

# Cisco Systems Inc. (Cisco)

ACKNOWLEDGE  
 PRIORITISE  
 SET STRATEGY & GOALS  
 TRACK

## GHG EMISSIONS



## Background on Cisco

Cisco is an American multinational technology conglomerate that was founded in 1984 and is headquartered in San José, California. It primarily develops, manufactures, and sells networking hardware, telecommunication equipment, and other high-technology equipment and services. Cisco distributes its products through its 10,000 partners located in 65 countries and employs 71,000 people. It reported revenues of US\$49 billion in 2016 and is a publicly listed company on the NASDAQ stock exchange.

## How did Cisco come to start thinking about context?

In 2006, Cisco signed up to the [Clinton Global Initiative](#) and as a result developed an internal initiative called [Carbon-to-Collaboration](#) aimed at reducing GHG emissions that were generated by its employees' business travel activities<sup>1</sup>. The company also joined the United States Environmental Protection Agency's [Climate Leaders program](#) and made a commitment to reduce its GHG emissions by 25% by 2012 using a 2007 baseline<sup>1</sup>. Cisco committed to these initiatives at the time because it believed that climate change was the "most serious and pressing" environmental challenge facing the planet and the people who inhabit it<sup>2</sup>. By 2008, Cisco was already thinking beyond the impacts attributed to GHG emissions from its direct operations by beginning to think about how its products could be used to support its customers' attempts to reduce their GHG emissions. To support this thinking, Cisco partnered with [AT&T](#) to commission a report titled "[Managing the company's carbon footprint: The emerging role of ICT](#)", written by the [Intelligence Unit](#) at The Economist. The report was a global survey of 345 global senior executives and aimed to explore how companies perceived the benefits of using ICT tools within their sustainability strategies to manage power consumption more efficiently<sup>3</sup>.

<sup>1</sup> Cisco (2008). CSR Report 2008. Accessed at: [http://www.cisco.com/assets/csr/pdf/CSR\\_Report\\_2008.pdf](http://www.cisco.com/assets/csr/pdf/CSR_Report_2008.pdf)

<sup>2</sup> Cisco (2007). CSR Report 2007. Accessed at: [http://www.cisco.com/assets/csr/pdf/CSR\\_Report\\_2007.pdf](http://www.cisco.com/assets/csr/pdf/CSR_Report_2007.pdf)

<sup>3</sup> The Economist Intelligence Unit (2008). Managing the company's carbon footprint: The emerging role of ICT. Accessed at: [http://graphics.eiu.com/upload/ATandT\\_Cisco.pdf](http://graphics.eiu.com/upload/ATandT_Cisco.pdf)

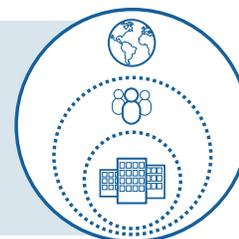
In 2009, [Autodesk](#) produced a white paper titled “[A Corporate Finance Approach to Climate-stabilising Targets](#)” that explored a way to create a business-friendly, science-driven, and transparent approach to setting corporate GHG emission reductions targets<sup>4</sup>. Within the white paper, GHG emissions targets from a selection of well-known technology companies were compared against common climate science and policy trajectory targets, and Cisco’s GHG emissions goal was found to fall below these trajectories<sup>4</sup>. The company completed its first set of 5-year GHG emission reduction goals in 2012 and announced a further set of goals later that year<sup>5</sup>.

In 2016, Cisco celebrated its 12th consecutive year of reporting its GHG emissions performance through [CDP](#)<sup>6</sup>. Later that year, Cisco committed, through the [Science-Based Targets](#) initiative, to develop its next set of GHG emissions reduction goals in accordance with a science-based methodology<sup>7</sup>. Also in 2016, the company committed to its first long-term scope 3 value chain GHG emissions reduction goal, when it committed to positively impact the lives of one billion people by 2025 by avoiding one million cumulative metric tons of CO<sub>2</sub> generated by its value chain between 2012 and 2020<sup>8</sup>. Cisco’s CEO, Chuck Robbins, was quoted as saying that “I truly believe that we are at our best when we combine our business strength with our desire to do good in the world<sup>8</sup>.”

