



Western Digital Corporation

# Climate-Related Risk Disclosure Fiscal Year 2025

With reference to the Task Force on Climate-related  
Financial Disclosures (TCFD) Recommendations

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## About this Report

At WD, we recognize the importance of understanding and transparently disclosing climate-related risks and opportunities.

This disclosure is being made with reference to the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (June 2017) published by the TCFD. The information and data in this report, unless otherwise indicated, relates to the fiscal year ended June 27, 2025, and includes information on WD brands and WD-owned and/or -operated sites, including manufacturing and research and development (R&D) facilities, warehouses, and corporate locations globally. The analysis and related disclosures are also inclusive of our value chain, where key supplier sites were assessed as part of the FY2025 physical risk analysis.

This report also includes information and data regarding activities from prior years, as well as selecting FY2026 information where applicable, to provide comprehensive insights on climate-related risks and opportunities. This report only covers hard disk drive (HDD) operations that remain with WD post-Separation<sup>1</sup>. Data and qualitative descriptions that appear in this report apply only to the Company and do not include Sandisk Corporation, unless otherwise noted.

The Scope 1, 2, and 3 greenhouse gas (GHG) emissions data disclosed in this report have been verified by an independent third party. A certificate of their limited level of assurance can be found on our [sustainability website](#).

Climate information can be subject to measurement uncertainties resulting from inherent limitations and the methods used for determining such data. Figures or data contained in this report may, at times, differ from what has previously been reported to incorporate refinements and reflect ongoing improvements in our data collection and reporting process.

This report contains certain forward-looking statements with respect to the financial condition, climate-related matters, results of operations and business of WD. Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including climate-related factors, could cause actual results to differ

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<sup>1</sup> On February 21, 2025, we completed the separation of our HDD and Flash business units (the “Separation”) to create two independent public companies, with WD focusing on our existing HDD business and Sandisk Corporation, formerly a wholly owned subsidiary of the Company, holding the Flash business.



from those anticipated or implied in any forward-looking statement. Please see “Forward-Looking Statements and Other Disclaimers” below.

Throughout this report, “Western Digital,” “WD,” “company,” “we,” “us,” “our,” and other similar terms refer to Western Digital Corporation and/or one or more of its subsidiaries.

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## Governance

At WD, our management practices place a high priority on accountability and integrity, helping to ensure that strong corporate governance continues to contribute to long-term success. Our Board of Directors has standing Audit, Compensation and Talent, and Governance committees. Each committee operates in accordance with a written charter. The Board and its standing committees oversee strategic planning and risk management.

### Board oversight

The Governance Committee is responsible for assisting our Board in overseeing the development and maintenance of our corporate responsibility and sustainability policies, practices, and programs, including public sustainability reporting. As a part of its oversight, the committee is responsible for periodically reviewing our policies and practices related to environmental issues and climate change. The committee receives updates from our sustainability team and management regularly, including progress towards our sustainability targets, and assessment of climate-related impacts, risks, and opportunities. The Audit Committee oversees our Enterprise Risk Management (ERM) process. As a part of its oversight, the Audit Committee is responsible for reviewing the implementation of legal or regulatory requirements regarding public disclosure of topics covered by our corporate responsibility and sustainability programs, such as greenhouse gas (GHG) emissions data and climate-related regulations, and considers climate-related risks as part of enterprise risk management. The Audit Committee reviews and discusses with management our risk assessment and ERM policies and risk exposure related to its areas of responsibility.

### Management's role

Our global sustainability strategy is set and overseen by our executive leadership team. Our corporate sustainability function directs the implementation of the strategy, including public reporting. Cross-functional sustainability working groups and council, including senior leadership representatives from Corporate Sustainability, Supply Chain Management, Global Operations, Research and Development, Corporate Strategy, Corporate Real Estate & Workplace (CREW), and Legal, drive sustainability initiatives throughout the company.

Our Chief Sustainability Officer and VP of Global Operations Strategy, who reports to our Chief of Global Operations, oversees environmental and climate issues, including the assessment and management of environmental impacts, risks, and opportunities, with the support of cross-functional senior leadership teams from Global Operations, Supply Chain and Corporate Real Estate and Workplace (CREW). Our Chief Sustainability Officer provides sustainability updates to the Board.

To hold our company and our leaders accountable, in Fiscal Year 2025, we continued to link progress against our emissions-reduction goal into executive compensation metrics, reinforcing accountability and supporting the effective execution of sustainability priorities.

