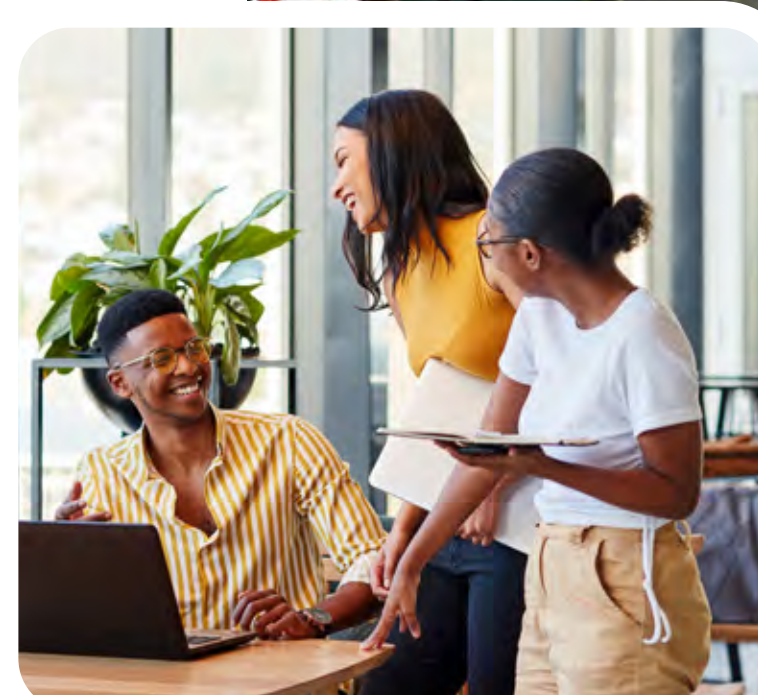




Cybersecurity Partner of Choice

FY21 Environmental, Social and Governance Supplement





Letter From Our Chief Executive Officer

Fellow Stakeholders,

We've Got Next. It's more than an advertising mantra, it's a belief that we have to be willing to see the world differently and be ready for what comes next. It holds true in our relentless pursuit to protect our digital way of life, and in our environmental, social and governance (ESG) practices.

While ESG has long been part of our operating principles and culture, the world is constantly changing and we're thinking differently about our ESG framework and long-term goals. We are witnessing the increasing effects of climate change, seeing how our employee-centric approach is building inclusion and empathy, experiencing the consequences of a global pandemic, and are redefining how we integrate ESG even further into our business in order to have lasting impact.

In this inaugural ESG supplement, we describe the work we have achieved in fiscal 2021.

Our planet: we declared a commitment to be carbon neutral by 2030 including use of renewable energy and reduction of emissions aligned to science-based targets.

Our people: we launched FLEXWORK to reinforce our drive for employee choice, personalization and inclusion.

Our communities: we raised \$6M to support communities and colleagues impacted by COVID-19 and scaled our cybersecurity education programs for youth.

Our integrity: we expanded our ESG governance, diversified our Board and linked fiscal 2022 executive compensation to ESG performance.

Still, we recognize that there is much more to accomplish. We are already hard at work accelerating our strategies and we are eager to continue to share our progress over time. We know that as stakeholders you share our passion to make meaningful environmental, social and governance impacts, and that together "we've got next."

Thank you,

Nikesh Arora

Chief Executive Officer and Chairman



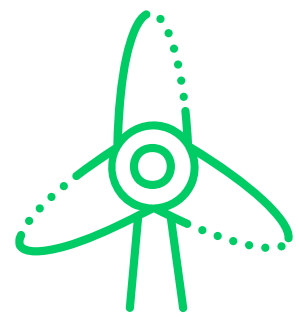
"Our business vision and ESG strategies are closely aligned. By respecting our planet, investing in our people, uplifting our communities and advancing our industry, we believe we can make the world safer and more secure."

— **Nikesh Arora**, Chief Executive Officer and Chairman, Palo Alto Networks



FY21 ESG Key Highlights & Recognition

Environmental



71%

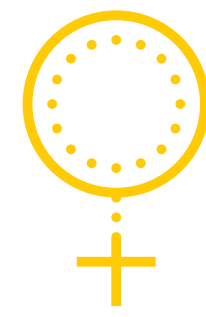
Of power obtained from **renewable energy** sources



85%

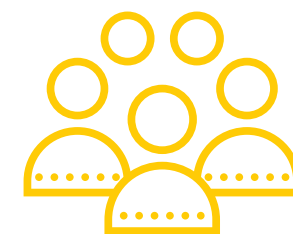
Of our employee workplaces are **LEED certified**

Social



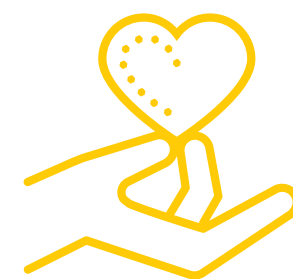
24.7%

Of global employees self-identify as **women**



14.5%

Of U.S. employees self-identify as **coming from underrepresented communities**



~\$5.5M

In total **charitable contributions** to critical causes

Governance



33%

Of Board **Directors** self-identify as women (up from 9% in FY18)



99.5%

Completion rate of **Code of Business Conduct & Ethics** training



For a full list of FY21 ESG Highlights, visit page 49



Table of Contents

- 02** Letter From Our Chief Executive Officer
- 05** About Palo Alto Networks & Our Approach To ESG
- 09** Environmental: Our Planet
- 15** Social: Our People
- 34** Social: Our Communities
- 40** Governance: Our Integrity
- 48** About This Supplement
- 50** FY21 Performance Data
- 55** FY21 Content Index





About Palo Alto Networks

Your cybersecurity partner, for today and tomorrow.

Palo Alto Networks, Inc. is a global cybersecurity provider with a vision of a world where each day is safer and more secure than the one before.

Everyday, Palo Alto Networks provides the visibility, trusted intelligence, automation and flexibility that help complex organizations advance securely. We empower enterprises, service providers and government entities to secure users, applications, data, networks, clouds and devices. We do this with solutions focused on delivering value in five fundamental areas: Zero Trust Network Security, Cloud Security, Secure Access Service Edge and Security Analytics and Automation.



Incorporated
2005



Headquarters
**Santa Clara,
California**



FY21 Net Revenue
\$4.3 billion



Customers
85K+



Countries
150+



Employees
worldwide
10,473¹



\$1.14 billion
invested in
R&D in FY21



29 major
product releases²



Learn more at

www.paloaltonetworks.com

Find us on:



facebook



twitter



linkedin



instagram



youtube

¹ As of July 31, 2021

² In FY21. Major product release is defined as full or dot release with significant new capability, new or add-on modules, or subscription services, new software or hardware appliance models, significant PAN-OS, acquired capabilities and significant new platform support. These new offerings included Cortex XDR 2.5, Next Generation SD-WAN, Prisma Cloud 2.0, Enterprise DLP, 5G Security, IoT Healthcare Security, Prisma Access 2.0, and Complete Zero Trust Network Security.



Our Approach To ESG

We aim to be the best company to work for, procure from, partner with and invest in. We recognize our duty to execute meaningful Environmental, Social and Governance (ESG) practices and believe every company has an obligation to conduct its business and operations in a responsible manner, with integrity and purpose. Our ESG initiatives play a critical role in achieving our corporate vision of a safe and secure world.

Since our founding in 2005, aspects of ESG have been instilled in our operating models and culture. Over time we have refined our strategies in each area and continue to make progress. Our ESG efforts today, described in more detail throughout this supplement, include reducing our energy use and greenhouse gas emissions, collaborating on climate action, supporting employee-choice, investing in our workforce through development, building a diverse and inclusive workforce and supply chain, driving social impact and operating with integrity in all that we do.



“At Palo Alto Networks, we are reaching high, and focusing on creating lasting outcomes. We recognize that ESG work is a journey, and that true impact is best achieved through a lens of systems-thinking. We are working across our business ecosystem, in collaboration with multiple industries and in cooperation with the public sector, to achieve our goals.”

— Liane Hornsey, Chief People Officer, Palo Alto Networks

PRIORITIZING ESG FACTORS

To determine our ESG priorities, we reviewed our business and operations, collected benchmark information and best practices and reviewed indicators from key ESG rating organizations, such as Morgan Stanley Capital Investments (MSCI), Institutional Shareholder Services (ISS), Sustainalytics, Just Capital and others. We also assessed peer companies' priority ESG issues and evaluated several leading ESG reporting frameworks including the Global Reporting Initiative (GRI), Value Reporting Foundation's SASB Standards for our industry and the World Economic Forum's Stakeholder Capitalism Metrics.

Stakeholder engagement and input has also influenced our approach to ESG. Investors, customers, suppliers, business leaders, employees, candidates, regulatory agencies, local, state and federal entities, governmental and international communities, non-governmental/nonprofit organizations and the communities in which we operate have all helped to identify ESG factors important to our business which have contributed to the design and measurement of our efforts.

These inputs led us to refine and scale our ESG strategies. Priority ESG factors addressed during fiscal 2021, which are discussed in more detail throughout this supplement, include: reducing our environmental impact; increasing the diversity of our workforce and supply chain; expanding Human Capital strategies; ensuring we and our suppliers provide a healthy and safe workplace; using our cybersecurity expertise to help youth stay safe online; supporting individuals and communities impacted by the COVID-19 pandemic; operating with integrity; and increasing transparency of ESG initiatives and progress.



Our ESG Framework

At Palo Alto Networks, our ESG Framework supports our corporate vision.

Respecting our planet, building an employee-centric culture and uplifting our communities, and operating with integrity all help create a world where each day is safer and more secure than the one before. Within each of these focus areas, we prioritize ESG issues most relevant to our business and stakeholder interests.



Environmental

Respecting our planet

Driving sustainable operations, a sustainable value chain and a sustainable business ecosystem. Priorities include **decarbonization** and **renewable energy deployment**, **collaboration with suppliers and customers**, and **climate and clean energy policy advocacy**.

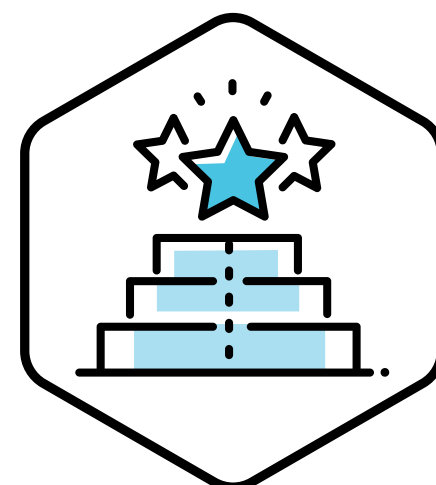


Social

Building an employee-centric culture and uplifting our communities

Motivating and developing our people and reinforcing our values in all we do through FLEXWORK. Priorities include **talent development**, **inclusion and diversity**, **employee engagement**, **wellbeing**, and **employee health and safety**.

Helping people protect their digital way of life and enabling communities to thrive. Priorities include **cybersecurity education**, **employee volunteering and giving**, and **charitable investments**.



Governance

Operating with integrity

Underpinning our ESG strategy with the foundational value of integrity. Priorities include **our corporate governance**, **codes of conduct**, **ethics and integrity** and **ESG transparency**.



ESG Oversight

The Nominating and Corporate Governance Committee of the Board of Directors has overall oversight of ESG strategies, as detailed in its Committee Charter. This committee regularly receives details on our ESG performance data and program information. The full Board also receives quarterly updates on ESG topics including our People Strategy and Inclusion and Diversity efforts.

In addition, the Compensation and People Committee has responsibility for overseeing executive compensation and our talent management and people management, including our inclusion and diversity initiatives and results, our pay equity reviews and results, and our FLEXLearning, FLEXBenefits and FLEXWORK initiatives.

Our Senior Director of Global Corporate Responsibility manages our ESG program and reports to our Chief People Officer (CPO). Our Chief Executive Officer (CEO) and the Executive Team are actively involved in setting strategic ESG objectives and executing outcomes. The CPO presents regular ESG updates to the CEO and Executive team during “Quarterly Kick Off” and “Mid-Quarter Review” meetings. Subject-matter experts across our regions and business units also provide key input into our ESG strategies.





Environmental: Our Planet

We are committed to a science-based approach to reduce our climate impacts

Palo Alto Networks pledges to protect and respect our planet.

We recognize climate change is a global crisis and are committed to doing our part to reduce environmental and related societal impacts by setting clear goals, engaging in coalitions, and collaborating across our value chain.

