

Welcome to your CDP Water Security Questionnaire 2020

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Western Digital creates environments for data to thrive. As a leader in data infrastructure, the company is driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, our industry-leading solutions deliver the possibilities of data. Western Digital® data-centric solutions are marketed under the Western Digital®, G-Technology™, SanDisk® and WD® brands.

We believe responsible and sustainable business practices support our long-term success. As a company, we are deeply committed to protecting and supporting our people, our environment, and our communities. That commitment is reflected through sustainability-focused initiatives as well as day-to-day activities, including our adoption of sustainability-focused policies and procedures, our publicly-recognized focus on fostering an inclusive workplace, our constant drive toward more efficient use of materials and energy, our careful and active management of our supply chain, our community-focused volunteerism programs and philanthropic initiatives, and our impactful, globally-integrated ethics and compliance program.

- We seek to protect the human rights and civil liberties of our employees through policies, procedures, and programs that avoid risks of compulsory and child labor, both within our company and throughout our supply chain.
- We foster a workplace of dignity, respect, diversity, and inclusion through our recruiting and advancement practices, internal communications, and employee resource groups.
- We educate our employees annually on relevant ethics and compliance topics, publish accessible guidance on ethical issues and related company resources in our Global Code of Conduct, and encourage reporting of ethical concerns through any of several global and local reporting channels.
- We support local communities throughout the world, focusing on hunger relief, environmental quality, and STEM (science, technology, engineering, and math) education, especially for underrepresented and underprivileged youth.
- We utilize a robust integrated management system, with associated policies and procedures, to evaluate and manage occupational health and safety risks, environmental compliance, and chemical and hazardous substance risks.
- We innovate to reduce the energy used by our products, the energy used to manufacture them, and the amount of new materials required to manufacture them.

Financial, sustainability, and ESG investor information is available at investor.wdc.com and www.westerndigital.com/company/corporate-sustainability.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2019	December 31, 2019

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

China
India
Israel
Japan
Malaysia
Philippines
Thailand
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Direct use: Water is used in wafer and media production processing. The majority of this processing does not require high quality fresh water, therefore we rated importance as "important" to operations. We utilize the 'fit for use' principle to conserve freshwater by prioritizing usage of water with poor quality such as recycled and waters potentially in contact with other production chemicals generating wastes. We believe freshwater is a valuable resource and only consume it when necessary e.g. for reagent mixing and domestic water supply. Currently we use 20.9% recycled water at our sites. Indirect use: Wide ranges of supplies, grinding media, and chemical agents, are needed for our operations. The production of these involves complex processes, various industries and multi-level supply chains. Requirements for good quality freshwater vary significantly, thereby ranked "vital."
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Neutral	Direct Use: Water is used for cleaning equipment, wet grinding, physical separation, pumping tailings, power generation and cooling, etc. We utilize 'fit for use' principle to conserve freshwater by prioritizing the usage of recycled and waters potentially in contact with process chemicals for operational demands. The majority of the above demand can be met by brackish water coming from recycling and saline water sources and is ranked "vital for operations." Currently we use 20.5% recycled water overall globally. To enhance the level of water supply security, we establish alternative water supply sources should upset conditions occur. Indirect use: wide ranges of supplies, polishing and grinding media are needed. The production of our goods involves complex processes, various industries and multi-levels of supply chains. The amount of recycled/brackish water needed for these purposes varies significantly and is therefore

			ranked neutral.
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W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Water is one of several critical resources for our production process, and the amount of water withdrawn is identified as one of the key data points of our water footprint. Thus, Western Digital has been monitoring the quantity of water withdrawn monthly based on metering at each facility. Facilities report it to the global Energy and Resource Management (ERM) Program Office on a monthly basis. The ERM Program Office reports this data to the global management team semi-annually. The data is gathered from 100% of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital, including supporting offices and operations at those locations.
Water withdrawals – volumes by source	76-99	Western Digital assessed data availability at 100% of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital, including supporting offices and operations at those locations. We have identified some limitations in data availability (e.g., an incomplete metering system). However, we believe that a majority (76%-99%) of data by source has been monitored and reported monthly.
Water withdrawals quality	Not monitored	Western Digital has been monitoring water quality globally in terms of compliance to local regulatory requirements. However, we do not current track the volume of water withdrawn by water quality category.
Water discharges – total volumes	100%	Western Digital considers the amount of water discharge from our facilities to be a key data point. Also, this data is often requested by our external stakeholders. Western Digital has been