## Strategy

### Identifying climate-related risks and opportunities

We view climate change as a business risk. In Fiscal Year 2025, we conducted a climate risk assessment, including a climate scenario analysis, to identify climate-related risks and opportunities most relevant to our business, understand the potential impacts on our strategy, operations, and long-term planning, and quantify impacts when feasible.

Through this process, we assessed risks and opportunities across various business units and then validated and refined our findings through internal stakeholder workshops and consultations with subject matter experts, including representatives from Internal Audit who oversee our ERM process, Business Continuity, Supply Chain, Corporate Real Estate and Workplace (CREW), Global Operations, and Legal.

### Physical risks

Exposure to acute weather events, such as flooding and storms, and chronic climate events such as extreme heat, water stress, drought, and precipitation, may damage our physical assets, disrupt operations, distributions, and supply chain, affect worker safety and productivity, increase operational costs, and cause financial loss.

### Transition risks

Reputational risks: WD's customers, investors, employees, and other stakeholders have strong climate expectations. The lack of, or perceived lack of, responses to mitigate climate change, such as decarbonizing our operations and value chain, may impact our reputation, stakeholder trust, market share, and ability to generate revenue.

Legal and policy risks - carbon pricing: The global low carbon transition scenario may require implementation of carbon pricing mechanisms. We may need to pay for our own emissions via carbon taxes or buying allowances in cap-and-trade systems (emissions trading systems, or ETS) for Scope 1 and 2 emissions, raising costs for energy, operations, and production.

### Transition opportunities

In the low carbon economy transition, there may be expectations of an increasing demand from consumers and customers for low carbon, energy efficient data storage products, due to the rising energy prices and climate regulations and policies. This may increase demand for WD's environmentally responsible products, including those with minimized embodied emissions, low use phase emissions and energy use intensity, and enhanced recycled content.

### Climate scenario analysis

To further understand the impact of the identified climate-related risks and opportunities, we conducted a quantitative scenario analysis in collaboration with an external third-party consultant. We selected two scenarios that align with TCFD recommendations:

1. A low carbon economy (LCE) scenario ( $\leq 1.5^{\circ}\text{C}$ ). This scenario represents a world that takes ambitious and immediate actions to decarbonize through policy implementation and technology advancement, limiting global temperature rise to  $1.5^{\circ}\text{C}$  above preindustrial levels by 2100. This scenario might cause high transition impacts on businesses but pose limited physical risks from climate hazards.
2. A high carbon economy (HCE) scenario ( $>3-4^{\circ}\text{C}$ ). This scenario represents a world that implements limited global mitigation efforts, leading to temperature rise to  $3^{\circ}\text{C}$  above preindustrial levels by 2100 or more and severe damage to the planet and society. This scenario might pose high levels of physical climate risk to businesses.

For the LCE scenario, Network for Greening the Financial System (NGFS)'s Net Zero 2050<sup>2</sup> was considered for the identified climate-related transition risks and opportunities. For the HCE scenario, IPCC's SSP5-RCP8.5<sup>3</sup> was used to evaluate physical climate impacts, and

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<sup>2</sup> A climate scenario designed by the [Network for Greening the Financial System](#), that limits global warming to  $1.5^{\circ}\text{C}$  by 2050 through stringent, early climate policies and rapid technological innovation

<sup>3</sup> A high-emission scenario developed by the [Intergovernmental Panel on Climate Change](#) (IPCC), assuming rapid, energy-intensive global economic growth with minimal climate policy

the NGFS “Current Policies” (>3°C)<sup>4</sup> was used to understand transition risks and opportunities.

The analysis considered each of the climate-related risks and opportunities identified above at defined short- (0-1 year), medium- (1-15 years) and long-term (15-25 years) time horizons. Time horizons were selected to align with industry best practices, and the TCFD guidance, as well as company-specific considerations.

## Climate-related risks and opportunities, and impacts on WD’s business strategy

Based on the types of risks and opportunities identified as most relevant, we assessed their business impacts under the two scenarios, and when possible, estimated their potential financial impacts on WD.

The assessment shows that climate-related physical risks and transition risks may have high impacts on our business. However, we believe WD’s existing risk management and mitigation efforts, business continuity planning, and decarbonization commitments and initiatives position the company to remain resilient in both high carbon and low carbon future scenarios.

Also, in the low carbon scenario, customers may increasingly factor sustainability performance and climate action progress into their purchasing decisions. Demand from customers and consumers for sustainable products and services could grow. In this scenario, we believe WD is well-positioned to develop and deliver low carbon, energy efficient data storage products to customers, to enhance our competitive advantage in the low carbon economy transition and realize the potential business opportunities.

