

Governance Policy Manual

January 2012

SAE *International*[®]



SAE INTERNATIONAL BOARD OF DIRECTORS
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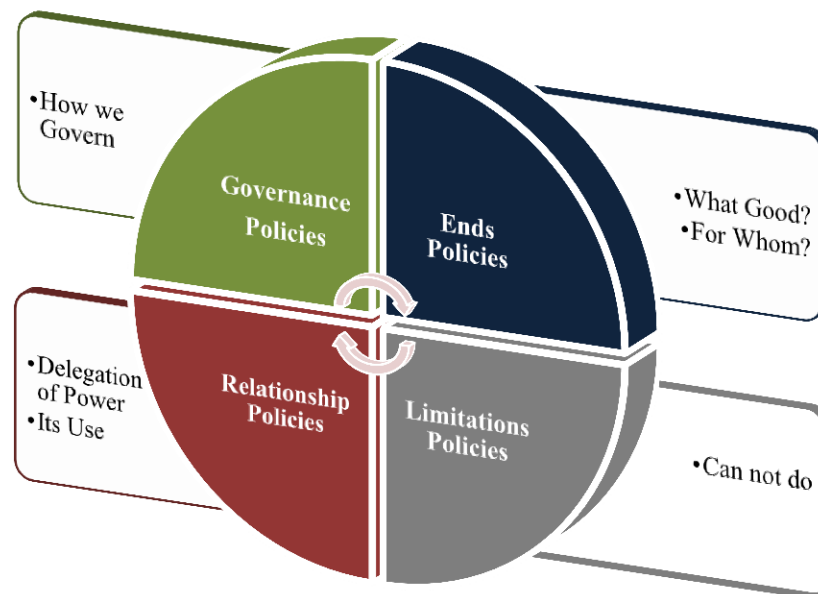


INTRODUCTION

Effective leadership requires that the Board of Directors provide the Society's vision. To do so, the Board of Directors must first have a comprehensive vision of its own job. That role is best conceived neither as volunteer-helper nor as a watchdog; but as trustee-owner. The Policy Governance Process is an approach to the job of governing that emphasizes values, vision, empowerment of the Board of Directors, Board Committees, Operating Boards, Board Subteams, Chief Executive Officer, and the strategic ability to lead leaders.

Observing the principles of the Policy Governance Process, the Board of Directors crafts its values into four policy types, which are listed below. These policies enable the Board of Directors to focus its wisdom into one central, brief document the *Governance Policy Manual*.

1. **Ends Policies:** Through Ends Policies, the Board of Directors defines which human needs are to be met and for whom. Ends Policies are written with a long-term perspective; these policies embody most of the Board of Directors part of long-range planning.
2. **Governance Policies:** Through Governance Policies, the Board of Directors determines its philosophy, accountability, and specifics of its own job.
3. **Relationship Policies:** Through Relationship Policies, the Board of Directors clarifies the manner that it delegates authority to Operating Boards and the Chief Executive Officer as well as how it evaluates performance.
4. **Limitations Policies** - Through Limitations Policies, the Board of Directors establishes the boundaries of acceptability within which subordinate group methods and activities can take place. Limitations Policies, therefore, apply to the President, Treasurer, Chief Executive Officer, and Operating Boards means rather than to the Ends.



MISSION

SAE International is a global body of scientists, engineers, and practitioners that advances self-propelled vehicle and system knowledge in a neutral forum for the benefit of society.

VISION

In the year 2020, SAE International will be #1 in the mobility industry by . . .

- Connecting a global network of students, engineers, practitioners, and companies.
- Attracting, managing, and distributing mobility-related information through:
 - Education
 - Standards
 - Technical publications
- Leading in global standardization.
- Creating and sustaining beneficial affiliations and interfaces that add value, encourage innovation, and help form sound public policy.



SAE International enterprise is preeminent in serving its members and industry, by providing:

- A global network of students, scientists, engineers, practitioners, and institutions.
- Technical publications that disseminate knowledge.
- Relevant, timely consensus standards that drive quality, performance, safety, cost optimization of products, and product-life cycles.
- Conferences and symposia that add value through the first-hand transfer of technical knowledge.
- Lifelong learning, education and development, and recognition for individual members, institutional stakeholders, and the broader workforce.
- Mutually beneficial government/industry/academic interfaces that provide information for the formation of sound public policy decisions.
- Affiliated programs, products, and services that add value and encourage innovation.



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The Board of Directors represents the interests of the membership, provides strategic direction expressed in broad policies, offers a clear, future-oriented leadership, outward vision, and a broad range of viewpoints. The composition of the Board of Directors will include character, talent, loyalty to SAE International, and foster diversity into the whole of the organization.

Diversity is defined by the Board of Directors to include, but not be limited to, culture, national origin, age, gender, technical/managerial position, race, physical ability, industry sector, and geographic location.