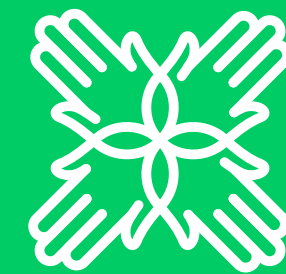
Our environmental efforts focus on three core pillars:

Sustainable operations (our business footprint), sustainable value chain (our footprint inclusive of suppliers and customers) and sustainable ecosystem (our extended reach through coalitions, partnerships and advocacy), all built upon the foundation of employee and stakeholder engagement.



SUSTAINABLE OPERATIONS

Achieve carbon and waste free growth through energy efficiency, decarbonization, renewable energy and meeting science-based targets.



SUSTAINABLE VALUE CHAIN

Engage stakeholders throughout our value chain to drive to zero carbon, zero waste, 100% renewable energy and 100% circularity in our cybersecurity products.



SUSTAINABLE ECOSYSTEM

Drive leading public commitments, policy advocacy and partnerships to elevate our thought leadership position.

ENGAGE ALL EMPLOYEES:

Excite and inspire employees to drive meaningful impact through committed internal climate committees, reputable industry working groups, and Green Teams.



SUSTAINABLE OPERATIONS

Our environmental stewardship statement, [Our Pledge to Respect Our Planet](#), describes our duty to use natural resources efficiently, eliminate carbon and waste production, inspire employee consciousness in support of sustainability and more.

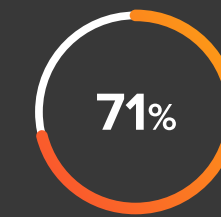
In fiscal 2021, we developed a comprehensive Company- and value chain-wide climate and clean energy strategy aligned with the Science-Based Targets Initiative (SBTi) and the Task Force on Climate Related Financial Disclosures (TCFD). We also expanded our Corporate Responsibility team to include a dedicated sustainability strategist and implemented an Environmental Management System to monitor and measure our environmental performance.



We commit to 100% renewable energy by 2030

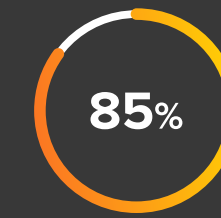
Working closely with our Board and executive leadership, in February 2021, we established a set of [Climate Commitments](#) to take immediate and ongoing actions to mitigate climate change. Aligned to the Paris Agreement, which calls for the international community to limit global warming to well below 1.5° Celsius by 2050, we have outlined three strategies to align our business with a net zero future.

These include: utilizing 100% renewable energy; reducing greenhouse gas emissions in line with a 1.5° Celsius warming scenario through participation in the [SBTi](#); and offsetting our remaining emissions as we urgently work to decarbonize our operations and value chain.



of power obtained from renewable energy sources³

In support of our Climate Commitments, we have engaged in Silicon Valley Power's "Santa Clara Green Power" program, which means 100% of electricity used at our California headquarters is matched by renewable energy certificates (RECs). We have purchased additional RECs to match 100% of the electricity usage for Palo Alto Network offices across the U.S. and have invested in high-quality programs to offset carbon emissions related to business travel and shipping over calendar years 2020 and 2021. In addition to our focus on renewable energy, we also champion sustainable building design, complete decarbonization and energy efficiency.

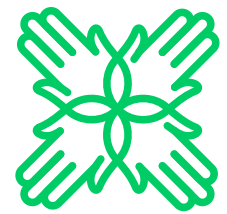


of our employee workspaces portfolio is LEED (Leadership in Energy and Environmental Design) certified⁴

We are committed to ongoing disclosure of our environmental impact, risks and stewardship efforts. In 2020, we submitted our first environmental disclosure to CDP (formerly known as the Carbon Disclosure Project). Our [2020 Climate Change Report](#) marked an important milestone, establishing a critical baseline for our environmental efforts and identifying areas in which we can improve. Our [2021 Climate Change Report](#) reflects several significant steps on our acceleration toward sustainability leadership.

³ In calendar year 2020

⁴ As of July 31, 2021



SUSTAINABLE VALUE CHAIN

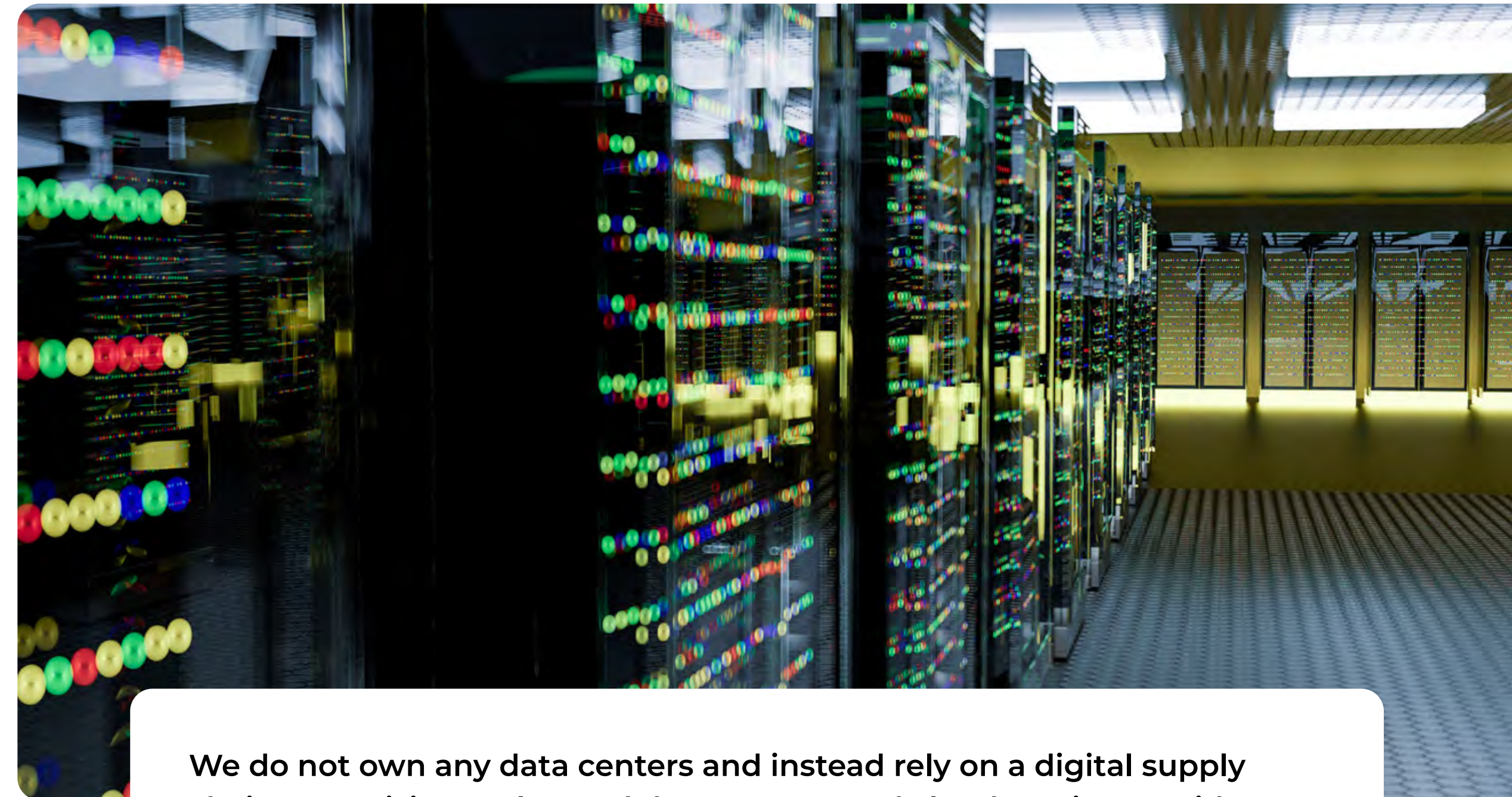
Addressing climate change—like solving the world’s greatest cybersecurity challenges—is complex and not something any one company can do alone. It’s imperative that we engage stakeholders throughout our value chain to encourage similar adoption and advancement of our efforts to produce zero carbon, zero waste, 100% renewable energy and 100% circularity in our cybersecurity products.

Through the deployment of our [Global Supplier Code of Conduct](#), we inform our suppliers of our expectations that they develop, implement and maintain environmentally responsible business practices and take measures to minimize adverse effects on the community and environment while operating.

As emissions arising in the supply chain of the goods and services we purchase are a primary contributor to our total emissions footprint, engaging with our suppliers to promote and support adoption and implementation of science-based targets will be a key part of our program. We expect to positively reward suppliers who demonstrate high performance and commit to and realize meaningful reductions in their emissions footprints through new incentive programs.

18%

of our suppliers have committed to SBTi emissions reductions⁵



We do not own any data centers and instead rely on a digital supply chain comprising co-located data centers and cloud service providers.

Our IT hardware and data center related sustainability priorities include energy efficiency, data center hardware consolidation, decommissioning of owned hardware, realizing efficiencies at scale (cloud), as well as partnering with suppliers with 100% renewable energy and science-based GHG emissions targets.

⁵ By spend, based on calendar year 2020 spend. Includes suppliers who have received approval for their science-based targets from SBTi or have committed to submit targets for approval.



SUSTAINABLE ECOSYSTEM

To address the global climate crisis, we know collaboration—with our suppliers, customers, peers, NGOs, employees and local communities—is critical. The days of "going it alone" are over and all of these stakeholders make up our Sustainable (Business) Ecosystem.

For this reason we partner with other companies as well as with NGOs and community organizations in various ways, including through working groups convened to leverage collective action to solve critical problems, and collaborative efforts to promote progressive sustainability policy solutions.

Recognizing the value of joining forces to solve the climate crisis, we engage with impactful NGO-led coalitions, including We Mean Business, the Climate Pledge, the World Economic Forum's Alliance for CEO Climate Leaders and the Climate Group to collaborate and advocate for increased action. We have also engaged in the Climate Task Group of the Information Technology Industry Council to increase our advocacy work.





Employee Engagement

With a global workforce of more than 10,000 strong at the end of FY2021, our employees have a multiplier effect on climate impact. Through Green Teams active in the U.S., Costa Rica, and across EMEA and JAPAC regions, we're able to increase awareness of eco-friendly behaviors that align with our climate commitment.

From park and waterway cleanups to environmental information sessions and activities that focus on the intersection between the environment, recreation, and wellbeing, Green Teams have a hands-on and meaningful impact around the globe. For example, our first employee-led Australia and New Zealand event happened in November 2020 when 45 employees and family members volunteered 100 hours to clean up local streets, parks and beaches in their communities in partnership with Clean Up Australia.

To increase awareness of eco-friendly behaviors and choices, we launched Triplt Pro, which allows employees to track the individual carbon footprint of their business travel. The tool is automatically integrated into our expense and travel platforms making it even easier to track these emissions.

Green Teams also play a leadership role in celebrating Earth Day. More than honoring one Day, employees around the world take part in environmental stewardship activities throughout the month of April. Our 2020 celebrations included a global clean up challenge and a company-wide GoGreen Bingo. Both elements were open to friends and family, and because "Bring Your Kids to Work Day" was on the same day (April 22), kids were able to participate too.



SPOTLIGHT – CYCLE CHALLENGE

Throughout September 2020, Palo Alto Networks Green Teams challenged our global workforce and their families to collectively cycle the distance around the globe—**24,901 miles**—promising to donate **\$24,901** to cycling nonprofits Trips for Kids and World Bicycle Relief. The goal was to encourage everyone to think beyond biking to work and move towards a holistic approach to integrating bicycling into their daily lives. We focused on riding “there” whether “there” is—to the grocer for essentials, to the creek and back with friends and family or on a stationary bike at home.



The outcome surpassed our objectives:

345 participants recorded **2,337** rides totalling **37,889** miles.



“I hadn’t been on my bike in years, but through the pandemic found renewed joy in getting outdoors. Being executive sponsor of our cycle challenge was the perfect opportunity to stay active and engage my colleagues and their families. And we hit our goal out of the park!”

— **Vonnie French**, SVP Global Operations, Palo Alto Networks



WHERE WE'RE GOING NEXT

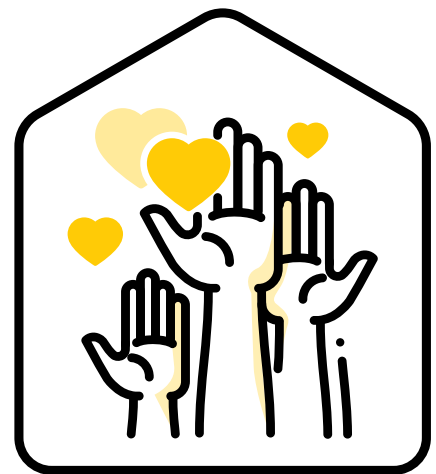
As we work towards 100% renewable energy, we will evolve our strategy, seeking opportunities to promote the addition of new renewable energy generation to the grid (driving towards 'true zero carbon').

