paloalto® NETWORKS | CYBERSECURITY PARTNER OF CHOICE

Securing Our Digital Future

FY23

Environmental, Social and Governance Report

paloalto NETWORKS | CYBERSECURITY PARTNER OF CHOICE

Environmental, Social and Governance Report

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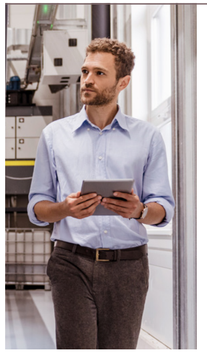

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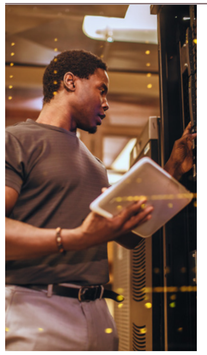

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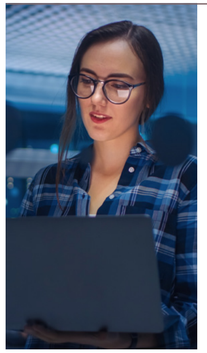

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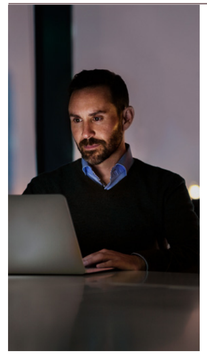

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Introduction: Joint Letter from Our Chairman and Chief Executive Officer and Our Lead Independent Director

Today, so much of what we do as a society is online. Education, healthcare, consumer spending, infrastructure, transportation and even national security have all been digitized. At Palo Alto Networks, we protect people's digital lives and vital social structures from rapidly scaling cybersecurity threats and disruptions.

We are proud that our best-of-breed product platforms, strategic customer services and employees power a world where each day is safer and more secure than the one before.

As a company built on trust, it is imperative that we continue to be a leader in responsible business practices. We are proud to share our fiscal 2023 Environmental, Social and Governance (ESG) Report, our third ESG report. In this report, you'll find examples of our bold approach to emissions reductions and renewable energy, how we build an employee-centric culture, the partnerships that uplift our communities, our strong governance practices, how we operate with integrity, and how our core products and services help keep society safe and secure.

Science-based climate strategy. Our climate strategy is future-focused, data-driven and science-based. In fiscal 2023, our emissions reduction targets were approved by the Science-Based Targets Initiative, aligning with the Paris Agreement's goal to limit global warming to 1.5°C above pre-industrial levels. We were also named to CDP's A-List and the U.S. EPA's Green Power Partnership.

Investing in our global workforce. Delivering on our business strategy is only possible with the best team. We introduced Global Hiring Committees to help us hire the best people, took the Equal Pay Pledge to advance equity, continued to personalize our employee experience and earned more than 40 employer awards this fiscal year. This people-first approach extends across our entire value chain and includes a commitment to make our operations as inclusive as possible.

Partnering with our communities to make a lasting impact. We are taking steps to support the next generation of diverse cybersecurity and technology experts. We renewed and enhanced our support for Black and Hispanic scholars, continued to change the face of tech as a founding partner of Women in Cybersecurity (WiCyS) and reached more than 500,000 students through our Cybersecurity Academy since the program began in 2013.

Commitment at the highest levels. Driving progress starts with engagement and oversight from the full Board and strategic guidance from the Board's ESG and Nominating Committee. Our ESG Executive Council sets our overall strategy and our cross-functional ESG Steering Committee leads program implementation. Board involvement allows us to respond proactively to new opportunities and assures local teams and managers that the organization's full support is behind them as they carry out our ESG goals.

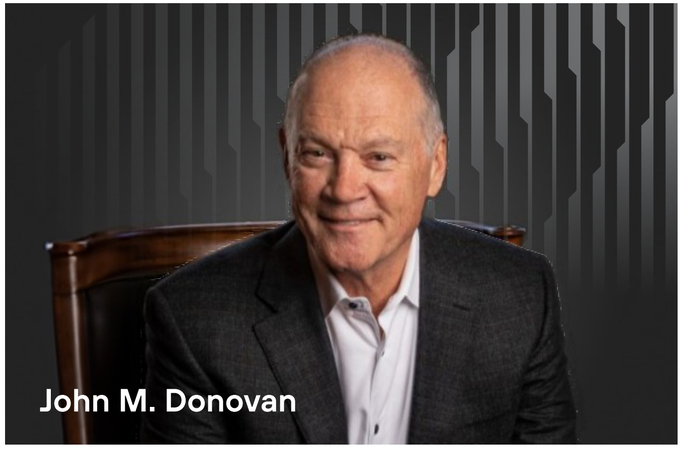
Fiscal 2023 was a strong year for Palo Alto Networks. We are excited about the bright future that lies ahead.

Thank you,

Nikesh Arora
Chairman and
Chief Executive Officer

John M. Donovan
Lead Independent Director Chair,
ESG & Nominating Committee

Nikesh Arora


John M. Donovan

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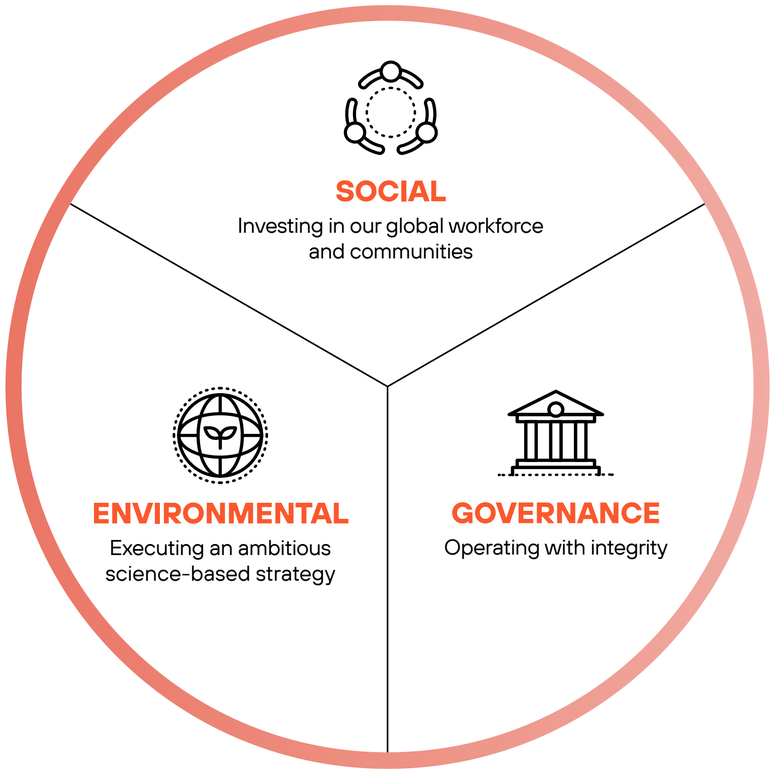
FY23 ESG At-a-Glance

As the leading cybersecurity company, it is our business and our responsibility to help our enterprise customers keep their infrastructure safe and secure in a sustainable manner, while delivering a return for our investors. Moreover, we believe our responsibilities extend beyond customers and investors. We are equally responsible to provide safety, security and sustainability to our workforce, suppliers, communities and environment.

Our priority focus areas in fiscal 2023 are listed in the below graphic.



Read more about our ESG approach on page 10.

FY23 Highlights

ENVIRONMENTAL

Climate **targets** validated by the **Science-Based Targets Initiative**

Contracted for **100%** **renewable electricity at our headquarters**

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

SOCIAL

26% of **global employees** self-identify as women

Introduced **Global Hiring** Committees to ensure **quality and equity** through the hiring process

glassdoor BEST PLACES TO WORK 2023

GOVERNANCE

50% of **Board Directors** are diverse based on Directors' gender, race, ethnicity and/or nationality

80% of **Board Directors** are independent

MSCI ESG RATINGS AA
CCC | B | BB | BBB | A | AA | AAA

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About: Palo Alto Networks and Our Approach to ESG

We are committed to creating a world where each day is safer and more secure than the one before.

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Fiscal 2023 At-a-Glance

Incorporated
2005

Countries
End customers in 180 countries

Headquarters
Santa Clara, California

74 major
product releases in FY23[1,2]

Employees worldwide
13,948[1]

$1.6 billion
invested in R&D

FY23 Total Revenue
$6.9 billion[1]

1 As of July 31, 2023.

2 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.

"As the leader in cybersecurity, our mission is to make each day more secure than the day before and to protect our digital way of life. We recognize our duty to bring that same mentality to ESG. We strive to make the world more environmentally secure, more socially responsible and better-governed than the day before. This is imperative to earning and keeping the trust and confidence of our external and internal stakeholders."

Dipak Golechha
Chief Financial Officer, Palo Alto Networks

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Our Purpose: A Secure Future for All

We believe that everyone has a fundamental right to safety and security. As our lives and societies become increasingly digital, we use the power of innovation and technology to help create a more secure, sustainable and equitable future for all.

Our cybersecurity platforms help businesses, nonprofits and governmental organizations protect and secure complex operations. We work across industries and communities to share reliable intelligence that prevents attacks and protects power grids, water supplies, financial systems and other critical infrastructure. By providing visibility, insights, technology, automation and flexibility, we help our customers operate securely today and prepare them for tomorrow.

We boldly and proudly protect our digital way of life, enabling people everywhere to enjoy convenient, efficient, private and secure access to essential services in our interconnected digital world.

OUR VISION

A world where each day is safer and more secure than the one before.

OUR MISSION

To be the cybersecurity partner of choice, protecting our digital way of life.

OUR VALUES

Co-created with our employees, we believe our corporate values make us a better company.

Disruption

Execution

Collaboration

Integrity

Inclusion

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Our Business: Solving Cybersecurity Challenges

Innovating for a Better Tomorrow

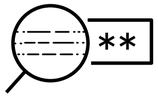
We innovate to outpace cyberthreats and cybersecurity so organizations can embrace current, new and emerging technologies with confidence. We provide next-generation cybersecurity to thousands of customers globally, across sectors. Our cybersecurity platforms and services are backed by industry-leading threat intelligence and strengthened by best-in-class automation.

Showing the Way to Secure

We empower enterprises, organizations, service providers and government entities to protect themselves against today's most sophisticated cyberthreats and cybersecurity breaches. As a leading provider of Zero Trust solutions, we deliver next-generation Zero Trust network access to secure today's hybrid workforces. Using Zero Trust principles, we secure users, applications and infrastructure. Our security solutions are designed to reduce customers' total cost of ownership by improving operational efficiency and eliminating the need for siloed point products.

Providing a Multiplatform Product Portfolio

We offer our customers value across four fundamental areas:



ZERO TRUST PLATFORM

Network security that ensures every connection is secure

CODE TO CLOUD™ PLATFORM

Cloud security that ensures every cloud application is secure

AI-DRIVEN SECURITY OPERATIONS PLATFORM

SecOps that is powered by a real-time security engine

INCIDENT RESPONSE, ADVISORY SERVICES AND THREAT INTELLIGENCE

Strategic security partner through managed and proactive security services and world-renowned intelligence

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Our Approach: Achieving Meaningful Outcomes through ESG

Palo Alto Networks has always been a values-based company, and core ESG principles are a long-standing and integral part of our day-to-day operations and culture. To achieve our corporate vision of a safe and secure world and protect our digital way of life, we must also do our part to keep the planet and our communities healthy and thriving.

We execute meaningful ESG initiatives that support our corporate purpose. These include using our platform to protect people's digital lives and vital societal systems from ever-changing cybersecurity challenges, driving ambitious climate action, building an employee-centric culture, extending our culture of responsibility to our supply chain, uplifting our communities and operating with integrity and purpose.

In 2023, we continued our dedicated focus on improving our programs and further integrating ESG topics into our business. From elevated environmental initiatives, such as setting emissions reduction goals aligned to Science-Based Targets, to increased transparency in our governance and disclosures, including mapping to the United Nations Sustainable Development Goals in this report, we have made strides to advance along our ESG journey. We also continued to focus on the unique contributions we can provide to the world: making cybersecurity easier to understand, increasing access to it for youth, and providing educational opportunities to inform and inspire the strong, diverse cyber workforce of both today and tomorrow.

We monitor our ESG performance, as measured by industry rating institutions. Over the past three years, our overall ESG performance improved across the entities we track. Still, we recognize that we will always have more to do, particularly as stakeholder interest, regulatory matters and ESG frameworks evolve. We continue to evolve our practices and remain diligent in our effort to achieve our place as an industry leader in ESG.

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Confirming Our Priority Focus Areas

We consider our business and operational impacts, stakeholder impacts, and investor and customer interests when defining our ESG priorities. To confirm our priority focus areas, we first reviewed and integrated leading ESG reporting frameworks (including the Global Reporting Initiative [GRI], the Sustainability Accounting Standards Board [SASB] Standards, a part of the International Financial Reporting Standards [IFRS],, and the World Economic Forum's Stakeholder Capitalism Metrics), ESG benchmarking and best practices, as well as ESG ratings such as Morgan Stanley Capital Investments (MSCI), Institutional Shareholder Services (ISS) and Sustainalytics.

Throughout the year, we engage stakeholders including investors, customers, suppliers, business leaders, employees, regulatory agencies, local, state and federal entities, governmental and international communities, nongovernmental/ nonprofit organizations and the communities in which we operate to help identify and prioritize the ESG factors important to stakeholders and to our business. The Executive ESG Council and ESG Steering Committee consider these insights when refreshing our priorities, strategy and efforts. Please see our Stakeholder Engagement Table on page 83 for more information.

We integrate and consider these priority topics throughout our business — from designing our offices to meet highly regarded environmental standards to how we develop talent, compete for business, serve our customers, work with suppliers and support our communities.

Our priority focus areas in fiscal 2023 are listed in the below graphic.

ENVIRONMENTAL

Executing an ambitious science-based strategy

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

SOCIAL

Investing in our global workforce and communities

Motivating and developing our people and reinforcing our culture of personalization and respect. Priorities include **talent development, inclusion and diversity, employee engagement, well-being,** and **employee health and safety**.

Helping people protect their digital way of life and enabling communities to thrive. Priorities include **cybersecurity education and awareness, investing in a robust and diverse cybersecurity workforce, employee volunteering and giving,** and **charitable investments**.

Partnering closely with our suppliers to extend our culture of responsibility. Priorities include **supplier integrity, reducing supply chain emissions, managing high-risk suppliers** and **supplier diversity**.

GOVERNANCE

Operating with integrity

Underpinning our work is our foundational value of integrity. Priorities include **corporate governance**, **Board diversity**, **ESG transparency**, and implementation and monitoring of compliance with relevant **codes of business conduct and ethics**, and their attendant policies, including our Human Rights Policy.

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ESG Oversight: A Responsibility Mindset

At Palo Alto Networks, ESG is overseen and governed at the highest levels by our Board of Directors, executive-level leadership and subject-matter experts who lead efforts across our business.

Setting the Tone for ESG

The Board and its applicable committees provide guidance and oversight to management on ESG matters. Our ESG and Nominating Committee meets quarterly and is responsible for setting our priorities and monitoring our performance. Our Compensation and People Committee, Audit Committee and Security Committee serve important and complementary roles in ESG oversight (described in the visual at right). Committees regularly receive information on related matters from our executives, functional leaders and subject-matter experts. Our Lead Independent Director and management team share feedback received from our stockholders with the Board.

ESG AND NOMINATING COMMITTEE

- Primary responsibility for ESG matters
- Board recruiting, including diversity
- Sustainability
- Legal and regulatory compliance (excluding financial and tax)
- Stakeholder engagement

COMPENSATION AND PEOPLE COMMITTEE

- Diversity and inclusion
- Pay equity
- Human capital management, including recruitment, development and retention
- Integrating ESG goals into executive compensation plans/arrangements
- Compensation risk management
- Management succession planning

AUDIT COMMITTEE

- Processes and controls to ensure ESG disclosures are complete and accurate
- Enterprise risk management (ERM) pertaining to financial, accounting and tax matters
- Legal and regulatory compliance related to financial and tax matters
- Internal ethics compliance, including code of ethics and whistleblower program

SECURITY COMMITTEE

- Product security and data security
- Cybersecurity, risk exposure and related controls
- ERM related to security, incident response and business risk

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Proactive Executive Leadership

We have a cross-functional, ESG Executive Council (the "Council") led by our Chair and CEO that includes our general counsel, chief people officer and chief financial officer. The Council sets our overall ESG strategy, objectives and initiatives, provides guidance on program implementation and oversees the ongoing enhancement of our approach. The Council regularly receives analysis and presentations covering current and emerging ESG-related risk topics and program statuses.