JOB PRODUCTS:

1. The Board of Directors will direct, control, and inspire the organization through written Board policies that are forward looking, include an influence of external factors and trends, and capture all relevant values for the successful outcome and conduct of SAE International.
 - 1.1 The Board's Ends Policy identifies SAE programs, products, services, impacts, benefits, outcomes, the intended recipients, and the acceptable costs thereof, including dues.
 - 1.2 The Board of Directors Governance Policies state the philosophy and methods of the Board of Directors own operations, such as Bylaws interpretation and proper composition of Board Committees, Operating Boards, and Board Subteams.
 - 1.3 The Board of Directors Relationship Policies, in one document, wherein the Board of Directors reserves authorities to itself and delegates specific responsibilities to Operating Boards and the Chief Executive Officer.
 - 1.4 The Board of Directors Limitations Policies on the President, Treasurer, Chief Executive Officer, and Operating Boards are to prohibit actions unacceptable to the Board of Directors, including those related to new business ventures, acquisitions, major partnerships, budgeting, financial management, and planning.
2. The Board of Directors ensures performance of Operating Boards and the Chief Executive Officer through assessment and response to results-oriented data on any person or entity to which the Board of Directors has delegated authority.
3. The Board of Directors represents the interests of the membership and the viewpoints of members, mobility sectors, and constituencies.
4. The Board of Directors requires the SAE International operating organization to serve member interests.
5. The Board of Directors provides fiduciary oversight by assessing reports of membership, cash flow, financial position, net income, and legal challenges.
6. The Board of Directors fills vacated Board members' terms and approves Presidential appointed members of Board Committees and Operating Boards, including the Chair and Vice Chair.
[Appendix G-1](#) - Procedure for Filling the President and Director Vacancies.
7. The Board of Directors reviews and approves new Fellows and the Medal of Honor recipient.
8. The Board of Directors monitors performance, policy compliance, Operating Boards and the Chief Executive Officer performance, and new ventures.
9. Annually, the President shall recommend and the Board will nominate one person as a Sector Vice President Nominee to be elected by the voting members.



The Board of Directors, to accomplish its job products, will follow an annual agenda that completes re-exploration of policies, especially the Ends Policy, annually, and continually improves Board of Directors performance. The annual cycle and other Board of Directors policy processes include the following elements:

1. **Annual Planning Cycle:**

The annual planning cycle will start with the Board of Directors approval of its annual agenda at the first meeting of each new Board cycle.

- 1.1 The Board Agenda Planning Team will propose an agenda after evaluating potential new business items submitted by Board members and others.
- 1.2 The Board of Directors agendas are approved by the Board at the beginning of each meeting.
- 1.3 Agendas and documents will be provided to Board members ten days prior to the Board of Directors meeting.

2. **Types of Board of Directors Sessions:**

- 2.1 Closed Session – Board of Directors only.
- 2.2 Restricted Session – Board of Directors with invited staff and/or advisors, as appropriate.
- 2.3 Open Working Session – Board of Directors, staff, and other participants.

3. **Inter-Meeting Business:**

- 3.1 Board of Directors business may be conducted electronically between Board of Directors meetings.
- 3.2 The comment period on electronic business closes seven days prior to the Board of Directors meeting.

4. **Meeting Minutes Process**

- 4.1 Minutes will be provided to Board members no later than twenty-one days following the meeting.
- 4.2 Minutes are approved by default unless an objection is raised by a Director.



The Board of Directors governing style will optimize teamwork, proactivity, self-discipline, strategic leadership, member and customer focus, inclusive deliberation, seeking diverse viewpoints, full participation, and clear distinction of the Board of Directors and organizational unit roles.

1. **Scope of Activities:**

- 1.1 Roles of, and lines of communication among, the Board of Directors, Board Committees, Operating Boards, and the Chief Executive Officer will be clearly differentiated to avoid overlap, gaps, and ambiguities.
- 1.2 Board members are ambassadors for SAE International to customers, members, and leaders.

2. **Group Action:**

- 2.1 The Board of Directors owns policy development and, accordingly, the Board of Directors actions rely upon constructive deliberations based on useful information and will relate to the interests of the membership. Relationship Policies further address the delegation of decision making to Operating Boards and the Chief Executive Officer.
- 2.2 The Board of Directors will address relevant issues, debate policy and strategy, and act decisively.
- 2.3 The Board members have a responsibility to present their views. Consensus will be sought for decisions put before the Board of Directors. Consensus is defined as a minimum of seventy percent “fully support” and thirty percent “can live with it.”
 - 2.3.1 A majority vote will prevail when consensus cannot be reached.
- 2.4 The Board of Directors business may be conducted by electronic ballot in accordance with the Bylaws, Article V, Section 6, Business Conducted Without a Meeting -[Appendix G.3](#). Reconfirmation of electronic business and/or further discussion may be conducted during a meeting of the Board of Directors.

