

PRO-7
Issue Date
February 12, 2008

Conflict of Interest

Purpose/Summary

Personal interests of employees must not influence or appear to influence company transactions. This procedure provides the requirements for disclosing potential conflicts of interest and the process for obtaining a conflict of interest review. This procedure applies to all employees of The Boeing Company, including subsidiaries, contingent labor, consultants and others acting for the company unless otherwise approved by the vice president of Ethics and Business Conduct. This procedure also provides for the referral of possible conflicts of interest and certain related person transactions involving executive officers to the Governance, Organization and Nominating Committee of the Boeing Board of Directors for its review and approval.

Supersedes

June 12, 2007

Applies To

All Boeing

Maintained By

Vice President, Ethics and Business Conduct

Authority Reference

Policy [POL-2](#), "Ethical Business Conduct"

Approved By

Patricia A. Ford
Vice President, Ethics and Business Conduct

Summary of Changes to the Title Page

The Issue Date, Supersedes date and Approved By have changed. In addition, this administrative revision updates section 4.C.2. There are no other changes.

1. Introduction

To assist employees in identifying conflicts of interest, this procedure defines the requirements for a process to review issues regarding conflicts of interest, to determine whether a conflict of interest exists, and to interpret, administer, and resolve matters pertaining to this procedure. The review process will be administered by designated Ethics Advisors, except as otherwise provided in Section 4.D below.

2. Definitions

- A. “Executive officer” are the officers of the Company elected by the Board of Directors.
- B. “Immediate family member” includes a person’s children, stepchildren, parents, stepparents, spouse, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law, and anyone sharing such person’s household (other than a tenant or employee).
- C. “Relative” includes legal guardians, grandparents, spouse's grandparents, grandchildren, great-grandparents, great-grandchildren, stepbrothers, stepsisters, half-brothers, half-sisters, uncles, aunts, nephews, nieces, and cousins.

3. Requirements

A conflict of interest may exist when an employee is involved in an activity or has a personal interest that might interfere with the employee's objectivity in performing company duties and responsibilities. Any such personal interests or activities are prohibited unless formally approved in writing.

Personal interests may include working relationships and/or financial interests with immediate family members or relatives. Activities include outside employment in areas similar to those in which The Boeing Company is involved;

outside work for customers, suppliers, vendors, or competitors of Boeing; operating as a supplier to Boeing; other activities that have the potential to affect the employee's objectivity; and activities that could reflect negatively on the reputation of Boeing and its employees. Holding a financial interest in a business concern that is a supplier, customer, partner, subcontractor, or competitor of the company constitutes a conflict of interest under certain conditions. Company transactions with other business entities must not be influenced by the personal interests or activities of its employees. Such conflicts may appear as favoritism or otherwise damage the reputation of the company or its employees.

An actual conflict of interest does not need to be present to constitute a violation of this procedure. Activities that create the appearance of a conflict of interest must also be avoided to ensure that the reputation of Boeing and its employees are not harmed.

4. Responsibilities

A. Activities Requiring Full Disclosure

An employee is required to fully disclose, through the Conflict of Interest Review Process, any of the following conditions. Any outside activities related to these conditions should be fully disclosed by employees before they undertake the activity. If known by the employee, the same information must be disclosed for immediate family members or relatives. If the activity is already taking place, or has taken place during the prior year, disclosure is still required.

1. Investing in any supplier, customer or competitor under the following conditions:
 - a. Financial interest in any supplier, customer or competitor where the Boeing employee has influence on contracts, processes, products of the supplier or Boeing business decisions with respect to that entity.
 - b. Financial interest in any supplier, customer or competitor if the holding is either five percent (5%) or more of the stock, assets or other interests of the supplier, customer or competitor; or ten percent (10%) or more of the employee's net assets. (This does not pertain to the administration of Boeing or heritage company 401K plans.)
2. Acting as an employee, officer, director, partner, consultant, representative, agent, auditor or advisor, of any of the following:
 - a. A supplier, customer, partner, subcontractor, or competitor of Boeing.

- b. Any business that is involved in technical areas or product lines that are similar to those of Boeing.
 - c. Any business whose customers include Boeing, its customers, or its suppliers.
- 3. Acting as a Member of a Board for a Non-profit.
 - 4. Acting as a consultant, advisor, or expert witness in a legal process, such as a lawsuit, administrative proceeding, mediation, arbitration, dispute resolution, government or private investigation, rule-making procedure or similar process.
 - 5. Engaging in any activity that could create the appearance of a conflict of interest, and thereby impair the reputation of The Boeing Company for impartiality and fair dealing.