		monitoring this data on a monthly basis, and it is shared with the global management team semi-annually. The location boundary includes 100% of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital, including supporting offices and operations at those locations.
Water discharges – volumes by destination	76-99	Although there is some limitation in data availability (e.g., an incomplete metering system) to cover 100% of volumes by destination, we believe that a majority of the water discharges by destination are currently being monitored and reported monthly. The location boundary includes 100% of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital, including supporting offices and operations at those locations.
Water discharges – volumes by treatment method	Not monitored	All of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital are conducting appropriate treatment of water at each facility in compliance with applicable regulations. However, Western Digital is not tracking waste water discharge volumes by treatment method, because treatment processes vary and it is difficult to apply the unified classification globally.
Water discharge quality – by standard effluent parameters	Not monitored	Western Digital has been monitoring water quality of discharged water at 100% of the product R&D (research and development) and manufacturing facilities directly managed by Western Digital. However, Western Digital is not tracking the amount of discharge by each of the effluent parameters.
Water discharge quality – temperature	Not monitored	Western Digital locations monitor the temperature of water discharged mainly based on local requirements. However, Western Digital is not capturing or reporting this data on an aggregated basis.
Water consumption – total volume	Not monitored	The figure is calculated using withdrawals and discharges monthly. The location boundary includes 100% of the product R&D (research

		and development) and manufacturing facilities directly managed by Western Digital.
Water recycled/reused	100%	There is varying ability to recycle or reuse water at our global product R&D (research and development) and manufacturing facilities at this point of time. 100% of sites with this capability are reporting this data monthly.
The provision of fully-functioning, safely managed WASH services to all workers	Not monitored	Western Digital is not ready to provide this data.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	19,488	Lower	Western Digital adjusted production volumes according to market situations, and some of operations are in idle mode in 2019. As the result, the amount of water withdrawn (especially city water) decreased from previous year.
Total discharges	10,382.4	Lower	Same reason for water withdrawn. There was production volume decrease and adjustment of manufacturing operation. Thus, the amount of water discharge was also decreased.
Total consumption	9,105.6	Lower	Due to production volume reduction, both water withdrawn and discharge decreased. The decrease of the amount of water withdrawn was more significant, and consumption was also decreased.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	Higher	WRI Aqueduct	Shanghai, Prachinburi, Philippines, Irvine, Israel and Bangalore are identified as the area with high or extremely high overall water risk.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	2,193.6	Lower	One Western Digital manufacturing facility is using water withdrawn from a local river. Our facility management team carefully reviews utility cost, its location, local water utility infrastructure and the requirements from our manufacturing operations. Then, the team is selecting this source for water withdrawn. In this reporting period, there was downward trending of production volume, and since this site is manufacturing one of product components, there was also the decrease of the amount of water withdrawn accordingly.
Brackish surface water/Seawater	Not relevant			Western Digital does not have facilities with access to this kind of water withdrawn. There is not an immediate

				plan of using this type of water withdrawn in near future.
Groundwater – renewable	Not relevant			Western Digital does not have facilities with access to this kind of water withdrawn. There is not an immediate plan of using this type of water withdrawn in near future
Groundwater – non-renewable	Relevant	3,062.5	About the same	Few Western Digital facilities use this source of water. This facility supports the following functions: corporate headquarters, research, development and manufacturing. This selection of source is based on careful review of utility cost, its location, local water utility infrastructure and the requirements from manufacturing operations. The amount of ground water withdrawn is almost the same with last year, not impacted significantly by the decrease of manufacturing volume and other factors.
Produced/Entrained water	Not relevant			Western Digital does not have facilities with access to this kind of water withdrawn. There is not an immediate plan of using this type of water withdrawn in near future.
Third party sources	Relevant	14,225.1	Lower	Majority of this water source is municipality-supplied water. Several R&D (research and development) and manufacturing facilities are using city water based on the careful review of its access to water source,