3. **Policy Review and Revision:**

- 3.1 Newly elected Directors will receive an orientation from a team of Board member leaders, including an outgoing Board member, and the Chief Executive Officer on SAE International issues and the *Governance Policy Manual* structure and content.
- 3.2 The Board of Directors may amend these policies provided that the first reading of a new or amended policy is discussed during a meeting of the Board of Directors, at which time a non-binding consensus vote may be taken.
- 3.3 The Secretary of SAE International will have distributed to each member of the Board of Directors a copy of the proposed new or amended policy and its rationale at least ten days in advance of the Board of Directors meeting at which the first reading is scheduled.
- 3.3 During a subsequent meeting of the Board of Directors, a second reading will be conducted and closure will be sought. At the direction of the President, a second reading and consensus vote on the proposed new or amended policy, including further revision arising from the first reading, may be conducted electronically during a thirty day vote period. A vote may be taken electronically during the second reading, or during the next meeting of the Board of Directors. The new or amended policy will take effect immediately upon completion of an electronic vote conforming to the standards of consensus (2.3 above), or during a meeting of the Board at which either consensus or a majority vote is attained.

4. **Monitoring:**

- 4.1 The Board of Directors will establish effective and regular ways of monitoring compliance with Limitations Policies, progress towards Ends, and discussion of the Board of Directors own performance and that of its Officers, Board Committees, and Operating Boards.



As a nonprofit organization at the forefront of mobility engineering, SAE International's policy is to uphold the highest legal, ethical, and moral standards. Our donors and volunteers support SAE International because they trust us to be good stewards of their resources, and to uphold rigorous standards of conduct. Our reputation for integrity and excellence requires the careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

SAE International will comply with all applicable laws and regulations and expects its Board members (Officers and Directors) and volunteers to conduct business in accordance with the letter and spirit of all relevant laws; to refrain from any illegal, dishonest, or unethical conduct; to act in a professional, businesslike manner; and to treat others with respect. Board members should not use their positions to obtain unreasonable or excessive services or expertise from the Chief Executive Officer.

The Board of Directors expects of itself unconflicted loyalty to the best interest of the membership. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as Board members.

1. Board members will, with respect to SAE International as a whole:
 - 1.1 Respect confidentiality of sensitive issues.
 - 1.2 Only at the direction or approval of the President, interact with the public and press regarding SAE International executive business.
2. Board members will, with respect to Board activities:
 - 2.1 Attend Board meetings regularly; not to miss two consecutive meetings without proper explanation.
 - 2.2 Be prepared for meetings; including, becoming familiar with the *Governance Policy Manual*, Bylaws, and legal and fiduciary responsibilities.
 - 2.3 Participate in Board meeting discussion and voting.
 - 2.4 Contribute individual judgment and expertise including identifying any actions and/or conditions that are not in compliance with the Bylaws and the *Governance Policy Manual* and bringing the information to the attention of the President and/or the Secretary.
 - 2.5 Complete inter-meeting Board business.
3. Board members will, with respect to personal integrity and professionalism:
 - 3.1 Promote and participate in a climate of mutual trust, respect, and teamwork.
 - 3.2 Avoid personal and fiduciary conflicts of interest, including acting as agents or representatives of any organization with which Directors are associated. A Conflict of Interest form will be distributed for signature and collected annually.
 - 3.3 Avoid self-dealing, any conduct of private business, and/or personal services between any Director and SAE International.
 - 3.4 Be loyal to the best interest of the members – including openly speaking up on behalf of the membership and dissenting as deemed appropriate.
4. Failure to comply with the Board's Code of Ethical Conduct may result in a request for the resignation of a Board member.

In general, the use of good judgment based on high-ethical principles will guide Directors and Officers with respect to lines of acceptable conduct. However, if a situation arises where it is difficult to determine the proper course of conduct, or where questions arise concerning the propriety of certain conduct by an individual or others, the matter should be brought to the attention of SAE International. Board members should raise any such concerns with the Board Chair, Treasurer and/or Secretary of SAE International. In all questions involving ethics and conduct, the Board of Directors will make relevant determinations, except that any individual whose conduct is at issue will not participate in such decisions.

A Code of Ethical Conduct agreement form will be distributed for signature and collected annually.