Examples of such activities include:

- a. Having any financial involvement with an employee or representative of a supplier, vendor, customer, partner, subcontractor, or competitor of Boeing with whom the employee regularly comes in contact while performing company business.
- b. Participating in any activity that might lead to or give the appearance of unapproved disclosures of Boeing proprietary information or proprietary information owned by others who have entrusted such information to Boeing.
- c. Dealing directly, in the course of normal company responsibilities, with a spouse or immediate family member or relative who is employed by a supplier, vendor, customer, or competitor of Boeing.
- d. Operating as a supplier to Boeing.

B. Activities That Do Not Require Disclosure

- 1. Working for any entity which is not a supplier, customer, competitor, partner or subcontractor to Boeing, and is not involved in any technical areas or product lines that are similar to those of Boeing.
- 2. Participation in nonprofit professional, civic or charitable activities (such as United Way or similar loaned executive program). Note: Employees may run legal risks in participating in such activities. To determine whether Boeing indemnification of an employee against such risks is available, the employee should contact the corporate secretary.

3. Certain passive investment interests such as owning government securities or having a checking or savings account with a financial institution.
 4. Financial interests in Voluntary Investment Plans from heritage Boeing companies.
- C. Disclosure Requirements and Responsibilities
1. Requests by senior executive management for conflict of interest reviews will be coordinated through the vice president of Ethics and Business Conduct.
 2. Designated Targeted Risk Areas (TRA) will be determined by the Office of Ethics and Business Conduct and coordinated with affected Functions and Business Units. Targeted Risk Areas include executive management and job functions that are viewed as having significant contact with customers, suppliers, partners, vendors, competitors and other stakeholders. Employees working in these areas are required to complete a conflict of interest questionnaire annually. Those who have outside interests or activities identified in the COI Questionnaire are required to submit information to Ethics for a conflict of interest review.
 3. Global Staffing coordinates the Ethics required Outside Business Interest (OBI) Review for applicants selected for an International Executive position prior to making an official offer.
 4. Employees are to complete a COI Review request form when any of the following conditions apply:
 - a. In accordance with any requirements noted in this procedure.
 - b. The employee answered 'yes' to any question on the Conflict of Interest Questionnaire
 - c. An employee's manager or their human resources representative or an Ethics Advisor notifies an employee they are required to go through the conflict of interest review process for a determination.
 5. Conflict of interest information and forms are available on the Ethics web site. Submit the COI Review request form by following the instructions on the form. Employees who do not have access to the Boeing intranet may request the form from an Ethics Advisor. Completed forms should include the following information:

- a. A description of the employee's Boeing duties and responsibilities and how they might relate to the outside activity.
 - b. A general description of the current or proposed outside company or business, including the company name, product lines, and market.
 - c. A description of the relationship of the outside company or business to Boeing, if any (for example, supplier, customer, similar products or customers, competitor).
 - d. The position to be held by the employee or their immediate family member or relative (e.g., owner, co-owner, employee, representative, consultant, etc.) and their intended level of effort.
6. Requests for a conflict of interest review will be determined on a case-by-case basis. The reviewing Ethics Advisor will make a determination in consultation with the employee, his or her manager, and others, as appropriate.
7. COI determinations are provided in writing. Outcomes include:
- a. No conflict dependent upon the employee complying with identified restrictions.
 - b. Conflict resolved through an appropriate mitigation plan or a disapproval to do the proposed or current activity.
 - c. Acknowledgement of disclosure and approval.
8. A COI determination continues in effect until the employee's termination from Boeing, with the exception of modifications when: a follow-on review is required due to changes in an employee's work responsibilities or their outside activity, or 2) an appeal of the COI determination is made by the employee to their Business Unit Ethics Executive and it results in a different outcome.
9. Records of conflict of interest reviews are retained in a centralized ethics database. Employees and managers can request copies from any Ethics Advisor.
10. Questions that may arise about matters relating to this procedure should be addressed to the Business Unit Ethics Executive.
- D. Additional Review and Approval of Conflicts of Interest and Related Person Transactions Involving Executive Officers