				water quality requirement, local water utility infrastructure, etc. In this reporting period, there was downward trending of production volume, so there was also the decrease of the amount of water withdrawn from city water accordingly. Western Digital is adjusting the plan of production to meet the demand from market, but there are also uncertainties such as COVID-19, so it is difficult to predict what the amount will be like in 2020.
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W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	4,959.2	Lower	There are several manufacturing facilities discharging water to surface water. This is based on the careful review of its access to receiving body, cost, infrastructure availability and local requirements. Due to the decrease of manufacturing in reporting period, total amount of discharge to fresh surface water also decreased.
Brackish surface water/seawater	Not relevant			There is no Western Digital facility operation with access to this kind of receiving body. There is no immediate plan of discharging to this type of receiving body, either.
Groundwater	Not relevant			There is no Western Digital facility operation with access to this kind of receiving body. There is no

				immediate plan of discharging to this type of receiving body, either.
Third-party destinations	Relevant	5,423.2	Lower	The majority of Western Digital's facilities are using local sewage treatment facilities as the receiving body. Each facility reviews its operation, local requirements and its access to receiving body and selects sewage as the appropriate receiving body of its water discharge. Due to the production volume decrease in reporting period, the amount of this type of water discharge decreased from the last reporting period accordingly.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

26-50

% of total procurement spend

76-100

Rationale for this coverage

Western Digital requested info on water use and management from the top 90% of total procurement spend, single/sole source, strategic, and logistics suppliers (total 149 suppliers). The top 90 % spend, single/sole source, strategic, and logistics suppliers (total 149 suppliers) are the critical and key suppliers who manufacture the high-volume components, use the highest amount of water for part cleaning which generate the huge amount of water usage, recycle, discharge, and reuse including the transportation of the products and components.

Impact of the engagement and measures of success

The measure of success for this engagement will be percent of water use reduction. By gathering data on water use through CDP we can better understand our supplier's water use and then set a reduction target based on the gathered data. The timeframe for this reporting is as follows; Conduct CDP Water Survey in 2020 (Jan, 19 – Dec 19 report period), set a reduction target for 2021 and conduct CDP Water resurvey in CY2021 (Jan, 20 – Dec 20 report period). Compare the result between CY2019 and CY2020.

Comment

In 2019 we prepared the contract with CDP for our top 90% spend suppliers to submit CDP reporting (Climate Change and Water Security modules). Western Digital signed the CDP contract with CDP in January 2020 and initiated data gathering through CDP in early 2020; In-scope suppliers (top 90% spend suppliers, single/sole sources, strategic, and logistics suppliers, total 149 suppliers) are now officially requested () to submit the CDP reporting (Climate Change and Water Security modules).

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

26-50

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Western Digital requested info from the top 90% of total procurement spend, single/sole source, strategic and logistics suppliers (total 149 suppliers). These suppliers are the critical and key suppliers who manufacture the high-volume components and use the highest amount of water for their production process and transportation

Impact of the engagement and measures of success

Success of engagement is measured by the number of suppliers who pass RBA Validated Audit Program (VAP) audit without the findings in C7.) Water Management. By successfully passing the audit, suppliers demonstrate that they are monitoring their water sources, use and discharge; conserving water; controlling contamination; treating discharge and ensuring optimal performance and regulatory compliance.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Western Digital engages directly with any customer who has an interest or concern about how Western Digital is impacted by and is managing these risks. We have established a streamlined process so that customers can engage directly on any Corporate Social and Environmental Responsibility (CSER) topic including but not limited to water resources, and the information they need to support. We engage these customers in particular to ensure their needs are being met and questions answered. We measure success in these engagements by how successfully we address customers' concerns and provide them with the information they are seeking.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
Databases

Tools and methods used

Other, please specify
WRI Aqueduct, company BCM Process and Resilinc Software

Comment

Western Digital's Energy Resource Management (ERM) Program and Business Continuity Management (BCM) committee addresses water risks. Under our ERM Program, operations report monthly water supply and usage data. In addition, the ERM Program office implements risk assessment with Aqueduct and reviews its result annually. These complement our BCM program, ensuring risks are assessed, managed and monitored. Western Digital also conducts strategic vulnerability assessments every ~10 yrs. of key facilities to evaluate likelihood of "Black Swan" event.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market
Other