The role of the President is to serve as the Chair of the Board and be the primary representative of the Board. [Appendix G-5](#) - *Bylaws Article VI- Officers, Section 5 – The President*

1. The President chairs all Board of Directors meetings and ensures that the Board behaves consistent with its own policies and those legitimately imposed upon it from the membership and outside the organization.
 - 1.1 The President will ensure meeting discussion content will only be those issues that clearly belong to the Board of Directors.
 - 1.2 The President will ensure that a deliberation will be timely, fair, orderly, and thorough, but also efficient, limited to time, and to the point.
2. The President is authorized to make decisions between Board of Directors meetings on behalf of the Board when such decisions are a reasonable interpretation of Board policies.
 - 2.1 The President has no authority to make decisions beyond Board policies.
 - 2.2 The President may, at his or her discretion, identify presidential focus areas as long as they are consistent with the Ends, established by the Board of Directors, and the strategic plan, approved by the Board of Directors.
 - 2.3 The President, with input from Board Committees and Operating Boards, and subject to the approval of the Board of Directors, will appoint members of Board Committees and Operating Boards, including the Chair and Vice Chair.
 - 2.3.1 The President will ensure that the appointments provide mobility industry-sector representation on all Board Committees and Operating Boards unless a given sector is clearly not applicable to the board or committee
 - 2.3.2 The President will ensure that appointments comply with SAE International’s diversity statement.
 - 2.4 The President and the Treasurer, with disclosure to the Board of Directors, have authority to suspend the Board travel policy regarding reimbursement of the President and/or Treasurer travel costs. [Appendix G-5.a](#) – *Presidential Travel Expenses Policy*
 - 2.4.1 If the President is requesting the exception, then the decision must be by the Treasurer.
 - 2.4.2 If the Treasurer is requesting the exception, then authority must be by the President and Assistant Treasurer.
3. The President is the official spokesperson of SAE International.
4. The President serves as the Chair of the following Board Committees:
 - 4.1 Board Planning Committee
 - 4.2 Compensation Committee
5. The President is an ad-hoc, non-voting member of all Board Committees and Operating Boards, unless otherwise specified in the relevant policy.



The Treasurer and Assistant Treasurer, as Officers of the Board of Directors, will support and ensure the implementation of Board Policies. [Appendix G-6 - Bylaws Article V – Board of Directors](#)

The Treasurer will perform all of the duties of the office of Treasurer as well as other duties prescribed by the Board of Directors from time to time. The Treasurer, with disclosure to the Board of Directors, has the authority to suspend the Presidential Travel Expenses Policy ([Appendix G-5.a](#)).

The Assistant Treasurer will assist the Treasurer in the performance of the duties of Treasurer and will exercise such other powers and duties as may be assigned to the Assistant Treasurer from time to time by the Board of Directors or the Treasurer.

The Treasurer and Assistant Treasurer:

1. Are authorized to sign all deeds, mortgages, contracts, and other instruments requiring execution by SAE International (when not otherwise delegated to the Chief Executive Officer).
2. Will have full power and authority to vote and act with respect to all stock and other securities in any other corporation owned by SAE International. [Appendix G-6.a - Bylaws Article VIII – Miscellaneous Corporate Transactions and Documents](#).
3. On a monthly basis, will review a cash-flow analysis, a Statement of Financial Position, and a Statement of Activities, which includes budget-to-actual comparison, and an explanation of significant variances from expectations.
4. Role as members of the following Board Committees is to review financial statements, develop fiscal policies, review business plans, and confirm budgets.
 - 4.1 Administrative Committee and Trustees of the SAE Employee Retirement Income Plan – Assistant Treasurer serves as Chair
 - 4.2 Compensation Committee
 - 4.3 Finance Committee - as a member of the Finance Committee, the Treasurer and Assistant Treasurer are responsible for:
 - 4.3.1 Supporting and ensuring implementation of the Financial Management Policy. [Appendix G-9 - Financial Management Policy](#)
 - 4.3.1.1 When the Finance Committee determines that the Financial Management Policy requires changes and appoints a subcommittee to formulate the change; the Treasurer will serve as the Chair of the subcommittee.
 - 4.3.2 Approving Finance Committee reports to the Board of Directors:
 - 4.3.2.1 The Treasurer will provide timely reports to the Board of Directors. The Treasurer may request the Assistant Treasurer or the Finance Committee Chair to give this report (when not otherwise delegated to the Chief Executive Officer).
 - 4.4 Financial Audit Committee
 - 4.5 Appeals Committee (on an as-needed basis) – Treasurer only
 5. Approving Finance Committee reports to the Foundation Board of Trustees.
 - 5.1 SAE International Chief Financial Officer will present the Finance Committee’s report to the Foundation Board of Trustees.
 6. The Treasurer has the authority, with disclosure to the Board of Directors, to suspend the Presidential Travel Expenses Policy.



The Sector Vice Presidents, as Officers of the Board, will support and advise the President, the Board of Directors, and the Chief Executive Officer in the mobility sector they represent (e.g., Aerospace, Automotive, and Commercial Vehicle). [Appendix G-7](#) - *Bylaws Article VI, Section 11 – The Sector Vice President*.