Our FLEXWORK philosophy gives employees the choice to work from home and we will begin measuring employee work from home energy and emissions in fiscal 2022. We are also developing ambitious greenhouse gas reduction targets. We will seek verification of these targets by the SBTi in fiscal 2022 and aim to increase our supply chain adoption of SBTi emissions targets to 25% in FY22.

In support of our climate commitments, we will also develop a road map of energy efficiency across our products, develop waste and water reduction programs, and expand engagement of our employee Green Team program.

Looking ahead we will elevate our engagement in climate and clean energy policy advocacy, pursue new sustainability focused partnerships with customers and peers, and actively participate in thought leadership efforts to advance best practices in sustainability.





Social: Our People

We are committed to building the most employee-centric culture on the planet.



Disruption



Execution



Collaboration



Integrity



Inclusion

It starts with our core values of **disruption, execution, collaboration, integrity** and **inclusion**. These core values were crowdsourced and co-created by employees and are the foundation of our company culture. We live these values in our everyday actions and believe that they make us a better company.

Our passion is our people. We believe our ongoing success depends on the development of, and investment in, our global workforce. Our goal is to be the best company to work for, and we've designed a People Strategy based on flexibility, personalization and choice along the entire employee lifecycle. At the core of our human capital management strategy is a comprehensive approach to source, hire, onboard, integrate, develop, engage and reward a talented, diverse team. With more than 10,000 employees at the end of FY 2021, we take our People Strategy seriously and manage it as a critical element of our overall Company strategy.





FLEXWORK

The COVID-19 pandemic challenged us to collaborate in a distributed work reality while maintaining a sense of belonging, focusing on employee well-being and continuing to deliver business results. Inspired by the way our employees rose to this challenge, our pivot to a distributed workforce presented an opportunity to reexamine how and where we work.

This bold reimagination is called **FLEXWORK** and this philosophy encompasses our core values, culture, tools, policies and how we get work done. We have created a highly personalized employee-centric work environment that focuses on the unique needs and diverse interests of each employee. This approach prioritizes employee-choice, personalization and flexibility, enables our team to do the best work of their careers and fosters inclusion.

Leading with choice and trust, **FLEXWORK** means that our employees: can choose whether to work at home or in an office; can go to an office at their preferred cadence and times – no minimums, no maximums; can determine the supplemental benefit offerings that best serve their needs and interests; are offered equal location-agnostic development and growth opportunities (for people leaders and employees), with self-paced offerings, based on employee feedback and requests. We call these aspects FLEXLocation, FLEXSpace, FLEXBenefits and FLEXLearn, some of which are described in more detail below. Each of these FLEXWORK components reinforces our commitment to inclusion and diversity. The needs of a diverse population can't be addressed with a “one-size-fits-all” approach, but rather are best achieved when individuals are given the freedom of choice to meet their unique needs and personal circumstances.

To help other companies navigate the unknown, we co-founded the **FLEXWORK Coalition** in partnership with several other forward-thinking tech organizations. The Coalition, which ran through fall 2021, convened conversations with 800+ companies and authored case studies to guide other companies seeking to transform their workforce.



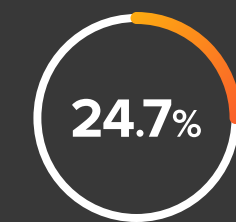


Inclusion & Diversity (I&D)

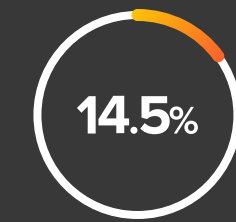
Inclusion is the first element of our People Strategy, one of our corporate values, embedded throughout FLEXWORK and integral to all we do. An inclusive and diverse culture, one where everyone is welcome and all voices are heard and valued, is important to the future success of our Company.

Innovation needs diversity to succeed. Getting ahead of tomorrow's cybersecurity threats requires a diverse and innovative team of problem solvers and we believe that attracting, retaining and fully engaging diverse talent leads to enhanced innovation and creativity in our products and services. It is also simply the right thing to do.

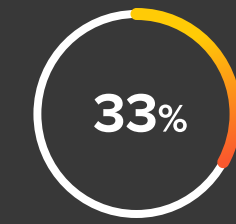
Our I&D journey requires focused effort and a measured, multi-year approach that will evolve based on our progress and changing societal conditions. Our Chief People Officer has accountability for I&D and the Compensation and People Committee of our Board of Directors has oversight of I&D initiatives and results. Our CPO provides an update on I&D progress to the Compensation and People Committee and the full Board of Directors quarterly. Our CPO is also supported by a dedicated I&D team as well as by other members of our leadership team, including our CEO who provides tremendous support and personal ownership of our I&D efforts.



of global employees self-identify as women



of U.S. employees self-identify as coming from underrepresented backgrounds



of Board Directors self-identify as women



For more workforce data, view the tables at the end of this supplement and the multi-year diversity trends included on [our website](#)



Our I&D Focus Areas

We are intentional about including diverse points of view, perspectives, experiences, backgrounds and ideas in our decision-making processes. We seek to build a more inclusive and equitable workplace where our employees feel safe and secure to be their authentic selves and do their best work.

Our I&D focus areas are Embrace, Commit and Lead. To support this work, our I&D practices are embedded throughout FLEXWORK, including in our talent acquisition, learning, development and leadership (FLEXLearn and FLEXLead), benefits (FLEXBenefits), hybrid working (FLEXLocation), and rewards and recognition programs, all described in more detail in the following sections.



EMBRACE

Our core value of Inclusion comes from our employees and we are committed to building an inclusive and equitable workplace.



COMMIT

We are creating more and broader pathways into tech and cybersecurity through our work with cyber education programs, strategic partnerships and recruiting channels focused on attracting candidates with diverse backgrounds, abilities and expertise.



LEAD

We are working to be part of the solution when it comes to diversity in cybersecurity and work with our customers and industry peers to promote equity, diversity and inclusion.



EMBRACE

Our core value of Inclusion comes from our employees and we are committed to building an inclusive and equitable workplace. One way we build this culture is through our eight employee network groups (ENGs).

Our ENGs, which play a vital role in building a community of understanding and awareness, include our Women's Networking Community, Ujima (Black Employee Network), Juntos (Latinx Employee Network), Salam (Muslim Employee Network), LGBTQIA+, Early-in-Career, VetsNet, and InnovASIAN ENGs.

ENGs are "employee-led." Their programs are driven by a leadership team of core volunteers who regularly engage an active membership of employees to produce events, activities and impact. Each ENG has a dedicated executive sponsor and we regularly involve our ENGs in listening sessions with our full executive team. Involvement is critical and we work in partnership across our business ecosystem to develop our annual I&D plans.



of our global workforce is involved in at least one ENG



"Serving as Executive Sponsor of our Women's Networking Community has given me a unique opportunity to listen, learn and be the best ally I can be for this community. I'm so proud of the impact our ENGs have on our I&D outcomes."

— Lee Klarich, EVP, Chief Product Officer, Palo Alto Networks



COMMIT

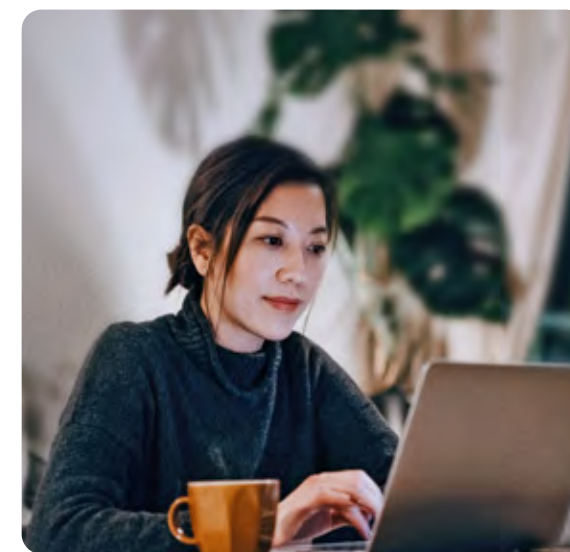
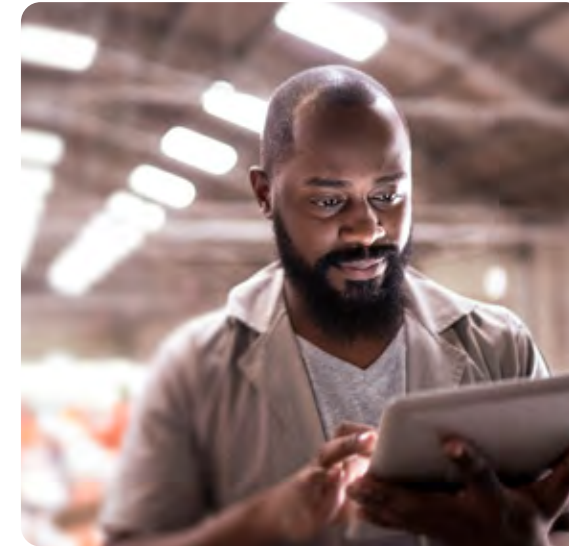
We are creating more and broader pathways into tech and cybersecurity through our work with cyber education programs, strategic partnerships and recruiting channels focused on attracting candidates with diverse backgrounds, abilities and expertise.

Recruiting business partners dedicated to building a diverse pipeline have established partnerships with organizations, such as the National Society of Black Engineers (NSBE), VetsinTech, the Society of Hispanic Professional Engineers (SHPE), and the National Center for Women & Information Technology (NCWIT), to participate in career panels and recruiting fairs.

We also work with organizations like Direct Employers and InHerSight to post our open roles on 150+ job sites that reach more candidates who are women, veterans, people with diverse abilities and people of color.



Learn more about our cybersecurity education programs on [page 35](#).





LEAD

We are working to be part of the solution when it comes to diversity in cybersecurity and work with our customers and industry peers to promote equity, diversity and inclusion.

Our leadership is committed to I&D action. Our CEO signed the [CEO Action for Diversity & Inclusion™](#) pledge and we've steadily grown the diversity of our leadership team and Board over the past three years.

We are also investing heavily in leadership capabilities and career development, and regularly review our hiring process to create unbiased processes.





Talent Acquisition & Development

Our talent acquisition and development strategies include a focus on sourcing, hiring, developing and motivating outstanding, diverse employees.

SOURCE & HIRE

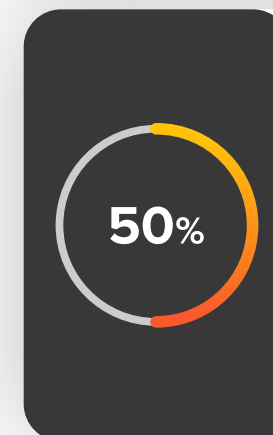
We work to source and hire exceptional, diverse talent and then to support our employees as they create and execute. Our talent acquisition team utilizes a number of core approaches to finding subject experts in their respective fields, including through strategic diversity partnerships such as NSBE, VetsinTech, SHPE, NCWIT and more. Our ENGs also play a vital role in reaching out to their respective communities.

Our university relations team partners with hundreds of academic institutions, including colleges and universities that focus on serving underrepresented populations such as Historically Black Colleges and Universities and Hispanic-Serving Institutions, to provide career pathways for early-in-career candidates. Our annual summer internship program and graduate hiring program also support our efforts to increase the diversity of our workforce.

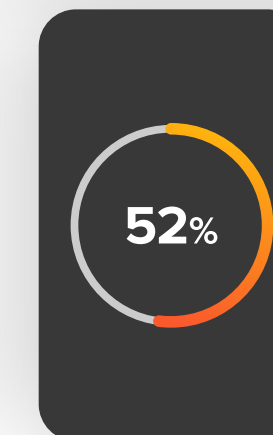
Our Early in Career ENG plays an important role in supporting new employees, helping to make connections, identify mentors, find training opportunities and ultimately creating a sense of community within the larger Company. We encourage career growth and expansion through a robust approach to internal mobility.



Hosted **212** interns and hired **183** early career professionals from **228** academic institutions.



of interns self-identified as female and **18%** self-identified as coming from underrepresented backgrounds



of early career professionals self-identified as female and **21%** self-identified as coming from underrepresented backgrounds



of interview panels and candidate slates are diverse⁶

Through our Quality of Hire (QoH) program, we aim to build a scalable, unbiased and predictive hiring process that:

- Helps us achieve aspirational diversity goals
- Continuously raises the bar for what 'high quality' looks like
- Delights candidates by fairly and rigorously evaluating their candidacy
- Enables disruptive innovation and rapid revenue growth

In fiscal 2021, we laid a solid foundation for our QoH vision by increasing the rigor and standardization of our hiring process and the quality of the interview experience. Our integrated and phased approach adds structure to our interviews and provides interviewers with more tools to make fair, objective and unbiased decisions. Our License to Hire (LTH) training equips hiring managers and interview panelists with tools and resources to not only objectively assess but also deliver a quality interview experience to candidates that we will measure on an ongoing basis.