Tools and methods used

Internal company methods

Comment

Western Digital regularly monitors our supply chain to identify risk and has built-in contingency plans to confirm that risks do not lead to substantive financial or strategic impact. Two significant commodity supply points lie in water stressed California. Frequent competitive and operational planning reviews of major, critical supplies and

supply chains provide warning of pending water stress-related regulatory and cost issues to allow us to plan for supply continuity before a large impact. Western Digital subscribes to Resilinc's Event watch service since 2014 which maintains a data base of our internal and supplier manufacturing facilities and their geographic locations. The service provides early warning notices to all facilities located in the expected impact zones and requires them to respond within 24 hours if the event had a significant impact on their order fulfillment capability or capacity, and to report their recovery plan and expected recovery times.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Comment

While the use of our products does not require water, Western Digital regularly monitors other aspects of our value chain to identify risk and has built in contingency plans to confirm that risks do not lead to substantive financial or strategic impact.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Sustainable water supply is a critical aspect to our operations. We evaluate the risk of operating in water-stressed areas -- mainly caused by climate change, unsustainable consumption and pollution of local water resources -- using tools such as WRI's Aqueduct application. We also monitor regional or local drought conditions if applicable. Drought is considered as a condition with abnormally low precipitation in a prolonged period (with an

		onset and end time), resulting in economical and ecosystem damages. At the facility level, our water monitoring program includes water quality and quantity of water abstraction, consumption, discharge, and recycle. We gather key data and analyse internally to support the assessment of risk.
Water quality at a basin/catchment level	Relevant, always included	Sustainable water supply is a critical aspect to our operations. We evaluate the risk of operating in water-stressed areas -- mainly caused by climate change, unsustainable consumption and pollution of local water resources -- using tools such as WRI's Aqueduct application. We also monitor regional or local drought conditions if applicable. Drought is considered as a condition with abnormally low precipitation in a prolonged period (with an onset and end time), resulting in economical and ecosystem damages. At the facility level, our water monitoring program includes water quality and quantity of water abstraction, consumption, discharge, and recycle. We gather key data and analyse internally to support the assessment of risk.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Responses to stakeholder concerns over water supply and quality are one of the key aspects of our community relations efforts at the site level. Western Digital's Foundation facilitates the creation of strong partnerships by providing our sites with guidance and tools on engagement best practices. As part of our internal scenario analysis assessment method, Western Digital assesses current and potential stakeholder conflicts related to water. This allows our sites to take early action to resolve any issues before they grow into a serious social incident.
Implications of water on your key commodities/raw materials	Relevant, always included	Western Digital includes supply chain in water risk assessment. Specifically, as part of Western Digital's business continuity planning process, water as a key commodity / resource to both our own factories as well as our suppliers is considered during the business impact analysis process.
Water-related regulatory frameworks	Relevant, always included	Sustainable water supply and related requirements around its treatment/use and treatment/discharge permits are critical for all our operations. We evaluate and monitor the potential for regulatory changes related to water in each of the jurisdictions where we operate, not just water-stressed areas. We use scenarios to assess potential outcomes. In addition, we conduct site level independent studies to analyze the current water regulatory frameworks using internal company knowledge, and outside expertise when needed. As part of Western Digital's business continuity

		planning process, these aspects are considered during the business impact analysis process.
Status of ecosystems and habitats	Relevant, always included	Protection of ecosystems is an essential environmental objective for all our operations. Each site must monitor relevant ecosystem indicators and analyze that data to support the risk assessment process. As part of Western Digital's business continuity planning process, these aspects are considered during the business impact analysis process.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We believe that water, sanitation and hygiene (WASH) services are a fundamental requirement for our staff in all our operations. Each site must ensure WASH services are available and meet the local workplace health and safety regulations, as well as the requirements of international coalitions like UNICEF and the Responsible Business Alliance.
Other contextual issues, please specify	Relevant, always included	Climate change and related water impacts are important to our manufacturing operations. For our facilities located in climate zones that are experiencing noticeable climate changes, such as California, long-term climate trends can have significant impact on the facility design and operation. As part of Western Digital's business continuity planning process, these aspects are considered during the business impact analysis process.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Western Digital engages directly with any customer who has an interest or concern about how Western Digital is impacted by and is managing these risks. We have established a streamlined process so that customers can engage directly on any Corporate Social and Environmental Responsibility (CSER) topic, including water resources. We also report on water management data to our stakeholders publicly in various international platforms, such as CDP and when material to our business, in Western Digital's sustainability report.
Employees	Relevant, always included	To engage our employees on supporting the goal to reduce water use, we have developed various communication materials—including web based social media, our intranet, and our annual sustainability report—on Western Digital's water