The Council empowers our ESG Steering Committee to oversee program implementation and to pursue activities to achieve our objectives and goals. The Steering Committee, which meets monthly, includes employee representatives from our accounting, corporate responsibility, internal audit, investor relations, legal, operations, SOX and external reporting assurance, product and people teams. In fiscal 2023, the Vice President of Hardware Products joined the Steering Committee in recognition of the important role our products and services play in executing our strategies, including the environmental benefits related to product performance. The Steering Committee oversees the work of our subject-matter experts who implement our ESG programs.

ESG Governance Structure

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Cybersecurity & Privacy: Our Secure Digital Future

As an innovation-led cybersecurity company, we use the power of our platforms to protect people's digital lives.

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750M+
new and unique events analyzed and detected each day

74 major
product releases

4,400+
product team employees drive innovation

30+
Palo Alto Networks products use AI [1]

[1] Number is cumulative since 2019; some products are still in development.

"Cybersecurity, sustainability and social impact are interlinked: As technology is increasingly used to connect communities, conserve energy and keep people healthy and safe, it's our job at Palo Alto Networks to deliver increasingly better security outcomes that safeguard our digital way of life, our societies and our planet."

Lee Klarich
Chief Product Officer, Palo Alto Networks

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Our Products & Services: Protecting Vital Societal Systems

Businesses, educational institutions, financial and healthcare systems, government services, vehicles, homes and lives are connected to the internet like never before. The right digital tools can make societies safer, healthier and more sustainable. But the more we depend on complex and interconnected digital systems, the more critical it becomes to keep them secure and running smoothly.

This is why vital organizations, systems and services all over the world rely on Palo Alto Networks and the power and protection of our industry-leading cybersecurity platform to stay safe and secure. We prevent cyberattacks, anticipate new threats before they arise, and partner with each customer to provide solutions tailored to their needs.

In doing so, together with our ecosystem partners and customers, we're helping to lead the way in building a safer society and creating a more secure future.

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SPOTLIGHT

Investing in Innovation and Harnessing AI

The threat landscape is rapidly intensifying. Attacks are happening more quickly than organizations can respond, and the rise of artificial intelligence (AI) has led to new forms of malware, social engineering attacks, AI-driven botnets and more. Governments, social institutions, businesses and individuals are all at risk.

These threats demand a high-powered innovation engine. Our product team is made up of more than 4,400 employees, and they've met increased consumer demand, taking us from a single-product company to one with three leading platforms in just five years. These include:

ZERO TRUST

Our best-in-class network security platform uses leading hardware and software firewalls, as well as SASE, to ensure that every connection is secure.

CODE TO CLOUD™

Three-quarters of cloud code bases consist of open-source code, and 80% of open-source code contains at least one vulnerability. Our cloud security platform ensures the security of every cloud application.

AI-DRIVEN SECOPS

Our autonomous SecOps delivers near-real-time security, building on our five-year legacy of category-leading products to help the SOC.

We've embraced machine learning since its earliest days, and beginning in fiscal 2016 we released our first AI-based product. Today, we leverage AI across our entire portfolio, including all three platforms and 30+ products and modules.

AI provides near-real-time capabilities for all our tools, delivering unparalleled detection and response. For example, Cortex XSIAM is a SecOps tool that combines our knowledge of every known attack pattern (Palo Alto Networks detects more than 275,000 new attack patterns each day) with AI-based prediction and analytics to protect against new, as yet unseen attack patterns. Solutions such as these not only guard against the current threat landscape but will protect systems well into the future.

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Information Security: Business-Wide Safeguards

Palo Alto Networks maintains a written information security program. Our chief information security officer is responsible for overseeing and implementing the program. Our 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.

The Security Committee of our Board of Directors reviews our cybersecurity strategies and risks and oversees risk mitigation related to cyberthreats and cybersecurity. Six of our 10 Board directors have cybersecurity and IT technology expertise. We also make information security content available to contractors that have access to our networks or system.

We engage external agencies to conduct background checks of prospective employees. 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 control, monitor and restrict access to physical areas where we process end-user data. The 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 that could indicate potential compromise of our network. We also apply "security by design" principles throughout the software development life cycle, track vulnerabilities of open-source software, and run internal and external network scans at least quarterly and after any material change in network configuration. Using a qualified third party, we conduct application security assessments 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 standards
- 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.

During fiscal 2023, Palo Alto Networks did not experience any material data breach that required SEC disclosure. Regulators around the globe are requiring that companies report more about cyber incidents and the SEC's new cybersecurity incident reporting rule places cybersecurity at the center of public company governance. For our thoughts on the new SEC rule and how companies can reduce their chances of having a material incident, read this blog post.

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Workforce Cybersecurity Awareness: A Robust Training Program

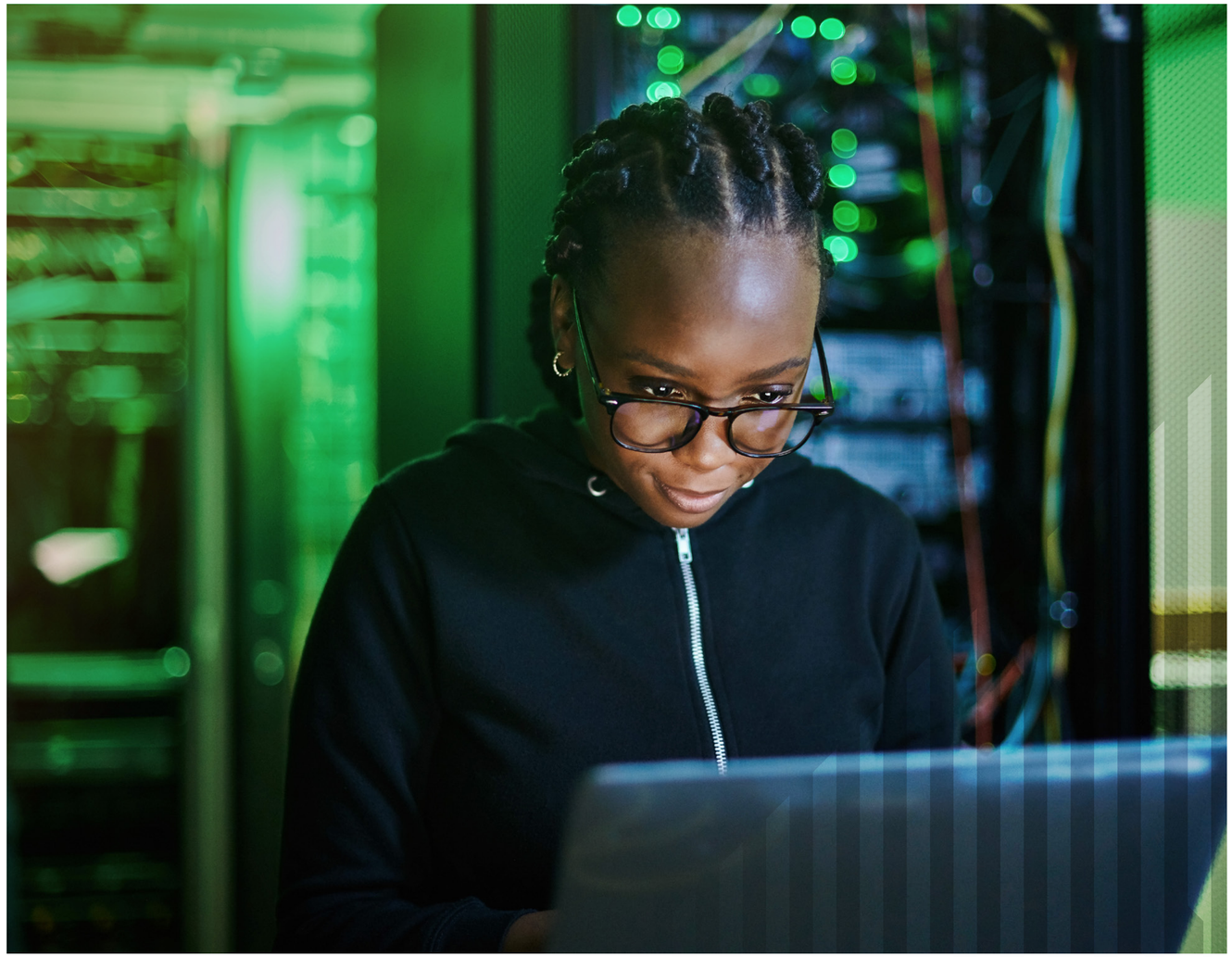
We deliver a robust security awareness and training program to help employees understand the importance of our security practices. Each month, we send a phishing simulation to 100% of our employees and contract workers. Every two weeks we send a phishing simulation to newly on-boarded employees. These exercises help employees practice the education they've been provided in a real-world setting.

Additionally, we run internal communication campaigns around pertinent threats. While we frequently create timely education around newsworthy events, we also pair this with long-term, strategic planning to foster a "security-first culture" throughout the organization. As examples, in 2023 we educated employees on how to stay safe at home and work, educated our customers through a booth at the Ignite conference, celebrated Safer Internet Day with employee education focused on reducing security risk and created a fun month-long campaign around a fictional character named Sam, a stressed-out SOC analyst. Throughout the campaign, employees worked together to understand and demonstrate desired behavior and send Sam on a well-deserved vacation. The campaign ended with experiential pop-up events in our Plano, Reston and Santa Clara offices that included food and drink, prizes that reinforced campaign messaging, and even an appearance by Sam himself.

Our employees appreciated these touchpoints and even asked for public-facing materials they can share with their families.

Each year, we also run a series of events in October in honor of Cybersecurity Awareness Month. These offerings range from webinars to experiential activities such as escape rooms that test one's cybersecurity awareness.

To learn more about our information security measures, visit our website.



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Personal Data and Privacy: Maintaining Customer Trust

Privacy is important to our customers and helps us build trust. Protecting personal data and respecting the privacy of individuals is inherent to who we are and what we do. 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.
- **Protecting Personal Information**
  We implement technical, organizational and physical security measures to protect the personal information we process, including training employees on privacy best practices. As of July 31, 2023, approximately 98% of employees (full-time and part-time) had completed the Annual Privacy training that kicked off during Integrity Week. The variance to 100% is due to new hires being assigned training in the last 45 days of the fiscal year and having time to complete the training as well as employees on leave of absence.

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

For other privacy and security resources visit our Trust Center here.

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Environmental: Our Science-Based Strategy

We take a science-based, data-driven approach to advancing decarbonization and encourage others to do the same.

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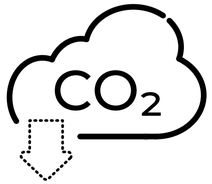
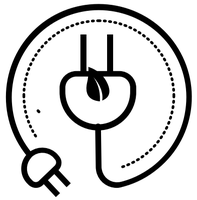


Climate targets validated by the **Science-Based Targets initiative (SBTi)**



Contracted for **100%** renewable electricity at our headquarters[4]

Recognized on the **CDP Climate A List** and as a **CDP 2022 Supplier Engagement Leader**

Achieved **Green Certification** for new offices in London

> **"The time to address the climate crisis is now. Our environmental strategy is built on ambitious goals, a comprehensive understanding of our environmental footprint and guidance from leading third parties. As we mark the progress we've made this year, we continue to push ourselves toward net-zero emissions and 100% renewable electricity."**

Vince Digneo
Head of Sustainability, Climate & Clean Energy, Palo Alto Networks

[4] Effective January 1, 2023.

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Climate Strategy: Comprehensive Carbon Reduction

The negative impacts of the climate crisis are worldwide in scope and disproportionately felt by the world's most vulnerable people. At Palo Alto Networks, we are committed to doing our part to reduce our own impacts and partnering with others to support community-led, global solutions.

We are future-focused and, to protect our digital way of life, we must also help protect our planet. Immediate action is needed, and we believe that now is the time to make progress toward ambitious science-based targets, advocate for climate policy and collaborate to create data-driven solutions.

Our Climate Strategy Focuses on Three Pillars:

Sustainable Operations

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

Sustainable Value Chain

Engage customers and suppliers across 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.

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Science-Based Targets: A Clearly Defined Pathway to Emissions Reduction

Palo Alto Networks completed a baseline greenhouse gas inventory, which was verified by a third party, in fiscal 2022. We are using science-based strategies to reduce our climate impacts. In 2023, our ambitious Science-Based Targets (SBTs) were validated by the globally recognized Science Based Targets Initiative (SBTi). Our targets are aligned to the United Nations Framework Convention on Climate Change (UNFCCC) guidance to limit global temperature rise to 1.5°Celsius to avoid the catastrophic impacts of climate change.

2027 Science-Based Emissions Reduction Targets

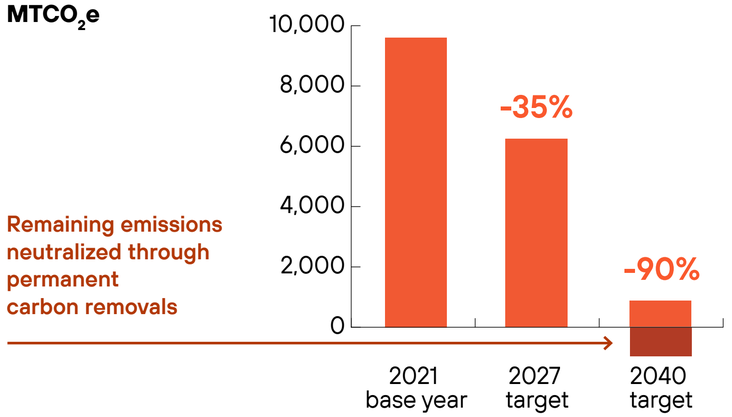
- **Scope 1 and 2 (Sustainable Operations):** We commit to reduce absolute Scope 1 and 2 GHG emissions by 35% by 2027, compared to fiscal 2021 baseline.
- **Scope 3 (Sustainable Value Chain – Suppliers):** We commit that 65% of our suppliers, by total spend, will set Science-Based Targets by the end of fiscal 2027.
- **Scope 3 (Sustainable Value Chain – Customers):** We commit to reduce Scope 3 emissions intensity from our customers' use of our sold products by 40% per $USD million gross profit by 2027, compared to a fiscal 2021 baseline. We will partner with our customers and other stakeholders to encourage renewable energy adoption and explore approaches to improve the energy efficiency of our products.

Our two 2027 Scope 3 targets capture more than 85% of our Scope 3 emissions baseline, surpassing the SBTi minimum of 67%. These SBTs represent our near-term goals as we push to achieve our longer-term strategy of net zero emissions.

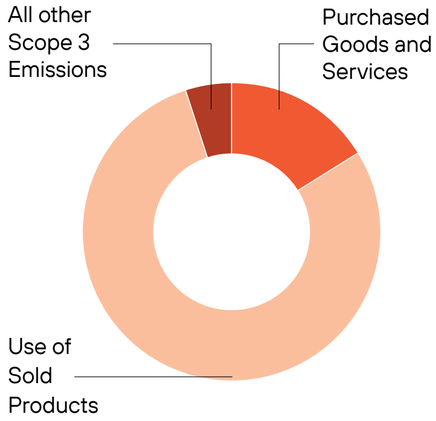
Net Zero Emissions Commitments

- We intend to achieve net zero across our Scope 1 and 2 emissions by fiscal 2030, by reducing emissions by 90% from a fiscal 2021 base year and mitigating any remaining emissions through carbon removal investments.
- We intend to achieve net zero across all Scope 1, 2 and 3 emissions by fiscal 2040 through our participation in The Climate Pledge, by reducing emissions by 90% from a fiscal 2021 base year and mitigating any remaining emissions through carbon removal investments.
- We intend to use 100% renewable energy across all major sites and regions by the end of fiscal 2030, a target we will reach by replacing all our natural gas and other fuel/energy use with renewable electricity. We will not purchase or use unbundled renewable electricity certificates or offsets to make any claims of progress toward our renewable energy goal.

