Welcome to your CDP Water Security Questionnaire 2021

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.

Note that our fiscal year 2020 was 6/29/2019 to 7/3/20, but is entered as 6/29/2019 to 6/28/2020 in 0.2 to meet CDP data entry requirements.

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	June 29, 2019	June 28, 2020

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	Important	Vital	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 work to conserve freshwater by prioritizing the usage of recycled water and water that has potentially been in contact with process chemicals for use in production processes. We believe freshwater is a valuable resource and only rely on it when necessary, for example, for reagent mixing and domestic water supply. Currently, our global average for recycled water use at our sites is 27.8%. Indirect use: Wide ranges of supplies, grinding media, and chemical agents, are needed to produce our products. The production involves complex processes, various industries and multi-level supply chains. Requirements for good quality freshwater vary significantly, but should generally be considered "vital."
Sufficient amounts of recycled, brackish and/or produced water available for use	Vital	Neutral	Direct Use: Water is used for cleaning equipment, wet grinding, physical separation, pumping tailings, power generation and cooling, etc. We work to conserve freshwater by prioritizing the usage of recycled water and water that has potentially been in contact with process chemicals for operational demands. The majority of this demand can be met by brackish water from recycled and/or saline water sources and is ranked "vital for operations." To enhance the security of the available water supply, we work to establish alternative water supply sources. Currently our global average for recycled water use at our sites is 27.8%.

			Indirect use: The production of our goods involves complex processes, various industries and multi-levels of supply chains. The amount of recycled/brackish water needed for each purpose along the value chain varies significantly, but is generally considered neutral.

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	76-99	This is a fundamental metric in our water data and critical for us in terms of utility cost management. We are monitoring this data at each facility on a monthly basis via metering systems in place. The scope of "facility" includes large scale manufacturing facilities (component and final assembly site) and major R&D facilities.
Water withdrawals – volumes by source	76-99	This is a fundamental metric in our water data and we are monitoring this data at each facility on a monthly basis. The scope of "facility" includes large scale manufacturing facilities (component and final assembly site) and major R&D facilities.
Water withdrawals quality	Not monitored	Not monitored due to metering limitation. Also, we do not have a method to reasonably estimate the number.
Water discharges – total volumes	76-99	This is a fundamental metric in our water data and we monitor water discharges at each facility on a monthly basis via on-site metering systems. The scope of "facility" includes large scale manufacturing facilities (component and final assembly site) and major R&D facilities. Due to the limitations of some of our metering systems, not all facilities are able to report this number.
Water discharges – volumes by destination	76-99	This is a fundamental metric in our water data and we monitor water discharges at each facility on a monthly basis via on-site metering

		systems. The scope of "facility" includes large scale manufacturing facilities (component and final assembly site) and major R&D facilities. Due to the limitations of some of our metering systems, a limited number of facilities can report this number.
Water discharges – volumes by treatment method	Not monitored	Not monitored due to metering system limitations.
Water discharge quality – by standard effluent parameters	Not monitored	Not monitored due to metering system limitations.
Water discharge quality – temperature	Not monitored	Not monitored due to metering system limitations.
Water consumption – total volume	76-99	Calculated annually based on metered discharge and withdrawal data. Discharge and water volumes are monitored at each facility on a monthly basis via on-site metering systems. E.g. withdrawal minus discharge equals consumption.
Water recycled/reused	76-99	Monitored at sites where this category of water usage is applicable.
The provision of fully-functioning, safely managed WASH services to all workers	Not monitored	Not monitored, however water, sanitation and hygiene (WASH) services are provided. We believe that WASH services are a fundamental requirement for our staff at 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.