		management methods, initiatives, and news. We also run employee surveys on sustainability priorities, including water.
Investors	Relevant, always included	We regularly engage in investor outreach, during which we cover sustainability topics such as water. We also report on water management data in various international platforms, such as the CDP water disclosure and when material to our business, in Western Digital's sustainability report.
Local communities	Relevant, always included	Assessed as part of the broader external stakeholders who have general interests for sustainable practices toward water resource management. We consider local water users as an important factor in our site-level water risk assessment and business continuity planning, and we evaluate the potential localized impact from our operations on local water resources (including accessibility to local communities) and the environment. We also offer local communications channels for communities to express any concerns directly to Western Digital so that they may be resolved.
NGOs	Not considered	
Other water users at a basin/catchment level	Relevant, always included	Assessed as part of the broader external stakeholders who have general interests for sustainable practices toward water resource management. We consider local water users as an important factor in our site-level water risk assessment and business continuity planning, and we evaluate the potential localized impact from our operations on local water resources (including accessibility to local communities) and the environment. We also offer local communications channels for communities to express any concerns directly to Western Digital so that they may be resolved.
Regulators	Relevant, always included	We evaluate and monitor the potential for regulatory changes related to water in each of the jurisdictions where we operate, not just water-stressed areas. We consider water-related regulators through business continuity planning and evaluation at the regional and site level. Western Digital has secure tenure of water use in most locations (water-stressed or not) as we have government permits for water withdrawal (either surface or groundwater) for each of our sites. Because we have secure tenure, future regulatory changes may not affect the short-term pricing for existing operations. In addition to secure long-term water supply, we also evaluate and manage the risk of increasing compliance costs driven by changes of regulation of discharge quality/volumes. We apply conservative design assumptions and implement robust water treatment technologies to design and operate our water treatment

		systems. We engage regulators proactively and timely following the local regulatory framework to ensure all necessary water related permits and licenses are in place throughout the facility life cycle.
River basin management authorities	Relevant, always included	River basin management authorities are included in our site-level water risk assessment study which evaluates the potential localized impact from our operations on local water resources, environment and water supply to communities. We also offer local communications channels for communities to express any concerns directly to Western Digital so that they may be resolved.
Statutory special interest groups at a local level	Relevant, always included	Assessed as part of the broader external stakeholders who have general interests for sustainable practices toward water resource management. This element is covered by our business continuity planning and evaluation process relating to water risks.
Suppliers	Relevant, always included	Western Digital's Business Continuity risk assessment process includes consideration of climate change-related, extreme weather events (e.g., droughts, typhoons and floods) and natural disasters (e.g., earthquakes and floods) that could delay fulfillment of customer orders. These risks are mitigated by requiring our internal manufacturing facilities and our production parts suppliers and contract manufacturer facilities to establish business continuity plans that align with the requirements of the ISO 22301 Business Continuity Management System standards. The principal mitigation measures include: automated early warning alert /notification of approaching extreme weather events expected to impact certain geographic areas. Western Digital subscribes to Resilinc's Event watch service since 2014 which maintains a data base of our internal and supplier manufacturing facilities and their geographic locations. The service provides early warning notices to all facilities located in the expected impact zones and requires them to respond within 24 hours if the event had a significant impact on their order fulfillment capability or capacity; and to report their recovery plan and expected recovery times. This allows Western Digital's Procurement team to be kept apprised of any significant impact in the supply and order fulfillment chain so they can determine if it's necessary to activate our own business continuity. Transition sourcing to alternative suppliers/facilities located in areas unaffected by the event, including but not limited to sole source and single source suppliers.