Each Sector Vice President will:

1. Lead and advise on their respective mobility sector.
 - 1.1 Serve as a key resource for their respective mobility sector to the Board of Directors.
 - 1.2 Provide counsel on matters within their mobility sector relative to SAE International policies, principles, and philosophies.
 - 1.3 Relate the effect of economic, social forces, and government influences on SAE International for their respective mobility sectors.
2. Strengthen SAE International support from their respective mobility sector.
 - 2.1 Facilitate communications within the mobility sectors.
 - 2.2 Provide continuity of focus.
3. In coordination with the President, serve as a spokesperson.
4. Share knowledge across the mobility sectors.
5. Serve as a member of the Board Planning Committee.
6. Both the outgoing and incoming Sector Vice Presidents will work together to identify a sector representative to serve as a member of the Executive Nominating Committee to represent the sector.
7. Utilize the counsel of an executive advisory group, where appropriate.



The Board of Directors may establish entities, such as Board Committees and Board Subteams, to help carry out its responsibilities. Because the Board of Directors operates with a single voice, these entities are not be interpreted as a substitute for the Board of Directors.

Board Committees:

1. Board Committees have a longer-term focus containing Board of Directors and/or non-Board members.
 - 1.1 The composition, scope, authority, and job products of each Board Committee are established in the relevant Governance Policy. All changes must be approved by the Board of Directors.
 - 1.2 Each Board Committee may establish its rules for operation. The rules and any significant changes to the rules will be communicated to the Board of Directors.
 - 1.3 Board Committee members, including replacements for unanticipated vacancies, will be appointed by the President and subject to approval by the Board of Directors.
 - 1.3.1 Board Committee Chairs, unless otherwise specified, are appointed by the President and subject to approval by the Board of Directors.
 - 1.4 The President and Secretary of SAE International are ad-hoc, non-voting members of all Board Committees and subdivisions thereof; unless otherwise specified in the relevant Governance Policy.
 - 1.5 The Board of Directors may at any time remove any or all members of any Board Committee; except the Executive Nominating Committee.
2. Board Committees should:
 - 2.1 Not act for the Board of Directors except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Operating Boards and the Chief Executive Officer.
 - 2.2 Avoid over-identification with organizational parts rather than the whole. Therefore, a Board Committee that has helped the Board of Directors create policy on a topic will not be used to monitor organizational performance on that topic.
 - 2.3 Not exercise authority over Operating Boards and/or the Chief Executive Officer. In keeping with the Board of Directors broader focus, Board Committees will normally not have direct dealing with current Operating Boards or the Chief Executive Officer. Because Operating Boards and the Chief Executive Officer work for the full Board, they will not be required to obtain approval of a Board Committee before taking action.
3. Board Committees:
 - 3.1 Are to help the Board of Directors do its job, not to help Operating Boards or the Chief Executive Officer do their jobs.
 - 3.2 Ordinarily, will assist the Board of Directors by preparing policy alternatives and implications for Board of Directors deliberation.
 - 3.3 Are not to be created by the Board of Directors to advise Operating Boards or the Chief Executive Officer.
 - 3.4 Are subject to and must adhere to Board of Directors policies.
4. Any Board Committee Chair, who is not a Board of Directors member, may attend Board meetings and take part in the discussion of questions affecting the work of the Board of Directors, but will not have a vote.
5. This Governance Policy does not apply to committees formed under the authority of Operating Boards or the Chief Executive Officer.



Board Subteams:

1. Board Subteams are defined as those ad-hoc groups with the composition of Board of Directors members and/or non-Board members. Board Subteams:
 - 1.1 Will consist of up-to-ten volunteer members. Subteam leaders may be appointed by the President or the Board of Directors.
 - 1.2 Will be formed to prepare specific policy options and implications for Board of Directors consideration as charged by the Board of Directors.
 - 1.3 Actions of the Board Subteam will be limited to the development of alternatives for the Board of Directors and all actions on behalf of the Society will be taken only by the Board of Directors.
 - 1.4 Are subject to and must adhere to Board Policies.



COMPOSITION:

The Finance Committee will consist of:

Voting Members	Term/Term Limitations
Chair* Selected from among the Committee’s appointed members	Years remaining on his/her member term
Treasurer	Ex Officio
Assistant Treasurer	Ex Officio
Eight Members* (two-new members every year)	Maximum of two, non-consecutive, four-year terms
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointment by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. The Finance Committee supervises the financial affairs of SAE International, subject to the Financial Management Policy as approved by the Board. [Appendix G-9 - Financial Management Policy](#)
2. The Finance Committee reports periodically to the Board of Directors by presenting a statement of SAE International's financial condition at a meeting of the Board of Directors.
3. The Finance Committee is authorized, subject to limitations as the Board of Directors prescribes, to buy and sell:
 - 3.1 Securities, in compliance with the Investment Policy;
 - 3.2 Fixed assets, not included in capital budgets, with an annual aggregate cost of not more than ten percent of SAE International's total net worth at the beginning of each fiscal year; and
 - 3.3 Other assets and property with an aggregate annual cost of not more than ten percent of SAE International's total net worth at the beginning of each fiscal year.
4. The Finance Committee has authority to approve loans or long-term capital resources to SAE Affiliates up to the limits established by the Board of Directors.
5. The Finance Committee may also provide financial services for SAE Affiliates.