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	17,131.5	Higher	The total withdrawal volume is measured via metering systems at each facility. Promotion of Work From Home during COVID-19 contributed

			to a decrease in demand compared to the prior reporting year's scope of activities. In the meantime, we had positive production demand, in part due to the promotion of work from home and consumer demand for storage solutions, as well as the start-up of a few major manufacturing facilities during the reporting year. The magnitude of this startup was significant, and offset the decrease at other locations. As a result, global net total withdrawals increased. We anticipate that the amount will be similar in the next few reporting years.
Total discharges	10,649.3	Lower	This total discharge volume is measured via metering systems at each facility. Promotion of Work From Home during COVID-19 is considered one of main reasons for this downward trending. We anticipate the amount will be similar in the next few reporting years.
Total consumption	6,482.2	Higher	The total consumption is calculated based on the water withdrawn data and discharge data. We are not expecting any factors which can cause significant increase or decrease of water consumption, so we anticipate that the total consumption will be almost flat in the next reporting year.

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	About the same	WRI Aqueduct	Western Digital used the WRI Aqueduct tool to assess whether water withdrawals are located in geographic areas of water stress. We applied the WRI Aqueduct by entering in the location of each facility where water withdrawal occurs,

| | | | | and calculating the percentage of water withdrawn for FY20 from all locations with water stress. Water stressed areas are defined as the locations where baseline water stress equals or exceeds 40%, or baseline water depletion equals or exceeds 50%. For this reporting period, this includes water withdrawals at the following locations: Shanghai, China; Bangalore, India; Kfar-Saba, Omer, and Tefen Israel; Bang Pa In, Thailand; Prachinburi, Thailand; and Longmont, Colorado. |

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	2,259	About the same	Some of our facilities use surface water from rivers, and this amount is measured with the on-site metering system. The amount of fresh surface water withdrawals slightly increased in this reporting period due to production volume increases. We anticipate that this will be almost flat for the next reporting period.
Brackish surface water/Seawater	Not relevant			Our operation does not use this type of water.
Groundwater – renewable	Not relevant			Our operation does not use this type of water.
Groundwater – non-renewable	Relevant	1,229.99	About the same	Some of our facilities are using groundwater for

				operational purposes. We are anticipating that this amount will be somewhat decreased for future reporting periods as a result of the promotion of water conservation practices.
Produced/Entrained water	Not relevant			Our operation does not use this type of water.
Third party sources	Relevant	13,642.55	Higher	The third party source is the municipality supplier. Due to the promotion of Work From Home during COVID-19, the use of this type of water decreased at most of our facilities. However, there were start-ups of large scale manufacturing processes. As a result, the amount of new water needs increased the global total consumption of water from third party sources. We anticipate that this amount will be almost flat in the next few reporting periods because we are not anticipating any factors which could result in significant increases or decreases.

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	3,337.7	About the same	Fresh surface water discharge includes the discharge to rivers, and the amount is measured with metering systems. The discharge is treated appropriately per local laws and other regulations. We anticipate that there will not be significant change of the amount

				of total fresh surface discharge in the next few reporting periods.
Brackish surface water/seawater	Not relevant			We do not discharge water to this type of receiving body.
Groundwater	Not relevant			We do not have water discharge directly to ground water.
Third-party destinations	Relevant	7,311.6	Higher	Third party destinations include the discharge to off-site treatment facilities. This amount does not include water to other organizations for further use. The amount decreased mainly due to promotion of Work From Home during COVID-19. We are anticipating that the amount will be almost flat in the next few reporting years.

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**
>>   51-75

>> **% of total procurement spend**
>>   76-100

>> **Rationale for this coverage**
>>   Western Digital requested information on water use and management from the top 90% of total procurement spend, single/sole source suppliers, strategic suppliers, and logistics suppliers (150 suppliers in total). This group of suppliers was chosen because they are the critical and key suppliers who manufacture high-volume components, use the highest amount of water for part cleaning which generate a large amount of water usage, recycle, discharge, and reuse, or provide services for the transportation of the

products and components. Suppliers are incentivized to report water usage data via a request from Western Digital to complete the CDP Water module.