NET ZERO SCOPE 1, 2 AND 3 EMISSIONS BY 2040



Our 2027 Scope 3 targets capture more than 85% of our base year Scope 3



65% of our suppliers by spend to set Science based targets

Reduce emissions from customers' use of our products by **40%** per USD gross profit (2021 base year)

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Sustainable Operations: Driving Decarbonization

Our sustainable operations goal includes a commitment to achieving 100% renewable electricity by 2030. We aim to eliminate greenhouse gas through energy efficiency and operational excellence. We will decarbonize our operations and replace what is left with renewable electricity.

At the local level, we empower sustainability teams around the world to implement green packaging, waste reduction and resource conservation initiatives, which directly contribute to our yearly emissions savings.

In addition, Palo Alto Networks is committed to decarbonizing our real estate footprint. We have a long history of providing our people with workplaces that have achieved LEED (Leadership in Energy and Environmental Design) certification.

New sites opened in London and Amsterdam in early fiscal 2024. For our Amsterdam site, we are actively working to achieve LEED-Silver, an accreditation that commends the site for optimized energy performance. The site's extensive bicycle parking facilities also encourage emission-free commutes.

Palo Alto Networks was named to both the 2022 and 2023 CDP Climate A Lists.

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

The Valley, the new home of Palo Alto Networks Amsterdam

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100% Renewable Electricity at Our Santa Clara HQ

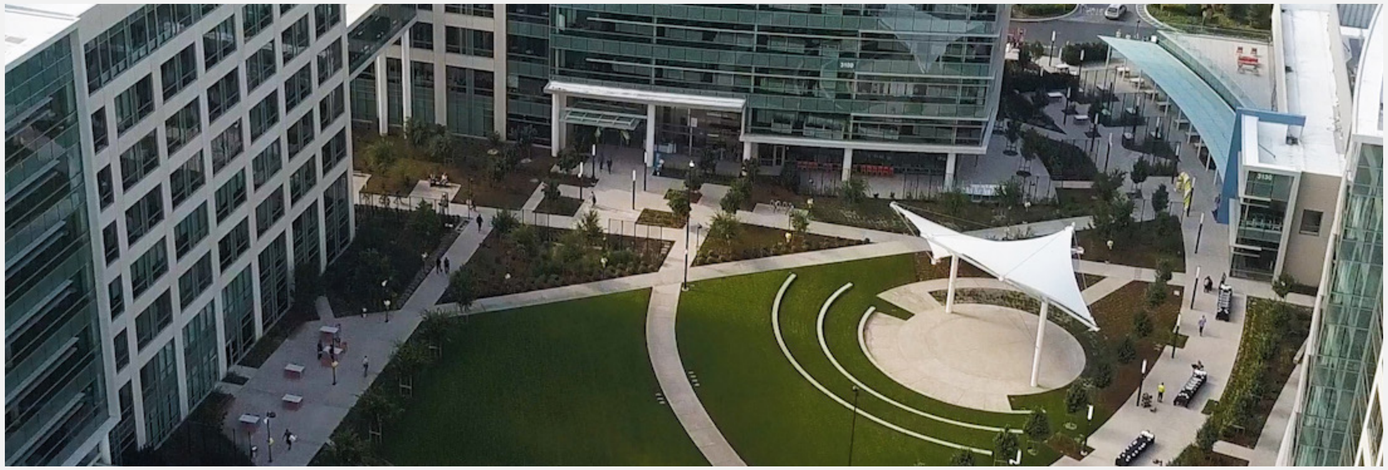
In January 2023, Palo Alto Networks became one of the first companies to participate in Silicon Valley Power (SVP)'s Large Customer Renewable Energy (LCRE) program. This voluntary clean energy program gives companies the ability to purchase additional renewable electricity above the amount already included in SVP's energy delivery portfolio.

The California Renewable Portfolio Standard (RPS) requires utilities to purchase an increasing percentage of renewable energy each year, up to 60% by 2030. As of January 1, 2023, Palo Alto Networks has partnered with SVP, our local utility, to procure 100% renewable electricity from Western solar and wind facilities, to power our entire Santa Clara, CA headquarters.

Everyone benefits: This partnership helps SVP reach its climate goals, lowers our Scope 2 emissions and helps us to meet our Science-Based Target to reduce absolute Scope 1 and 2 GHG emissions by 35% by 2027. Best of all, it increases the production and consumption of renewable electricity on our grid, lowering GHG emissions not just for our business, but for everyone in this community.

Our LCRE participation also led to Palo Alto Networks joining the U.S. Environmental Protection Agency (EPA)'s Green Power Partnership, a voluntary program for organizations of all sizes looking for frameworks through which to expand their use of renewable energy. Palo Alto Networks' efforts resulted not only in admission into the Green Power Partnership, but also in special recognition as a recipient of an annual Green Power Leadership Award for top EPA Partners. This recognition aligns with our belief that collaboration and the sharing of best practices are a critical way forward in the fight against climate change.

"EPA applauds Palo Alto Networks for its leadership position in the green power marketplace. Palo Alto Networks is an excellent example for other organizations in reducing greenhouse gas emissions through green power investment and use." –James Critchfield, Program Manager of EPA's Green Power Partnership



Palo Alto Network's Santa Clara Headquarters

> "EPA applauds Palo Alto Networks for its leadership position in the green power marketplace. Palo Alto Networks is an excellent example for other organizations in reducing greenhouse gas emissions through green power investment and use."

James Critchfield
Program Manager of EPA's Green Power Partnership

EPA GREEN POWER PARTNER

EPA GREEN POWER Leadership Award Winner 2023

Sustainable Value Chain: Partnering for Success

Collaboration across our value chain promotes the large-scale action necessary to address the climate crisis. Therefore, our environmental strategy extends to our supply chain practices and how we partner with our suppliers as well as to our customer relationships via our products.

We design our Next-Generation Firewalls (NGFWs) with a focus on efficiency and environmental sustainability to help us reduce our emissions and lower our carbon footprint. This includes using high-efficiency components, such as platinum power supplies, to support our customers' power reduction efforts. We also design our NGFWs for optimal airflow and reduce power needs by using temperature-based fan controls and making them easy to repair and maintain. We eliminate weight and waste by using recyclable materials and reducing the total number of components in our NGFWs. We also work with customers to minimize waste by optimizing the shipping configuration of our chassis-based firewalls and through our return and repair program.

We expect our manufacturing partners to collect, measure and report greenhouse gas emissions, establish Science-Based Targets (SBTs) to reduce emissions and transition to renewable energy sources. Additionally, suppliers are informed of our expectations to follow responsible business practices while minimizing their impact on the environment and communities through our Global Supplier Code of Conduct. Our primary contract manufacturer is ISO 14001–certified and a member of the Responsible Business Alliance.

Two of our own SBTs address Scope 3 emissions from our value chain, including those from the supply chain of the goods and services we purchase and our customers' use of our cybersecurity hardware products. These targets and our progress to date are described in detail on page 72.

Palo Alto Networks was recognized as a CDP 2022 Supplier Engagement Leader for our efforts to engage our suppliers on environmental sustainability.

CDP SUPPLIER ENGAGEMENT LEADER 2022

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Powering Cloud Software and Firewalls with Renewable Energy

In 2023, we began a landmark collaboration with Google Cloud (GCP) and Watershed to drive progress toward our "Use of Sold Products" Science-Based Target. By using GCP technology to host our cloud software and firewall products, we benefit from their clean power sources, including renewable electricity, and in turn pass those emissions savings on to customers.

The partnership also allows us to utilize Watershed's cutting-edge climate platform to understand our greenhouse gas inventory in new ways. We expect to utilize the platform's interactive tools, comprehensive approach to data and other tools to support our efforts to reduce emissions from our customers' use of sold products by 40% by 2027.

Read more on how we extend our culture of responsibility throughout our supply chain on page 19.

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Stakeholder Engagement: Creating a Thriving Sustainability Ecosystem

Engaging with stakeholders across the public and private sectors — our industry peers, nongovernmental organizations, policymakers, local communities and our own employees — is the foundation of our sustainable ecosystem strategy.

Each of our stakeholder groups has an essential role in our pursuit of solving complex environmental challenges. Recognizing that addressing climate change will require collaboration on systemic issues, we work with these stakeholders to promote partnership and mutual learning.

In fiscal 2023, we supported several policy initiatives that advocate for climate action and clean energy. These include:

- The World Economic Forum (WEF) Alliance of CEO Climate Leaders' COP27 message urging collaboration between businesses and governments as they transition to net zero emissions.
- Ceres' call for the SEC to introduce new regulations standardizing climate data disclosure in the U.S.
- The Information Technology Industry Council's (ITI) public comments supporting disclosure of Climate-Related Financial Risk.

We believe policy support is the most important thing we can do to proliferate renewable energy, address environmental injustice and keep everyone safe online. For examples of our cybersecurity policy advocacy see page 77.

As part of our commitment to transparency and disclosure, our 2023 CDP Climate Change Response describes our efforts to refine our targets, execute formal strategies and scale Palo Alto Networks' positive impact.

CDP · ITI · SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION · Ceres · WE MEAN BUSINESS · THE CLIMATE PLEDGE Paris... 10 years Early · WORLD ECONOMIC FORUM

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Activating Employees to Be a Force for Change

Our employees are a powerful lever to advance climate action. We provide year-round opportunities for our employees to engage on environmental priorities in the communities where they work and live.

As an example, this spring, many of our ~14,000 global employees came together to celebrate Earth Month. Our "Just Do One Thing" campaign encouraged employees to choose short activities that are easy to do but still have a meaningful impact.

These "one things" included widespread participation in Earth Hour to turn off lights; e-waste recycling drives across the U.S., Europe, Australia and Israel; beach clean-ups in Hong Kong and Singapore; a clothing drive in Amsterdam; sustainable travel seminars; a recycling awareness session in Dubai; vegan food tasting in Paris; a coffee ground soap-making workshop in Hong Kong; and more.

In addition, employees attended our FLEXLearn Sustainability 101 learning module, a virtual event explaining the company's vision for climate action and what employees can do in their roles to meet our corporate objectives.

Employees can also amplify their efforts through FLEXBenefits, which can be used to pay for sustainable home retrofits, such as installing heat pumps, replacing natural gas appliances with electric alternatives or even setting up a garden rainwater harvesting system. These benefits also apply to shipping of used personal IT equipment and e-waste to our U.S. e-recycling partner, Human-I-T. In fiscal 2023, we diverted 2,352 pounds of e-waste from landfills by sending it to Human-I-T, which then refurbishes items and provides them to people in need, including low-income families, veterans and recently arrived immigrants.

Do One Thing activations from Hong Kong and Singapore beach clean-ups.

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Our ongoing success is a reflection of the talent, passion and diversity of our team.

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40+
employer awards received

33 hours
of **development training**, per employee on average, completed through FLEXLearn

Introduced **Global Hiring Committees** to promote shared understanding of hiring standards across the organization

Took California's **Equal Pay Pledge** to further our efforts to achieve pay equity

"Our people are the key to making a positive impact in the world and to delivering on our purpose. Collaboration, listening, and inclusion at work, and in our communities is paramount. We will continue to develop and invest in people — it's just who we are."

Aimee Hoyt
Chief People Officer

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Human Capital Management: Our People Strategy

Palo Alto Networks strives to be the best place to work, for all employees. Our People Strategy is a comprehensive approach to source, hire, on-board, integrate, develop, listen to, engage and reward employees fairly and transparently. Our approach is grounded on core tenets: respect each employee as an individual, demonstrate fairness and equity in all we do, personalization, and choice whenever possible, and nurturing a culture where our nearly 14,000 unique employees are inspired to do the best work of their careers.

Our values of disruption, execution, collaboration, inclusion, and integrity were co-created with employees and serve as the foundation of our culture. Our inclusion and diversity philosophy is fully embedded in our talent acquisition, learning and development, performance elevation, rewards and recognition programs.

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Inclusion & Diversity: Driving Innovation and a Secure Future for All

At Palo Alto Networks, we work to create an environment where our employees feel safe and secure at work. We know innovation cannot succeed without diverse representation and an inclusive, empowered workforce and we embrace diversity because it is vital to the continued success of our company.

Our Chief People Officer (CPO) has accountability for Inclusion & Diversity (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 and I&D subject-matter experts working within the Talent Acquisition and Business Partner functions. Our CEO also provides tremendous support and personal ownership of our I&D efforts. The diversity of our Board of Directors, with women representing 40% of our Board as of July 31, 2023, is an example of our commitment to I&D at all levels of the company. In fiscal 2023, 26% of global employees self-identified as women and 16% of U.S. employees self-identified as coming from underrepresented backgrounds.

For more workforce data, view the tables at the end of this report and the multi-year diversity trends included on our website.

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Our Holistic Approach

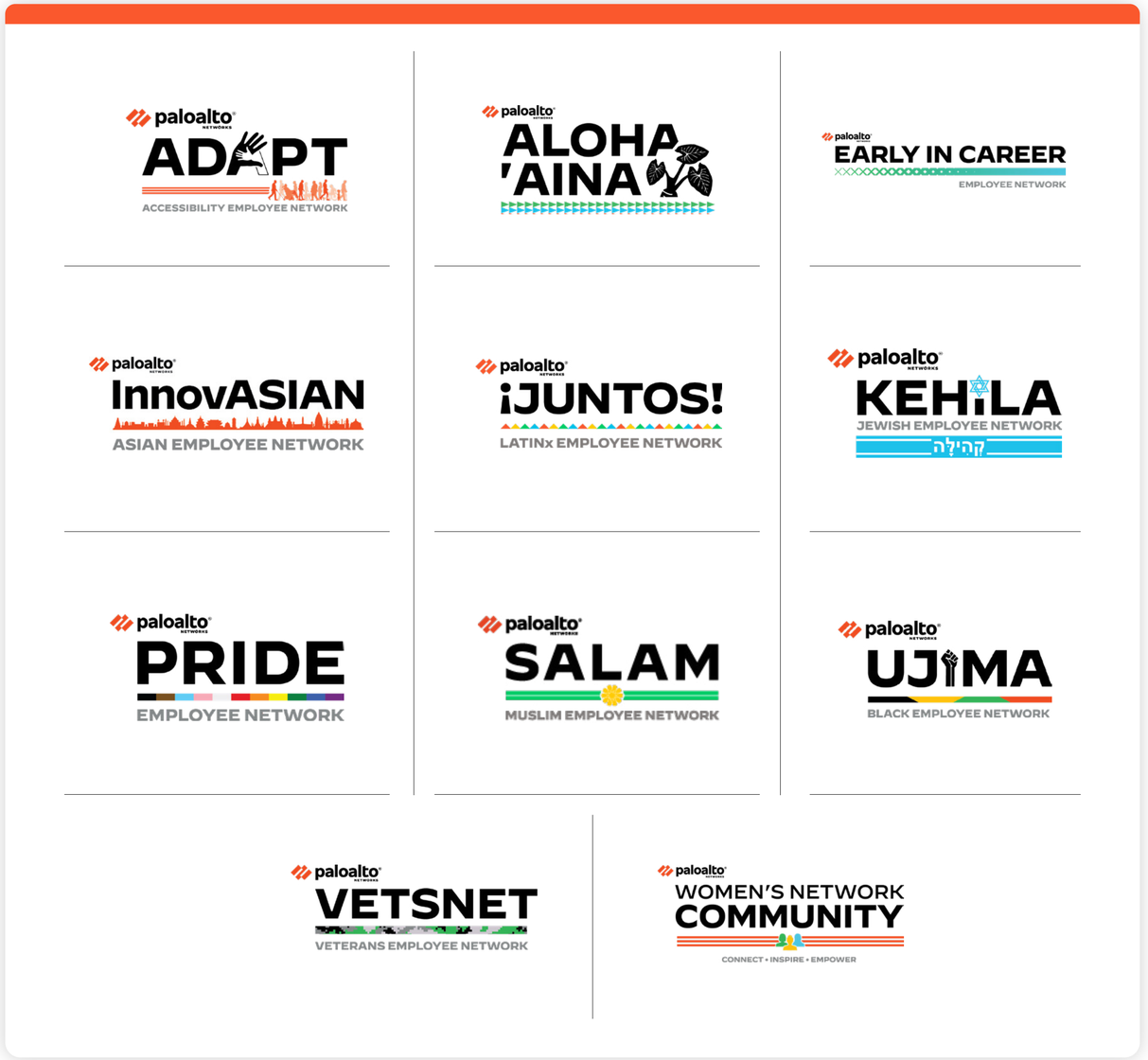
Our holistic approach to I&D is centered on our focus areas — employee network groups, understanding, listening, supporting and elevating. Through our employee network groups, we aim to engage employees through daily interactions aims to engage employees through daily interactions, learning circles and safe spaces, personal stories, events, articles and educational opportunities.