### Physical risks

We conducted a site-level physical risk assessment across all our global manufacturing facilities and key supplier sites to understand how our company's exposure to climate-related hazards may evolve under the HCE and LCE scenarios and how these hazards might affect our business. In this process, we analyzed more than ten major physical climate hazards, including storms, acute and chronic precipitation, flooding, extreme heat, wildfires, drought, and water stress.

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<sup>4</sup> A scenario designed by the [Network for Greening the Financial System](#) that assumes limited action is taken to reduce emissions, leading to a global temperature increase exceeding 3°C by 2100

### *Acute risks*

The increasing frequency and severity of extreme weather events under the HCE scenario, such as storms and acute precipitation that could result in flash floods, may pose an increasing threat to WD's owned and supplier operations depending on local infrastructure and site-level resilience. Our facilities in Southeast Asia were identified to face high exposure to acute precipitation events, which may damage buildings and equipment and inventory, potentially resulting in additional building repair costs, resilience and infrastructure upgrades costs, and lost revenue due to operational downtime.

Additionally, we identified that some top supplier sites assessed were projected to experience high exposure to storms and acute precipitation under the HCE scenario, which may potentially result in delays and disruption to our upstream supply chain that could increase operational costs and lower revenue.

### *Chronic risks*

Chronic risks associated with changing global precipitation and temperature patterns were also recognized to potentially impact WD's operations, as increasing extreme heat may place additional pressure on climate-controlled manufacturing facilities and skilled laborers, resulting in production delays due to downtime and reducing our ability to meet consumer demand.

In addition to modeling hazard exposure, we also modeled potential financial impacts of top relevant hazards under the HCE scenario. We focused on the hazards that have available relevant data for financial modeling and estimation. For instance, our estimate indicates that by 2050, the annual electricity costs at WD sites could increase by about 35% on average due to extreme heat increasing cooling demand. Indirect impacts such as grid stress may impact regional power availability which, while currently not modeled in our financial analysis, could further contribute to financial costs for our business.

### *Resilience to physical risks*

To increase resilience, WD has embedded climate risks and natural hazards into our business continuity planning (BCP) at the site level and corporate level and taken steps to mitigate risks at critical sites.

Based on the risks identified, each site is expected to develop mitigation actions and, depending on the anticipated impact magnitude, incorporate an investment plan into its mid-term capital forecast. For example, to address storm-related risks at one of our Asia-Pacific sites, we implemented recommended measures from the assessment in three phases to prepare for a potential severe storm, such as a typhoon. This plan includes continuous and early monitoring systems, a dedicated emergency response strategy for rapid recovery, and physical hardening measures (e.g., rolling doors, reinforced wall panels, and steel roofing) to enhance resilience against future storm events.

At another site, we collaborated with the local government to build physical defenses such as flood walls and water discharge pumps and to continuously monitor flood risk. We also run an annual emergency drill for flood gate closure.

To mitigate potential issues of grid failures from natural events, such as extreme heat and potentially wildfires, we run multiple diesel generators in relevant facilities and maintain a contract to keep the generators with fuel during any outage. We continue to assess preparedness to make informed decisions on site hardening to mitigate exposure to physical climate hazards.

Climate resilience efforts extend across WD's value chain, where we actively engage with our supply partners in key geographical regions that are historically vulnerable to impacts of climate change, such as chronic and acute precipitation, drought, floods, and storms. Working with suppliers, we monitor potential risks and establish business continuity plans to enable continuous production and power in facilities to build resilience in value chain operations.

We also holistically monitor global supply chain risk management, including the use of a digital platform that supports the ability to assess disruptions such as natural disasters, regulatory conditions, and geopolitical issues, among others, to identify areas where potential disruptions could occur in our complex supply chain. When issues such as climate-related disruptions are flagged, we alert our suppliers and work to identify ways to mitigate potential disruptions.

We will continue to work to strengthen our resiliency and mitigation measures to adapt to climate change and, if necessary, incorporate expenditures into our financial planning.

## Transition risks and opportunities

### *Reputational risk*

In the low carbon transition, WD's customers may increasingly factor sustainability performance and climate action progress into their purchasing decisions. Customers representing over half of our revenue have set and implemented ambitious decarbonization targets and have been engaging their suppliers to do the same. Inaction to manage the climate footprint of our products and operations, or failure to meet customers' expectations, could have a major impact on our reputation, market competitiveness, and revenue.