Impact of the engagement and measures of success

The measure of success for this engagement is percent of water use reduction. By gathering data on water use through CDP we can better understand our supplier's water use and then encourage and support reductions 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 results between CY2019 and CY2020.

Comment

In 2019, we coordinated with CDP for our top 90% spend suppliers to submit CDP reporting (Climate Change and Water Security modules). Western Digital initiated data gathering through CDP in early 2020. In-scope suppliers (top 90% spend suppliers, single/sole sources, strategic, and logistics suppliers) were requested to respond to the CDP 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

51-75

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Western Digital requested information from the top 90% of total procurement spend, single/sole source, strategic and logistics 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 processes or provide services for the transportation of the products and components.

Impact of the engagement and measures of success

Success of engagement is measured by the number of suppliers who pass the RBA Validated Audit Program (VAP) audit without 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 for 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?

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

1

Total value of fines

239

% of total facilities/operations associated

8

Number of fines compared to previous reporting year

Higher

Comment

Western Digital does not view this fine as significant. This was a one-time occurrence that has since been corrected and is monitored through our Integrated Management System to prevent recurrence.

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 Business Continuity Management Process and Resilinc Software

Comment

Western Digital's Energy Resource Management (ERM) Program and Business Continuity Management (BCM) committee addresses water risks. As part of 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 approximately every 10 yrs. of key facilities to evaluate likelihood of a "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
Other, please specify
Resilinc

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 has subscribed 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 fulfilment 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	A sustainable water supply is critical 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 analyze internally to support the assessment of risk.
Water quality at a basin/catchment level	Relevant, always included	At the facility level, our water monitoring program includes water quality and quantity of water consumption, discharge, and recycling. We gather key data and analyze the results internally to evaluate the risk of operating in water-stressed areas due to pollution of local water resources, including using tools such as WRI's Aqueduct application.
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 at the onset.
Implications of water on your key commodities/raw materials	Relevant, always included	Western Digital includes supply chain in water risk assessments. 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 and risk assessment process.
Water-related regulatory frameworks	Relevant, always included	A sustainable water supply and access to associated 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 and risk assessment process.
Status of ecosystems and habitats	Relevant, always included	Protection of ecosystems is an important 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 and risk assessment 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 impacts from climate change, such as California, long-term climate trends can have significant impacts on facility design and operation. As part of Western Digital's business continuity planning

| | | process, these issues are considered during the business impact analysis and risk assessment 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	As part of our regular engagement with our investors to provide information and conduct stakeholder outreach, 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), natural

		disasters (e.g., earthquakes and floods) and pandemic 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 has subscribed 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 fulfilment chain so they can determine if it's necessary to activate our own business continuity measures. 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	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 facilities. 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 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 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 us monitor ongoing threats 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 operational and/or supply chain 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 try to ensure that risks do not lead to substantive financial or strategic impact on our business. Two of our significant commodity supply points, our wafer fabs, are located in a water stressed area in California. 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 assessments. We also request our suppliers to provide a Business Continuity Plan in case of floods, droughts and/or pandemics and update the plan on a yearly basis. We also monitor suppliers for IPE compliance.

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
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Water plays an important role in our manufacturing processes, and we seek opportunities to both significantly reduce water withdrawal and optimize the use of recycled water. Western Digital has invested in water reclamation and water reuse solutions at certain sites, and there are continued opportunities for investment to apply successful solutions at additional manufacturing locations. For example, in FY20, we implemented several new reclamation projects to achieve a reclamation ratio of 95% at our Shanghai facility, the highest in the region. Similar reclamation efforts in our Shenzhen facility earned recognition from the local government and have resulted in conservation of 64 million gallons of water annually.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

9,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The financial impact figure was calculated by aggregating the potential cost savings associated with water withdrawals across all manufacturing sites if a certain level of water reclamation is achieved over the next three years. The financial impact is based on the FY20 cost of water per unit (cubic meter), as applied to the volume of water that would no longer need to be purchased if the reclamation ratio is achieved.