EMPLOYEE NETWORK GROUPS BUILD UNDERSTANDING AND AWARENESS

We strive to foster environments in which our employees feel safe. We currently have eleven employee initiated and driven employee network groups (ENGs) that play a vital role in building understanding and awareness. Thirty percent of our global workforce was involved in at least one ENG in fiscal 2023. We involve our ENGs in quarterly listening sessions with executive teams and work in partnership to develop our annual I&D plans, because we believe inclusion is critical.

Our ENGs engaged their members in meaningful experiences throughout fiscal 2023. To honor Pride Month, our Pride ENG partnered with Queer LifeSpace to host meaningful activities across major U.S. sites that supported youth mental health. In partnership with the Corporate Responsibility team and Cristo Rey San Jose Work Study Program, our Juntos ENG mentored 14 high school student interns throughout the school year, providing them with advice and guidance. Our Aloha'Aina and InnovASIAN ENGs collaborated together to celebrate Asian American Native Hawaiian Pacific Islander Heritage Month.

To further our commitment, we continue to allocate charitable funding to our ENGs. Each of our ENGs directed $20,000 in grants to support nonprofit organizations committed to reaching the needs of underrepresented communities that align with their mission. In fiscal 2023, this program awarded $220,000 in charitable grants across 40 community partners globally.



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UNDERSTAND

Our leaders engage with their teams through personal storytelling, providing stories of how they execute with excellence through inclusion. Each personal story navigates their journeys to being inclusive leaders and these efforts are designed to encourage our workforce to be unique as they execute in the industry.

LISTEN

What Palo Alto Networks continues to do well is listen. We take action based on the needs of our ENGs, our employees and our communities to understand what can and will make us better. As an example, we listened to inputs from employees who identify as LGBTQ+, veterans and persons with disabilities and then earned recognition from the Human Rights Campaign, Disability:IN and Military Friendly because of our actions. We will continue to listen and learn from one another.

SUPPORT

We aim to be the inclusion leader in cybersecurity. We know that advancing I&D requires commitment and action at all levels of the organization. Through FLEXLearn, our comprehensive e-learning platform described on page 38, we've enabled several modules to support our employees and leaders in growing their leadership skills, leveraging our mentorship capabilities and participating in executive sponsorship programs.

ELEVATE

We are committed to uplifting and educating future generations who will continue to diversify the cybersecurity industry. Our pledge is to champion diversity through strategic partnerships, cybersecurity education programs and recruiting channels that create access into technology and cybersecurity for anyone, regardless of background. To date, we have maintained partnerships with NSBE, AfroTech, Techqueria, Disability:IN, SHPE, NCWIT, VetsinTech and have gained new partnerships with Sistas in Sales which focuses on bringing diverse women into the tech and sales industry. Learn more about our work with nonprofit partners to diversify tech on page 58.

PAY EQUITY

We are committed to equal pay for equal work, regardless of gender or ethnicity. This ongoing commitment is achieved through semiannual analysis of total compensation (salary, bonus and equity) conducted by independent compensation consultants. Our fairness and equity analysis includes gender globally and race and ethnicity in the US. When we see unexplained differences in pay between groups we make adjustments, and research them to apply our learnings into core processes.

Palo Alto Networks complies with and supports statutory gender pay public reporting requirements that have emerged around the globe over the past number of years, including in Australia, France, Israel, Spain and the UK. With governments taking action to highlight this important business issue, we believe it will expedite the realization of equity and fairness for all workers.

In fiscal 2023, we doubled down on our commitment to pay equity and transparency by taking California's Equal Pay Pledge, an initiative led by the First Partner's Office and the California Commission on the Status of Women and Girls. As part of this external pledge, we will continue to conduct an annual company-wide gender pay analysis, review hiring and promotion processes and procedures to reduce unconscious bias and structural barriers, and promote best practices that will close the pay gap to promote fundamental equity for our employees. We have decided to apply the California-specific pay transparency legislation to all of our employees and practices in the United States. As of January 2023, we include a salary range on job postings in the United States, and employees across the country are provided their salary range upon request.

For additional information about our I&D programs, visit our website.

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Talent Acquisition: Attracting the Best

We work to attract the best talent by providing them with opportunities to make an impact, flexibility to get the job done and challenging work to grow and develop.

Recruiting Diverse Talent

Sourcing and hiring diverse and underrepresented talent who possess the skills and capabilities to execute and add value to our culture is central to our comprehensive approach to talent acquisition. We do this by ensuring that we build and engage a long list of diverse candidates for every requisition, with help from our talent research team. Nearly 100% of our interview panels have diverse representation. Our award-winning early talent team partners with hundreds of academic institutions, including colleges and universities, that focus on serving diverse populations, to provide career pathways for early-in-career candidates. We offer a 12-week internship program that challenges, supports and develops young cybersecurity talent pursuing both technical and nontechnical roles as they expand their expertise and professional networks.

Our yearlong LEAP Program for new graduates around the globe also helps propel careers in cybersecurity. Current employees can connect us with qualified candidates through our Employee Referral Program.

In fiscal 2023, we introduced Global Hiring Committees to ensure quality and equity throughout the hiring process.. These committees play an integral role in elevating our hiring standards by promoting shared understanding, reducing biases, enhancing objectivity and ensuring the recruitment of diverse talent.

We've taken strides to understand job requirements and implement structured interviewing practices to identify candidates of the highest quality. We equip our hiring managers with essential training to objectively identify and mitigate potential unconscious biases. Our interviewing process emphasizes values and competencies that we believe enhance our culture. This commitment extends to conducting interviews with diverse panelists, providing a balanced evaluation and quality interview experience for a diverse slate of candidates. We remain steadfast in our commitment to fairness, bias reduction, and equal opportunities for potential hires.

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Encouraging a Thriving Culture from Day One

During fiscal 2023, we onboarded (including through acquisitions) 2,913 new employees. We believe that a positive onboarding and integration experience results in thriving employees and rapid productivity.

Our onboarding experience starts with "pre-boarding." Before an employee's start date, they are provided access to foundational tools to help them prepare to join Palo Alto Networks. Welcome Day is a combination of in-person, virtual learning platforms and communication channels that provide new employees with inspirational, often personalized, onboarding experiences that carry on through the first year of employment. We have specialized learning tracks for interns and new graduates, recognized externally as best in class, to support early-in-career individuals in acclimating to culture as they progress on their career journey.

As part of our merger and acquisition strategy, we have also established a robust integration program to foster connection and commitment of acquired employees joining our team by helping them understand our mission, build relationships, establish a clear sense of belonging and promote their ability to make an impact. During the first six months of integration, we take special care to support a positive experience including training sessions and employee surveys to assess progress and identify areas where more focus might be needed to achieve the objectives of a successful integration.

MISSION CRITICAL

As a proud 2023 Military Friendly® Employer, and founded by military veterans, we've developed a program to help enable the transition of veterans and transitioning service members to foster new skills and enjoy successful careers in cybersecurity.

Veterans' leadership, adaptability, problem-solving, teamwork, and commitment help drive our customers to a safer digital future. Our veterans have found a new mission in cybersecurity, shifting from battlefields to the latest, most demanding threat of our age. Our philosophy starts with our Board members and executives and continues into our recruiting teams, with every individual committed to hiring and developing veterans across every business function.

SPOTLIGHT

Finding Talent Today to Help Secure a Safer Tomorrow

Recruiting the next generation of cybersecurity talent is crucial to ensuring Palo Alto Networks can continue protecting our digital way of life. With this key goal in mind, we created Secure the Future, a six-month competition that challenges the best and brightest college students. Students are tasked with identifying and addressing cyberthreats and cybersecurity in vulnerable industries that include Energy, Transportation, Finance, Healthcare, Education and E-Commerce.

Mayank Sharma (1st Place)

Each year, up to 100 students are selected and provided with a self-paced academic course. Then they research and learn about advanced cybersecurity technologies and defense methods, participate in discussion threads, complete assignments and take assessments that measure their learning progress. Finally, they write a report and create a video summary of their proposed solutions to best secure the industry that they chose to focus on.

The students ranked in the final top 10 are invited to present their findings to a panel of experts from Palo Alto Networks and also are eligible for résumé review, mock interviews and actual job interviews. Those ranked in the top three are awarded cash prizes of $10,000, $5,000 and $2,500, respectively.

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Talent Development and Growth: Personalization and Choice

At Palo Alto Networks, we recognize that the journey of growth and development is unique for each and every individual. Our approach to personalized learning provides the opportunity for our employees to assess their own development needs and choose the learning path that is right for them. We empower our employees by providing learning activities at the point at which they are needed, driving autonomy with accountability.

Building Skills Through FLEXLearn

We believe that each member of our workforce has unique needs, interests and goals, and that their career journey should be unique too. That's why our development programs are grounded in individualization, flexibility and choice.

Our FLEXLearn platform contains curated content and programs, including assessments, courses, workshops, on-the-job projects, technology sandboxes and more. Capability Guides have been developed for employee roles, ensuring they are supported in developing the capabilities that can help them thrive in their role and do the best work of their careers.

Development information about core business elements and required company-wide compliance training, such as Code of Conduct, privacy and security, anti-discrimination, anti-harassment, and anti-bribery training, are also deployed through the FLEXLearn platform for employees.

In addition, FLEXLearn provides employees with events and activities that motivate and spark critical thinking, on topics ranging from Change Management to inclusion, well-being and collaboration. On average employees completed 33 hours of development through the FLEXLearn platform during fiscal 2023.

To complement our FLEXLearn offering, we provide access to thousands of courses through our partnership with Coursera. Palo Alto Networks employees can partake in courses from technology industry leaders like Google, IBM and Microsoft, as well as professional development courses, up to degree level, from leading universities like Princeton, Duke and Harvard. These courses are available in multiple languages, supporting our global employee audience.

To meet the emerging need for enablement on AI technologies, our Learn AI Together program saw us partner with AI industry leaders like Google to build and deliver practical, hands-on sessions to both technical and nontechnical audiences around the globe.

Peer-to-peer learning is strongly encouraged and supported through our Mentorship program, where employees have the opportunity to participate as a mentor, mentee or both, to help share knowledge and experience throughout the company.

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Raising Leadership Capabilities Through FLEXLead

To be the cybersecurity partner of choice, we need the best leaders in the industry, equipped with the tools to inspire their people and teams to do the best work of their careers. Our FLEXLead program ensures people leaders have access to specialized learning tracks, from Aspiring Leaders to Executive, that help them strategize, mobilize and deliver maximum personal and team performance.

All leaders are supported by 360 feedback mechanisms that provide a comprehensive, multidimensional evaluation of their leadership capabilities. These assessment tools measure different aspects of leadership — such as emotional intelligence, decision-making skills, communication abilities and conflict resolution strategies — thus providing a holistic view of an individual's strengths and areas of development opportunities.

Furthermore, the programs help in identifying gaps in skills and knowledge, enabling leaders to craft personalized development plans.

Since our FLEXLead offering was refreshed in January 2023, 405 people have successfully completed a program.

Performance Reviews: Meaningful Feedback and Coaching

Leading with a growth mindset, measuring, recognizing and celebrating individual performance, is part of our mantra. We believe in an "always-on" feedback and rewards philosophy. From small roundtable sessions with our CEO to quarterly performance feedback, to recurring 1:1 sessions, to our peer-to-peer recognition platform Cheers for Peers, employees receive regular input about the value they bring to the organization, as well as the opportunities available to them to continue to learn and grow.

The most formal of our programs is a robust company-wide semiannual performance review process. These conversations are focused on both what an employee delivers and how they live our values and contribute to a culture where everyone feels they can do their best work and thrive. From these conversations also come learning and development plans for the future, with a focus on adding a personal development goal that is deeply meaningful to each individual.

Growing Careers Through Internal Mobility

In an effort to foster career growth within Palo Alto Networks, we prioritize internal mobility. This allows current employees to progress either through a traditional career path or by exploring roles across various business functions, often culminating in promotions. Our Internal Mobility Specialists coach and guide employees as they identify relevant roles. We were pleased to see that 11% of hires during fiscal 2023 were internal, and many of those internal hires resulted in promotions for those individuals. Moreover, many women and employees from underrepresented backgrounds who applied for new roles were successful in securing them. These results help demonstrate how employees, regardless of gender or ethnicity, are able to build meaningful careers at Palo Alto Networks.

Our Board and management team recognize the importance of continually developing our talented employee base. Accordingly, our management team conducts an annual talent review of the current senior leadership positions as part of our succession planning processes.

Employee Engagement: Cultivating a Most Loved Workplace

We listen to employees, promote employee well-being and balance and offer competitive pay and benefits.

Our Employees Are Seen and Heard

We foster employee engagement through a multifaceted approach to collecting, understanding and acting on employee feedback. Our comprehensive communication and listening strategy utilizes in-person and virtual channels to provide a regular flow of information to and between employees and leadership. These include:

- "All Company" meetings, including several meetings specifically focused on employee-centered topics in an "Ask Me Anything" format
- Digital displays across our sites
- Our intranet platform
- Regular email communications
- An active Slack platform
- Regular executive listening sessions, including small group convenings with our CEO and other C-suite leaders
- Ad-hoc pulse surveys to better understand employee engagement, sentiment and well-being
- Always-on performance feedback and recognition programs, described on page 10

Employee feedback has helped us continue to personalize our work experience and informed our holistic People Strategy, including our I&D initiatives, Internal Mobility program and how we communicate with employees.

Employee sentiment is also collected and measured from external sources such as Glassdoor and Comparably, and in fiscal 2023 we earned more than 40 employee-focused awards.

Based on employee feedback, external ratings and our modest attrition rate (compared to market trends), we believe employees at Palo Alto Networks feel engaged and rewarded.

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Seeking Resolutions with our Employee Relations Team

We are proud of the way our workforce lives our values in their day-to-day work, an outcome of effective leadership and communication. At the same time, we recognize that occasionally conflicts arise that may require additional coaching and attention. In these instances our employee relations team, together with our legal team when appropriate, work with individuals and leaders to seek resolutions aligned to our core values. These teams follow a fair, equitable and, as appropriate, confidential process to address the concerns raised. This process is in addition to our Ethics Helpline, described on page 66, another channel for employees to raise concerns of any kind.

Our guiding principles are simple: G.I.V.E (Guidance, Integrity, Value and Experience). It's important that our employees have a safe place to file their grievances, complaints or interpersonal conflicts. The employee relations team also provides guidance regarding upleveling employee performance, accommodations, organizational restructuring and investigations pertaining to violations of our "Respect in the Workplace" policy. The employee relations team drives accountability of our employees in embodying and upstanding our core values and company culture.

GUIDANCE

Provide managers with the right tools to effectively coach and guide their teams.

EXPERIENCE

Create a positive experience for individuals who seek our partnership and expertise.

INTEGRITY

Ensure every aspect of our delivery acts on the company's value system and best practices.

VALUE

Provide exceptional service as thought partners, collaborators and enforcers.

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Benefits: Focused on Personalization

As a global employer with a diverse employee population, we know that our employees have varying needs at different times in their lives. Palo Alto Networks Benefits flexibly support the safety and security of our employees and their families, now and in the future.

We strive to provide a range of thoughtful and comprehensive benefits that meet our employees where they are — all delivered with simplicity. Our benefit plans include a variety of health, time-off, wellness and voluntary buy-up options (pet insurance, for example).

