

Charter of the Compensation and People Committee of the Board of Directors of Palo Alto Networks, Inc.

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Purpose

The purpose of the Compensation and People Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Palo Alto Networks, Inc. (the "**Company**") shall be to:

- Provide oversight of the Company's compensation policies, plans and employee benefit programs, and overall compensation philosophy.
- Discharge the Board's responsibilities relating to (1) oversight of the compensation of the Company's Chief Executive Officer ("**CEO**") and its executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) and (2) the evaluation and approval of the Company's CEO and executive officer compensation plans, policies and programs.
- Administer the Company's equity compensation plans for its executive officers and employees and the issuance of stock options and other equity-based or equity-linked awards, whether or not such awards are granted pursuant to a plan.
- Discharge the Board's responsibilities relating to oversight of the Company's policies and strategies related to people management, including performance management, talent management, leadership and culture.

The Committee shall seek to ensure that the Company structures its compensation plans, policies and programs to attract and retain the best available personnel for positions of substantial responsibility with the Company, to provide incentives for such persons to perform to the best of their abilities for the Company and to promote the success of the Company's business. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's annual report on Form 10-K or proxy statement.

The Committee has the authority to undertake the specific duties and responsibilities as are enumerated in or consistent with this charter and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

Composition

1. **Membership and Appointment.** The Committee shall consist of at least three (3) members of the Board. Members of the Committee shall be appointed by the Board upon the recommendation of the Governance and Nominating Committee and may be removed by the Board in its discretion.
2. **Qualifications.** Members of the Committee must meet the following criteria:
    - The independence requirements of the listing standards of the Nasdaq Stock Market ("**Nasdaq**").
    - The non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act.
    - The outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.
    - Such other qualifications as may be established by the Board from time to time.
3. **Chairperson.** The Board may designate a chairperson of the Committee. In the absence of that designation, the Committee may designate a chairperson by majority vote of the Committee members.

Responsibilities

The following are the principal recurring responsibilities of the Committee. The Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Committee deem appropriate. In making its decisions, the Committee will consider the results of the most recent stockholder advisory vote on executive compensation (**"Say-on-Pay Vote"**) required by Section 14A of the Exchange Act and will seek the input of the Board as the Committee deems appropriate. In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

1. **Set Compensation for Executive Officers.** The Committee shall:
    - Review annually and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate his or her performance in light thereof, and consider factors related to the performance of the Company (including environmental, social and governance factors) in approving the compensation level of the CEO. The CEO may not be present during deliberations or voting on such matters.
    - Review annually and approve the CEO's (1) annual base salary, (2) annual incentive bonus, including the specific goals and amount, (3) equity compensation, (4) any employment agreement, severance arrangement or change of control protections, (5) any signing bonus or payment of relocation costs and (6) any other benefits, compensation or similar arrangements (including, without limitation, perquisites and any other form of compensation). In determining the long-term incentive component of CEO compensation, the Committee will consider, among other things, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the Company's CEO in past years, stockholder feedback, and the results of the most recent Say-on-Pay Vote. The CEO may provide input on his compensation arrangements at the invitation of the Committee, but may not be present during final deliberations or voting on such matters.
    - In consultation with the CEO, consider the results of

the most recent Say-on-Pay Vote and review annually and approve items (1) through (6) in the previous bullet for the other individuals who are deemed to be officers of the Company under Rule 16a-1(f) promulgated under the Exchange Act (the **"executive officers"**) and for such other employees of the Company as the Committee shall determine.

- Review and approve any compensatory contracts or similar transactions or arrangements with current or former executive officers of the Company and such other employees as the Committee shall determine, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Company. In this regard, the Committee shall have the power and authority to adopt or, if applicable, approve amendments to or the termination of such contracts, transactions or arrangements.

2. **Oversee Compensation Plans and Programs.** The Committee shall:

- Establish and administer annual and long-term incentive compensation plans for executive officers and other senior executives and any other employees of the Company as the Committee deems appropriate, including:
    - Establishing performance objectives and certifying performance achievement;
    - Evaluating the competitiveness of such plans;
    - Reviewing and approving all equity-based compensation plans and grant awards of shares under such plans; and
    - Adopting, amending and terminating any such plans.
- Administer the Company's equity incentive plans. In its administration of the plans, the Committee may (i) grant stock options, restricted stock units, stock purchase rights or other equity-based or equity-linked awards to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Exchange Act in compliance with Rule 16b 3 promulgated thereunder) in accordance with procedures and guidelines as may be established by the Board and (ii) amend such stock options, restricted stock units, stock purchase rights or equity-based or equity-linked awards. The Committee may also adopt, amend and terminate such plans, including approving changes in the number of shares reserved for issuance thereunder, subject to obtaining any required stockholder approval.
- Approve all option grants, other equity-based or equity-linked award grants and performance awards to executive officers.
- Oversee the Company's overall compensation philosophy, compensation plans and benefits programs, and make improvements or changes to such plans or programs or the adoption of new plans or programs when appropriate. One of the Committee's objectives shall be to use compensation to align the interests of the executive officers with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value.
- In connection with executive compensation programs:
    - Establish and periodically review policies for the administration of executive compensation programs and review and approve new executive compensation programs; and
    - Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s) and take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
    - Periodically review executive compensation programs and total compensation levels, including:
        - Conducting comparative analyses of total compensation relative to market; and
        - Quantifying maximum payouts to executives under performance-based incentive plans and total payments under a variety of termination conditions, including upon a change of control.
    - Periodically review the impact of tax and accounting rules changes.
- Review and administer the Company's clawback policies allowing the Company to recoup compensation paid to employees, including amendments of, or termination of, such policies.
- Establish and periodically review policies in the area of senior management perquisites.
- Authorize the repurchase of shares from terminated employees pursuant to applicable law.
- If applicable, review and recommend to the Board for approval the frequency with which the Company will conduct a Say-on-Pay Vote, taking into account the results of the most recent stockholder advisory vote on frequency of Say-on-Pay Vote required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say-on-Pay Vote and the frequency of the Say-on-Pay Vote to be included in the