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	Given our dependence on water for cleaning equipment, wet grinding, physical separation, pumping tailings, power generation and cooling, etc. Western Digital aims to minimize potential impacts on water resources. 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 an 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. These are core elements of our 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 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 management, 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 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.

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 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	Enterprise Risk Management performs an 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 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.

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 ensuring manufacturing sites collect information relating to climate and natural disasters that may impact the company, assess the risk annually and implement 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 is a member of 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. Western Digital has a centralized 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 the 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
Long-term business objectives	Yes, water-related issues are integrated	5-10	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 water conservation target to protect water supply, which feeds in to our 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	In line with our long-term sustainability objectives, our strategy for water use reductions in fiscal year 2020 included implementation of several new water reclamation projects. At our Shanghai facility, these reclamation projects achieved a reclamation ratio of 95%, the highest in the region. Similar reclamation efforts in our Shenzhen facility earned recognition from the local government and have resulted in conservation of 64 million gallons of water annually .
Financial planning	Yes, water-related issues are integrated	5-10	Per our long-term sustainability strategy, we integrate water-related issues into financial planning as needed to mitigate against the risks of water supply disruption, flooding at our sites or other water risks flagged through the enterprise risk assessment process.

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)

0

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

0

Water-related OPEX (+/- % change)

10

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

0

Please explain

Multiple departments are involved in the management of CAPEX, so it is very challenging to identify the exact amount of water-related CAPEX. Thus, Western Digital is using an estimate for this questionnaire. We do not identify any factors which can cause significant increase/decrease of water-related CAPEX, so we assume the forward trend for CAPEX will generally remain the same.

Water-related OPEX is mainly the utility cost paid to local water service provider, and water-related OPEX is obtained from invoices provided by each. Western Digital incurred a slight raise in utility rates at a few sites, and we also completed the start-up of manufacturing processes. These are considered major impacts on the increase of water-related OPEX. We do not anticipate this type of change in the next few years, so we are assuming 0% increase/decrease.

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, identification of extreme weather events, generation of specific data to understand and develop responses to specific events, developing probabilities, assessing operational impacts, and preparing a risk register and threat assessment summary. These inputs are refined by the more frequent risk assessment and test & exercise of Business Continuity Plans conducted through our business continuity management system process.

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	RCP 2.6 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.

We also periodically conduct a climate-related scenario analysis aligned with TCFD. The most recent scenario analysis applied 3 scenarios: 1) aligned with a 4° trajectory using RCP 8.5, Shared Socioeconomic Pathway 3; 2) aligned with a 3° trajectory using RCP 6.0, Shared Socioeconomic Pathway | 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. For example, we constructed a flood wall surrounding one of our facilities in Thailand to mitigate local flood impacts. |

	4; and 3) aligned with a 1.5° trajectory using RCP 2.6, Shared Socioeconomic Pathway 1.	

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

28

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Cost savings

Description of target

1.5% or more water reduction from previous year by the end of reporting year

Quantitative metric

% reduction in total water withdrawals

Baseline year

2019

Start year

2020

Target year

2020

% of target achieved

100

Please explain

Western Digital's global ERM (Energy and resource management) program team implemented several water conservation projects across our portfolio. Savings attributed to project implementation is equivalent to 3% reduction from the water consumption in 2020. Implemented projects include, for example, shutting down of unnecessary facility operations and replacing old systems with new, more efficient ones.

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 a vital resource for Western Digital operations. Western Digital ERM (Energy and resource management program) implemented several projects at each site to promote responsible water use and efficiency.

Baseline year

2019

Start year

2020

End year

2020

Progress

As noted in 8.1a, significant water conservation projects were implemented in 2020. 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

📎 verification-cy2020.pdf

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, Corporate Sustainability	Environment/Sustainability manager