We developed a scalable job analysis program that identifies essential knowledge, skills, abilities, and other characteristics (KSAOs) required for on-the-job performance, especially for high-volume roles. We also developed a robust assessment of quality (i.e., Quality of Hire Index) that aims to measure the value a new hire brings to Palo Alto Networks.



DEVELOP & MOTIVATE

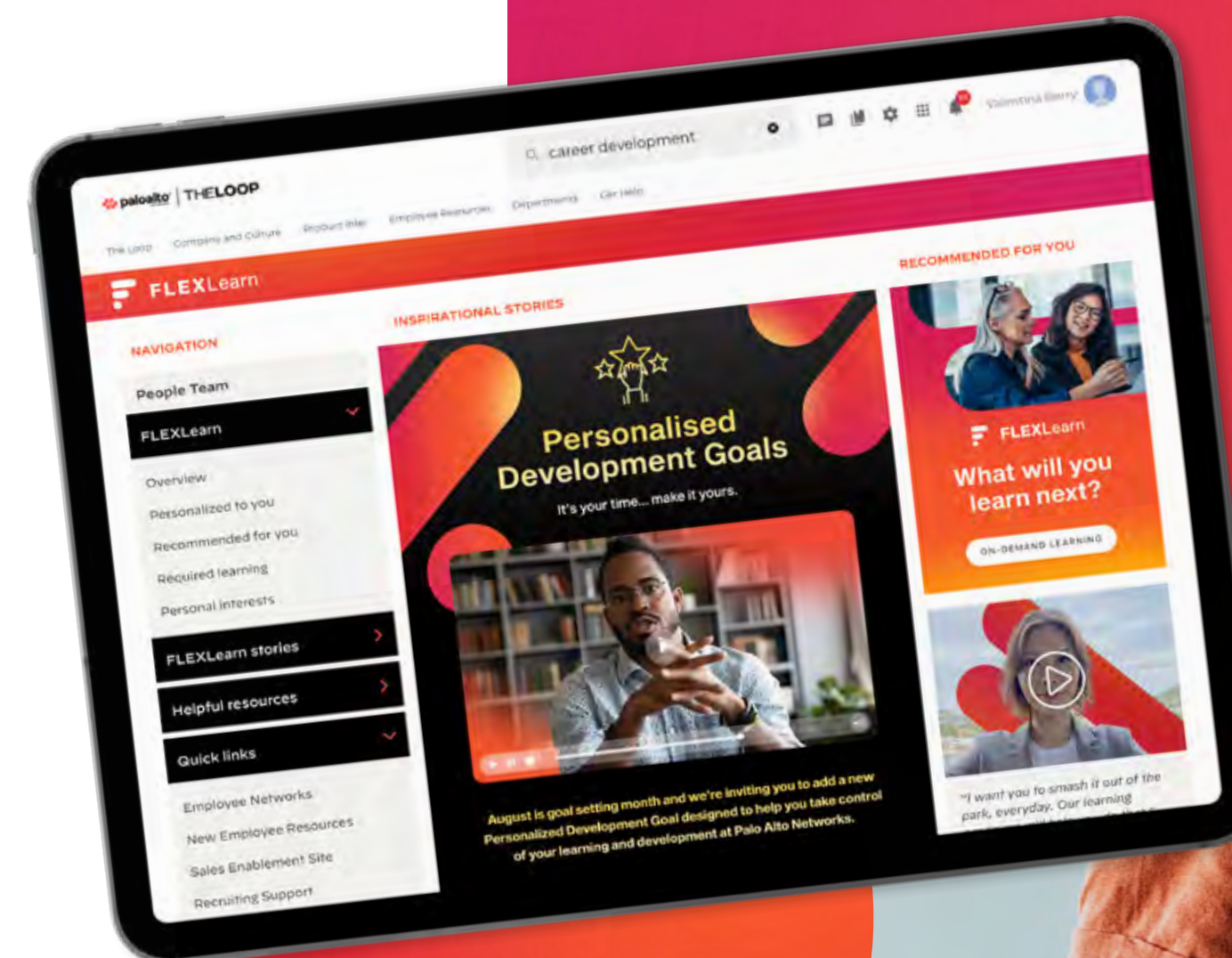
During the COVID-19 pandemic, we built and utilized FLEXLearn and FLEXLead to provide employees with inspirational, personalized growth experiences.



FLEXLearn is our unique approach to personalized employee development.

This multi-faceted platform provides employees with a learning path based on their individual and diverse needs, interests and career journey. The platform includes a catalog of over 900 courses on core business elements and curricula designed for specific job functions, such as Account Managers, and District Sales Managers, for example. Employees also use the platform to complete required compliance training, such as Code of Conduct, anti-discrimination, anti-harassment and anti-bribery training.

FLEXLearn also provides employees with events and activities that motivate and spark critical thinking, on topics ranging from inclusion, to well-being and collaboration. Our work with the NeuroLeadership Institute on leadership and behavior models and Main Stage speaker series are just two examples of the many sessions offered. During fiscal 2021, on average, employees completed 12 hours of development through the FLEXLearn platform.



“So many courses to choose from...FLEXLearn is the perfect learning place for someone like me who just joined PANW and wants to learn different products/solutions.”

— **Chintan Udeshi**, Senior Product Manager, Palo Alto Networks



FLEXLead

FLEXLead is another component of our inclusive talent development strategy.

This leadership development platform focuses on three primary areas: raising the bar of leadership effectiveness by setting clear expectations for leaders; accelerating personalized learning across our leadership population; and fostering dynamic leadership development that builds community and engagement.

FLEXLead includes a curriculum designed specifically for leaders to strategize, mobilize and deliver exceptional team performance, including 365 tools and other shared learning experiences.

At Palo Alto Networks, we lift each other up—because when one of us grows and evolves, we all do. We launched the Mentorship Connection Program to help our colleagues realize their goals and unleash their potential. The program offers learning in an informal, opt-in environment that allows employees to connect with subject-matter experts from across the organization. This learning from each other—on the job, every day—is inspiring and challenging our global workforce.



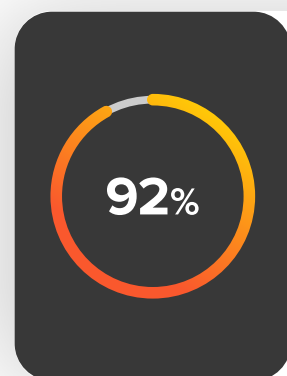


Employee Engagement

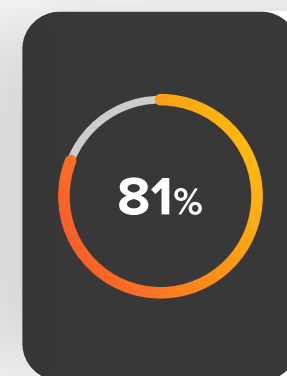
Our five core values—disruption, execution, collaboration, integrity and inclusion—were crowdsourced from our employees. These values are both meaningful to our workforce and reflect and reinforce a culture that listens and supports team members throughout the employee lifecycle.

ENGAGE

During fiscal 2021, we conducted multiple executive listening sessions and “pulse surveys” to assess employee engagement, well-being and agility to transition to a distributed work model. Employee sentiment was overwhelmingly positive overall regarding our distributed work model and employee engagement scores were in the top quartile.



92% of employees responded to our engagement survey, sent out to all employees

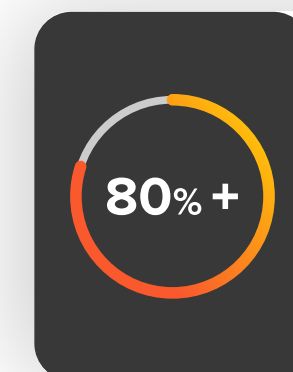


81% of employees surveyed reported being highly engaged

In February 2021, we conducted an anonymous global employee engagement survey. Employees indicated a strong sense of belonging, confidence in leadership and an understanding of how their work contributes to the Company’s goals. We also found no sentiment differential based on employee diversity demographics. Outcomes from the survey are being used to develop Company-wide and function-specific action plans.

REWARD

We believe in an always-on feedback and rewards philosophy. From recurring 1:1 sessions and ongoing performance feedback to our formal semi-annual performance elevation review cycles, employees receive regular input regarding the value they bring to the organization and ways in which they can further improve their work performance. In the spirit of always-on, we have a high adoption rate of our peer recognition program—Cheers for Peers. Through the largely peer-to-peer program, individuals and teams receive acknowledgement for demonstrating our values 365 days a year. The recognition, displayed on a public platform, includes points that can be accumulated and redeemed for a variety of gift cards or converted to donations to select causes.



80%+ of employees utilize Cheers for Peers to recognize colleagues



285K recognitions were given through the platform during FY21



FLEXBenefits

BENEFITS AND FLEXBENEFITS

In addition to competitive base pay, all employees participate in one of two variable pay programs: sales incentive plans or variable incentive program (VIP).

All employees are also eligible to participate in our stock-based offerings through a generous Employee Stock Purchase Plan and a competitive Equity Incentive Plan. As a global employer with a diverse and global employee population, we understand everyone's benefit needs are different. Our [benefit plans](#) include a variety of health, time-off, wellness and voluntary options.

Connected Health brings employee benefits together, offering a comprehensive dashboard of personalized benefits for medical, dental and vision. Beginning in November 2020, we launched the [FLEXBenefits](#) initiative, which puts choice in the hands of each unique employee. Our diverse employees need a variety of benefits that they can personalize to get what they need to keep themselves and their families healthy and supported. Employees choose how to use the \$1,000 annual benefit, spending it on things such as gym memberships, counseling apps and services, professional development, child and daycare fees, children's educational programs (Disney+, ABCMouse subscriptions etc.), theme park tickets, family support such as lactation consulting and midwifery, financial planning and budgeting tools, camping and national park fees, painting classes, gardening equipment and [so much more](#).

We also actively support employee fitness through our large on-site gym with daily instructor-led classes at our Santa Clara headquarters (virtually during the pandemic), and ongoing wellness speaker series.





PAY EQUITY

We are committed to executing a pay-for-performance compensation philosophy that is fair and equitable across our global employee base. We conduct an annual analysis through external independent compensation consultants and review total compensation, which includes salary, bonus and equity.

We are making continuous improvements in our processes to reduce the likelihood of inequity, through, among others, an offer generator tool and regular reviews of pay bands. If we find unexplained gaps in our analysis, we take action to correct them.

Our fairness and equity analysis includes gender for all global employees and race and ethnicity for employees in the U.S. As a result of these measures and corrections, our employees are paid fairly and equitably regardless of race/ethnicity (U.S.) or gender (global).





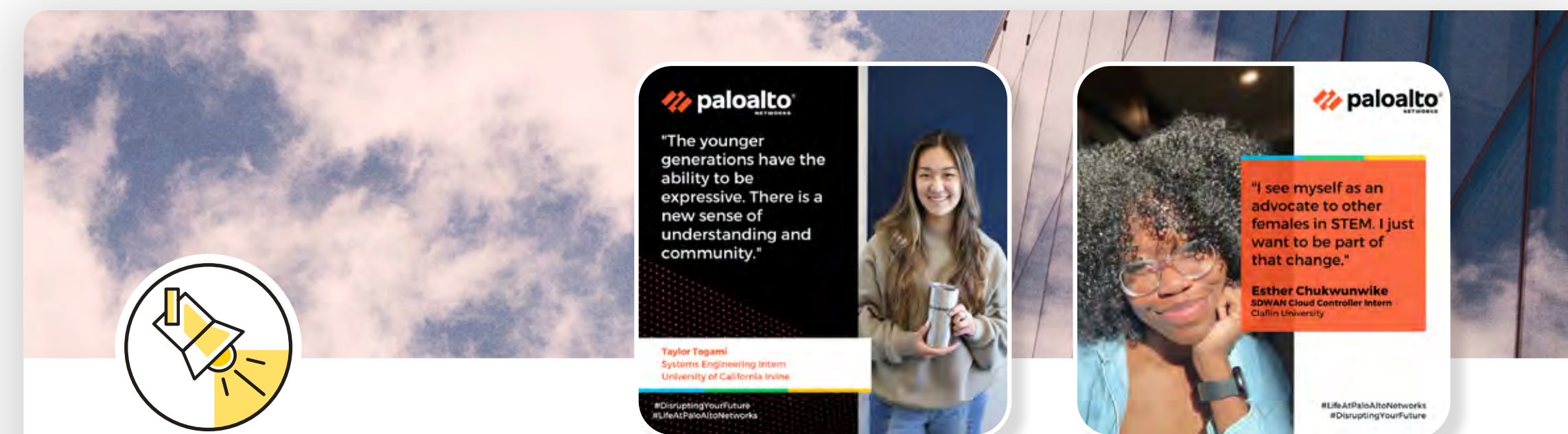
Onboard & Integrate

Onboarding is a journey of integration that extends from the individual's interview and selection process through the first year at Palo Alto Networks for every employee.