## What does context look like at Cisco?

### 1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

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GHG emissions: Cisco acknowledges that the solution to the global problem of climate change requires a significant reduction in GHG emissions in absolute terms<sup>6</sup>. Cisco is committed to addressing the risks that a changing climate imposes on its business activities by working collaboratively with others to support the transition into a low-carbon economy<sup>9</sup>. While Cisco has a formally endorsed acknowledgement of the importance of this threshold, it is yet to clearly commit to operating within the limits of this threshold. Rebecca Jacoby,

<sup>4</sup> Autodesk (2008). A Corporate Finance Approach to Climate-stabilizing Targets (“C-FACT”). Accessed at: [http://images.autodesk.com/adsk/files/greenhouse\\_gas\\_white\\_paper000.pdf](http://images.autodesk.com/adsk/files/greenhouse_gas_white_paper000.pdf)

<sup>5</sup> Cisco (n.d.). Environment. Accessed at: <http://csr.cisco.com/pages/environment>

<sup>6</sup> Cisco (2016). CSR Report 2016. Accessed at: <http://www.cisco.com/assets/csr/pdf/CSR-Report-2016.pdf>

<sup>7</sup> World Resources Institute (2016). 200 companies commit to Science-Based Targets surpassing expectations. Accessed at: <http://www.wri.org/news/2016/11/release-200-companies-commit-science-based-targets-surpassing-expectations-corporate>

<sup>8</sup> JustMeans (2016). Cisco’s 2016 CR Report Highlights Ambitious Long-term Goals To Positively Impact People. Accessed at: <http://www.justmeans.com/article/ciscos-2016-csr-report-highlights-ambitious-long-term-goals-to-positively-impact-people>

<sup>9</sup> Cisco (2009). CSR Report 2009. Accessed at: [http://www.cisco.com/assets/csr/pdf/CSR-Report\\_2009.pdf](http://www.cisco.com/assets/csr/pdf/CSR-Report_2009.pdf)

Cisco's Chief Operating Officer, commented that at Cisco "We are reducing our own carbon footprint in our operations, supply chain, and products to manage our impact on the environment, while also developing IT solutions to help address climate change<sup>6</sup>."

Cisco believes that it can multiply the positive impacts that its GHG emissions reduction initiatives have by working with its value chain to support it in meeting a high standard of environmental practice<sup>10</sup>. Cisco commits to work with its value chain to integrate environmental responsibility into the life cycles of all its products<sup>6</sup>. Cisco also aims to engage in cross-sector partnerships that will deliver solutions that can help its customers reduce their GHG emissions impacts<sup>9</sup>. Cisco has committed to continue to engage with governments, regulatory agencies, and standard setting bodies to influence the development of requirements and standards linked to mitigating climate change<sup>6</sup>.

Other thresholds: Cisco acknowledges other socio-ecological thresholds including water, biodiversity, waste, energy, non-GHG emissions, materials stewardship, and human rights, but not in a way that would be contextual.

## 2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

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Cisco appears to use primarily use what we call a 'classic' materiality approach whereby the priority of its material issues is informed by the input of its stakeholders. Cisco combines this with the results of life-cycle assessments and the assessments of independent consultancies to further prioritise its issues based on the impacts created by its operations<sup>6</sup>. Cisco demonstrates that it is building its understanding of how this threshold is relevant to its business.

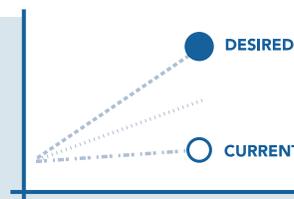
GHG emissions: The company describes the sources of GHG emissions within its direct and indirect operations<sup>6</sup>. Cisco recognises that the GHG emissions resulting from the use of its products are a large contributor to its overall GHG emissions and as such the company prioritises its focus on designing products to reduce these emissions<sup>5, 11</sup>. While GHG emissions are also relevant to both Cisco's value chain and its customers, the company has yet to clearly outline its detailed understanding of where these GHG emissions are generated or provide a detailed outline of the actions that it is pursuing to support these groups in adhering to the limits of this threshold.