Water utilities at a local level	Relevant, always included	Western Digital also factors utilities at the national level and general public at the national level into our water risk assessments. Relevant local and national policies and laws that govern environmental protection and the use of natural water resources have direct impact on the permitting and operation of our operations. We actively engage with the authorities and monitor the policy changes which can potentially alter our operations.
Other stakeholder, please specify		

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Western Digital Corporation has defined the specific requirements to plan, establish, implement, operate, monitor, review, maintain and continually improve a Business Continuity Management System to protect against, reduce the likelihood of occurrence, prepare for, respond to, and recover from disruptive incidents when they arise. Through implementation of this process, Western Digital business functions regularly assess potential impacts, both internal and external. These may include impacts arising directly or indirectly from climate change and water-related risk and their effects on our direct operations as well as our supply chain, among others. Since 2014 Western Digital has subscribed to Resilinc's Event Watch service. With this tool, we are able to maintain a data base of our internal and supplier manufacturing facilities and their geographic locations. The service provides early warning notices to all facilities located in the expected impact zones and requires them to respond within 24 hours if the event had a significant impact on their order fulfilment capability or capacity; and to report their recovery plan and expected recovery times. This allows Western Digital's Procurement team to be kept apprised of any significant impact in the supply and order fulfilment chain so they can determine if it's necessary to activate our own response plan. We also evaluate which sites may be in water-stressed areas using WRI's Aqueduct application. Knowing which sites are at risk helps know which to monitor closely for continued threat and implement mitigating activities as needed.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

When addressing whether the liabilities related to risks and opportunities are substantive, Western Digital takes into account both quantitative and qualitative factors. Quantitatively, we consider the impact on various financial metrics depending on the circumstances, such as: revenue; total, current or fixed assets; cash and cash equivalents; operating income; working capital; and net income. Qualitatively, the factors we consider depend on the event or issue we are evaluating, but could include: supply chain impact; consumer spending impacts; competitive impact; alternatives, substitutions or replacements; legal or regulatory requirements; contractual requirements; or impact on strategic relationships. On a case-by-case basis we assess whether quantitative or qualitative impacts are large enough and likely enough to occur to be considered substantive and warrant further action.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Western Digital conducts a water risk assessment annually using WRI's Aqueduct tool, and follows our internal business continuity management (BCM) process to conduct and regularly update business impact assessments at each of our factory locations. Sites were flagged through our internal Business Continuity Management System (BCMS) and the Aqueduct tool for potential flooding and drought risk, but we have concluded that none of these represent substantive risk to our business at this time, due in part to steps we have taken to mitigate those risks. We continually monitor such risks and take action to avoid or reduce them, depending on the likelihood and potential impact of each risk.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Western Digital regularly monitors portions of our value chain that are at-risk, and has built in contingency plans to confirm that risks do not lead to substantive financial or strategic impact on our business. Two of our significant commodity supply points lie in a water stressed area in California. These are our wafer fabs. Frequent competitive and operational planning reviews of major and critical supplies and supply chains provide

		warning of pending water stress related regulatory and cost situations. This allows various options for supply continuity planning to take place before the situation becomes urgent. We monitor the water level in the area close to our facility and request suppliers in Thailand to provide the updated information of water risk assessment. We also request our suppliers in Thailand to provide the Business Continuity Plan in case of the flood occurs and update the plan on the yearly basis.
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W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