During fiscal 2021, we hired (including through acquisitions) 3,656 new employees and believe a positive onboarding experience is a foundational element to their satisfaction and motivation. From pre-boarding steps to survey touchpoints at 30, 90, 180, 270 and 365 days from hire, we regularly check in with our new teammates. Survey feedback indicates a favorable experience.

During the pandemic, we have utilized virtual deployment methods to provide new employees with an inspirational experience. “Welcome Day” includes remarks and presentations by business leaders and simulations about business cases and interactive workshops. We also have built our LEAP program, a 24-month initiative for new graduates designed specifically for the business segment/functions with specialized skills and learning requirements.

As part of our merger and acquisition strategy, we have established a robust integration program with the goal to enable individuals joining our teams to maximize the value they bring to our culture and business strategy.



SPOTLIGHT - #DISRUPTINGYOURFUTURE

We are on a mission to disrupt the cybersecurity status quo.

As we configure solutions for our world's toughest security problems and reimagine the workplace with initiatives like FLEXWORK, there seems to be no group more excited to disrupt the future than Palo Alto Networks' interns.

With the chaos of the COVID-19 pandemic, continued calls for social justice reform and the evolution of technology, this generation of young adults is beginning their careers in a time like never before and eager to make a difference. Our #DisruptingYourFuture campaign showcased our 2021 interns. We asked them to think critically about how resilience has played a role in securing an internship at Palo Alto Networks, how they have handled remote work and stayed motivated, and most pertinent to our core value of disruption, how they believe they and their generation will disrupt the future.



Health & Safety

Our Safety and Security team maintains detailed programs to support our workforce and continue critical business functions during sustained events, including natural disasters, operational disruptions and security incidents.

The team provides training resources, including a series on Natural Disasters Preparedness, first aid training and self defense seminars, to help prepare employees. In response to the rise in reported hate crimes, we have gathered feedback from our employees, monitor and report on incidents, offer courses through FLEXLearn on situational awareness and are launching a suite of tools to help personalize employee safety and give employees the ability to stay informed in realtime and get instant support from Palo Alto Networks anywhere in the world.

Environmental, Health and Safety training is embedded into FLEXLearn to provide employees with the knowledge on how to work safely, especially in environments with higher risk, such as our labs.



SUPPORTING EMPLOYEES THROUGH COVID-19

In response to the devastating impacts of the COVID-19 pandemic, we formed the Palo Alto Networks Workforce Family Fund from which employees, hourly contractors and our campus services employees, can apply for financial assistance to address hardships and medical needs resulting from COVID-19.

We also committed to no layoffs, and have not laid off any employees due to the COVID-19 pandemic. In addition, our Safety and Security team ran two vaccination drives in India for employees and their dependents, resulting in nearly 100 employees receiving free vaccination.



“Thank you Palo Alto Networks for the tremendous outpouring of help and support. It brings tears to my eyes knowing this company is helping so many people. The program has given my family an opportunity to take a few weeks to regather and be a little more prepared for the future to come.”

– Employee Recipient of Relief Fund



Supplier Labor Standards

Just as we expect employees to understand and abide by the Company's code of business conduct and ethics, Palo Alto Networks has a [Global Supplier Code of Conduct](#) to communicate our expectations regarding labor standards, business practices, and workplace health and safety conditions to our supply chain partners.

In fiscal 2021, we joined the [Responsible Business Alliance \(RBA\)](#), the largest industry coalition dedicated to corporate responsibility in supply chains. As an affiliate member we are committed to supporting the RBA mission to confirm that our corporate responsibility strategies represent our corporate values, align with industry best practices and that our supply chain adheres to the RBA (or similar) standard.





SCOPING HUMAN RIGHTS RISKS IN OUR SUPPLY CHAIN

Our codes are useful in documenting our expectations that materials suppliers honor our commitment to human rights. That said, beyond communicating our expectations we exercise our duty to follow industry best practices when assessing risks for incidents of human rights violations within our supply chain. We take a risk-based and business impact approach and leverage the risk assessment resources of the Responsible Business Alliance to help identify suppliers who may be at high risk for child, forced or compulsory labor issues. If additional research into a suppliers' ethical practices is necessary, we take action to do so.

We focus our risk assessments on suppliers where we have large annual spend, where Palo Alto Networks is a significant portion of their annual revenue, where the supplier's technology impacts our business and where we have an overall strategic partnership with a supplier. Understanding risks related to human rights, among others, that these suppliers may pose is critical, from both a socially conscious and business impact perspective.

In addition, suppliers who may provide commodities and or be within industries historically known to have high risks for labor incidents are subject to additional vetting processes. Lastly, suppliers who may be located in countries or regions where labor issues have historically not been prioritized are also considered high risk and managed appropriately.

MANAGING HIGH-RISK SUPPLIERS

If after assessing risks based on the scoping considerations mentioned, a supplier is considered high risk, Palo Alto Networks follows additional industry best practices to monitor the supplier for incidents of child, forced, or compulsory labor in our supply chain.

- **Supplier vetting:** Before a supplier is onboarded, they go through a thorough vetting process which looks at several aspects of their business including their environmental and social policies. This process allows us to identify suppliers who share our values.
- **Onsite walkthroughs:** We conduct onsite walkthroughs before operations begin and throughout the partnership with key suppliers. The onsite team follows industry best practice checklists for a full inspection of the facility. Any findings are shared with the appropriate teams and remediated.
- **Annual surveys:** We regularly monitor the supplier for incidents that may change their good standing and conduct annual surveys about labor practices to assess adherence to our standards.
- **Scorecards:** Our key suppliers are scored on a regular cadence based on their performance, including their participation in our environmental and social programs.
- **Communication:** Whether it's during our annual supplier appreciation event, in a scorecard review, or included in our annual surveys, we take the time to communicate our expectations to our suppliers. Our belief is that continuous communication helps ensure our suppliers prioritize the issues we value most.



SUPPLIER DIVERSITY

We believe our strength as a Company comes from building an inclusive environment and collaborating with individuals who bring diverse experiences.

This extends to our global supply chain. During fiscal 2021, we published a [Supplier Diversity Statement](#) to increase our awareness of and engagement with women- and minority-owned businesses.

While this effort will evolve over time, we have taken immediate steps, including establishing a cross-functional working group for Supplier Diversity programs to explore best practices. We are also working to find partners, such as Western Regional Minority Supplier Development Council, to support our work to enhance our procurement policies and establish metrics to measure our progress in growing the diversity of our supply chain.

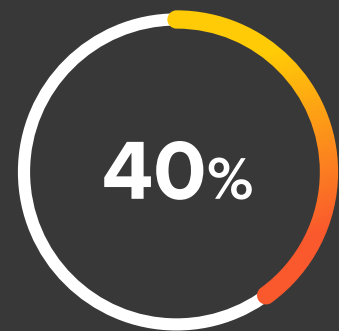




WHERE WE'RE GOING NEXT

We approach our ESG work as a journey and in that spirit, we are setting several aspirational goals to advance our I&D work

WE WILL STRIVE TO ACHIEVE



global gender
diversity by 2025



diversity on our
leadership teams
by 2025*



of U.S. workforce from
underrepresented
backgrounds by 2025

We also continue to grow our Employee Network Groups and are currently forming an ENG for employees with disabilities, employees with family members with disabilities and allies.



In FY22, we embedded ESG measures into executive compensation and aim to rank among Best Places to Work in 2022.



Social: Our Communities

We are uplifting our communities, building the diverse workforce of the future and mobilizing employees for maximum impact.

As a leader in cybersecurity, we're leveraging our expertise for social impact by providing cybersecurity education resources to youth and young adults, and engaging our global workforce in volunteering and giving initiatives.

Our charitable investment strategy aligns with our business strategy, employee interests and the needs of the communities we live and work in.





Cybersecurity Education



GIRL SCOUTS OF THE USA

Our collaboration with [Girls Scouts of the USA](#) began in 2017 with cybersecurity curriculum development and testing in select U.S. locations. The first group of nationwide cybersecurity badges was launched in 2018 to Girl Scouts in kindergarten through fifth grade. In 2019, the badge program expanded to Girl Scouts in sixth through 12th grade.

In 2021, we also worked with USA Girl Scouts Overseas to bring cybersecurity badge activities to troops in Singapore. During fiscal 2021, together with our employee volunteers, we coordinated 12 virtual events to help hundreds more girl scouts complete activities to earn badges. To date, **over 260,000 cybersecurity badges have been earned by Girl Scouts.**

[Learn more online](#) →



CYBER A.C.E.S.

[Cyber A.C.E.S.](#) (Activities in Cybersecurity Education for Students) aims to demystify cybersecurity through interactive learning. The program helps equip children ages five to 15 with tools to both protect themselves online and become good digital citizens. Lessons are designed to be facilitated by anyone, regardless of knowledge level, with each module tailored to a specific age group. **Thousands of lessons** have been downloaded from Palo Alto Networks website. We have held online sessions during Cybersecurity Awareness Month, Safer Internet Day and workshops with partners to deploy activities to the community members they serve. We have also licensed Cyber A.C.E.S. lessons to Girl Guides NSW, ACT & NT and the Scouts Association of Japan to reach youth around the world. Cyber A.C.E.S. lessons are also featured on the National Cybersecurity Alliance's *Cybersecurity Education and Career Resources website*.

[Learn more online](#) →



CYBER STARS

We are committed to addressing racial disparity in the technology industry, particularly in the Black community. Through [Cyber Stars](#), we **increase exposure, access and support** to underrepresented K-12 students and young adults interested in pursuing a career in the technology industry.

The program includes Cyber A.C.E.S. education and mentorship. Partnerships and activities with organizations such as Off the Street Club, Hidden Genius Project, Summit Academy, Strive for College Collaborative, and NPower have been useful in reaching Black youth and young adults. Future phases of the program may include school and district financial support, and access to internships and scholarships for those pursuing cybersecurity careers.

[Learn more online](#) →



CYBERSECURITY ACADEMY

Our [Cybersecurity Academy](#) continues to scale the deployment of educational curriculum to high schools, community colleges, colleges and universities around the world. Our curriculum is currently in more than **1,500 high schools, colleges, universities and other nonprofits in over 75 countries**.

The curriculum is also featured on the National Cybersecurity Alliance's *Cybersecurity Education and Career Resources website*.

[Learn more online](#) →



Employee Volunteering and Giving

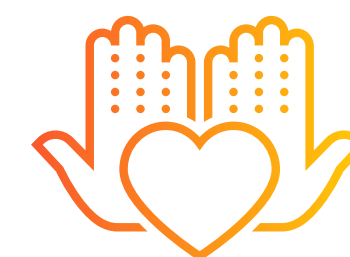
Our employee volunteering and giving program focuses on championing the causes employees care most about and supporting the communities where we live and work. Employees volunteer together in groups and, through our Flexible Time Off (FTO) program, are encouraged to take time off to volunteer individually.

For each hour of volunteer time recorded by an employee we donate \$25/hour to the eligible organization to maximize their impact. We also offer dollar-for-dollar matching to eligible charities of our employees' choice. A maximum total benefit of \$1,000 per calendar year applies to both programs. From time to time, we also offer special matching programs (in addition to the ongoing matching).

In fiscal 2021, we expanded volunteer projects to include opportunities for virtual engagement. Working with partners such as Give To Get and Kynd Kits, we collaborated with our ENGs to hold virtual gatherings for employees to assemble packages ranging from basic hygiene items for people experiencing homelessness, science kits for youth, to scarves and hats for seniors. The packages were then distributed to those communities through local partners. Activities often aligned with cultural awareness months (i.e. Black History Month, Latin Heritage Month, etc.). By leveraging our Dollars-for-Doers program, these activities also generated charitable donations to the beneficiaries.

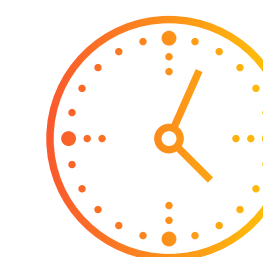
We coordinated multiple Company-wide activities, such as our annual hunger campaign. Inspired by FLEXWORK and our value of disruption, the 2020 hunger campaign was expanded to include our global workforce and their passion to support hunger relief organizations *where they wish* rather than a limited number of beneficiaries near a major office. The result was greater reach and larger impact.

