

**CISCO SYSTEMS, INC.**  
**CORPORATE GOVERNANCE POLICIES**

**I. BOARD COMPOSITION**

**A. Size of the Board.** The Company's Bylaws provide that the Board will be not less than 8 nor more than 15 directors. The Board will periodically review the appropriate size of the Board.

**B. Majority of Independent Directors.** It is the policy of the Board that a majority of the directors will not be current employees of the Company and will otherwise meet appropriate standards of independence. In determining independence, the Board will consider the definition of "independent director" in the listing standards of The Nasdaq Stock Market ("Nasdaq") as well as other factors that will contribute to effective oversight and decision-making by the Board.

**C. Management Directors.** The Board anticipates that the Company's Chief Executive Officer ("CEO") will be nominated annually to serve on the Board. The Board may also appoint or nominate other members of the Company's management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.

**D. Chair; Lead Independent Director.** The Board will periodically appoint a Chair. Both independent and management directors, including the CEO, are eligible for appointment as the Chair. The Chair, or if the Chair is not an independent director, one of the independent directors, may be designated by the independent directors to be the "Lead Independent Director." The Lead Independent Director will be elected by and from the independent directors. Each term of service in the Lead Independent Director position is one year. The Lead Independent Director shall have the following roles and responsibilities: authority to call meetings of the independent directors; presiding at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors; serving as principal liaison between the independent directors and the Chair and CEO; communicating from time to time with the Chair and CEO and disseminating information to the rest of the Board as appropriate; providing leadership to the Board if circumstances arise in which the role of the Chair may be, or may be perceived to be, in conflict; reviewing and approving agendas, meeting schedules to assure that there is sufficient time for discussion of all agenda items, and information provided to the Board (including the quality, quantity and timeliness of such information); being available, as appropriate, for consultation and direct communication with major shareholders; presiding over the annual self-evaluation of the Board; and performing various other duties.

**E. Selection of Board Nominees.** The Board will be responsible for the selection of nominees for election or appointment to the Board. The Nomination

and Governance Committee shall recommend candidates for election to the Board. The Nomination and Governance Committee considers nominees recommended by directors, officers, employees, shareholders and others using the same criteria to evaluate all candidates. The Nomination and Governance Committee reviews each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate. Upon selection of a qualified candidate, the Nomination and Governance Committee would recommend the candidate for consideration by the full Board. The Nomination and Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees. To recommend a prospective nominee for the Nomination and Governance Committee's consideration, submit the candidate's name and qualifications to Cisco's Secretary in writing to the following address: Cisco Systems, Inc., Attn: Secretary, 170 West Tasman Drive, San Jose, California 95134, with a copy to Cisco Systems, Inc., Attn: General Counsel at the same address. When submitting candidates for nomination to be elected at the Company's annual meeting of shareholders, shareholders must follow the notice procedures and provide the information required by the Company's Bylaws.

**F. Board Membership Criteria.** Nominees for the Board should be committed to enhancing long-term shareholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity. The Board's policy is to encourage selection of directors who will contribute to the Company's overall corporate goals: responsibility to its shareholders, technology leadership, effective execution, high customer satisfaction and superior employee working environment. The Nomination and Governance Committee may from time to time review the appropriate skills and characteristics required of Board members, including such factors as business experience, diversity, and personal skills in technology, finance, marketing, international business, financial reporting and other areas that are expected to contribute to an effective Board. In evaluating potential candidates for the Board, the Nomination and Governance Committee considers these factors in the light of the specific needs of the Board at that time. Board members are expected to prepare for, attend and participate in meetings of the Board and committees on which they serve, and are strongly encouraged to attend the Company's annual meetings of shareholders.

**G. Majority Voting in Board Elections.** If, in an uncontested election, an incumbent director fails to receive at least the affirmative vote of a majority of the shares represented and voting at a duly held meeting (which shares voting affirmatively also constitute at least a majority of the required quorum), the Company's Bylaws provide that such incumbent director shall not be elected, and his/her term shall end on the date that is the earlier of 90 days after the results of the Board election are determined or the date on which the office held by such

incumbent director has been filled by the Board, unless that director has earlier resigned. Any incumbent director who fails to receive the required vote for election in an uncontested election shall promptly offer to tender his/her resignation to the Nomination and Governance Committee. Within ninety (90) days after the voting results are determined, the Board shall publicly disclose its decisions with respect to the implementation of the provisions of California law in such instance.

**H. Board Compensation.** The Board, through the Compensation and Management Development Committee, will review, with the assistance of management or outside consultants if desired, appropriate compensation policies for the directors serving on the Board and its committees. This review may consider board compensation practices of other large public companies, contributions to Board functions, service as committee chairs, and other appropriate factors.

**I. Directors Who Change Job Responsibility; Term Limits; Age Limits.** The Board does not believe directors who retire or change their principal occupation or business association should necessarily leave the Board. However, promptly following any such event, the director shall offer to tender his/her resignation to the Nomination and Governance Committee, so that there is an opportunity for the Board, through the Nomination and Governance Committee, to review the continued appropriateness of Board membership under the new circumstances. Although the Board does not believe that term limits for directors are appropriate, the Board will periodically review this position. No individual will be eligible to be nominated or renominated for election to the Board after his or her 70<sup>th</sup> birthday.

**J. Other Board Memberships.** Without specific approval from the Board, no director may serve on more than four public company boards (including the Company's Board). Without specific approval from the Board, the Company's CEO may serve on no more than three public company boards (including the Company's Board).