New R&D opportunities

Company-specific description & strategy to realize opportunity

Environmental challenges associated with climate change include increasing instances of extreme weather events. These events lead to serious disruption of critical infrastructure. One of our core businesses is providing storage products/services for cloud solution business. Western Digital believes that our product/service can provide resiliency to water related risk such as flooding and extreme precipitation. When customers are affected by flooding and some other water-related disasters, our cloud service will enable them to recover their operations soon after they restore access to internet. As such, we expect continued strong demand for resilient cloud solution business. We continually assess opportunities to improve our product/service capabilities.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitments beyond regulatory compliance Commitment to water-related innovation	Our Integrated Management System (IMS) Policy states our commitment to protect the environment by mitigating global risks to prevent environmental pollution and ensure environmental protection, including water risks. Our Energy Resource Management (ERM) Program addresses performance standards for IMS projects, operations and sites to 1) develop/implement a water management plan, identify risks and opportunities, and support water related planning; 2) establish criteria for consistent monitoring, analysis and reporting; 3) establish an approach for maintaining a sustainable site water balance; 4) establish approach to conduct water management risk assessments, identify challenges, mitigation activities and define a basis for water management improvements. Key water management parameters must be quantified in our reporting network. Western Digital aims to minimize potential impacts on water resources. These are core elements of a sustainable water management system, along with quality/quantity monitoring, environmental/social impact analysis, water supply, storage, efficient usage, treatment and system evaluation/improvement. We continue to improve our strategy to assess risks, efficiency and transparency.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	The CEO, CFO, CLO and other executive leaders regularly review information about the potential impact of water related issues and natural disasters on business continuity and financial performance. They oversee plans to mitigate related risks and present that information to the Board.
Director on board	The Board periodically reviews information relating to the potential impact water-related issues and natural disasters on business continuity and how to mitigate risks. This information has been presented to the Board by the CEO, CFO, CLO and other members of management. The Audit Committee of the Board has specific responsibility for reviewing the company's enterprise risk management program, including as it relates to climate risk, and oversees the company's strategy for mitigating those risks. The Governance Committee of the Board has specific responsibility for sustainability issues and opportunities, including climate change, and oversees the company's strategy for sustainability generally.
Board-level committee	The Audit Committee of the Board has specific responsibility for reviewing the company's enterprise risk management program, including as it relates to waterrisk, and oversees the company's strategy for mitigating those risks. The Governance Committee of the Board has specific responsibility for sustainability issues and opportunities, including water, and oversees the company's strategy for sustainability generally.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures	Enterprise Risk Management performs and independent audit looking across business, financial, and compliance risk and reports back into executive leadership. The Board periodically reviews information relating to the potential impact

		Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	of water-related issues and natural disasters on business continuity and how to mitigate risks. This information has been presented to the Board by the CEO, CFO, CLO and other members of management. The Audit Committee of the Board has specific responsibility for reviewing the company's enterprise risk management program, including as it relates to water risk, and oversees the company's strategy for mitigating those risks. The Governance Committee of the Board has specific responsibility for sustainability issues and opportunities, including water, and oversees the company's strategy for sustainability generally.
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W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other, please specify

Vice President, Global Operations

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Vice President, Global Operations leads Western Digital's Business Continuity Program. In that capacity, he/she is responsible for collecting information relating to climate and natural disasters that may impact the company, presenting that information to the executive leadership team, and implementing initiatives to mitigate any related risks.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Western Digital participates in the Responsible Business Alliance (RBA) and may provide input on relevant water policies. As stated on Western Digital's website, Western Digital seeks to affect government action only on issues and areas that directly impact our business. Potential support of any water-related policy initiative would need to be presented to the appropriate senior executives, legal and government affairs staff for discussion. Following multiple, large-scale acquisitions, Western Digital has centralized a team to comprehensively review and transform its sustainability reporting and governance processes. The company is implementing a consolidated, long-term sustainability strategy, while it continues to focus on delivering immediate sustainable value for customers and other stakeholders. Decisions on matters such as these will take into consideration degree of alignment between the proposed initiative and Western Digital's overall CSER and water strategies.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
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Long-term business objectives	Yes, water-related issues are integrated	5-10	Following multiple, large-scale acquisitions, Western Digital has centralized a team to comprehensively review and transform its sustainability reporting and governance processes. The company is implementing a consolidated, long-term sustainability strategy, while it continues to focus on delivering sustainable value for customers and other stakeholders. Integration of water-related issues into long-term strategic planning is prioritized based on the materiality of such issues relative to other enterprise risks. Western Digital's Energy Resource Management (ERM) Program Office sets an annual conservation target which meets a long-term business objective of reducing water risks, increasing resiliency, and controlling water costs.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Western Digital's Integrated Management System (IMS) includes a commitment to Corporate Social Responsibility. Following multiple, large-scale acquisitions, Western Digital has centralized a team to comprehensively review and transform its sustainability reporting and governance processes. The company is implementing a consolidated, long-term sustainability strategy, while it continues to focus on delivering sustainable value for customers and other stakeholders. Integration of water-related issues into long-term strategic planning is prioritized based on the materiality of such issues relative to other enterprise risks.
Financial planning	Yes, water-related issues are integrated	5-10	Following multiple, large-scale acquisitions, Western Digital has centralized a team to comprehensively review and transform its sustainability reporting and governance processes. The company is implementing a consolidated, long-term sustainability strategy, while it continues to focus on delivering sustainable value for customers and other stakeholders. Integration of water-related issues into long-term strategic planning is prioritized based on the materiality of such issues relative to other enterprise risks.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-26