JOB PRODUCTS:

1. Supervision of financial affairs, including investments.
2. Financial Management Policy and Strategic Investment Projects (linked to both the strategic plan and Ends) and recommend changes for Board of Directors approval.
3. Financial management to achieve Financial Management Policy targets.
4. Annual Business Plan and Budget (linked to both the strategic plan and Ends).
5. Financial measures to achieve targeted returns.
6. Financial reports.
7. SAE Investment Policy.
8. Review of items not included in capital budgets to determine if Board of Directors approval is required.
9. Presidential Travel Expenses Policy ([Appendix G-5.a](#)) and ongoing monitoring of associated expenses.



COMPOSITION:

The Compensation Committee will consist of:

Voting Members	Term/Term Limitation
President – Serves as Chair	All Terms are Ex Officio
Immediate Past President	
President Elect	
Treasurer	
Assistant Treasurer	
Non-voting Members	Non-voting Members
Finance Committee Chair	
Presidential Nominee	
Staff Representative – Selected by the Chief Executive Officer	

SCOPE/AUTHORITY:

The Compensation Committee, on an annual basis, will:

1. Evaluate the performance and recommend total compensation of the Chief Executive Officer.
2. Actively monitor the Chief Executive Officer and Executive Management’s progression and succession plans.

JOB PRODUCTS:

1. A total compensation package and an annual, formal performance evaluation for the Chief Executive Officer.
 - 1.1 Consense on organizational objectives and financial objectives for the executive incentive plan.
 - 1.2 Present the organizational objectives and financial objectives to the Board of Directors, for its approval, within the first quarter of the evaluation period.
 - 1.2.1 Advise the Chief Executive Officer of the Board of Directors’ decision within the first quarter of the evaluation period.
 - 1.3 Evaluate the Chief Executive Officer on his/her job products, executive competencies, organizational objectives, and financial measures.
 - 1.4 Provide performance feedback to the Chief Executive Officer, including performance highlights and opportunities for development.
 - 1.5 Monitor the market for compensation and benefits to ensure that SAE International’s total executive compensation package is competitive.
 - 1.6 Determine an appropriate base-salary level for the Chief Executive Officer.
 - 1.7 Determine the incentive compensation for the Chief Executive Officer.
 - 1.8 Present to the Board of Directors, for its approval, actions and decisions taken as a result of the Chief Executive Officer’s evaluation.
 - 1.9 Present to the Board of Directors, for its approval, the total compensation package for the Chief Executive Officer.
2. Active oversight of Executive Management’s progression and the succession plan.
 - 2.1 Receive an annual report from the Chief Executive Officer on director positions to ensure there is adequate bench strength for succession planning and business continuation purposes.
 - 2.2 Provide performance feedback and development opportunities for succession plan candidates.
 - 2.3 Define and manage the Chief Executive Officer selection process.



COMPOSITION:

The Appeals Committee will consist of:

Voting Members	Term/Term Limitations
Chair*	As-needed basis
Four Board Members*	As-needed basis
One-or-More Operating Board Chair*	Ex Officio
Immediate Past President	Ex Officio
Treasurer	Ex Officio
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointment by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. On an as-needed basis, the Board of Directors will establish the Appeals Committee to hear and decide on all appeals from:
 - 1.1 Any action or refusal to act by any Operating Board or
 - 1.2 Decisions made by any Operating Board acting on an appeal.
2. All appeals will be heard by at least three members of the Appeals Committee and its Chair.
 - 2.1 In the event the Chair is unavailable to act on an appeal, one of the serving Board of Director members will be designated by the Chair as the Acting Chair.
3. Appeals from actions or refusals to take action of the Appeals Committee will be heard by the full Board of Directors. The decision of the Board of Directors is the action of SAE International. The appeals procedure is the responsibility of the Board of Directors. The appeals procedure may be obtained from the Secretary of SAE International.

JOB PRODUCT:

1. Appeal decisions.



COMPOSITION:

The Bylaws Committee will consist of:

Voting Members	Term/Term Limitations
Chair*	As-needed basis
Two Board Members*	As-needed basis
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointment by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. On an as-needed basis, the Board of Directors will establish the Bylaws Committee to:
 - 1.1 Review the Bylaws and report to the Board of Directors any questions, problems, and/or recommendations.
2. Amendments to the Bylaws first require Board of Directors approval and then approval by the SAE International membership.