Our FLEXBenefits program provides employees with additional funding allowance from which they can choose to obtain additional benefits that best fit their lifestyle needs. As we continue to get feedback from our employees on the benefits that matter most to them, in fiscal 2023 we added many items to our already comprehensive FLEXBenefits offering, including sleep-related items (mattresses, pillows, white noise machines) and personal travel (airfare and lodging for employees, spouses and/or children). In EMEA, we also began to offer FLEX Public Holidays, where employees can choose to work on a company-recognized public holiday and then use that day elsewhere in their schedule, where it makes more sense from a personal standpoint.

Differentiating Pay for Performance

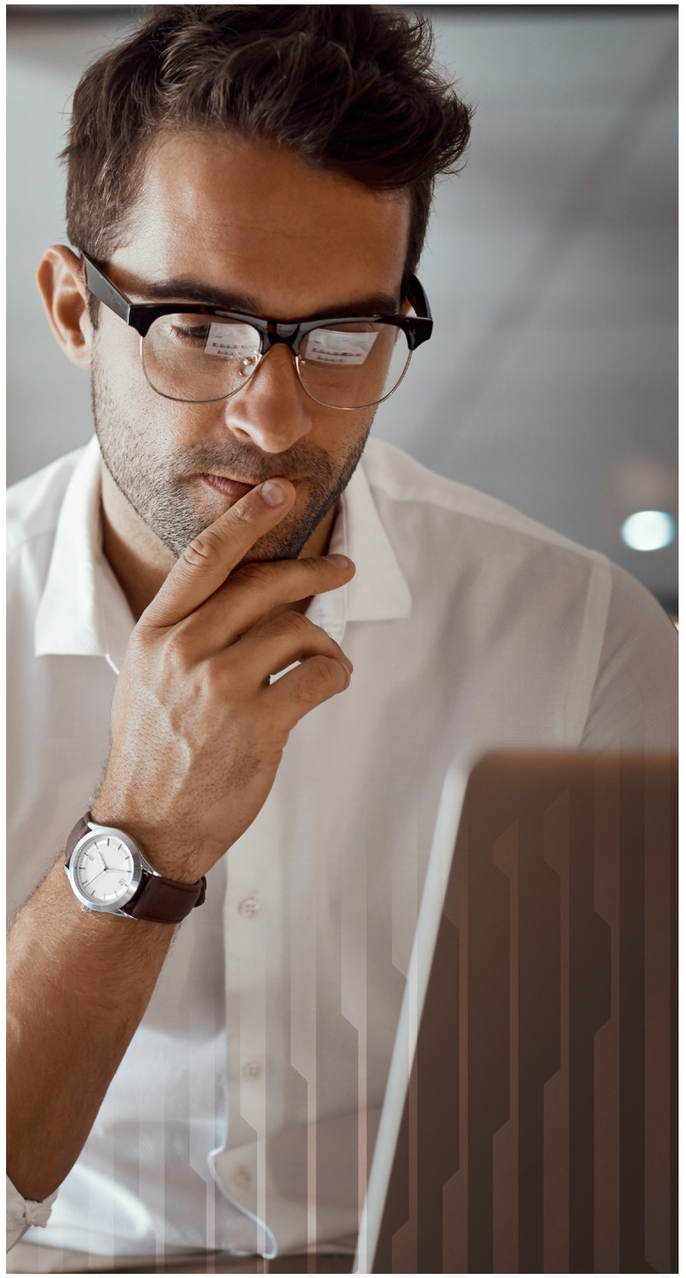
Our approach to compensation includes broadly motivating pay programs where performance drives meaningful differentiation while being consistent and fair. All elements of pay (base salary, our three cash bonus programs and equity awards) are directly tied to individual performance.

Opportunity for Employee Stockholders

All employees are eligible to participate in our generous Employee Stock Purchase Plan, an optional plan that can create wealth for participants.

Encouraging Well-being and Balance

In an effort to encourage a healthy and balanced professional and personal life, we offer mental health support and coaching through Modern Health at no cost to employees, providing help for a wide range of issues including stress, emotional health and relationships, home life, financial and legal assistance, career support and more. One-third of our employees had engaged with Modern Health as of fiscal 2023 end.



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Safety: Providing Safe & Secure Hybrid Workplaces

We act as a business enabler, delivering risk-based, data-driven, regulatory-compliant and user-friendly programs focused on protecting our people, property and assets.

Our Global Places and Security (GPS) 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.

We continue to provide a suite of tools to help personalize employee safety, give employees the ability to stay informed in real time and to get instant support from Palo Alto Networks anywhere in the world. Environmental, Health and Safety (EHS) training is embedded into more than 35 EHS-specific FLEXLearn courses to provide employees with the knowledge on how to work safely, especially in our specialized non-office environments, such as our labs.

One of the major accomplishments of fiscal 2023 was the successful completion of our Global Security Operations Center (GSOC) build-out and our Regional Security Operations Center (RSOC) in Bangalore, India. These centers aim to enhance our security infrastructure and response capabilities. The establishment of 24-hour redundancy in our security operations ensures continuous monitoring and response to potential threats.

Also in fiscal 2023, we addressed more than 150 site deficiencies, successfully completing 75% of a comprehensive site deficiency correction program. Addressing these deficiencies improves safety, functionality and overall operational effectiveness, as well as a reduction in site-related incidents and improvements in safety ratings.

As we scale, we allocate resources to enhance our EHS capabilities, investing in technology, training, and dedicated personnel to monitor and mitigate potential risks effectively. We have implemented a multifaceted strategy that combines technological solutions with procedural enhancements. Our investment in cutting-edge security systems and continuous training for our security personnel ensures that our assets, data, and people remain safeguarded as we expand our global footprint.

Redefining the Workplace with Flexible Spaces

As employees around the globe return to their workplaces after years of remote work, we have redefined the workplace and how we engage with it. In September 2022, we launched our new flexible workspace concept at our headquarters in Santa Clara, California, that provides lounge and dining areas, individualized work studios, warm and collaborative meeting and project rooms, wellness spaces, collaboration zones and spaces for both work and social events. Since then, we've expanded that concept to our newest offices in London and Amsterdam to empower our employees to create more purposeful and meaningful physical and social connections.

Employees can enjoy exclusive all-day dining menus, state-of-the-art technology throughout the space, onsite concierge services, fresh-made grab-and-go food and complimentary snacks and drinks.

For each new space, our GPS team created a comprehensive EHS Welcome Packet to provide essential safety information and resources to employees. Global regulatory EHS incident reporting is made available to our employees through our online ticketing portal for global locations.

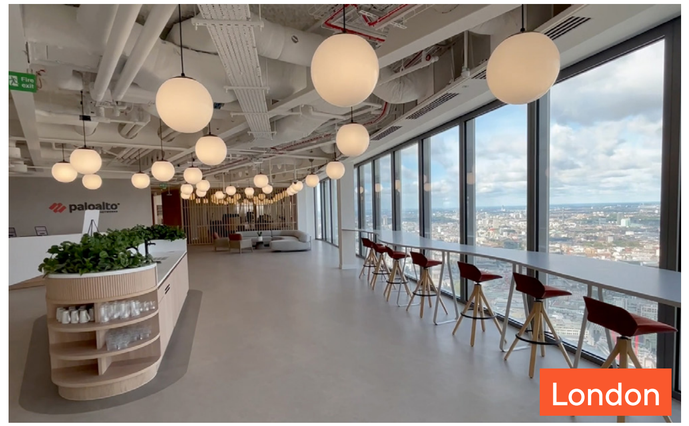

Photo credit: Peter Bass

Read more about how new offices are providing our workforce with both a great and sustainable place to work.

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We extend our culture of responsibility throughout our supply chain.

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Launched a **supply chain ESG program** and incorporated it into cross-functional processes

Prioritized examining the **cybersecurity practices** of our suppliers

Initialized a new team focus on **supplier diversity and green packaging efforts**

Hosted an in-person **Annual Supplier Recognition Event** for the first time in three years

> **"We conduct our business with a focus on efficiency, responsibility and sustainability, and hold our suppliers to the same high standards. Our suppliers help us further our commitments to reduce emissions, support communities, increase equity and communicate transparently."**

Vonnie French
SVP Worldwide Operations, Palo Alto Networks

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Supply Chain Practices: Our Extended Culture of Responsibility

Our ESG strategy extends to supply chain practices and impacts how we partner with our more than 5,000 direct and indirect suppliers. Integrity is one of our core values, and we expect our suppliers, and their suppliers too, to comply with the labor standards set forth in our Global Supplier Code of Conduct (Code) and other applicable ESG policies and practices. This code of conduct allows us to reach across our supply chain to communicate our expectations regarding responsible business practices, labor standards, workplace health and safety conditions, and environmental impact.

Palo Alto Networks partners with contract manufacturers to produce our hardware products. We expect our manufacturing partners to report to us on ESG strategy on a semiannual basis (or sooner as required). Those reports should include any updates on their efforts to: reduce greenhouse gas emissions, establish Science-Based Targets to reduce emissions, transition to renewable energy, establish inclusion and diversity initiatives, commit to fair and equitable pay practices, administer a comprehensive ESG strategy across their business, adhere to a code of conduct, ensure reporting options of potential misconduct, execute security and privacy practices that protect infrastructure and data, and support the communities in which they operate.

ESG is woven into our direct material supplier framework, including a risk-based approach to our supplier selection process and, incorporation of relevant contractual clauses and audit rights into our Master Purchasing Agreements. Our risk-based approach factors in the information provided in annual supplier surveys, scorecards and supplier business reviews. We also utilize a risk-based approach and third-party risk management tools to evaluate ESG risks and supplier diversity, including use of diversity databases.

Participating in the Responsible Business Alliance

During fiscal 2023, we maintained our affiliate membership in the Responsible Business Alliance (RBA). Through the RBA, members, suppliers and stakeholders collaborate to improve working and environmental conditions as well as business performance through leading standards and practices. We view membership as a foundational component of our approach to corporate responsibility. In fiscal 2023, we focused on updating our Modern Slavery statement and reviewing more supplier assessments.

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Assessing Human Rights Risks

Our long-standing Global Supplier Code of Conduct and our recently approved Human Rights Policy (August 2023) are important in documenting our expectations that suppliers honor our commitment to human rights. Beyond communicating our expectations, we follow industry best practices when actively monitoring risks for incidents of human rights violations within our supply chain. This includes actively monitoring negative media reports for appropriate action, conducting risk-based diligence and leveraging 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.

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 provide commodities or are within industries historically known to have high risks for labor incidents are subject to additional vetting processes. Suppliers located in countries or regions where labor force conditions have historically not been prioritized within those countries or regions are also considered high-risk by Palo Alto Networks, and are managed appropriately.

Promoting Cybersecurity for Our Suppliers

Security and data protection are integral to Palo Alto Networks' mission and therefore are ingrained in our hardware product life cycle (design, sourcing, manufacturing, fulfillment and service). We are committed to meeting high standards of compliance and safety and our Next-Generation Firewalls (NGFWs) undergo a rigorous testing process to ensure that they meet these standards. Our products are subjected to electromagnetic interference, electrostatic discharge, vibration, shock and other testing. Knowing that a range of threats is possible at any stage, we have created a framework and processes to prevent potential risks and disruptions. These include ongoing periodic oversight and assessments of our contract manufacturers, original design manufacturing partners and direct material suppliers.

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High-Risk Suppliers: Managing Risks from the Start

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, financial issues, geopolitical threats, natural disasters, business continuity, security practices, adherence to regulations and directives, and more in our supply chain.

SUPPLIER VETTING

Before a supplier is onboarded, they go through a thorough vetting process that includes a survey on key attributes listed above to ensure they meet Palo Alto Networks requirements. Through this process, suppliers also complete a financial risk assessment, a quality survey and self-audit, and an internal part qualification.

RISK MANAGEMENT

Another part of onboarding includes gathering data on high-risk suppliers' risk management plans as well as business impact analysis and visibility downstream into the supply chain. Having these critical details up front allows us to act quickly in the event of a supply chain disruption.

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.

RESILIENCY

We use leading, industry-recognized tools to track supply chain resiliency and monitoring due to environmental, geopolitical and other events; financial risk disruptions; component supply source assessment and monitoring for single disruptions; and component compliance, including restriction of hazardous substances (RoHS as an example), conflict minerals and other environmental requirements.

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 and in our resiliency and continuity 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 sourcing team is dedicated to building relationships and regularly communicates and interacts with our supply chain partners. Our belief is that regular communication helps ensure our suppliers prioritize the issues we value most.

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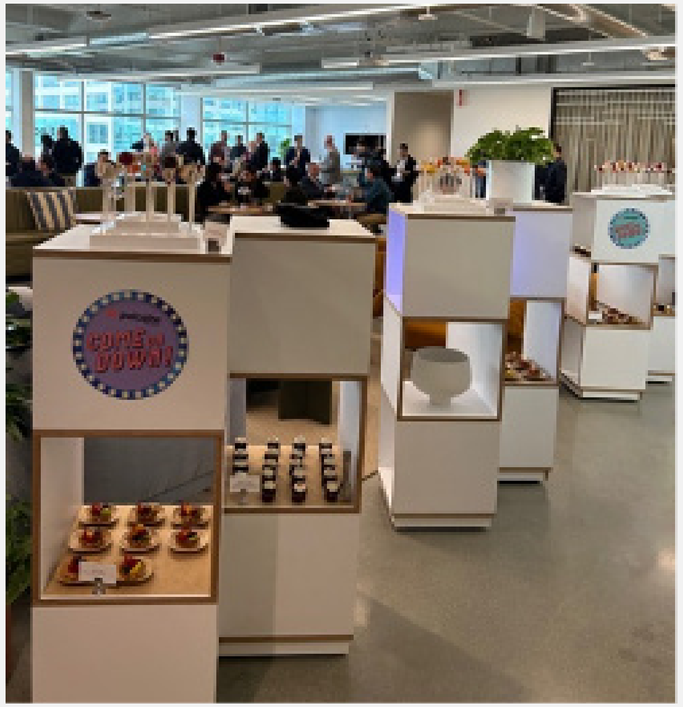
Annual Supplier Recognition Event

This year's annual supplier recognition event was the first held in-person since 2020. Approximately 200 people attended, including Palo Alto Networks direct and indirect suppliers and our senior leadership. This event is an opportunity to inform suppliers about industry changes and keep them engaged and invested in our operations.

The well-attended event was a celebration of recent achievements, with suppliers receiving awards in multiple categories. Based on post-event surveys, the event received the highest satisfaction rating compared to previous years. Next year, we look forward to introducing the first ESG award and are using this opportunity to motivate suppliers to set science-based emissions reduction targets.

~200
people attended

150+
Palo Alto Networks direct and indirect suppliers



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Supplier Diversity: Increased Quality and Innovation

We believe building an inclusive environment and collaborating with individuals who bring diverse experiences make us a stronger company. This extends to our global supply chain and our commitment to increasing our awareness of and engagement with diverse businesses.

We expect our manufacturing partners to establish inclusion and diversity initiatives that result in greater equity and representation, and to commit to fair and equitable pay practices.

A cross-functional working group continues to explore best practices and is working with partners such as Western Regional Minority Supplier Development Council and National 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.

In fiscal 2023, we attended our first Supplier Diversity Conference. The conference included pressing topics such as AI's role in business diversity, recent court rulings on Affirmative Action and others. It provided an opportunity to network with other business diversity professionals and strengthened the collaboration across industries. Attendance at this conference was critical to growing our Supplier Diversity Program and learning how other industry leaders are building and promoting their business diversity.

Read more about environmental sustainability in our supply chain in the Environmental Section on page 26

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We partner with our communities to make a lasting impact.

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9,338
hours volunteered
by employees to support our communities

Renewed and extended our scholarship programs to **support Black and Latin American/ Hispanic students**

2,400+
academic institutions and nonprofits leverage our **Cybersecurity Academy program globally**

$3.7M+
invested through **charitable contributions**

"We deeply value our role as a good corporate citizen and a partner to our communities. We are passionate about cybersecurity awareness, education, diversity and meeting basic human needs. We feel uniquely positioned to make an impact in these areas and are proud of how we executed on our global social impact programs in 2023."