1. As necessary, the vice president of Ethics and Business Conduct shall refer to the Governance, Organization and Nominating Committee of the Board of Directors (the "GON Committee") for review and approval any possible conflict of interest involving an executive officer.
2. As necessary, the vice president of Ethics and Business Conduct shall refer to the GON Committee for review and approval any transaction or proposed transaction in which the Company is or is to be a participant and the amount involved exceeds \$120,000, and in which any executive officer or any immediate family member of an executive officer has or will have an interest.
3. Notwithstanding paragraphs 1 and 2 above, the following types of transactions shall not be subject to the review and approval of the GON Committee and the vice president of Ethics and Business Conduct shall not be required to refer any of the following types of transactions to the GON Committee:
 - a. Compensation to an executive officer resulting from his or her employment relationship with Boeing or any of its subsidiaries.
 - b. Transactions between Boeing or any of its subsidiaries and a firm, corporation or other entity with whom an executive officer or immediate family member of an executive officer has a relationship if the relationship arises only from being a director or less than ten percent beneficial owner of such entity.
 - c. Transactions in which the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
 - d. Transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.
 - e. Transactions in which the interest of the executive officer or an immediate family member of an executive officer arises solely from the ownership of a class of equity securities of Boeing and all holders of that class received the same benefit on a pro rata basis.

E. Additional Guidance for Other Potential Conflicts of Interest

1. Requirements regarding conflict of interest reviews in connection with hiring current and former government employees are described in [PRO-4825](#), "Recruiting and Hiring Current and Former Government Employees - Conflict of Interest." The Staffing/Employment organization coordinates an initial screening by having an applicant complete a Government Conflict of Interest Questionnaire that is reviewed for determination by the Law Department.
2. Organizational Conflicts of Interest (OCI) may arise when an employee is asked to serve on a government panel or for government agencies when the panel or agency is involved in reviewing Boeing proposals or activities. A Contracts & Pricing representative from each of the Operating Groups is responsible for coordination of OCI reviews. Guidance may be found in [PRO-5123](#), "Organizational Conflict of Interest (OCI)."
3. Boeing Procedure [PRO-13](#), "Consultant and Professional Service Agreements," establishes the guidelines and responsibilities for the preparation, approval, execution, and administration of all consultant and professional services agreements other than international service contractor agreements. Prior to authorizing performance of services by a consultant, a conflict of interest review must be performed for each individual who will perform services under a consultant agreement to ascertain if they may pose a conflict to Boeing through their previous assignments with either our customers, suppliers, or competitors; and to ensure compliance with the requirements of [PRO-70](#), "Procurement Integrity and Restrictions on Proposal Team Assignments." The appropriate Business Unit Business Representative, Contracts & Pricing, and the Law Department handle these responsibilities.
4. Management responsibilities regarding the hiring, transfer and placement of employees' relatives in the workplace to prevent conflicts from occurring in the employment of relatives are described in Boeing Procedure [PRO-58](#), "Employment of Relatives and Close Personal Relations."
5. Selection and/or hiring of individuals for job assignments that have a substantive impact on the value, content, or strategy on competitive U.S. Government procurement proposal teams must comply with the Proposal Team Brief training and the Team Member Certification requirements defined in procedure [PRO-70](#), "Procurement Integrity and Restrictions on Proposal Team Assignments."
6. [PRO-6449](#), "Hiring and Assigning Current or Former Employees of the Independent Auditor – Conflict of Interest," establishes

clear hiring procedures for hiring and assigning current or former employees of the independent auditor in accordance with the audit committee requirements set forth in the New York Stock Exchange (NYSE) section 303A.07(G). To prevent impairing the independence of the Independent Accounting Firm, the Staffing/Employment organization reviews the past three years of an applicant's non-Boeing employment to identify any prior employment by the Independent Accounting Firm.

7. Accounts Payable is required to validate whether persons submitting invoices for payment are Boeing employees and whether they have an approved COI Determination on file with Ethics prior to paying the supplier.
8. Retired Boeing executives must obtain approval from the Employee Benefit Plans Committee when they decide to engage in any activity that may be in competition with any significant aspect of the company's business. Write to: 100 N. Riverside, MC 5002-8421, Chicago, IL 60606-1596. Executives can obtain information about the approval process from the Manager of Retirement Claims Administration.