JOB PRODUCTS:

1. Reports on Bylaws questions and/or problems.
2. Revised Bylaws for the Board of Directors consideration.



COMPOSITION:

The Administrative Committee and the Trustees of the SAE Employee Retirement Income Plan will consist of the same members.

Voting Members	Term/Term Limitations
Treasurer	Ex Officio
Assistant Treasurer - Serves as Chair of the Administrative Committee	Ex Officio
Finance Committee Chair	Ex Officio
Member*	Maximum of two, consecutive two-year terms. The term will alternate with the terms of the Treasurer and Assistant Treasurer
Chief Executive Officer	Ex Officio
Non-voting Members	
President	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointed by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. The Trustees will have the responsibility for administering the:
 - 1.1 Retirement Income Plan for Employees of SAE International (the “SAE Retirement Income Plan),
 - 1.2 Section 403(b) Program of SAE International (the “SAE 403(b) Plan”), and
 - 1.3 Performance Review Institute 401(k) Plan for Select Employees (the “PRI 401(k) Plan”) (collectively, the “Plans”).
 - 1.4 The Executive 457 (b) & (f) Retirement Plan of SAE International.

These administrative functions are performed in accordance with the Plans governing documents. The day-to-day administration of the Plans, for example addressing participant inquiries, processing applications, and making decisions regarding claims for benefits (other than claims for insured benefits), are delegated to staff with oversight from the Administrative Committee.
2. The Trustees will have the authority to amend the Plans and advise the Board of Directors as to the amendments that it has made.
3. The Trustees will serve as the Trustees of the SAE Retirement Income Plan. The Trustees’ trustee functions will be performed in accordance with the governing trust instruments and will include holding the trust funds for the purpose of providing benefits to plan participants and beneficiaries and defraying reasonable plan administration expenses.
 - 3.1 These trustee functions do not include the selection of investments. This function shall be the responsibility of the Finance Committee (Governance Policy G-9) or the investment managers it has chosen to appoint.

JOB PRODUCTS:

1. SAE International:
 - 1.1 Retirement Income Plan
 - 1.2 403(b) Plan
 - 1.3 457 (b) & (f) Retirement Plan
2. Performance Review Institute:
 - 2.1 401(k) Plan



COMPOSITION:

The Financial Audit Committee will consist of, but not be limited to.

Voting-Members	Term/Term Limitations
Treasurer – Serves as Chair	All Terms are Ex Officio
Immediate Past President	
Assistant Treasurer	
Finance Committee Chair	
Member-at-Large* <ul style="list-style-type: none"> To engage financial expertise and different perspectives, a member-at-large need not be an SAE member. 	Up to two three-year terms. One year break in service required for reappointment.
Non-voting Members	
President	
Chief Executive Officer	
Staff Representative – Selected by the Chief Executive Officer	

**All voting members are appointed by the President and subject to approval by the Board.*

SCOPE/AUTHORITY:

- To annually monitor and audit SAE International's financial condition.
- The Financial Audit Committee may also provide audit services for SAE Affiliates.

JOB PRODUCTS:

- Annual financial audit, including selection of an outside, independent auditor. Financial Audit report findings will be reported to the Board of Directors.
- An SAE Enterprise Internal Control Audit will be conducted no less frequently than every four years.

COMPOSITION:

The Board Planning Committee will consist of:

Voting Members	Term/Term Limitations
President – Serves as Chair	All Terms are Ex Officio
Immediate Past President – Serves as Past Chair	
President Elect	
Aerospace Sector Vice President	
Automotive Sector Vice President	
Commercial Vehicle Sector Vice President	
Assistant Treasurer	
Chief Executive Officer	
Education Board Chair	
Engineering Meetings Board Chair	
Foundation Board of Trustees Chair	
Membership Board Chair	
Publications Board Chair	
Technical Standards Board Chair	
Non-voting Members	
Presidential Nominee	
Up-to-Two Advisors*	
Staff Representative – Selected by the Chief Executive Officer	

**Appointment by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

The Board of Directors is responsible for determining SAE International’s strategic direction; the Board Planning Committee, Operating Boards, Board Committees, and the Chief Executive Officer support the Board’s efforts by identifying, researching, and shaping potential future strategic issues and bringing them forward for the Board of Directors consideration.