Anticipated forward trend for CAPEX (+/- % change)

-30

Water-related OPEX (+/- % change)

15

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Compared to previous year (calendar year 2018), in this reporting period (calendar year 2019), Western Digital had fewer investment on water conservation projects, but achieved water saving is more significant. This is because Western Digital focuses on non-investment projects to promote water conservation such as process improvement. Western Digital continues to ensure that necessary investment is warranted, but due to current challenging market situation, total CAPEX would be somewhat decreased in the next reporting period. OPEX is expected to be almost flat in the next reporting period.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Western Digital conducts and will periodically update studies to identify and mitigate the effects of any future "Black Swan" or other events that may disrupt operations. Steps include a "high level" identification of potential external hazards, hazardous situations and/or events that can cause harm to assets at a given facility. This is followed by a more refined study to gather specific data (e.g., geological maps, etc.), identification of extreme weather events, generation of specific data to understand and develop responses to specific events (e.g., flooding, earthquake, etc.), developing probabilities, assessing operational impacts, and preparing a risk register and threat assessment summary. These macro inputs are further informed and refined by the more frequent business impact assessments conducted through implementation of Western Digital's detailed business continuity management system process, as previously described.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify Enterprise risk management process	Western Digital's Business Continuity risk assessment process includes consideration of climate change-related, extreme weather events (e.g., droughts, typhoons and floods) and natural disasters (e.g., earthquakes and floods). Specific climate-related events that could impact our facilities include drought, extreme weather and flooding.	Western Digital implements a water conservation program to address drought-related impacts, and a disaster planning/response/recovery program to address impacts of extreme weather and flooding. In the case of our Thailand facility we have additionally constructed a flood wall surrounding the facility to mitigate local flood impacts.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

In the past, Western Digital implemented an internal price on water specifically for our San Jose CA manufacturing facility. After weighing the pros and cons of charging business units for their water use, the company decided it was not a worthwhile accounting practice when water demands fluctuate based on production volumes and other consolidation activities. Real Estate Operations actively works with water users to identify water savings and implement capital projects to do so.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Western Digital has a global water conservation program. The program steering committee reviews and discusses water performance annually, and sets corporate reduction targets as a minimum threshold. Each site sets its own site level target and implements water conservation measures to achieve this target.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Cost savings

Description of target

1.5% or more water reduction from that in a previous year

Quantitative metric

% reduction in total water withdrawals

Baseline year

2018

Start year

2019

Target year

2019

% of target achieved

100

Please explain

Western Digital ERM (Energy and resource management program) team implemented a lot of water conservation projects globally. Its savings attributed to project implementation is almost 200% of water consumption in 2018. Implemented projects include, for example, shutting down of unnecessary facility operations and replacing old systems with new efficient ones.

Target reference number

Target 2

Category of target

Water recycling/reuse

Level

Company-wide

Primary motivation

Cost savings

Description of target

1.5% or more water reduction (reduction on the dependency on fresh water) through conservation measures including the promotion of recycling and reuse to reduce dependency on fresh water

Quantitative metric

% increase in water use met through recycling/reuse

Baseline year

2018

Start year

2019

Target year

2019

% of target achieved

100

Please explain

Western Digital ERM (Energy and resource management program) at each site implemented several projects to promote the use of recycled and reused water globally. All planned water recycle/reuse project was successfully implemented by the end of 2019.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify
Annual conservation project

Level

Company-wide

Motivation

Cost savings

Description of goal

Improving water conservation since water is vital resource for Western Digital operations. Western Digital ERM (Energy and resource management program) at each site implemented several projects to promote the use of recycled and reused water globally. All planned water recycle/reuse project was successfully implemented by the end of 2019.

Baseline year

2018

Start year

2018

End year

2019

Progress

As noted in 8.1a, significant water conservation projects were implemented in 2019. Western Digital continues to seek further water conservation opportunities. For example, Western Digital holds regular communications across all material global locations for knowledge sharing, and sites support each other to identify additional water conservation measures.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Global total water withdrawn, discharged and recycle/reused.	ISAE 3000	ISAE 3000 is the assurance standard for compliance, sustainability and outsourcing audits.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Senior Director, Global Environmental, Health, Safety & Security	EHS manager