<sup>10</sup> Cisco (n.d.). Supply Chain. Accessed at: <http://csr.cisco.com/pages/supply-chain>

<sup>11</sup> Cisco (2008). Blog: Going Green – ICT & Climate Change – Energy Sustainability. Accessed at: [http://blogs.cisco.com/sp/going\\_green\\_ict\\_climate\\_change\\_energy\\_sustainability](http://blogs.cisco.com/sp/going_green_ict_climate_change_energy_sustainability)

### 3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

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GHG emissions: Cisco has committed to reduce its Scope 1 and 2 GHG emissions worldwide by 40% in absolute terms by 2017 using a 2007 baseline. The company has also committed to reduce its Scope 3 GHG emissions by 40%, in absolute terms, by 2017 using a 2007 baseline<sup>12</sup>. Cisco has made it clear that these goals cover all of its worldwide operations, without qualification<sup>12</sup>. Darrel Stickler, Cisco's Sustainable Business Practices Manager, commented that "We found a lot of companies set goals for their headquarters site or country, or only one business, or exclude subsidiaries. That's why we are a bit redundant with 'total' and 'worldwide'<sup>12</sup>." Cisco has based these goals on the work done by scientists in their contributions towards the [Intergovernmental Panel on Climate Change \(IPCC\)](#) reporting<sup>6</sup>. Cisco uses the [GHG Protocol Corporate Account and Reporting Standard](#) as the basis for calculating its Scope 1 and 2 emissions with additional guidance from [EPA's Centre for Corporate Climate Leadership](#). In 2011, Cisco progressively illustrated its GHG emissions reduction goals in the context of the 80% goal for developed countries highlighted by the IPCC (Figure 1). While Cisco's GHG emissions goal is contextual, the company has yet to outline the detailed rationale or the assumptions that it used to develop its latest GHG emissions goal, or how this goal relates to the work done by the IPCC.

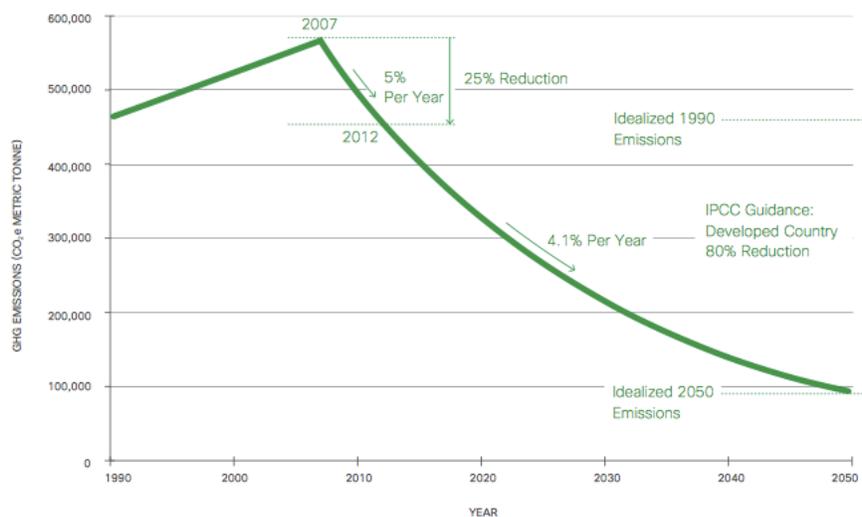


Figure 1: Cisco's 2006 goal to reduce its GHG emissions by 25% by 2012 from a 2007 baseline year in the context of the 80% goal developed by countries highlighted by the IPCC .

Other thresholds: Cisco has not yet set contextual goals in relation to any other thresholds.

<sup>12</sup> Cisco (2013). Blog: Cisco Announces New Greenhouse Gas Reduction Goal. Accessed at: <http://blogs.cisco.com/csr/cisco-announces-new-greenhouse-gas-reduction-goals>

<sup>13</sup> Cisco (2011). CSR Report 2011. Accessed at: [http://www.cisco.com/assets/csr/pdf/CSR\\_Report\\_2011.pdf](http://www.cisco.com/assets/csr/pdf/CSR_Report_2011.pdf)

## 4 Transparently TRACK performance against realistic trajectory targets.

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GHG emissions: Cisco has been reporting its performance against this threshold since 2005. However, it has yet to use this to develop a set of realistic trajectory targets that could be used to monitor its progress towards achieving its goal. Cisco has not outlined if it intends to develop metrics or targets to monitor the effectiveness of its influence in its support of its value chain's adherence to the limits of this threshold.

Other thresholds: Cisco reports its performance against other socio-ecological issues including water, biodiversity, waste, energy, non-GHG emissions, materials stewardship, and human rights, but does not yet report its progress in conjunction with their associated thresholds.

### What is the road ahead for context at Cisco?

Cisco's current GHG emissions reduction goal is due to expire in 2017 and the company has re-committed itself to developing its next set of goals in line with climate science methodologies<sup>6</sup>. The company's financial year ends in July 2017 and this is likely when we will begin to see how the company intends to deliver against these commitments.