Liane Hornsey
EVP, Palo Alto Networks

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Cybersecurity Education and Training: Inspiring and Investing in the Future

Our vision of a safe and secure world can best be achieved through the responsible use of technology. As a cybersecurity leader, we see firsthand that the number of cyberthreats is increasing as the security landscape becomes more and more complex. The COVID-19 pandemic accelerated changes in how we learn, connect and socialize, and it exposed how some communities are more vulnerable than others to cybercrime.

Although many of our youth are native to digital environments, they often lack security awareness and the habits needed to keep themselves safe online. Similarly, individuals who are adapting to the current digital landscape at their own pace, such as seniors, also find it challenging to navigate the internet safely. In addition to this, the cybersecurity industry continues to experience high demand for qualified, available and diverse talent in the workforce.

We are uniquely positioned to address these challenges. We provide high-quality, free, educational content and tools that demystify technical concepts and inspire youth; increase digital literacy and cultivate generations of responsible digital citizens; prepare young professionals to pursue future careers in cybersecurity; and upskill and diversify the workforce of today.

We deliver these materials and trainings, many of which were developed in part by our passionate employees, through partnerships with nonprofits and academic institutions. These organizations share our passion for a secure digital future and have the capacity to reach millions of people representing diverse communities around the world.

Increasing Cybersecurity Literacy

CYBER A.C.E.S

Our Cyber A.C.E.S. (Activities in Cybersecurity Education for Students) program continues to grow — reaching youth not only in the U.S. and Canada but also in Australia, Japan, Singapore and India. This free cybersecurity awareness program for kids ages 5 to 15 is available in multiple languages and provides students with the cybersecurity basics they need for safer online experiences and helps them become good digital citizens. Palo Alto Networks employees also volunteer to deliver lessons to schools and nonprofit organizations.

CYBER STARS

Cyber STARS emphasizes our commitment to addressing the racial disparity in technology — particularly in the Black community — by increasing exposure, access and support to underrepresented students ages 5 to 25. Through this employee-led program, we partner with organizations serving large numbers of underrepresented students to create opportunities through education, training, mentorship and economic empowerment.

PRO{TECH}TING YOUR DIGITAL LIFE

Protecting Your Digital Life is a series of free, downloadable workbooks that allows individuals of all ages to explore various cybersecurity concepts and best practices at their own pace without needing an active internet connection. These self-paced workbooks are an excellent resource to guide small group discussions or to share directly with young adults, the elderly and other vulnerable communities.

GIRL SCOUTS OF THE USA

Since engaging with Girl Scouts of the USA to create and launch the first-ever cybersecurity badge program in 2018, more than 330,000 cybersecurity badges have been earned. Together, we are helping to eliminate traditional gender barriers to accessing cybersecurity education for girls across the U.S. and supporting gender parity in the tech workforce by encouraging girls to pursue work in fields where they've been traditionally underrepresented.

CYBERSECURITY EDUCATION IN SCHOOLS

We also expand our reach and help close STEM gaps through partnerships. We continue to partner closely with the state of North Dakota to bring robust cybersecurity education to K-20 students and educators throughout the state. We also proudly support the work of Khan Academy (a nonprofit educational organization) to further improve K-12 learning outcomes in established and emerging STEM subjects like math, science, cybersecurity and AI which build a strong foundation for success in the workforce of the future.

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Reducing Barriers to Higher Learning

CYBER SCHOLARS PROGRAM

In fiscal 2023, we partnered with Thurgood Marshall College Fund to identify and select a cohort of 14 scholarship recipients from Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs) for the Cyber Scholars program during the 2023-2024 academic year. The selected scholars are studying tech-related STEM and business disciplines and are offered mentorship with a Palo Alto Networks employee through the program. We also extended the Cyber Scholars program to include support for Latin American and Hispanic communities through additional partnerships with the Hispanic Association of Colleges and Universities (HACU), Raíces Cyber and the José M. Hernández Reaching for the Stars Foundation.

HARDING MILLER EDUCATION FOUNDATION

In fiscal 2023, we partnered with the Harding Miller Education Foundation (HMEF) to provide a four-year scholarship to an incoming ninth-grade student who is experiencing socioeconomic hardship. HMEF serves students from rural communities that are not well connected to the internet and those that lack access to the resources needed to make the most of their education. The aim of this scholarship is to provide a female student from an Indigenous community who is interested in technology-related STEM fields with the resources to succeed through high school and into university.

IIT (BHU) FOUNDATION'S ACCESS FUND

In November 2021, Palo Alto Networks, together with a personal contribution from our Chair and Chief Executive Officer Nikesh Arora, established the IIT (BHU) Foundation's Access Fund. The Fund created an endowment to provide means-based scholarships to enable underserved students to attend the premier Institute. As of 2023, a total of 43 four-year, full-ride scholarship recipients are attending the Institute.

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Inspiring the Next Generation of Diverse Cybersecurity Talent

CYBERSECURITY ACADEMY

Started in 2013, our Cybersecurity Academy now provides a curriculum of introductory-to-advanced cybersecurity courses to more than 2,400 middle schools, high schools, community colleges and universities in more than 90 countries around the world. This free curriculum was developed to NICE-NIST standards and prepares the next generation of professionals for successful careers in cybersecurity. More than 500,000 students have engaged with the program through Academy partners, digital learning and student competitions since the program began in 2013. The program is free to academic institutions and nonprofits, and includes a comprehensive curriculum, hands-on labs, faculty training, student competitions and events.

WOMEN IN CYBERSECURITY

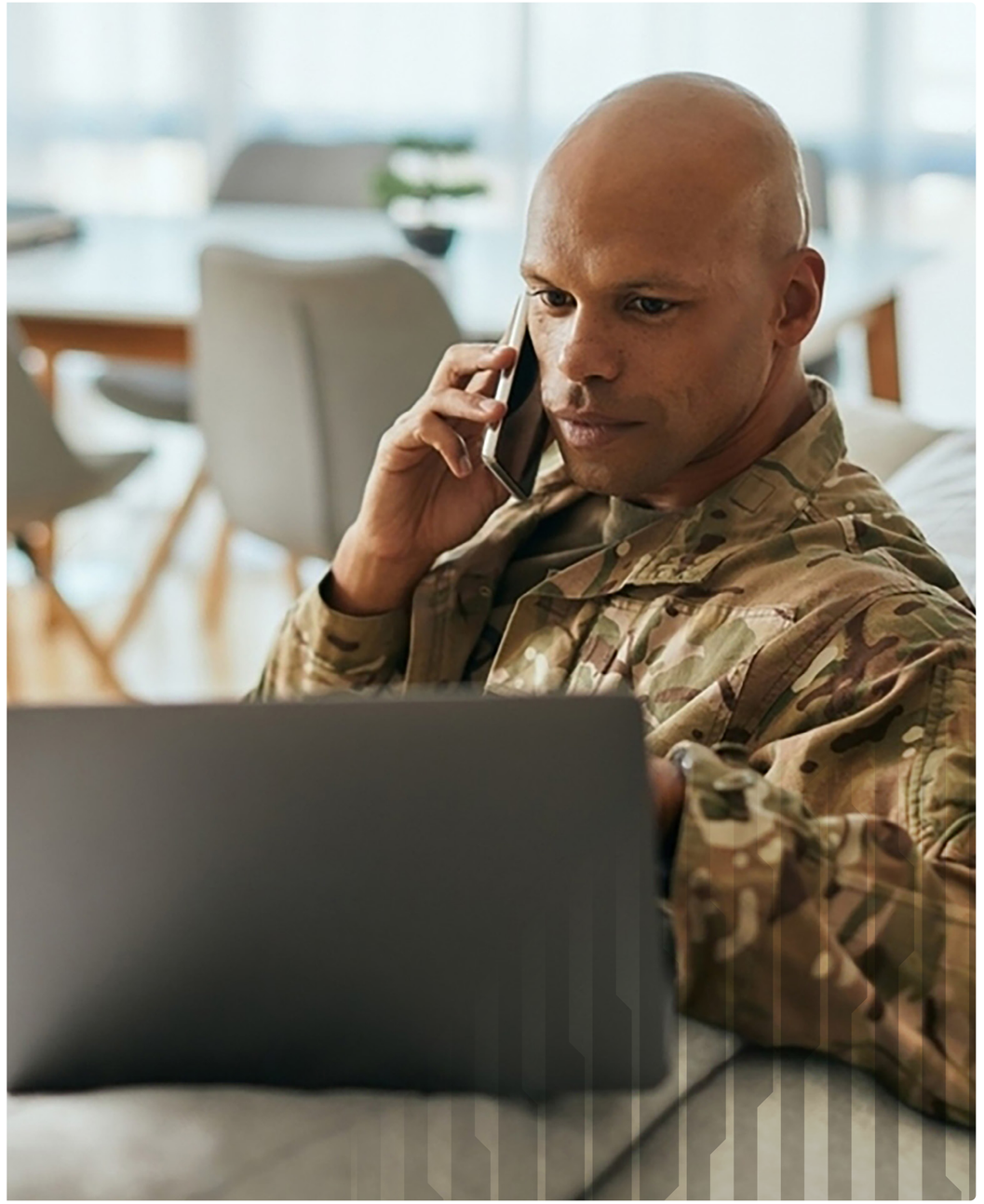
We embrace diversity and support nonprofit partners working to change the face of cybersecurity and tech. We are a founding partner of Women in Cybersecurity (WiCyS), which helps build a strong cybersecurity workforce with gender equality by facilitating recruitment, retention and advancement for women in the field. WiCyS offers mentoring, training programs, scholarships, virtual and in-person conferences, leadership series, career fairs, webinars and more to women at all stages of their cybersecurity career journey.

SUPPORTING VETERANS

We partner with organizations that support our veteran community with career transitions and other services, including VetsinTech, Hiring Our Heroes, Corporate Grey and Vets2Industry. In fiscal 2022, we became a U.S. Department of Defense SkillBridge program partner, through the coordination of our VetsNet ENG. The program provides an opportunity for service members to gain valuable civilian work experience during the last 180 days of their service. In fiscal 2023, through SkillBridge, we onboarded 10 service members, providing mentorship and education to help prepare them for careers. Two of these individuals were then brought on as full-time employees.

UPSKILLING VETERANS & DIVERSE YOUNG ADULTS

Our work with NPower's Advancing Tech Careers Collaborative helps NPower graduates land in-demand tech careers. The program upskills veterans and diverse young adults in advanced technology fields, including cybersecurity and cloud computing, and places them into open jobs.



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Employee Volunteering and Giving: Making an Impact That Matters

Through our volunteering, matching and giving programs, we boost employee engagement and satisfaction, and make a difference in the communities where we live and work.

Connecting with Our Communities

As a feature of our robust volunteering program, employees are encouraged to take paid time off to volunteer during the workday using Flexible Time Off (FTO). Employees volunteer as individuals, and frequently as groups with their peers, departments, employee network group (ENGs) or through local committees we call SMILE (Service Making Individuals' Lives Easier).

We partner with nonprofits to offer a variety of in-person and virtual experiences to our employees. Many of our departments and ENGs continue to partner with Project Helping to assemble and then distribute kits to community organizations. At the end of fiscal 2023, we launched "Thankful Thursdays," a series of volunteer events at our headquarters. Moving forward, we plan to select one Thursday per quarter to host opportunities for our employees to come together to uplift our communities in meaningful ways. We hope to scale this globally in the future. In fiscal 2023, employees volunteered more than 9,300 hours of their time.

Giving to Those in Need

We allocate up to $1,000 per calendar year, per employee, to use between our volunteer Dollar-for-Doers program and charitable matching. And we highlight causes through "drives," such as our Annual Hunger Campaign and relief efforts for natural disasters and humanitarian crises.

My SMILE Rewards, introduced in fiscal 2022, "seeded" employee accounts with funding that could be redeemed as a donation to causes of their choice. This was well received by our employees and in fiscal 2023, we enhanced the program by partnering with our employee rewards program, Bonusly. Through Bonusly, employees are awarded points to recognize their peers' contributions to Palo Alto Networks. Now, employees can accumulate these Bonusly points and redeem them as My SMILE Rewards to support any eligible nonprofit on our platform. We also recognize employees with My SMILE Rewards to celebrate amazing efforts in their communities. Through direct employee giving, our corporate matching gifts, and My SMILE Rewards, more than $2M was donated to causes employees care about in fiscal 2023.

9,338
hours of volunteer time

2,202
charitable causes supported by employees

~$1.13M
donated by employees

$884K
matched by Palo Alto Networks

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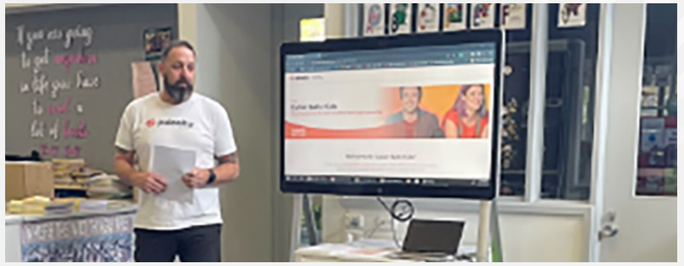
Impact in Every Corner of the Globe



AUSTRALIA AND NEW ZEALAND (ANZ)

ANZ's fiscal 2023 volunteer activities reflected the values of our employees and supported causes including education, mental health, environmental conservation, cancer research and support for disadvantaged communities.

Some highlights include: distributing CyberSafe Kids Program kits at the Essendon Football Club Family Day; donating blood; participating in Black Dog Institute's walk for mental health; delivering Cyber A.C.E.S. to Māori and Pacific Island students from secondary schools in South Auckland (in partnership with One New Zealand, The Rising Foundation and Fibre Fale); partnering with Ardoch to host students from Bannockburn Secondary College at our Melbourne office for a Cyber Career Pathways event; and, in partnership with Kmart Group, providing CyberSafe Kids online workshops.

Additionally, in October 2022, we launched CyberFit Nation in Australia, a free, all-encompassing program that helps people and businesses be more secure online. The program provides master classes and clinics for all ages and audiences, and is delivered both virtually and through face-to-face sessions with industry partners.

In December, a Sales Specialist conducted cyber awareness sessions for students at the Greensborough Primary School, utilizing Cyber A.C.E.S. activities and themes appropriate to each age group.

APAC

In spring of 2023, we asked our customers to nominate a school or organization to receive free cybersecurity learning materials. This resulted in Cyberlite books being distributed to schools in Singapore, Australia and the Philippines.

SINGAPORE

Palo Alto Networks partnered with Cyberlite Books and SG Her Empowerment to bring Safer Internet Day 2023 to the Singapore Office. We hosted students from West Grove Primary School, teaching them internet safety and how to seek assistance if they are facing online harm.

INDIA

During fiscal 2023, Palo Alto Networks' India site played a huge role in uplifting local communities. A few examples include: hosting teachers from the National Public School, Koramangala branch to educate them on the importance of cybersecurity; volunteering at Akshaya Patra Kitchen to prepare midday meals for schoolchildren; creating eco-friendly notebooks from discarded paper to be distributed to a government school in Bangalore; and collecting and distributing large cartons of books, stationery, coloring and story books, geometry sets and more through a Book & Stationery Donation Drive hosted at our India sites to the Government Model School in rural Bangalore.

THAILAND

Families attended the launch of the CyberSafe Kids program at the Jittamet School in Thailand. At the Ploen Pattana School, teachers and parents attended our CyberSafe Kids workshop where Major General Pawish Burapachonlatit, Acting Director Office of the National Cyber Security Agency (NCSA), discussed the importance of educating children and parents about cybersecurity.

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Charitable Investments: Uplifting Our Communities

If sharing is caring, then Palo Alto Networks continues to demonstrate our compassion and heart for communities in need. In addition to investing in cybersecurity education and diversity, we support nonprofit organizations focused on causes that matter to our business and employees, including mental health and wellness, hunger, basic needs, the environment and social justice.

As an example, in February 2023, Turkey and Syria were devastated by a powerful earthquake. Palo Alto Networks donated $75,000 to several organizations and matched employee donations to qualifying organizations.