Company's proxy statement.

- Review and discuss annually with management the risks arising from the Company's compensation philosophy and practices applicable to employees to determine whether they encourage excessive risk-taking and to evaluate compensation policies and practices that could mitigate such risks.
- Oversee the Company's talent management and human capital management, including effectiveness of strategic initiatives designed to attract, engage, motivate, and retain employees, the Company's performance management and talent management practices and programs, the Company's inclusion and diversity initiatives and results, the Company's pay equity reviews and results, and the Company's FlexLearning, FlexBenefits, and FlexWork initiatives.

3. **Compliance and Governance Issues.** The Committee shall:

- Review and discuss with management the Compensation Discussion and Analysis ("**CD&A**") and related disclosures required by the rules and regulations of the Securities and Exchange Commission. The Committee will also review and recommend the final CD&A to the Board for inclusion in the Company's annual report on Form 10-K and proxy statement.
- Prepare the Committee Report required by the rules of the Securities and Exchange Commission to be furnished with the Company's annual report on Form 10-K and proxy statement.
- Oversee the Company's submission to stockholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, incentive and other compensation plans, and amendments to such plans (to the extent required under the listing standards of Nasdaq) and, in conjunction with the Governance and Nominating Committee, engagement with proxy advisory firms and other stockholder groups on executive compensation matters.

Meetings and Procedures

1. **Meetings.**

- The Committee will set its own schedule of meetings and will meet at least two times per year, with the option of holding additional meetings at such times as it deems necessary or appropriate. The chairperson of the Committee shall preside at each meeting. If a chairperson is not designated or present, an acting chair may be designated by the Committee members present. The Committee may act by written consent (which may include electronic consent), which shall constitute a valid action of the Committee if it has been approved by each Committee member and shows the date of approval. Any written consent will be effective on the date of the last approval and will be filed with the minutes of the meetings of the Board.
- Written minutes and actions by written consent of Committee proceedings will be kept and filed with the minutes of the meetings of the Board.
- As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the CEO, the Company's Chief People Officer, and any other corporate officers as it deems appropriate. However, the Committee should meet regularly without such officers present, and no officer may be present during the portions of meetings when his or her performance and compensation is being deliberated and determined.
- The Committee may invite to its meetings any director, officer or employee of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate, including non-management directors who are not members of the Committee, in order to carry out its responsibilities.

2. **Reporting to the Board of Directors.**

The Committee shall report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the chairperson or any other member of the Committee designated by the Committee to make such report.

3. **Authority to Retain Advisors.**

- The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice and assistance of a compensation consultant, outside legal counsel and such other advisor as necessary or appropriate to assist with the execution of its duties and responsibilities. The Committee shall set the compensation, and oversee the work, of the compensation consultant, outside legal counsel and such other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of reasonable compensation to its compensation consultants, outside legal counsel and any other advisors.
- Prior to selecting, retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Committee will take into consideration the

following factors: (i) the provision of other services to the Company by the person or entity that employs the compensation consultant, legal counsel or other adviser; (ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser; (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest; (iii) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (iv) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (v) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company. The Committee may retain, or receive advice from, any compensation advisor it prefers, including ones that are not independent, after considering the above specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

- The Committee shall not be required to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel or other adviser, and the authority granted to the Committee pursuant to this charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under the charter.
- The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with any applicable rules of the SEC and any listing standards of Nasdaq.

4. **Subcommittees.**

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. Specifically, at its discretion, the Committee shall have the authority to designate a Committee for Equity Awards to Non- Officers with the authority to grant options or stock purchase rights to non-officer employees of the Company within guidelines established by the Committee from time to time. If designated, any subcommittee will establish its own schedule and maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

5. **Access.**

The Committee shall be given full access to the chairperson of the Board and management, as well as the Company's books, records, facilities and other personnel.

6. **Committee Charter Review.**

The Committee shall review and reassess the adequacy of this charter annually and shall submit any recommended changes to the charter to the Board for approval.

7. **Performance Review.**

The Committee shall review and assess the performance of the Committee on an annual basis.