Informational sessions for employees and their families were also offered. For example, through a virtual tour of Sweet Farm Animal Sanctuary attendees learned about the nonprofit's work to link climate education, veganic agriculture, farm-animal rescue and the technology that is sustainably disrupting food and agriculture production.



2,596

causes supported through employee donations and volunteer hours



3,363

hours of volunteer time was recorded by employees



\$1,021,599

donated by employees



\$1,856,702

matched by Palo Alto Networks



Charitable Investments

In fiscal 2021, Palo Alto Networks and its employees invested nearly \$5.5M in nonprofit organizations working tirelessly to serve their local communities. The Palo Alto Networks Foundation, Palo Alto Networks Cybersecurity Education Fund, and the Palo Alto Networks COVID Relief Community Fund are corporate advised funds (CAFs) administered by the Silicon Valley Community Foundation and the Foundation for the Carolinas through which Palo Alto Networks makes charitable contributions.

In addition to general grant recommendations, the Corporate Responsibility team partners closely with our ENGs to distribute charitable investments to organizations committed to uplifting diverse communities. In fiscal 2021, each ENG was allocated \$20,000 per year from the Palo Alto Networks Foundation to recommend grants to organizations aligned to the mission of the ENG, and those with positive and measurable impact and outcomes. Fiscal year 2021, beneficiaries were selected because of their work to empower girls in technology, support civil and human rights, address gaps in racial equity and more.

Our ENGs are key stakeholders when making investment decisions and offering special matching programs for employees. From donations to address systemic racial injustices impacting Black and Asian communities to fundraising that provides relief from increasing natural disasters—which often disproportionately affect communities of color—ENGs helped to identify, vet and select beneficiaries of these contributions and help make a meaningful difference.

TOP 30 ORGANIZATIONS (ALPHABETICALLY) RECEIVING CHARITABLE SUPPORT IN FY21

(Not including contributions from our employee matching program.)

Grant amounts range from **\$500,000** to **\$7,500**

- Akshaya Patra
- American India Foundation
- American Red Cross
- Black Girls Code Inc.
- BUILD
- CARE
- Coqual Inc.
- Concordance
- Cristo Rey San Jose High School
- Cyversity (formerly International Consortium of Minority Cybersecurity Professionals)
- Earth Day Network
- Feeding America
- Friends of the World Food Program Inc.
- Girl Scouts of the United States of America
- Goonj
- International Committee of the Red Cross
- Malala Fund
- National Cyber Security Alliance
- National Urban League
- NPower Inc.
- Off the Street Club of Chicago
- Second Harvest of Silicon Valley
- Strive for College Collaborative
- SVCF COVID-19 Regional Fund
- The Tech Interactive
- Trips for Kids Marin
- United Nations Foundation Inc.
- United Way Worldwide
- US India Friendship Alliance
- World Bicycle Relief NFP



Responding to COVID-19

Since March 2020, a core focus of our social impact programs has been on helping communities impacted by the COVID-19 pandemic through charitable donations, employee giving and volunteer programs. In late fiscal 2020, our CEO forewent his annual salary beginning in April 2020, donating \$1 million to our COVID Relief Fund.

Our broader management team and Board of Directors followed suit, contributing another \$1M+. Palo Alto Networks as a Company contributed \$2M. This \$4M aggregate funding was used to facilitate a 4:1 matching program for employees, separate from our ongoing matching program. Employee donations, up to \$5,000, were matched 4:1. In April 2021, after our initial \$4M aggregate funding was fully utilized, we offered a new 2:1 matching to help address the COVID-19 surge in India.

Through multiple internal fundraising campaigns and initiatives from March 30, 2020 to July 31, 2021, nearly \$6M was raised to support communities and colleagues impacted by COVID-19. As of July 31, 2021, over \$3.8M has been donated to 22 local and regional organizations providing on-the-ground relief and hundreds of nonprofits addressing food insecurity.

Beneficiaries included the Silicon Valley Community Foundation COVID-19 Regional Response Fund, the United Nations Foundation, CDC Foundation, American India Foundation, as well as the National Urban League and United Way Worldwide to help address the needs of the Black community disproportionately impacted by the pandemic.

A healthy balance of funding remains in our Workforce Assistance Fund as a resource for those who may experience fiscal or medical hardships due to COVID-19.

WHERE WE'RE GOING NEXT

We are proud of the positive impact we've been able to have and look forward to growing our social impact program. To that end, we plan to scale our cybersecurity education programs to reach 20 million individuals of all ages by 2025. We will continue to encourage employees to support their communities through charitable giving and volunteerism with a goal to increase engagement to 40%.





Governance: Our Integrity

We do the right thing, always.

Our commitment to integrity and to do the right thing—our North Star—underpins everything we do.





Corporate Governance

Our Board of Directors consists of a diverse group of highly qualified leaders in their respective fields who bring unique perspectives to the Board. The Board has a standing Audit Committee, a Compensation and People Committee, and a Nominating and Corporate Governance Committee. The Board is governed by our Corporate Governance Guidelines, which address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards.

Our corporate governance structure, with its strong emphasis on Board independence and diversity of backgrounds, experience and viewpoints, as well as an active Lead Independent Director, and strong Board and committee involvement, provides sound and robust oversight of management.

We have taken a thoughtful approach to Board composition with directors who have backgrounds that collectively add significant value to the strategic decisions made by the Company. Currently, 12 Board Directors have skills and experience in human capital management.

Our Corporate Governance Guidelines provide that our Board is free to choose its chairperson (chair) and our Chief Executive Officer is appointed as our Chair. Board leadership also includes an active Lead Independent Director. In addition to our Lead Independent Director, 75% of our Directors are independent, all of the Directors on the standing committees of our Board are independent, and each of these committees is led by a committee chairperson.



For more information on ESG oversight visit [Our Approach on **page 6**](#) of this supplement. For more information on Corporate Governance visit our [2021 Proxy Statement](#).



Board Diversity

Our Corporate Governance Guidelines embody our Board’s commitment to actively seek out women and candidates from underrepresented backgrounds as well as candidates with diverse backgrounds, experiences and skills. Representation of gender, race, ethnic, geographic, cultural and other diverse perspectives expands the Board’s understanding of the needs and viewpoints of our customers, partners, employees and other stakeholders worldwide.

As part of our ongoing commitment to creating a balanced Board with diverse viewpoints and deep industry expertise, we added four new independent directors in fiscal 2019 through fiscal 2021 to infuse new ideas and fresh perspectives in the boardroom, two of whom were women of color. Between fiscal 2018 and the end of fiscal 2021, we grew gender diversity of the Board from 9% to 33%.

The Board generally believes that a mix of long- and short-tenured directors promotes an appropriate balance of views and insights and allows the Board as a whole to benefit from the historical and institutional knowledge that longer-tenured directors possess, and the fresh perspectives contributed by newer directors.

BOARD SNAPSHOT

TENURE

Average: 7.8 years

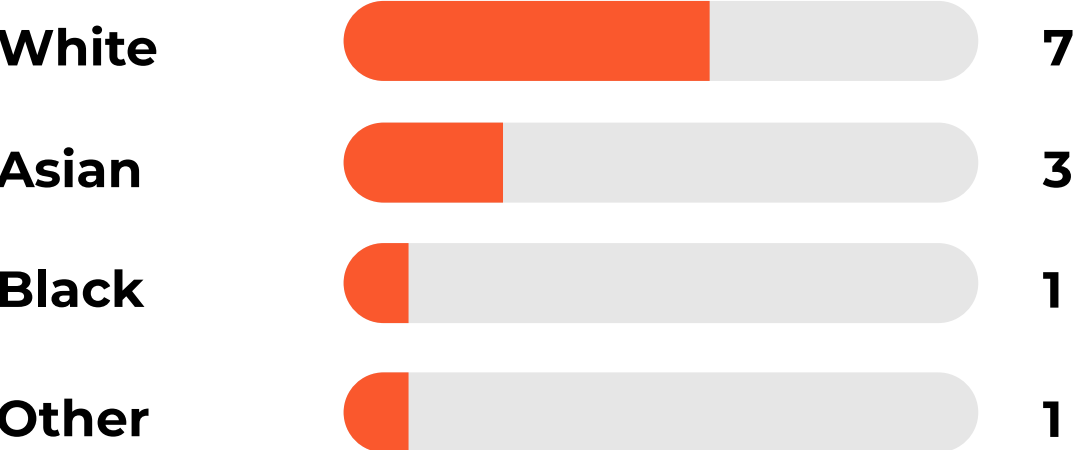


AGE

Average: 55.8 years



ETHNIC DIVERSITY



GENDER DIVERSITY





Ethics and Corporate Behavior

Palo Alto Networks is committed to conducting business with high degrees of honesty and integrity wherever we operate. Integrity is one of our core values and we respect our customers, partners, employees and shareholders.

Our [Code of Business Conduct and Ethics](#) summarizes the ethical standards and key policies that guide the business conduct of the directors, officers and employees of the Company, and we have a public [Global Supplier Code of Conduct](#). Employees and suppliers are informed about our governance expectations through our Codes of Conduct and compliance training programs.

As of July 31, 2021, 99.5% of employees had completed Code of Conduct and Business Ethics training. We also have a policy focused on respect in the workplace and a corresponding training through our FLEXLearn platform. All new hires must complete the training and existing global employees are required to complete the training every other year. The training includes anti-discrimination, anti-harassment and anti-retaliation lessons and hypotheticals. The Audit Committee of our Board of Directors is responsible for oversight of our Code of Business Conduct and Ethics compliance program. Our Ethics Hotline is also [publicly available](#).



SPOTLIGHT – INTEGRITY WEEK

During our annual “Integrity Week”, we take a deep dive into what integrity means to us here at Palo Alto Networks.

We educate our global workforce on integrity through lunch-and-learns with leaders from our legal ethics team, fun trivia games, short policy reminders, giveaways and more.

We highlight our Global Ethics Team (GET) to help ensure our employees GET the guidance and resources needed to operate with high standards of integrity in all of our business dealings.



“Operating with integrity is vital for Palo Alto Networks and we do more than just put ethics into a policy. Showing employees what integrity and ethics means through real-life hypotheticals, lunch-and-learns, and by reviewing actual third-party SEC investigations and findings helps employees apply a high standard of ethics in their everyday interactions.”

— Erica Kelley, VP, Deputy General Counsel, Palo Alto Networks



ESG Related Policies

[Review our full list of policies online →](#)



Code of Business Conduct and Ethics →



Global Supplier Code of Business Conduct and Ethics →



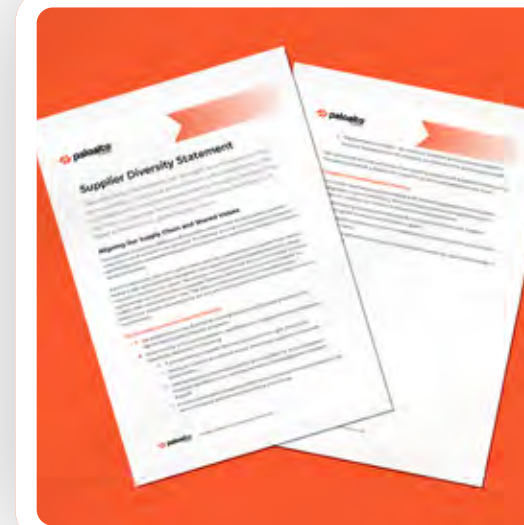
Statement Regarding Prohibition of Slavery and Human Trafficking →



Conflict Minerals Policy →



Conflict Minerals Report →



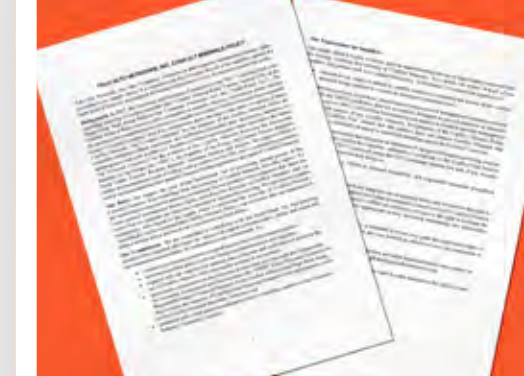
Supplier Diversity Statement →



Environmental Statement →



Climate Commitments →



2021 CDP Disclosure →



Information Security

Palo Alto Networks maintains a written information security program that is managed by our Chief Information Security Officer responsible for overseeing and implementing the program; includes administrative, technical and physical safeguards reasonably designed to protect the confidentiality, integrity, and availability of End User Data; and is appropriate to the nature, size and complexity of Palo Alto Networks' business operations. Our Board of Directors reviews data privacy and cybersecurity strategies and risks and our Audit Committee has oversight over risk mitigation related to cyber threats. We are in the process of forming a Security Committee of our Board of Directors and at present, eight of our 12 Board Directors have cybersecurity and IT technology expertise. We provide annual information security and compliance training to all of our employees.

