CISCO SYSTEMS INC.

MEETING DATE	Thu, 10 Dec 2020 8:00 am	TYPE	AGM	ISSUE DATE	Thu, 26 Nov 2020
MEETING LOCATION	Virtual-Only Meeting: www.virtualshareholdermeeting.com/CSCO2020				
CURRENT INDICES	S&P500				
SECTOR	Telephone and telegraph apparatus				
FYE	25 Jul 2020				

	PROPOSALS	ADVICE
1a	**Elect Director M. Michele Burns** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1b	**Elect Director Wesley G. Bush** Independent Non-Executive Director.	**For**
1c	**Elect Director Michael D. Capellas** Senior Independent Director. Not considered independent owing to a tenure of over nine years. It is considered that the senior independent director should be considered independent, irrespective of the level of independence of the Board.	**Oppose**
1d	**Elect Director Mark Garrett** Independent Non-Executive Director.	**For**
1e	**Elect Director Kristina M. Johnson** Independent Non-Executive Director.	**For**
1f	**Elect Director Roderick C. McGeary** Non-Executive Director. Not considered independent owing to a tenure of over nine years. Non-independent Chairman of the Remuneration Committee and the Committee is less than 50% independent. Triodos opposes this resolution.	**Oppose**
1g	**Elect Director Charles H. Robbins** Chair and CEO. Combined roles at the head of the company. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. In addition, since there are no directors on the board with ICT security skills or responsibility, the CEO is considered to be responsible, for lack of oversight and address, of the fine of USD 1.9 billion imposed on the company by a US court for patent infringement. An oppose vote is recommended.	**Oppose**
1h	**Elect Director Arun Sarin** Non-Executive Director. Not considered independent owing to a tenure of over nine years. However, there is sufficient independent representation on the Board.	**For**
1i	**Elect Director Brenton L. Saunders** Independent Non-Executive Director. There are concerns over the director's potential time commitments, however, during fiscal 2020, the Board of Directors held 10 meetings, all of the incumbent directors attended at least 75% of the aggregate of the total number of meetings of the Board of Directors.	**For**
1j	**Elect Director Lisa T. Su** Independent Non-Executive Director.	**For**

2* **Change State of Incorporation from California to Delaware** **For**

Authority is sought to amendment the Articles changing the State of Incorporation from California to Delaware. The state domicile is important because state corporate law governs the internal affairs of a corporation. Management and boards of directors of corporations look to state corporate law and judicial interpretations of state law to guide their decision-making on many key issues, and it is felt that the corporate law and jurisprudence of Delaware is better suited to the needs and requirements of the company and its shareholders.

There is sufficient independence on the board.

Triodos supports this resolution.

3 **Amend Existing Omnibus Plan** **Oppose**

It is proposed to amend the 2005 Stock Incentive Plan. Cisco is requesting that shareholders approve the Amended Stock Plan, which increases the number of shares authorized for issuance under the plan by 95.975 million shares..

There are concerns with the Plan as the it has various elements bundled together, and although parts of it can benefit the majority of employees, it can still be used as a vehicle for potentially excessive executive payments. As performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. In addition, maximum award limits are excessive. As a result, opposition is recommended.

4 **Advisory Vote on Executive Compensation** **Oppose**

The company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.

The company included non-financial metrics into the annual bonus structure, which is considered best practice. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is not aligned with peer group averages. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary.

The compensation rating is: ACC.

The compensation policy has the potential to result in excessive payouts due to the structure of the compensation plan. For this reason Triodos opposes this resolution.

5 **Appoint the Auditors** **Oppose**

PwC proposed. Non-audit fees represented 14.66% of audit fees during the year under review and 16.21% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Triodos opposes this resolution.