**K. Board Performance Evaluations.** The Board and each of its committees shall conduct an annual self-evaluation of its performance. The Lead Independent Director presides over the annual self-evaluation of the Board. Each committee chair presides over the annual self-evaluation of his or her respective committee. The results of the performance evaluations are considered to improve the effectiveness of the Board and its committees, as appropriate.

## **II. BOARD MEETINGS AND MATERIALS**

**A. Scheduling of Full Board Meetings.** Board meetings will be scheduled in advance, ordinarily for a full day every other month at the Company's principal executive office.

**B. Agenda and Materials.** The CEO, in consultation with the Chair (if separate from the CEO) and the Lead Independent Director, if any, will have primary responsibility for preparing the agenda for each meeting and arranging for it to be sent in advance of the meeting to the directors along with appropriate written information and background materials so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials. Each Board committee, and each individual director, is encouraged to suggest items for inclusion on the agenda. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

**C. Independent Directors Discussions.** It is the policy of the Board that the independent members of the Board meet separately without management directors at least twice per year to discuss such matters as the independent directors consider appropriate. The Company's independent auditors, finance staff and other employees may be invited to attend these meetings.

**D. Board Presentations and Access to Information.** The Board encourages the presentation at meetings by managers who can provide additional insight into matters being discussed or who have potential that the CEO believes should be given exposure to the Board. The Company's executive management will afford each Board member with access to the Company's employees and the independent auditors. The Board encourages management to arrange presentations at Board meetings by the Company's managers and provide other reports that will enhance the flow of meaningful financial and business information to the Board.

**E. Director Orientation and Continuing Education.** Upon appointment, the Corporate Secretary shall provide new board members with director orientation materials, including presentations from senior executives and Company policies. Each director is expected to participate in continuing education programs in order to maintain the necessary level of expertise to perform his or her responsibilities. The Corporate Secretary shall work with the Chair of the Nomination and Governance Committee as necessary to periodically provide materials that would assist directors with their continuing education.

### **III. BOARD COMMITTEES**

**A. Committees.** The current five standing committees of the Board are: Acquisition Committee; Audit Committee; Compensation and Management Development Committee; Finance Committee; and Nomination and Governance Committee. From time to time the Board may establish a new committee or disband a current committee depending upon the circumstances.

**B. Committee Member Selection.** The Board will designate the members and Chair of each committee, endeavoring to match the committee's function and

needs for expertise with individual skills and experience of the appointees to the committee. The membership of the Audit, Compensation and Management Development, and Nomination and Governance Committees shall consist solely of independent directors, which directors shall also meet applicable criteria for independence under Nasdaq, SEC and/or tax rules applicable to such committees.

**C. Committee Functions.** The number and content of committee meetings and other matters of committee governance will be determined by each committee in light of the authority delegated by the full Board to the committee, the committee's charter (if any) and applicable regulations or principles. The Company will provide to each committee access to employees and other resources to enable committee members to carry out their responsibilities. The full authority and responsibilities of each committee is fixed by resolution of the full Board and the committee's charter, if any. Committee charters are available on the Company's website at [www.cisco.com](http://www.cisco.com) in the "Investor Relations" section, and a brief description of committee functions is available in the Company's most recent annual proxy statement.

#### **IV. OWNERSHIP GUIDELINES**

**A. Director Stock Ownership.** To further align the interests of non-employee directors and shareholders, each non-employee director is required to own shares of the Company's common stock having a value equal to at least five times the non-employee director's regular annual cash retainer. Non-employee directors shall have five years from the date of election or appointment to attain such ownership levels. The Compensation and Management Development Committee in its discretion may extend the period of time for attainment of such ownership levels in appropriate circumstances. For purposes of these guidelines, a non-employee director's stock ownership includes all shares of the Company's common stock owned by the non-employee director outright or held in trust for the non-employee director and his or her immediate family, plus a non-employee director's vested deferred stock, but not a non-employee director's unvested or unexercised equity. The value of a share shall be measured as the greater of the then current market price or the closing price of a share of the Company's common stock on the acquisition date.

**B. Executive Stock Ownership.** To further align the interests of Executive Officers and shareholders, the Chief Executive Officer is required to own shares of the Company's common stock having a value equal to at least five times the Chief Executive Officer's base salary, and each other Executive Officer is required to own shares of the Company's common stock having a value equal to at least three times the Executive Officer's base salary. The Chief Executive Officer and each other Executive Officer shall have five years from the date of their respective appointment to attain such ownership levels. The Compensation and Management Development Committee in its discretion may extend the

period of time for attainment of such ownership levels in appropriate circumstances. For purposes of these guidelines, an Executive Officer's stock ownership includes all shares of the Company's common stock owned by the Executive Officer outright or held in trust for the Executive Officer and his or her immediate family, plus the Executive Officer's vested deferred stock and allocated shares of the Company's common stock in employee plans, but not the Executive Officer's unvested or unexercised equity. The value of a share shall be measured as the greater of the then current market price or the closing price of a share of the Company's common stock on the acquisition date.

## **V. MANAGEMENT RESPONSIBILITIES**

**A. Management Succession and Development Planning.** The CEO will review with the Board succession and development plans for senior executive officers. The Board may from time to time ask the Compensation and Management Development Committee to undertake specific reviews concerning management succession planning.

**B. Financial Reporting, Legal Compliance and Ethical Conduct.** The Board's governance and oversight functions do not relieve the Company's executive management of the primary responsibility for preparing financial statements which accurately and fairly present the Company's financial results and condition. Executive management shall maintain systems, procedures and a corporate culture that promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

**C. Corporate Communications.** The Board believes that executive management has the primary responsibility to communicate with investors, the press, employees and other constituencies that are involved with the Company, and to set policies for those communications.

As amended effective February 1, 2018