We engage external agencies to conduct background checks for personnel. We also maintain a security process to conduct appropriate due diligence prior to engaging contractors; assess the security capabilities of subcontractors on a periodic basis; and require subcontractors to adhere to our key information security policies and standards. We also restrict access to, control and monitor physical areas where we process end user data. Data centers that we operate are in alignment with industry standards such as **ISO 27001** and **SSAE 16** or **ISAE 3402**.

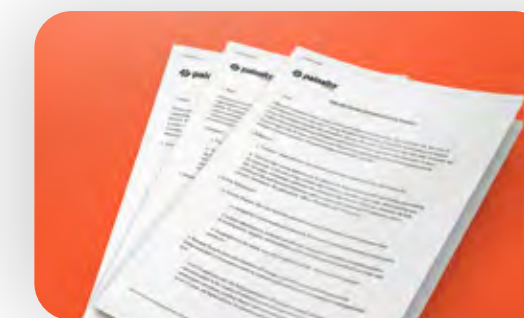
We deploy firewall technology and an intrusion detection system to generate, monitor and respond to alerts which could indicate potential compromise of our network. We also apply security by design principles throughout the software development lifecycle, track vulnerabilities of open-source software, and run internal and external network scans at least quarterly and after any material change in the network configuration. We conduct application security assessments using a qualified third party, such as our annual assessment for internet-facing applications that collect, transmit or display end user data.

Data security risks are addressed through our Third Party Risk Management program, which is compliant with frameworks such as SOC2, ISO27001, and FedRAMP. A complete listing of our certifications can be found on our Technical Certifications [page](#).

Our Risk Management program consists of the following:

- ➔ Continuous cycle of third party assessment and monitoring
- ➔ Alignment with industry standard SIG (Standardized Information Gathering Questionnaire)
- ➔ Assessments to identify data security risks in compliance with our Information Security policies and standards
- ➔ Process to identify, track, and validate remediation of third party risks
- ➔ Vendor outreach process to address global cybersecurity events within the industry

Palo Alto Networks also develops, implements and maintains a business continuity management program to address the needs of the business and the products we provide to customers. To that end, we complete a minimum level of business impact analysis, crisis management, business continuity and disaster recovery planning.



For more information on our information security measures [visit our website](#).



Data Privacy

Privacy is important to our customers and helps us build trust. Our privacy practices are informed by several key principles including:

- ➔ **Accountability:** we are responsible for the protection of personal information entrusted to us.
- ➔ **Transparency and Control:** we inform customers about our collection of their personal information and honor their preferences.
- ➔ **Third Parties Processing Our Information:** we choose trustworthy vendors and suppliers to process personal information and we require them to commit to adequate privacy and data security standards.
- ➔ **Privacy by Design:** we continue to build on this principle when designing and implementing products.
- ➔ **Data Integrity and Proportionality:** we collect personal information for specific and legitimate business purposes and store it safely and accurately.
- ➔ **Customer Benefit/Value for Customers:** we share with our customers the benefits and value we derive from processing their personal information.
- ➔ **Security:** we implement technical, organizational and physical security measures to confirm an appropriate level of security of the personal information we process. This includes employee training, and ~90%⁷ of active employees completed our privacy and security trainings.



To learn more about the information we collect, how we use personal information, information on marketing, cookies and more visit:

www.paloaltonetworks.com/legal-notices/privacy



Product Privacy Datasheets are provided on our [website](#).



ESG Transparency

We are committed to providing a public account of our progress in delivering on our ESG commitments. In addition to annual participation in the Carbon Disclosure Project, ESG disclosures will be included in our annual reports on Form 10-K and [proxy statements](#). In the future, we will also periodically improve the content and disclosures included in this supplement.

We recently refreshed the corporate responsibility and inclusion and diversity collateral on our website to increase awareness and transparency of these initiatives and our broader ESG strategies, and commit to regular updates to those webpages.

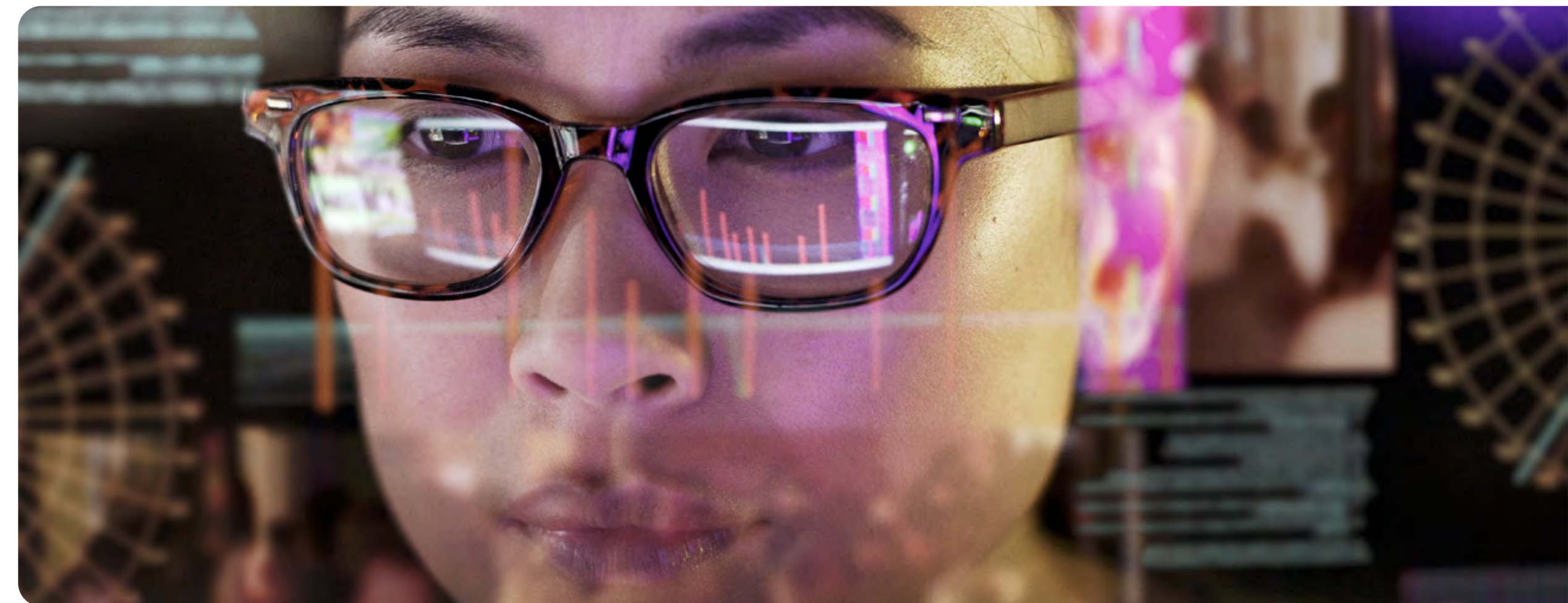
This ESG Supplement showcases our commitment to report our ESG progress using the Stakeholder Capitalism Metrics established by the International Business Council of the World Economic Forum (WEF) as well as aligning our reporting to frameworks of the Global Reporting Initiative and the Sustainability Accounting Standards Board (SASB) standards. A SASB standards and WEF Content Index is provided at the end of this supplement.

We have also committed to transparently reporting our environmental progress through participation in the CDP (formerly Carbon Disclosure Project) in [2020](#) and [2021](#) and will implement the recommendations of the Task Force on Climate Related Financial Disclosures within the next three years.

WHERE WE'RE GOING NEXT

We are proud of the ESG progress we have accomplished so far and eager to continue this vital work. Our goal is to be widely recognized for our progress in ESG performance and to advance to the top of ESG rankings and assessments.

In fiscal 2022, our executive compensation plan includes an incentive modifier based on the achievement of ESG goals, focused on environmental performance, progress towards our aspirational diversity goals and employee engagement metrics. We also intend to establish a Security Committee of our Board of Directors and will continue to increase reporting transparency.





About This Supplement

This supplement represents Palo Alto Networks first comprehensive account of our environmental, social and governance strategies, initiatives and outcomes. It establishes a foundation for our ESG programs from which we are committed to improve, year over year.

The activities, performance and data detailed in the supplement relate to the worldwide operations of Palo Alto Networks, Inc. and its subsidiaries, affiliates and related entities (the “Company”) unless otherwise stated. The report covers the Company’s activities in fiscal 2021 ending July 31, 2021. The environmental data is from calendar year 2020.

Additional information about the Company’s ESG strategies can be found on the [corporate website](#). Questions about ESG topics can be addressed to cr@paloaltonetworks.com.

Forward-Looking Statements

This supplement includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current facts, including statements regarding our social, environmental and sustainability plans and goals, and executive compensation plans, made in this document are forward-looking. We use words such as anticipates, plan, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons. Risks and uncertainties that could cause our actual results to differ significantly from management’s expectations are described in our 2021 Annual Report on Form 10-K. Unless otherwise provided herein, all statements in this supplement are as of October 29, 2021.



FY21 ESG Highlights

Environmental

- Committed to be **carbon neutral by 2030***
- Purchased renewable energy certificates to match **100%** of anticipated energy use (U.S.)
- Earned LEED certification for **85%** of our employee workplaces
- Submitted environmental disclosures to **CDP**, earning a score of “C” for our inaugural report⁸
- Expanded our Green Teams across each of our major regions
- **71%** of power obtained came from renewable energy sources⁹

Social

- Delivered personalized learning, benefits and choice of location through FLEXWORK
- Employees have, on average, completed **12** hours of development through FLEXLearn
- Secured a **92%** response rate of employee survey; attained an **81%** positive sentiment score - with no meaningful diversity differential
- Achieved equity in pay, promotion, performance and mobility
- Increased diverse representation to **24.7%** Women (global) and **14.5%** underrepresented minorities (U.S.)
- Expanded diversity of leadership (VP+) to **21.2%** Women (global) and **11.4%** underrepresented minorities (U.S.)

Social (cont.)

- Reached **~90%** diverse representation in candidate slates and interview panels
- **25%+** of our global workforce is involved in at least one employee network group
- **~\$5.5 million** in total charitable contributions to critical causes
- **3,363 hours** of employee volunteer time
- **~2,600** causes supported through employee donations and volunteer hours
- Deployed Cybersecurity Academy curriculum to **1,500** partners in **75** countries
- Scaled Cyber A.C.E.S. (Activities in Cybersecurity Education for Students) in multiple countries
- Distributed **260,000+** cybersecurity badges (to date) to girls through our partnership with Girl Scouts of the USA¹⁰

Governance

- Grew gender diversity of the Board from 9% (in FY18) to **33%** (by the end of FY21)
- Completion rate of Code of Business Conduct & Ethics training at **99.5%**
- Earned recognition for ESG performance from third-parties

⁸ CDP, a not-for-profit that runs a global disclosure system for companies' environmental impacts, delivers a “C” score to companies demonstrating awareness of their climate related impacts, risks and opportunities.

⁹ In calendar year 2020.

¹⁰ Since the program began in 2017.
* Updated on 11.24.2021.