In fiscal 2023, Palo Alto Networks and its employees invested $3.7M+ in nonprofit organizations through corporate grants, employee donations and matching (including Dollars-for-Doers and My SMILE Rewards). We are proud and humbled to have together invested in the work of more than 2,200 nonprofits, including these beneficiaries (partial list):

1. Ahbap (via Bridge to Turkiye)
2. AKUT Arama Kurtarma Derneği
3. Cristo Rey San Jose High School
4. CYBER.ORG (via Cyberspace Innovation Center Incorporated)
5. Family Giving Tree
6. Girls Who Code, Inc.
7. Green Bronx Machine International Inc.
8. Habitat for Humanity Australia
9. Hack the Hood Inc
10. Harding Miller Education Foundation
11. Hispanic Association of Colleges and Universities
12. Human-I-T
13. International Rescue Committee Inc.
14. Jose Hernandez Reaching for the Stars Foundation
15. Khan Academy Inc
16. National Cybersecurity Alliance
17. National Society of Black Engineers
18. NPower Inc
19. Off the Street Club
20. Raices Cyber (via Hack Foundation)
21. Sacred Heart Community Service
22. San Jose Children's Discovery Museum
23. Second Harvest of Silicon Valley
24. The Bismarck State College Foundation
25. UStrive (formerly Strive for College Inc.)

The Palo Alto Networks Foundation, the 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.

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Governance: Our Integrity

Integrity is deeply ingrained within our culture and is the foundation of everything we do.

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80%
of Board Directors
are **independent**

40%
of Board Directors
self-identify as women

Launched new **Ethics and Compliance section** on our website to increase visibility

Formalized our Human Rights Policy (in early fiscal 2024) and updated our Human Trafficking and Anti-Slavery statement

"Leading with integrity is a core value at Palo Alto Networks. It starts with our diverse Board, which not only embodies our commitment to equity but also insists that high ethical standards lie at the center of all that we do. Just as unflagging is our leadership's attention to the professional development of our team members and maintaining a fair and inclusive workplace."

Bruce Byrd
General Counsel, Palo Alto Networks

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Corporate Governance: Effective Decision-Making

Our Board consists of a diverse group of highly qualified leaders who bring unique perspectives.

Establishing Accountability and Transparency

While our Directors have either held senior leadership positions at large companies or otherwise gained significant and wide-ranging management experience in their respective fields, many also have public company experience and a deep understanding of corporate governance practices, including risk and management oversight.

The Board is governed by our Corporate Governance Guidelines, which address items such as the qualifications and responsibilities of our Directors and applicable corporate governance policies and standards. Each Director must devote significant time to fulfill their duties as a member of our Board, and we review other Director commitments prior to their appointment. Our Corporate Governance Guidelines provide that generally no Director should be a member of more than three public company boards. The ESG and Nominating Committee will consider the number of other public company boards or other boards or committees on which a director or prospective director is a member. Directors are required to notify the ESG and Nominating Committee prior to accepting membership on any other public or private company board, so that the Director's time commitments and potential conflicts of interest may be evaluated.

BOARD INDEPENDENCE

Our Board consists of eight independent Directors (80% of the Board). We exercise a strong, independent oversight function through frequent executive sessions and 100% compliance with Nasdaq and SEC Board committee independence requirements and by having a strong independent Lead Director with clearly delineated and comprehensive duties. We evaluate our Board leadership structure on an annual basis.

STANDING COMMITTEES

The Board has a standing Audit Committee, Compensation and People Committee, ESG and Nominating Committee, Security Committee and Corporate Development Committee. The Security Committee enhances oversight over security issues facing our company, including cybersecurity, and meets and receives management presentations on security-related matters on a quarterly basis.

The ESG and Nominating Committee provides primary oversight of ESG, enhancing the Board's oversight of ESG matters and reinforcing the important role that ESG practices play in our business. As of fiscal 2023, Lorraine Twohill and John Donovan co-Chair this Committee, which meets quarterly and regularly receives details of our ESG performance data and program information. The full Board and Board Committees receive quarterly updates on ESG topics, including our People Strategy. For more information on ESG oversight and governance, see page 10-11.

For more information on Corporate Governance, visit our 2023 Proxy Statement.

Board Diversity: Embodying Our Commitment to Equity

Our Corporate Governance Guidelines embody our Board's commitment to actively seek out women and candidates with diverse backgrounds, experiences and skills. Our Board believes representation of gender, race, ethnic, geographic, cultural or 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. As of fiscal 2023, 50% of our Board is diverse based on one or more of the following self-identified demographics: gender, race, ethnicity and nationality. Forty percent of our Board members self-identify as women, an increase from thirty-three percent in the previous fiscal year.

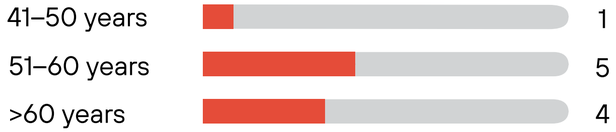
BOARD SNAPSHOT (As of July 31, 2023)

TENURE

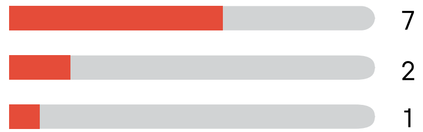
Average: **8.3 years**

AGE

Average: **57.5 years**

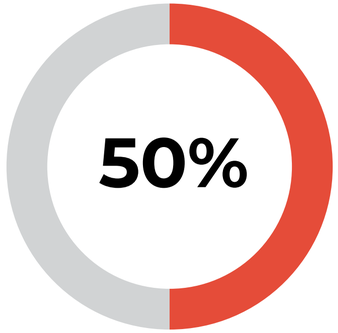


ETHNIC DIVERSITY



GENDER DIVERSITY

BOARD DIVERSITY



50% of our Board can be considered diverse based on self-identified demographic background

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Risk Oversight: Proactive Mitigation and Management

We have designed and implemented processes to manage risk in our operations. Management is responsible for the day-to-day management of risks our company faces, while our Board, as a whole and assisted by its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are appropriate and functioning as designed. For more information on Risk Oversight visit our 2023 Proxy Statement.

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Executive Compensation: Linked to ESG Goals

Our executive compensation program is tied to our financial and operational performance and reflects recognized best practices and principles that align the compensation of our named executive officers with the long-term interests of our stockholders. In fiscal 2023, we incentivized our Chief Executive Officer to remain at the company for the long term to enhance our prospects of delivering sustained stockholder value.

We maintained an ESG modifier to our cash incentive plan to ensure a linkage between compensation and our ESG goals, which provided for the calculated result to be adjusted up or down by up to 10% based on an ESG scorecard with climate, inclusion and diversity, and human capital metrics. For more information on Executive Compensation, visit our 2023 Proxy Statement.

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Ethics & Corporate Behavior: Doing the Right Thing

Ethical business practices are at the heart of our company, and we are committed to operating with integrity and transparency through our policies.

Articulating Our Values Through Our Code of Business Conduct and Ethics

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.

Employees, contractors and suppliers are informed about our governance expectations including through our Codes of Conduct. New hires and existing employees receive annual online ethics training, in addition to periodic live instructor-led training, on anti-corruption, confidentiality, conflicts, respect in the workplace, privacy and many other topics, utilizing real-life and hypothetical scenarios. In fiscal 2023, members of the Senior Executive team participated in customized instructor-led training, including tailored training materials, with a focus on regulatory developments, ethical leadership and decision-making. Members of our Senior Executive team, including our CEO, President and others, participated in employee events, where they shared their experiences and expectations around ethics and integrity.

Suppliers and sales partners are expected to maintain the same ethical standards as we do and our public Global Supplier Code of Conduct and Business Partner Code of Conduct apply to matters such as business interactions, manufacturing processes and applicable laws. The Audit Committee of our Board of Directors is responsible for oversight of our Ethics and Compliance program.

ETHICS HELPLINE

Our Ethics Helpline, which is periodically tested and annually audited, is publicly available and hosted on EthicsPoint's secure servers. Anyone, including employees, customers, shareholders, business partners and members of communities where we operate can confidentially share their concerns and provide feedback, anonymously if they wish. We also have a public email address for any questions about our ethics policies or to report concerns (ethics@paloaltonetworks.com).

We believe acting ethically and with integrity is everyone's responsibility. We encourage our employees, and anyone with whom we do business, to report any concerns or violations of our policies, procedures or the law. We strictly prohibit retaliation against good-faith reporters.

HUMAN RIGHTS AND WORKPLACE POLICIES

Our Ethics and Compliance webpage also houses our Human Rights Policy, launched in early fiscal 2024, which applies to all employees, suppliers and business partners. Though we have respected human rights since our founding, this policy formalizes our commitment to internationally proclaimed human rights and labor standards, including the United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, and the United Nations Global Declaration on Human Rights. Topics covered in the policy include diversity and inclusion, freedom of association, workplace safety, forced and child labor, human trafficking, working hours and wage standards, privacy and freedom of expression.

We also have a policy focused on respect in the workplace and a corresponding training through our FLEXLearn platform. New hires must complete the training and existing global employees are required to complete the company-wide training every other year. The training includes anti-discrimination, anti-harassment, anti-retaliation and bullying lessons and hypotheticals.

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Increasing Transparency and Communicating Clearly

We are committed to being clear, transparent and honest about all of our business approaches. This year we launched a new "Ethics and Compliance" section on our public website to increase the visibility of our ethics and compliance policies, Ethics Helpline and expectations around integrity in how we do business around the globe. Website visitors can now easily access more information on compliance and accountability, important policies like our Human Rights Policy, Human Trafficking and Anti-Slavery Policy, and Codes of Conduct, and can directly access our Ethics Helpline to ask questions or report concerns.

Corporate Policies

We know that responsible practices start with us. Ethical business practices are at the heart of Palo Alto Networks and we are committed to operating with integrity and transparency through our policies.

Code of Business Conduct and Ethics

Palo Alto Networks regularly trains employees on important topics such as anticorruption, business ethics, confidential information, conflicts of interest, insider trading, privacy and other compliance topics.

Global Supplier Code of Conduct

Suppliers are expected to maintain the same ethical standards as we do. This applies to matters such as business interactions, manufacturing processes and applicable laws.

Conflict Minerals Policy & Report

We believe in and support international human rights, including in our supply chain. It is imperative that all of our suppliers uphold the same level of integrity and support for human rights wherever we do business around the globe.

Slavery and Human Trafficking Policy

We are committed to ensuring that our supply chain is free from human trafficking or modern slavery. We believe in upholding the human rights of all workers and treating workers with dignity and respect.

Human Rights Policy

Palo Alto Networks believes human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled, and we are committed to respecting these rights.

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Global Policy: Shaping a Secure Future

Our efforts to shape global public policy reflect our commitment to protect people's digital way of life. As a corporation, Palo Alto Networks does not have a Political Action Committee. We do conduct lobbying activities aimed at supporting policies that enhance cybersecurity and digital resilience. These activities are reported publicly in accordance with the Lobbying Disclosure Act and all subsequent amendments to the law.

We regularly engage with global government and multilateral entities to provide expertise and thought leadership to policymakers as they shape global laws, policies and regulations. Through these engagements, we lend our expertise to promote cybersecurity resilience and help inform policy development around cybersecurity, supply chain, and AI. As an example, our supply chain risk management practices were highlighted as an exemplar by the National Institute of Standards and Technology (NIST).

Advising and Information-Sharing

Across the globe, we participate in numerous government advisory bodies, such as the U.S. President's National Security Telecommunications Advisory Committee, to provide cybersecurity and technology insight to policymakers and government officials. This credentialing has led to opportunities to provide official testimony at congressional and parliamentary hearings on topics ranging from ransomware preparedness to the importance of AI for cyber defense. We also promote a strong, diverse cyber workforce as outlined in this blog post.

Complementary to policy advocacy, Palo Alto Networks is engaged in cyber threat intelligence information-sharing and operational collaboration with government cyber agencies around the world, including by sharing pre-publication threat research through our Trusted Information Partner Sharing Network. Our threat intelligence has been leveraged to assist in the successful government prosecution of cyber criminals.

CONFERENCES AND MEMBERSHIPS

Palo Alto Networks hosts, and participates in, a range of conferences, events and summits that collectively advance our public policy goals. This includes hosting the Joint Service Academy Cybersecurity Summit in partnership with the military service academies. In 2023, we reimagined Ignite, our flagship user conference, into Ignite on Tour, a global roadshow exclusively for cybersecurity leaders and influencers with stops in North America, South America and Europe.

Palo Alto Networks is a member of a number of associations that engage on cybersecurity and related issues including: Information Technology Industry Council, BSA | The Software Alliance, Business Roundtable, Business Council, Alliance for Digital Innovation, the Cybersecurity Coalition, Attorney General Alliance, National Governors Association, National Council of State Legislatures, National Association of State Chief Information Officers, American Business Council Dubai, Digital Europe, Bitkom, US-ASEAN Business Council, Australian Information Industry Association, and the German Cybersecurity Council. Additionally, we are part of the World Economic Forum, including its International Business Council, Centre for Cybersecurity, and Alliance for CEO Climate Leaders.

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We provide an annual account of our ESG performance and align our disclosures to globally recognized reporting standards.

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About This Report: Increasing Transparency

This report presents an overview of Palo Alto Networks' environmental, social and governance strategies, initiatives and outcomes. Our disclosure is informed by ESG reporting frameworks including the Sustainability Accounting Standards Board (SASB) Standards, CDP, World Economic Forum Stakeholder Capitalism Metrics, Global Reporting Initiative and others.

The content was curated through the engagement of multiple subject-matter experts from across the business. External consultants assisted in the development and refinement of the content. The environmental disclosures were developed with the assistance of external consultants and emissions data was verified by a third party. Palo Alto Networks is responsible for the preparation and integrity of the information in this report. A content index is provided at the end of this report.

The activities, performance and data detailed in the report 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 2023 ending July 31, 2023. We have also included relevant examples of impact that occurred in the calendar year 2023. In addition to our annual participation in CDP (formerly the Carbon Disclosure Project) reporting and our ESG Report, ESG disclosures are included in our annual reports on Form 10-K and proxy statement. 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.

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Financial	FY23 Data	FY22 Data	FY21 Data
Total Net Revenue ($m)	$6,892.70	$5,501.50	$4,256.10
Total Billings ($m)	$9,194.40	$7,471.50	$5,452.20
Total Cost of Revenue ($m)	$1,909.70	$1,718.70	$1,274.90
Total Operating Expenses ($m)	$4,595.70	$3,971.60	$3,285.30
Total Investment in Research and Development ($m)	$1,604.00	$1,417.70	$1,140.40

Environmental	FY23 Data	FY22 Data*	FY21 Data
Scope 1 GHG emissions ($MTCO_2e$)	1,591	763	874
Scope 2 (Market) GHG Emissions ($MTCO_2e$)	12,068	13,385	8,735
Total Scope 1 & 2 (Market) GHG Emissions ($MTCO_2e$)	13,659	14,148	9,609
Scope 2 (Location) GHG Emissions ($MTCO_2e$)	15,761	11,073	8,564
Scope 1 & 2 (Market) GHG Emissions (MTCO2e)/ $m revenue	1.982	2.572	2.258
Scope 1 & 2 (Market) GHG Emissions (MTCO2e)/ square foot	0.0067	0.0073	0.0052

Environmental (cont.)	FY23 Data	FY22 Data*	FY21 Data
Scope 3 Measured GHG Emissions ($MTCO_2e$)			
Purchased Goods & Services	208,724	185,254	157,937
Capital Goods	16,940	16,175	14,744
Fuel- and Energy-Related Activities (market based method)[1]	6,336	5,578	4,291
Business Travel	45,575	19,729	4,813
Employee Commute	16,175	8,660	4,205
Upstream Transportation	38,061	34,216	20,923
Waste from Operations	6,132	1,140	123
Use of Sold Products	850,377	1,053,045	765,515
End-of-Life Treatment of Sold Products	35	969	832
Upstream Leased Assets	262	281	113
Investments	478,148	Not reported	Not reported
Total Electricity Consumption (GJ)	190,645	142,981	112,849
Total Water Withdrawals (Megaliters)	97	98.5	80.6
Percentage of water withdrawals in water-stressed regions	16%	92%	85%

The WRI Aqueduct water risk tool used to calculate percentage of water withdrawals in water-stressed regions was updated in 2023 with a significant change in water stress outlook for the San Francisco Bay Area where our headquarters are located.