WD's existing climate targets, actual decarbonization progress, and increasing industry recognition may mitigate the risks of revenue loss due to sustainability reputation. In 2025, we received an A- Leadership level rating from CDP, the Carbon Disclosure Project, and achieved the highest score (AAA) from Morgan Stanley Capital International (MSCI)'s sustainability risk management rating, demonstrating best practices in environmental performance, transparency, and risk management.

As climate science and our business continue to evolve, we plan to continue to maintain and refine our decarbonization targets, to ensure strong alignment with stakeholder expectations and our business strategies.

### *Carbon pricing risk*

As stated above, the societal-level low carbon transition scenario requires implementation of carbon pricing mechanisms globally. Considering our global operations and data availability, we estimated the potential financial impact of global carbon pricing mechanisms under the LCE scenario.

We assessed our planned decarbonization emissions pathway relative to a global emissions trajectory under the NGFS Net Zero by 2050 scenario, as well as a potential scenario where we fail to align to our targeted pathway. As part of this analysis, we applied a global carbon price aligned with the NGFS Net Zero 2050 scenario for our own operational emissions. The carbon price used in this analysis represents the price required for society to limit GHG emissions to requisite levels for achieving the temperature threshold set by the Net Zero scenario.

The results indicate that in the LCE scenario, WD may be exposed to global carbon pricing mechanisms across all three time horizons, including over the short-term, as the NGFS Net Zero 2050 scenario expects a steep ramp-up in global carbon prices going into 2030. Under this scenario, carbon pricing may cause high financial impacts. Considering our Scope 1 and 2 net zero decarbonization target, which aims to drastically reduce emissions by 2032, and our progress to date, we believe that the financial impacts of carbon pricing mechanisms can be greatly mitigated.

#### *Low carbon product opportunity*

Under the LCE scenario, demand from customers and consumers for low carbon, energy efficient products and services could grow, due to the rising energy prices, stricter climate regulations and policies, more customers setting science-based emissions reduction targets, and the urgent need for minimizing the energy consumption of artificial intelligence (AI) infrastructure.

Our sustainability efforts, including boosting drive capacity to reduce energy intensity during customers' use phase, measuring and reducing the life cycle emissions of our product portfolio, and enhancing recycled content in our products and packaging, are designed to make our products more scalable, more efficient, more resilient, and position WD as a market leader in delivering sustainable data storage solutions to all customers, capturing the market opportunities and contributing to our business growth.

For additional details related to our ongoing initiatives to decarbonize our products, as well as in our operations, please refer to the 'Metrics and Targets' section.

## **Risk Management**

### **Our approach to identifying, assessing, and managing climate-related risks**

WD's executive leadership team is responsible for reviewing and evaluating our enterprise risks each year in conjunction with our ERM program, which is overseen by the Audit Committee of the Board. Climate risks are tracked and managed through WD's ERM framework and processes. Natural disasters and climate change-related threats are also considered key parts of our business continuity planning process.

Risks identified during the processes are assigned to functional or regional leaders for management and mitigation, depending on the characteristics of the risk. Key enterprise risks are raised to the Audit Committee and full Board. If climate-related issues rise to the level of a key enterprise risk, they will be reviewed as part of this process. Risk management, including climate-related issues, is also integrated across our supply chain to help third-party suppliers and service providers recognize the importance of mitigating climate risks, preparing for adverse events, and conducting due diligence as part of our ongoing business relationships.

Our risk management practices are constantly evolving, informed by new internal and external insights, and we are committed to further strengthening our ERM programs and overall resilience as we adapt to an increasingly complex and dynamic climate risk landscape.

## Metrics and Targets

At WD, we measure and disclose our resource consumption, energy intensity, and Scope 1, Scope 2, and Scope 3 emissions on an annual basis in alignment with the Greenhouse Gas Protocol, and pursue [third-party verification](#) on the data.

	<b>Fiscal Year 2025 data</b>
<b>Total Electricity use (kWh)</b>	1,449,680,851
<b>Total Renewable Electricity (kWh)</b>	962,048,803
<b>Total Energy use (kWh)</b>	1,599,062,545
<b>Scope 1 emissions (tCO<sub>2</sub>e)</b>	107,918
<b>Scope 2 location-based emissions (tCO<sub>2</sub>e)</b>	685,720
<b>Scope 2 market-based emissions (tCO<sub>2</sub>e)</b>	250,268
<b>Scope 3 emissions (tCO<sub>2</sub>e)</b>	7,392,380

To align with and exceed climate action expectations from our key stakeholders, including customers and investors, we implemented robust environmental targets to minimize energy use and reduce emissions from our value chain.