FY21 Performance Data Table

Disclosure	Data
Financial	
Total Net Revenue (\$m)	\$4,256.1
Total Billings (\$m)	\$5,452.2
Total Cost of Revenue (\$m)	\$1,274.9
Total Operating Expenses (\$m)	\$3,285.3
Total Investment in Research and Development (\$m)	\$1,140.4
Total Return of Capital (approx. \$m)	\$1,200
Environmental¹¹	
Scope 1 GHG emissions (MTCO ₂ e)	716
Scope 2 (Market) GHG Emissions (MTCO ₂ e)	6,501
Total Scope 1 & 2 (Market) GHG Emissions (MTCO ₂ e)	7,212
Scope 2 (Location) GHG Emissions (MTCO ₂ e)	8,313
Scope 1 & 2 (Market) GHG Emissions (MTCO ₂ e)/\$m revenue	2.11
Scope 1 & 2 (Market) GHG Emissions (MTCO ₂ e)/square foot	0.005
Scope 3 Measured GHG Emissions (MTCO ₂ e)	
Purchased Goods & Services	88,728
Capital Goods	96,995
Fuel and Energy Related Activities	1,842
Business Travel	2,869



Disclosure

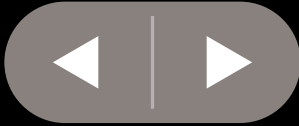
Data

Environmental¹¹

Scope 3 Measured GHG Emissions (MTCO ₂ e)	
Employee Commute	1,908
Upstream and Downstream Transportation	768
Waste from Operations	8
Total Scope 3 Measured GHG Emissions	193,118
Total Electricity Consumption (GJ)	110,962
Percentage of Electricity Purchases from Renewable Sources	71%
Percentage of Managed Office Real Estate (square footage) in LEED Certified Buildings	85%
Total Water Withdrawals (Global Real Estate Footprint) (Megaliters)	76.5
Percentage of Water Withdrawals in Regions of High or Extremely High Baseline Water Stress	91%

Social

Total Employees	10,473
Attrition Rate	13.1%
New Hires	3,656
Gender Representation (Global Employees)	
All Employees (% Women)	24.7%
Individual Contributors & Managers (% Women)	24.9%
Directors and Above (% Women)	21.5%
Technical Staff (% Women)	18.1%
Non-Technical Staff (% Women)	27.4%



Disclosure

Data

Social

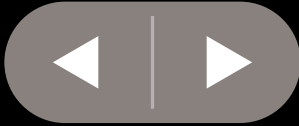
Racial and Ethnic Groups Representation - All U.S. Employees (U.S. Only)	
Asian	38.3%
Black	3.9%
Hispanic	6.7%
White	47.7%
Two or more races	2.7%
Other	0.7%
Racial and Ethnic Groups Representation - Technical (U.S. Only)	
Asian	60.5%
Black	3.9%
Hispanic	4.6%
White	28.1%
Two or more races	2.5%
Other	0.7%
Racial and Ethnic Groups Representation - Non-Technical (U.S. Only)	
Asian	19.5%
Black	4.0%
Hispanic	8.4%
White	64.4%
Two or more races	2.8%
Other	0.9%

**Disclosure****Data****Social**

Racial and Ethnic Groups Representation - Individual Contributors & Managers (U.S. Only)	
Asian	37.0%
Black	2.5%
Hispanic	5.7%
White	51.9%
Two or more races	2.0%
Other	0.9%
Racial and Ethnic Groups Representation - Directors and Above (U.S. Only)	
Asian	38.6%
Black	2.7%
Hispanic	4.7%
White	51.0%
Two or more races	2.9%
Other	0.7%

Social

Percentage of Employees Participating in Employee Network Groups	25%
Average Hours of Development per Employee	12
Employee Survey—Response Rate	92%
Employee Survey—Engagement Score	81%
Corporate Charitable Contributions (excluding employee matching)	\$2,616,880
Charitable Matching (of employee donations and MySMILE “Rewards”)	\$1,856,702
Employee Donations	\$1,021,599



Disclosure	Data
Social	
Employee Volunteerism—Hours	3,363
Overall Employee Participation (Matching & Volunteerism)	34.5%
Charitable Causes Supported	2,596
Cybersecurity Academy—Partners Enrolled	1,500
Cybersecurity Academy—Countries Reached	75
Number and Rate of Fatalities as a Result of Work-Related Injury	0
High-Consequent Work-related Injuries (Excluding Fatalities)	0
Recordable Work-related Injuries (i.e. repetitive strain/stress injury (5), slip/fall/contusion (2), etc.)	7
Governance	
Percentage of Employees who Completed Code of Conduct Training	99.5%
Gender Representation—Board	33%



FY21 Content Index

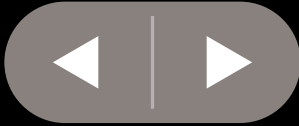
SASB Standard - IT and Software Services

The Value Reporting Foundation’s Sustainability Accounting Standards Board (SASB) Standards are a set of standards that guide the disclosure of sustainability information by companies to their investors. The following Index maps our disclosures to the SASB indicators for IT and Services companies.

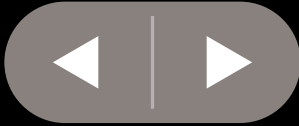
Topic	Accounting/Activity Metric(s)	Location/Response	SASB Code
ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Palo Alto Networks does not own any data centers. Data provided is for colocation data center and cloud service vendors. (1) 36,801.31 GJ (estimated using LBL CLEER methodology using 7.01Kwh/SF) (2) 100% (3) 70%	TC-SI-130a.1
ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Palo Alto Networks does not own any data centers and presently we are not receiving any data on water usage from our digital supply chain.	TC-SI-130a.2
ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE	Discussion of the integration of environmental considerations into strategic planning for data center needs	Respect our Planet: Sustainable Value Chain	TC-SI-130a.3



Topic	Accounting/Activity Metric(s)	Location/Response	SASB Code
DATA PRIVACY & FREEDOM OF EXPRESSION	Description of policies and practices relating to behavioral advertising and user privacy	Data Privacy	TC-SI-220a.1
DATA PRIVACY & FREEDOM OF EXPRESSION	Number of users whose information is used for secondary purposes	Not Applicable	TC-SI-220a.2
DATA PRIVACY & FREEDOM OF EXPRESSION	Total amount of monetary losses as a result of legal proceedings associated with user privacy	None	TC-SI-220a.3
DATA PRIVACY & FREEDOM OF EXPRESSION	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Palo Alto Networks is implementing technology to efficiently track law enforcement requests for reporting purposes. They are few and do not result in disclosure of customer personally identifiable information.	TC-SI-220a.4
DATA PRIVACY & FREEDOM OF EXPRESSION	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Our products and services are not allowed for export to Cuba, Iran, North Korea, Syria, and the Crimea Region of the Ukraine.	TC-SI-220a.5
DATA SECURITY	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Not currently reported	TC-SI-230a.1
DATA SECURITY	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Information Security	TC-SI-230a.2
RECRUITING & MANAGING A GLOBAL, DIVERSE & SKILLED WORKFORCE	Percentage of employees that are (1) foreign nationals and (2) located offshore	(1) 9.6% of U.S employees are foreign nationals (2) 36.2% of employees are located outside of the U.S.	TC-SI-330a.1



Topic	Accounting/Activity Metric(s)	Location/Response	SASB Code
RECRUITING & MANAGING A GLOBAL, DIVERSE & SKILLED WORKFORCE	Employee engagement as a percentage	Employee Engagement: Engage	TC-SI-330a.2
RECRUITING & MANAGING A GLOBAL, DIVERSE & SKILLED WORKFORCE	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	FY21 Performance Data Table	TC-SI-330a.3
INTELLECTUAL PROPERTY PROTECTION & COMPETITIVE BEHAVIOR	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	None	TC-SI-520a.1
MANAGING SYSTEMIC RISKS FROM TECHNOLOGY DISRUPTIONS	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Not currently reported	TC-SI-550a.1
MANAGING SYSTEMIC RISKS FROM TECHNOLOGY DISRUPTIONS	Description of business continuity risks related to disruptions of operations	FY21 Form 10K	TC-SI-520a.2



Topic	Accounting/Activity Metric(s)	Location/Response	SASB Code
ACTIVITY METRICS	(1) Number of licenses or subscriptions, (2) percentage cloudbased	(1) We sold software and subscriptions to 85,000+ lifetime customers for FY21. (A customer is defined as an account that has purchased products and services excluding not-for-resale services. This definition includes all customers acquired since inception). (2) Not applicable	TC-SI-000.A
ACTIVITY METRICS	(1) Data processing capacity, (2) percentage outsourced	(1) CPU/vCPU: 1,313,140 (2) 92.75% outsourced	TC-SI-000.B
ACTIVITY METRICS	(1) Amount of data storage, (2) percentage outsourced	(1) 630.24 Petabytes (2) 98.51% outsourced	TC-SI-000.C



FY21 Content Index

World Economic Forum (WEF)’s Stakeholder Capitalism Metrics

WEF’s Stakeholder Capitalism Metrics are designed to help companies measure, align and improve their mainstream reporting on performance against environmental, social and governance (ESG) indicators. The following Index maps our disclosures to the core WEF indicators.

WEF Pillar: Governance			
Topic	Accounting/Activity Metrics	Location/Response	GRI Cross Reference
GOVERNING PURPOSE	SETTING PURPOSE: The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Our Approach FY21 Form 10-K and FY21 Proxy Statement , Page 2	GRI 102-26
QUALITY OF GOVERNING BODY	GOVERNANCE BODY COMPOSITION: Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Board Diversity 2021 Annual Report and FY21 Proxy Statement , Board Diversity, Directors Section Compensation, Discussion and Analysis including in FY21 Proxy Statement (CD&A)	GRI 102-22, GRI 405-1a
STAKEHOLDER ENGAGEMENT	MATERIAL ISSUES IMPACTING STAKEHOLDERS: A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Prioritizing ESG Factors*	GRI 102-21, GRI 102-43, GRI 102-47



WEF Pillar: Governance			
Topic	Accounting/Activity Metrics	Location/Response	GRI Cross Reference
ETHICAL BEHAVIOUR	ANTI-CORRUPTION: 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. (a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years; and (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	Ethics and Corporate Behavior 1. (a) and (b) Zero. 2. Communication strategy and manager toolkits around the importance of business ethics and examples of high risk actions, with an emphasis on anti-corruption and reporting.	GRI 205-2, GRI 205-3
ETHICAL BEHAVIOUR	PROTECTED ETHICS ADVICE AND REPORTING MECHANISMS: A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	Code of Business Ethics , page 11, (b) seeking guidance and (c) Reporting Violations. Whistleblower Policy. EthicsPoint.	GRI 102-17
RISK AND OPPORTUNITY OVERSIGHT	INTEGRATING RISK AND OPPORTUNITY INTO BUSINESS PROCESS: Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	FY21 Form 10-K and FY21 Proxy Statement , Boards Role in Risk Oversight FY21 Form 10-K	GRI 102-15
WEF Pillar: Planet			
Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
CLIMATE CHANGE	TCFD IMPLEMENTATION: Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	ESG Transparency Environment: Respect our Planet See our 2021 CDP response for substantive climate related risks and opportunities.	GRI 201-2



WEF Pillar: Planet

Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
NATURE LOSS	LAND USE AND ECOLOGICAL SENSITIVITY: Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Palo Alto Networks does not currently own, lease or manage sites in or adjacent to areas protected for their biodiversity value.	GRI 304-1
FRESHWATER AVAILABILITY	WATER CONSUMPTION AND WITHDRAWAL IN WATER-STRESSED AREAS: Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	FY21 Performance Data Table	GRI 303-1

WEF Pillar: People

Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
DIGNITY AND EQUALITY	PAY EQUALITY: Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	FY21 Form 10-K and FY21 Proxy Statement, Engage & Reward Section	Adapted from GRI 405-2
DIGNITY AND EQUALITY	WAGE LEVEL: <ol style="list-style-type: none">Ratios of standard entry level wage by gender compared to local minimum wage.Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	FY21 Proxy Statement CDA, Our Compensation Best Practices	GRI 202-1
DIGNITY AND EQUALITY	RISK FOR INCIDENTS FOR CHILD, FORCED OR COMPULSORY LABOR: An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Supplier Labor Standards	GRI 408-1b, GRI 409-1a

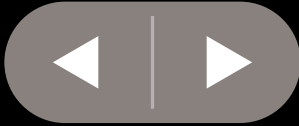


WEF Pillar: People

Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
HEALTH AND WELL-BEING	HEALTH AND SAFETY %: 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Health and Safety FY21 Performance Data Table	GRI:2018 403-9a&b, GRI:2018 403-6a
SKILLS FOR THE FUTURE	TRAINING PROVIDED (% , \$): Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Talent Acquisition & Development Ethics and Corporate Behavior FY21 Performance Data Table FY21 Form 10-K and FY21 Proxy Statement , Develop & Motivate, Corporate Behavior	GRI 404-1

WEF Pillar: Prosperity

Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
EMPLOYMENT AND WEALTH GENERATION	ECONOMIC CONTRIBUTION: 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: — Revenues — Operating costs — Employee wages and benefits — Payments to providers of capital — Payments to government — Community investment. 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	FY21 Performance Data Table FY21 Form 10-K	GRI 201-1, GRI 201-4
EMPLOYMENT AND WEALTH GENERATION	FINANCIAL INVESTMENT CONTRIBUTION: Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	FY21 Form 10-K	



WEF Pillar: Prosperity			
Topic	Accounting/Activity Metric	Location/Response	GRI Cross Reference
INNOVATION OF BETTER PRODUCTS AND SERVICES	TOTAL R&D EXPENSES (\$) Total costs related to research and development.	About Palo Alto Networks FY21 Performance Data Table	
COMMUNITY AND SOCIAL VITALITY	TOTAL TAX PAID: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Not currently reported. For financial information visit our FY21 Form 10-K	Adapted from GRI 201-1



To learn more visit

www.paloaltonetworks.com/about-us/corporate-responsibility