possible that revenue for a quarter could be adversely affected if such matters occur and are not remediated within the same quarter.

The timing of large orders can also have a significant effect on our business and operating results from quarter to quarter. From time to time, we receive large orders that have a significant effect on our operating results in the period in which the order is recognized as revenue. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our operating results could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue. Longer than normal manufacturing lead times in the past have caused, and in the future could cause, some customers to place the same or a similar order multiple times within our various sales channels and to cancel the duplicative orders upon shipment or receipt of the product, or to also place orders with other vendors with shorter manufacturing lead times. Such multiple ordering (along with other factors) or risk of order cancellation may cause difficulty in predicting our revenue. Further, our efforts to improve manufacturing lead-time performance may result in more variability and less predictability in our revenue and operating results. In addition, when