

Communist China Risk Audit

RESOLVED:

Shareholders request that, beginning in 2023, The Boeing Company report annually to shareholders about the nature and extent to which corporate operations depend on, and are vulnerable to, Communist China, which is a serial human rights violator, a geopolitical threat, and an adversary to the United States. The report should exclude confidential business information but provide shareholders with a sense of the Company's reliance on activities conducted within, and under control of, the Communist Chinese government.

Supporting Statement:

CNN reported¹ in 2021 that “Beijing has made it clear that multinational corporations have to follow its rules if they wish to operate in the country, and gaining favor can require...abiding by restrictive regulations...Many companies have traditionally been willing to play along, given how enticing the giant economy is as a market.”

Boeing has regularly conducted business in China since 1972. The company reports:²

Boeing jets are the mainstay of China's air travel and cargo system, as Boeing planes comprise more than 50% of all commercial jetliners operating in China. The country has a component role on every current Boeing commercial airplane model... More than 10,000 Boeing airplanes currently fly throughout the world with parts and assemblies built in China. Boeing activity in China contributes more than \$1 billion annually in direct support of China's economy, including procurement from Boeing's extensive supply base, joint venture revenues, operations, training, and research and development investment.

China is an established serial violator of human and political rights.

China is also a hostile adversary of the U.S. for many reasons, including:

- China intends to displace the U.S. as the lone global superpower by 2049;
- The U.S. has committed to defend Taiwan, which China has militaristically asserted is part of its country and may attempt to seize by force;
- U.S. - China relations are tense over a number of issues including China's military expansion; egregious human rights violations; actions related to the COVID pandemic; intellectual property theft; relentless espionage; elimination of freedom in Hong Kong; and environmental pollution.

¹ Disis, Jill & Wang, Selina. “Doing business in China is difficult. A clash over human rights is making it harder,” CNN Business, April 2, 2021. See <https://cnn.it/3ef24EI>.

² “Boeing in China,” 2019, The Boeing Company. See <https://bit.ly/2JrN58i>.

A July 2022 joint statement from the leaders of the British and American domestic intelligence agencies warned that the Communist Chinese Party is the greatest threat to the international order. “We consistently see that it’s the Chinese government that poses the biggest long-term threat to our economic and national security, and by ‘our,’ I mean both of our nations, along with our allies in Europe and elsewhere,” said FBI Director Christopher Wray.

Given the controversial, if not dangerous, nature of doing business in and with China, shareholders have the right to know the degree to which its resources are at risk due to the extent of Boeing’s business operations in China, and its dependence on its relationship with communist government.