



Please reference the following information regarding British Exit from the European Union (Brexit) Risk Assessment:

Brexit, what is it?

- Brexit is the impending withdrawal of the United Kingdom (UK) from the European Union (EU).
- This is the result of a UK referendum vote on June 23, 2016 in which 52% of those who voted supported the withdrawal.
- Article 50 of the Treaty on European Union was invoked March 29, 2017 by British Prime Minister Theresa May.
- The UK is due to cease to be a member of the EU on March 29, 2019 at 11 p.m.
- A 21 month transition period has been agreed as part of the final draft withdrawal agreement (Dec 2020).
- As part of Brexit preparations, two agreements have been agreed in final draft form between UK and remainder of EU:
 - Withdrawal Agreement – legally binding
 - Future Framework Agreement – political agreement

Brexit Potential Impact on Suppliers

Like many industrial partners working in the UK, Boeing has determined that there may be an impact to its business as a result of Brexit. The magnitude of this impact will depend on the final exit terms— if any—reached between the UK and the EU. Given the lack of certainty that an agreement will be reached, various trade associations, such as Aerospace, Defence, Security & Space (**ADS**), Airlines UK, Manufacturers' Organisation (**EEF**), the International Aerospace Environmental Group (IAEG) and the Confederation of British Industry (**CBI**) have identified potential risks in the following areas that would result from a hard Brexit (i.e. a no-deal scenario, or certain possible formalities of an exit agreement that involved material immediate disruption of the UK/ EU).

Regulation

- EASA – in particular, for Part-21 DOA, Part-M and Part-145; pilot and maintenance training and simulator certification.
- REACH – future cross-border supply of chemicals regulated under REACH. For further information, refer to the IAEG Fact Sheet – *BREXIT: Potential Impacts on the Aerospace & Defense Chemical Supply Chain: from a No Deal Perspective* located on IAEG's website: <http://www.iaeg.com/brexit/>

Barriers to trade

- Increased complexity
- Tariffs and delays at the border – potential to impact ability to meet contractual obligations
- Rules of origin
- FOREX



Movement of people

- Future access to talent
- Impact on current employees (both employment and moving cross border to support business)

The list above does not completely encompass the risks Boeing and its supply chain may ultimately be faced with. Boeing is engaging its supply chain to ensure suppliers are properly identifying and mitigating all risks associated with Brexit. Mitigation of these risks may include, but is not limited to, accelerating delivery, increasing inventory, and actively working with sub-tiers on early planning. To assist with this effort, please review the questions below as a guide to assess potential risks.

Brexit | Questions to Assist Risk Identification and Assessment

1. What steps have you taken to identify potential risks to your business associated with Brexit?
2. When reviewing these risks, consider and discuss with your Boeing Procurement Agent:
 - a. How these risks could impact Boeing.
 - b. The mitigation strategies in place for each risk.
3. What, if any, risks do you anticipate with regulation? E.g. EASA, REACH, etc.
 - a. How will you deal with a potential future cross-border supply of chemicals regulated under REACH?
 - b. What steps, if any, have you taken to ensure you will continue to hold the aviation regulatory authorizations / certifications necessary for your compliant supply to Boeing following Brexit?
4. What are the risk areas associated with barriers to trade and movement of goods in/out of the UK?
 - a. Do you have capacity to increase inventory?
5. Do you see any risks associated with movement of people?
 - a. Will there be impact on employees needing to support risk mitigation activities?
6. Have you identified any risks within your supply chain that could impact Boeing?
 - a. Have you engaged in any Brexit risk assessment and mitigation discussions with your suppliers and their sub tiers?
 - b. Are any of your suppliers that may be impacted by Brexit single / sole source?
 - c. What is your supply chain's capacity to increased inventory? Are they increasing inventory?
7. Which items in your supply chain cross the border today?

It is incumbent upon you to actively mitigate risks in order to ensure all contractual commitments to Boeing are fulfilled. It is also prudent to remember that changes to your methods of performance of your contractual commitments to Boeing must be coordinated and approved by Boeing in accordance with the terms and conditions of such contractual agreements.

Note: Unless expressly authorized in writing by the Procurement Agent (PA), any schedule or planning information requested above does not constitute a Boeing Contract Change Order (CO), Contract



Change Notification (CCN), or any Boeing commitment to issue in the future a CO or CCN to Seller under any Boeing Supply Agreement(s).

For questions related to this correspondence, please contact the following individual:

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For any contractual questions, please contact your Boeing Authorized Procurement Agent.