6 Introduce an Independent Chair Rule **For**

Proponent's argument: Kenneth Steiner proposes that the Board of Directors adopt as policy, and amend our governing documents as necessary, to require that the Chairman of the Board be an independent member of the Board whenever possible. Although it would be better to have an immediate transition to an independent Board Chair, the Board would have the discretion to phase in this policy for the next Chief Executive Officer transition. If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is briefly waived in the unlikely event that no independent director is available and willing to serve as Chairman. This proposal topic won 52% support at Boeing and 54% support at Baxter International in 2020. The Baxter vote is of increased significance because Baxter used shareholder money to send a glossy management pitch of management performance to shareholders a month after it filed its annual meeting proxy. It is more important to have an independent Board Chairman after our Chairman and CEO Charles Robbins received the most negative votes of any Cisco director in 2019. Lead Director Michael Capellas received the 2nd highest negative votes. Executive Pay Committee Chairman Roderick McGeary received the 3rd highest negative votes. Mr. McGeary's negative votes might be explained by his role in Mr. Robbins receiving $30 million in total realized pay in 2019.

Company's response: The board recommends a vote against: "corporate governance experts have recognized, a strong, empowered and independent Lead Independent Director role, such as Cisco has, fulfills the goals espoused by those who want to arbitrarily require an independent Board chair. In our view, the decision of who should serve in the role of Board chair, and whether the role should be filled by an independent or a non-independent director, at any given time should be the responsibility of the Board of Directors, rather than be dictated by a rigid rule that assumes that the same leadership structure would work best at all times. Departing from Cisco's current policy of permitting a non-independent director to serve as Board chair would limit the Board's ability to select the director it believes is best suited to serve as chair based on the circumstances at the time, especially given the external roles filled often by the chairperson of the board. The Board of Directors believes that it should maintain flexibility to set Cisco's board leadership structure as it deems appropriate from time to time. Effective corporate governance is not merely a "one size fits all" approach, and we believe it is not in the best interest of our shareholders to place arbitrary constraints on the Board of Directors' ability to determine a leadership structure that will work best given the complex dynamics of the Board of Directors, senior management and other factors at any particular time. The Board of Directors believes that it is currently in the best interest of Cisco and its shareholders for Mr. Robbins to serve as both CEO and Chairman, and that the role of Board chair and CEO, together with the role of the Lead Independent Director and Cisco's other strong corporate governance policies and practices, provides an appropriate balance in Cisco's leadership. The proponents recognize this in suggesting that their "

PIRC analysis: There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. It is considered that an independent Chair can provide independent oversight of management and facilitates clearer lines of accountability with respect to corporate decisions. Support is recommended.

**** = Special resolution***

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - Advisory Vote on Executive Compensation

Disclosure: A - The company has failed to provide the fees it paid the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The peer groups used for the purpose of pay comparison have been fully disclosed by the company. The grant of performance awards was based on the achievement of set levels of specific performance targets. Annual incentives performance measures are dividend in two parts:the company Performance Factor(CPF) which include the measures, Revenue and Operating Income. The Individual Performance Factor (IPF) which include, Leadership, Innovation / Strategic Planning, Execution and Contribution to Financial Goals. Performance-based long term incentive is subject to quantified performance targets for Operating Cash

Flow, EPS and Relative TSR Multiplier.
Balance: C - The company included non-financial metrics into the annual bonus structure, which is considered best practice. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary. Awards under the annual-incentive plans are tied to multiple performance conditions, which is considered best practice. Performance measures attached to long-term incentives do not duplicate those attached to other awards, which is considered acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards made up less than one-third of the awards granted to executives, which is considered best practice. The minimum performance period prior to vesting is less than three years, which is considered to be short term. Five-year vesting would be preferred. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is not aligned with peer group averages. The annual incentive award made during the year under review is not considered to be overly excessive as it amounts to less than 200% of base salary.
Contract: C - Potential severance entitlements in a change of control scenario are considered excessive as they exceed three times the base salary. Change-in-control payments are subject to double-trigger provisions. Equity awards are subject to pro-rata vesting, which is line with best practice. The Compensation Committee has full discretion to accelerate the vesting of awards upon a change of control, which is a concern. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement. 'Good reason' is not defined appropriately, such that the Remuneration Committee is able to apply discretion when determining the status of a departing executive.

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