*** FY22 emissions data has been updated to reflect actual results.**

[1] We also calculate Scope 3 Fuel- and Energy-Related Activities (FERA) emissions using the location-based approach. FY23 location-based FERA emissions were 7,659 $MTCO_2e$'.

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Social: Our People	FY23 Data	FY22 Data	FY21 Data
Total Employees	13,948	12,561	10,473
Attrition Rate (Overall)	11.4%	15.0%	13.1%
Attrition Rate (Voluntary)	7.9%	13.0%	11.1%
New Hires	2,913	3,813	3,656
Internal Hires (% of Total Hires)	11%	12%	Not reported
Intern Hires	116	Not reported	Not reported
Percentage of Employees Participating in Employee Network Groups	30%	28%	25%
Average Hours of Development per Employee	33	16	12
Number and rate of fatalities as a result of work-related injury	0	0	0
High-consequence work-related injuries (excluding fatalities)	0	0	0
Recordable work-related injuries (i.e., repetitive strain/stress injury (3), slip/fall/contusion (3), other (1)	7	4	7

Gender Representation (Global Employees)	FY23 Data	FY22 Data	FY21 Data
All Employees (% Women)	26%	26%	25%
Individual Contributors & Managers (% Women)	27%	26%	25%
Directors and Above (% Women)	24%	24%	22%
Technical Staff (% Women)	21%	21%	18%
Nontechnical Staff (% Women)	32%	31%	27%

Racial and Ethnic Groups Representation – All U.S. Employees	FY23 Data*	FY22 Data	FY21 Data
Asian	40%	39%	38%
Black	5%	5%	4%
Hispanic	8%	7%	7%
White	44%	45%	48%
Two or more races	3%	3%	3%
Other	1%	1%	1%

*** Values may not add up to 100 due to rounding.**

Racial and Ethnic Groups Representation – Technical (U.S. Only)	FY23 Data*	FY22 Data	FY21 Data
Asian	57%	58%	58%
Black	4%	4%	4%
Hispanic	6%	5%	5%
White	30%	30%	30%
Two or more races	2%	2%	2%
Other	0%	1%	0%

*** Values may not add up to 100 due to rounding.**

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Racial and Ethnic Groups Representation – Nontechnical (U.S. Only)	FY23 Data	FY22 Data	FY21 Data
Asian	21%	20%	20%
Black	6%	6%	5%
Hispanic	9%	9%	8%
White	60%	61%	63%
Two or more races	3%	3%	3%
Other	1%	1%	1%

Racial and Ethnic Groups Representation – Individual Contributors & Managers (U.S. Only)	FY23 Data*	FY22 Data	FY21 Data
Asian	40%	39%	38%
Black	5%	5%	5%
Hispanic	8%	8%	7%
White	44%	45%	47%
Two or more races	3%	3%	3%
Other	1%	1%	1%

*** Values may not add up to 100 due to rounding.**

Racial and Ethnic Groups Representation – Directors & Above (U.S. Only)	FY23 Data	FY22 Data	FY21 Data
Asian	40%	39%	40%
Black	3%	3%	3%
Hispanic	4%	5%	4%
White	49%	50%	51%
Two or more races	3%	3%	3%
Other	1%	1%	1%

Social: Our Communities	FY23 Data	FY22 Data	FY21 Data
Corporate Charitable Contributions	$1,701,714	$3,187,997	$2,616,880
Charitable Matching (of employee donations, volunteer time and MySMILE "Rewards")	$883,578	$1,091,221	$1,856,702
Employee Donations	$1,134,420	$1,115,897	$1,021,599
Employee Volunteerism – Hours	9,338	8,034	3,363
Overall Employee Participation (Matching & Volunteerism)	19.3%	30.6%	34.5%
Charitable Causes	2,202	2,896	2,199
Cybersecurity Academy – Partners Enrolled	2,420	2,200	1,500
Cybersecurity Academy – Countries Reached	96	86	75

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Governance	FY23 Data	FY22 Data	FY21 Data
Material Data Breach	0	0	0
Percentage of Employees Who Completed Code of Conduct Training	99.3%	96.5%	99.5%
Percentage of Employees Who completed InfoSec Training	96.9%	88.0%	Not reported
Percentage of Employees Who Completed Annual Privacy Training	98.0%	~90%	~90%
Board Directors (% Women)	40%	33%	33%
Board Directors Diversity (%) (Gender and/or Ethnicity)	50%	50%	67%
Board Directors (% Independent)	80%	75%	75%
Board Directors with Cybersecurity and IT Technology Expertise	6/10	8/12	8/12

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FY23 Content Index: Mapping Our Disclosures

The Sustainability Accounting Standards Board (SASB) Standards, now part of the International Financial Reporting Standards (IFRS) Foundation, are a set of standards that guide the disclosure of sustainability information by companies to their investors. The World Economic Forum's (WEF's) Stakeholder Capitalism Metrics are designed to help companies measure, align and improve their mainstream reporting on performance against ESG indicators.

The following index maps our disclosures to the SASB indicators for companies in the IT and Services sector and the core WEF indicators. We also cross-reference the aligned Global Reporting Initiative (GRI), a common ESG reporting framework, and the United Nations Sustainable Development Goals (SDGs), a collection of 17 global goals intended to provide a shared blueprint to achieve a better and more sustainable future for all.

Disclosure	Reference	SASB	GRI	WEF	UN SDG
Environmental					
Environmental Footprint of Hardware Infrastructure: (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Palo Alto Networks does not own or operate any data centers. Data provided is for colocation data centers. (1) 8,384 GJ (estimated based on square footage) (2) 100% (3) Not provided by vendors	TC-SI-130a.1			SDG 6: Target 6.4
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			SDG 6: Target 6.4
Environmental Footprint of Hardware Infrastructure: Discussion of the integration of environmental considerations into strategic planning for data center needs	Sustainable Value Chain: Partnering For Success	TC-SI-130a.3			SDG 6: Target 6.4
GREENHOUSE GAS EMISSIONS (GHG): For all relevant greenhouse gases (e.g., carbon dioxide, methane, nitrous oxide, F-gases, etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate	Science-Based Targets: A Clearly Defined Pathway to Emissions Reduction		GRI 305:1-3	Planet: Climate change	SDG 3: Target 3.9; SDG 6: Target 6.1; SDG 12: Target 12.4; SDG 13: Target 13.1; SDG 14: Target 14.3; SDG 15: Target 15.2

Disclosure	Reference	SASB	GRI	WEF	UN SDG
TCFD IMPLEMENTATION: Fully implement the recommendations of the Task Force on Climate-related Financial GRIs (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.	Science-Based Targets: A Clearly Defined Pathway to Emissions Reduction		GRI 201-2	Planet: Climate change	
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 Network does not currently own, lease or manage sites in or adjacent to areas protected for their biodiversity value.		GRI 304-1	Planet: Nature loss	
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.	FY23 Performance Data Table		GRI 303-1	Planet: Freshwater availability	
Social					
Recruiting & Managing a Global, Diverse & Skilled Workforce: Percentage of employees who are (1) foreign nationals and (2) located offshore	(1) 13.8% of U.S. employers are foreign nationals (2) 42.4% of employees are located outside of the U.S.	TC-SI-330a.1			
Recruiting & Managing a Global, Diverse & Skilled Workforce: Employee engagement as a percentage	Employee Engagement: Cultivating A Most Loved Workplace	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	FY23 Performance Data Table	TC-SI-330a.3	GRI 405-1b	People: Dignity and equality	SDG 5: Target 5.1; SDG: Target 5.5

Disclosure	Reference	SASB	GRI	WEF	UN SDG
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	FY23 Form 10-K		Adapted from GRI 405-2	People: Dignity and equality	
WAGE LEVEL: 1. Ratios of standard entry-level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	FY23 Proxy Statement, Pay Equity		GRI 202-1	People: Dignity and equality	
RISK FOR INCIDENTS OF 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	Human Rights and Workplace Policies		GRI 408-1b, GRI 409-1a	People: Dignity and equality	
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	Safety: Providing Safe & Secure Hybrid Workplaces FY23 Performance Data Table		GRI 403-9a&b, GRI 403-6a	People: Health and well-being	
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 Development and Growth: Personalization and Choice FY23 Performance Data Table FY23 Form 10-K and FY23 Proxy Statement		GRI 404-1	People: Skills for the future	

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Disclosure	Reference	SASB	GRI	WEF	UN SDG
Governance					
Data Privacy & Freedom of Expression: Description of policies and practices relating to behavioral advertising and user privacy	Personal Data and Privacy: Maintaining Customer Trust	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	We receive few law enforcement requests for user information, and they do not result in sensitive 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, Donetsk, and Luhansk Regions of Ukraine.	TC-SI-220a.5			
Data Security: (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	During fiscal 2023, Palo Alto Networks did not experience any material data breach that required SEC disclosure.	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: Business-Wide Safeguards	TC-SI-230a.2			
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			

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Managing Systemic Risks from Technology Disruptions: Description of business continuity risks related to disruptions of operations	FY23 Form 10-K	TC-SI-550a.2			
Activity Metrics: (1) Number of licenses or subscriptions, (2) percentage cloud-based	FY23 Form 10-K	TC-SI-000.A			
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 Purpose: A Secure Future for All, FY23 Form 10-K and FY23 Proxy Statement			Governance: Governing purpose	
GOVERNANCE BODY COMPOSITION: Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or nonexecutive; 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 underrepresented social groups; stakeholder representation.	Board Diversity: Embodying Our Commitment to Equity Annual Report and FY23 Proxy Statement, Board Diversity Directors Section ESG Oversight and Governance in FY23 Proxy Statement (CD&A)		GRI 2-9, GRI 405-1a	Governance: Quality of governing body	
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.	Stakeholder Engagement: Shaping Our Priorities		GRI 2-29 GRI 3-1 GRI 3-2	Governance: Stakeholder engagement	
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 & Corporate Behavior: Doing the Right Thing 1. There were no confirmed cases of corruption in fiscal 2023. 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	Governance: Ethical behavior	

Disclosure	Reference	SASB	GRI	WEF	UN SDG
PROTECTED ETHICS ADVICE AND REPORTING MECHANISMS: A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behavior and organizational integrity; and 2. Reporting concerns about unethical or unlawful behavior and lack of organizational integrity.	Code of Business Ethics		GRI 102-17	Governance: Ethical behavior	
INTEGRATING RISK AND OPPORTUNITY INTO BUSINESS PROCESS: Company risk factor and opportunity GRIs that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite with respect to 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.	FY23 Form 10-K and FY23 Proxy Statement		GRI 102-15	Governance: Risk and opportunity oversight	
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.	FY23 Performance Data Table FY23 Form 10-K		GRI 201-1 GRI 201-4	Prosperity	
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.	FY23 Form 10-K		As referenced in IAS 7 and US GAAP ASC 230	Prosperity	

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Total R&D expenses ($): Total costs related to research and development.	About Us FY23 Performance Data Table		US GAAP ASC 730	Prosperity: Innovation of better products and services	
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.	For financial information, visit FY23 Form 10-K		Adapted from GRI 201-1	Prosperity: Community and social vitality	

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Stakeholder Engagement: Shaping Our Priorities

Throughout the year, we engage a wide range of stakeholders to help identify and prioritize the ESG factors important to them and to our business. The Executive ESG Council and ESG Steering Committee consider these insights when establishing our ESG priorities, strategy and efforts.

Stakeholder Group	Engagement
Board / Leadership	Our Board is committed to ongoing dialogue with our stockholders. In fiscal 2023, our Lead Independent Director participated in 21 meetings with our stockholders, touching on ESG topics such as Board oversight, inclusion and diversity, human capital approaches, sustainability, Board governance, risk management, executive compensation and cybersecurity. Company leadership is active in our ESG efforts, including the ESG Executive Council, which sets our overall ESG strategy, objectives and initiatives, provides guidance on program implementation, and oversees the continuing enhancement of our approach to ESG. Leadership also discusses our ESG strategies with investors, employees and customers.
Investors	In frequent meetings throughout the year investors showed interest in a variety of ESG topics including human capital management, climate change, governance and ESG oversight.
Employees	Through their participation in our sustainability and social impact initiatives, employees have expressed interest in and appreciation for ESG. Through all hands meetings, in-person and virtual dialogue, and more employees are vocal about these important topics, particularly initiatives that relate to their career development, professional growth and well-being, as well as community involvement and the environment.
Customers	Increasingly, requests for proposals (RFPs) contain questions about the company's ESG practices, particularly around climate action, human capital management, supplier diversity, supply chain management and privacy. Many RFPs include detailed questionnaires and/or requirements to share ESG information through online platforms. Our sales teams include information about our climate, diversity and social impact programs in their conversations and presentations with customers when appropriate.
Communities and nonprofits	In addition to requests for support of basic needs, community organizations and schools recognize our expertise in cybersecurity and seek support in understanding cybersecurity principles, and ways in which we can help them provide the communities they serve with access to resources.
Government stakeholders	We have long been sought after for our cybersecurity expertise. We recently testified before two subcommittees of the House Committee on Oversight and Accountability at a hearing focused on "Combating Ransomware Attacks," and before the Communications and Technology Subcommittee of the House Energy & Commerce Committee on "Leveraging AI to Enhance American Communications." Moreover, government entities value our input on topics at the intersection of cybersecurity and ESG, such as protecting critical infrastructure, diversity, education, workforce development and expanding the diverse talent pipeline.

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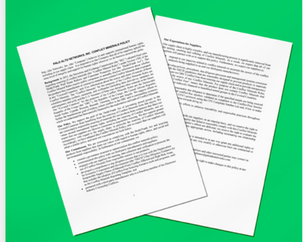
ESG-Related Policies: Providing Essential Guidance

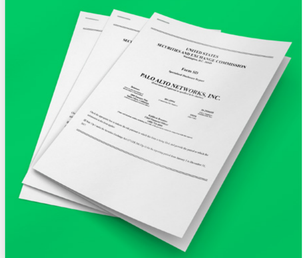
Code of Business Conduct and Ethics ▶

Global Supplier Code of Business Conduct and Ethics ▶

Statement Regarding Prohibition of Slavery and Human Trafficking ▶

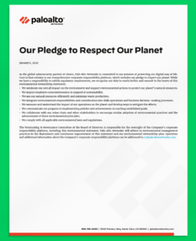


Conflict Minerals Policy ▶

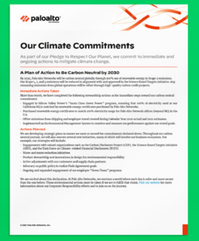


Conflict Minerals Report ▶

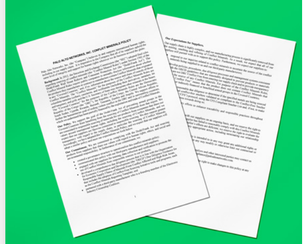
Supplier Diversity Statement ▶



Environmental Statement ▶



Public Sustainability Reports ▶



2023 CDP Disclosure ▶

Review our full list of policies online

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Forward Looking Statements and Disclaimers

Forward-Looking Statements and Disclaimers

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Except for statements of historical or current facts, all statements made in this document are forward-looking statements, including, without limitation, statements regarding our social, environmental and sustainability plans and goals, and executive compensation plans. Forward-looking statements generally can be identified by words such as anticipate, plan, believe, expect, future, intend, may, potentially, projects, will, will be, will result, would and similar expressions that may convey uncertainty of future events or outcomes. Forward-looking statements reflect management's current expectations and assumptions that are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated or implied by any forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Quarterly Report on Form 10-Q filed with the SEC on February 20, 2024, which is available on our website at investors.paloaltonetworks.com and on the SEC's website at www.sec.gov. Additional information will also be set forth in other filings that we make with the SEC from time to time. All forward-looking statements in this report are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made. Unless otherwise provided herein, all statements in this report are as of February 1, 2024.

In this ESG Report, the terms "the company," "we," and "our" refer to Palo Alto Network, Inc., and the term "Board" refers to the Board of Directors of Palo Alto Networks, Inc.

References to third-party websites in this ESG Report are not intended to be incorporated by reference into this report and the information contained on such websites is not intended to be part of this report.

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