In Fiscal Year 2021, we set decarbonization goals approved by the Science-Based Target Initiative (SBTi), aligned with the reductions required to limit global warming to 1.5°C. These goals are to reduce our absolute Scope 1 and 2 emissions by 42% by Fiscal Year 2030 from

a Fiscal Year 2020 base year and to reduce our Scope 3 GHG emissions from the use of sold products by 50% per petabyte capacity sold by Fiscal Year 2030 from a Fiscal Year 2020 base year.

To deepen our environmental commitments and enhance the decarbonization of our value chain, we set the new targets below. We aim to submit these goals to the SBTi for validation.

- Achieve net zero Scope 1 and 2 GHG emissions by Fiscal Year 2032
- Operate on 100% carbon-free energy by Fiscal Year 2030
- Reduce direct materials GHG emissions by 20% by Fiscal Year 2030 from our Fiscal Year 2024 baseline

Please find our latest annual progress against the targets below, verified by an independent third-party.

Public climate goals	Fiscal Year 2025 progress
<b>100% carbon-free energy by 2030</b>	66% renewables relative to overall WD electricity consumption
<b>Reduce absolute Scope 1 and 2 emissions by 42% by FY2030 from a FY2020 base year</b>	-55%
<b>Reduce Scope 3 GHG emissions from the use of sold products by 50% per petabyte capacity sold by FY2030 from a FY2020 base year</b>	-31%

## Forward-Looking Statements and Other Disclaimers

This report contains forward-looking statements within the meaning of federal securities laws, including statements regarding expectations for the impacts of our sustainability initiatives, programs and business practices, expectations for the achievement of our sustainability-related goals and commitments, and our strategy and product development plans.

These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to: adverse global or regional conditions, including new or additional tariffs or trade restrictions; our dependence on a limited number of qualified suppliers; volatility in demand for our products; the impact of business and market conditions, including inflation, increases in interest rates and an economic recession; the outcome and impact of our completed separation of our HDD and Flash businesses; the impact of competitive products and pricing; our development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and our strategic relationships; difficulties or delays in manufacturing or other supply chain disruptions; hiring and retention of key employees; our level of debt and other financial obligations; risks associated with shifting social policies in our key operating markets; changes to our relationships with key customers; compromise, damage or interruption from cybersecurity incidents or other data system security risks; actions by competitors; any decisions to reduce or discontinue paying cash dividends or repurchasing shares of our common stock; our ability to achieve our greenhouse gas emissions reduction and other sustainability goals; the impact of international conflicts; risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; and other risks and uncertainties listed in our filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K filed with the SEC on August 14, 2025, to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and we undertake no obligation to update or revise these forward-looking statements to reflect new information or events, except as required by law.

Furthermore, this report discusses climate-related risks assessed through qualitative and quantitative analyses, including scenario analysis, such as: physical risks from acute and chronic climate events (e.g., extreme heat, storms, flooding); transition risks related to regulatory, market, technology, and customer changes; and strategic and financial risks affecting operations, costs, capital planning, and long-term resilience under different climate scenarios. Certain statements in this report, particularly pertaining to our sustainability performance, goals and initiatives, are subject to additional risks and uncertainties, including regarding: gathering and verification of information and related methodological considerations; our ability to implement various initiatives under expected timeframes, cost, and complexity; our dependency on third-parties to provide certain information and to comply with applicable laws and policies; our reference to various sustainability reporting standards and frameworks (including standards for the measurement of underlying data), which continue to evolve; and other unforeseen events or conditions. These factors, as well as others, may cause results to differ materially and adversely from those expressed in any of our forward-looking statements.

The metrics and quantitative data contained in this report are not based on generally accepted accounting principles and have not been audited. Certain metrics and data have, however, been subject to limited assurance by an independent third party, as described in the applicable assurance statement. Such data and metrics are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. This report also includes certain information regarding sustainability and corporate impact practices that is obtained from published sources or third parties. The accuracy and completeness of such information are not guaranteed. Although we believe such information is reliable, such information is subject to assumptions, estimates and other uncertainties, and we have not independently verified this information. We are dependent on such information to evaluate and implement sustainability practices. The standards of measurement and performance for sustainability issues are developing or are based on assumptions, and norms may vary.

The inclusion of information and data in this report is not an indication that such information or data or the subject matter of such information or data is material to our company for purposes of applicable securities laws. The principles used to determine whether to include information or data in this report do not correspond to the principles of materiality contained in federal securities laws, the concept of materiality used to



determine whether disclosures are required to be made in filings with the SEC or otherwise disclosed, or principles applicable to the inclusion of information in financial statements.

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