1. The Board Planning Committee is:
 - 1.1 To serve the Board of Directors as a long-range planning committee.
 - 1.2 Responsible for interfacing with Operating Boards, monitoring that the strategic plan is integrated throughout the Society and those issues of strategic importance to achieving SAE International’s Mission, Vision, and Ends are addressed by relevant organizational bodies and updating and publishing the strategic plan.
2. With Board of Directors approval, the Board Planning Committee also is responsible for:
 - 2.1 Developing an enterprise-wide strategic plan that supports the Board’s Ends.
 - 2.2 Monitoring and reporting to the Board of Directors that integrated strategies are pursued across Operating Boards as appropriate.
 - 2.3 Ensuring that key-strategic issues are addressed and discussed by the Board of Directors and relevant Operating Boards.
 - 2.4 Developing and implementing a process for monitoring strategic plan actions.
3. The Board Planning Committee supports the use of the Strategic Plan.

JOB PRODUCTS:

1. An enterprise-wide strategic plan that supports the Ends.
2. A process by which strategic issues are discussed and addressed by the relevant entities throughout the Society.



The Executive Nominating Committee is a unique Board committee identified in the Bylaws, [Appendix G-17 Article VII Section 2](#). The following policies provide additional structure within the direction established in the Bylaws. The Committee’s purposes are the development of a pool of qualified candidates and nominations from that pool to serve in the capacities of President, Treasurer, Assistant Treasurer, and Directors in accordance with the Bylaws, the Board of Directors’ Strategic Plan, diverse representation, and Board of Directors operational needs, without regard to Sector, Section, Operating Boards, Board Committees, or other SAE International affiliation except SAE membership as may be required.

COMPOSITION:

The Executive Nominating Committee will consist of:

Voting Members	Term/Term Limitations
Most recent, available Past President (not on the Board) – Serves as Chair	Four-year term
Three Industry Sector Representatives - Selected by the Sector Vice Presidents at the end of their term	Up to two three-year terms
Three current or past Board members - Selected by the President at the end of his/her Presidential term	Up to two three-year terms
One representative from each of the six Operating Boards, selected by the Operating Board’s Chair	Four-year term
Non-voting Members	
President	Ex Officio
Second most recent, available past president, who will also be an alternate to fulfill the term of the Chair if needed	Four-year term
Chief Executive Officer	Ex Officio
Staff Representative - Selected by the Chief Executive Officer	Ex Officio

Appointment by the President, subject to approval by the Board.

The SAE International Secretary will certify that all Executive Nominating Committee voting members are SAE International voting members in good standing. Committee membership shall be reviewed annually by each respective appointee to fill any vacancies of incomplete terms.

At all Executive Nominating Committee meetings, the presence of at least two thirds of the voting members are required to constitute a quorum for the transaction of business.

Each voting member will have one vote. No member may be represented by a proxy at a meeting of the Committee.

SCOPE/AUTHORITY:

The Executive Nominating Committee will operate consistent with the guidelines, procedures, and processes established by the Board of Directors. The Executive Nominating Committee maintains a pool of qualified candidates and will select nominees for President, Treasurer, Assistant Treasurer, and Directors.

JOB PRODUCTS:

1. A list (pool) of qualified candidates and nominations from that pool to serve in the capacities of the President, Treasurer, Assistant Treasurer, and Directors.



COMPOSITION

The Fellows Committee shall consist of not more than twelve SAE voting members.

Voting Members	Term/Term Limitations
Chair*	One-year term
Fellow Grade Members – Up to six**	Three-year term
Ad-hoc Members – Up to six**	Three-year term
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

* Appointment by the President, subject to approval by the Board.

**One third of the members will be appointed yearly.

SCOPE/AUTHORITY:

1. The Fellows Committee will oversee the Fellow nomination process:
 - 1.1 Will evaluate all nominations and
 - 1.2 Make recommendations to the Board for approval and election to Fellow-grade membership.

JOB PRODUCT:

1. Annual Fellow grade nominations.



COMPOSITION:

The Medal of Honor Award Committee will consist of:

Voting Members	Term/Term Limitations
Chair*	One-year term–coincides with the President’s term
Three Current Directors*	Ex Officio –Term coincides with Board term
Past President	Maximum of three years
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointment by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. The Medal of Honor Award Committee will:
 - 1.1 Oversee the Medal of Honor nomination process.
 - 1.2 Evaluate the candidates and submit their recommendation to the Board for its approval of the Medal of Honor recipient. [Appendix G-19](#) – *Medal of Honor Award Committee Process Description*

JOB PRODUCT

1. Medal of Honor Nominee for Board approval.



Introduction

The Board of Directors Code of Ethical Conduct Policy ([G-4](#)), adopted by the Board, requires all Board members (Officers and Directors) and volunteers to observe high standards of business and personal ethics in the conduct of their SAE International duties and responsibilities. As representatives of SAE, individuals must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. Set forth below is the SAE Whistleblower Policy with respect to reporting good-faith concerns about the legality or propriety of SAE actions or plans.

Reporting of Concerns or Complaints

It is the responsibility of all Board members and volunteers to comply with the Board's Code of Ethical Conduct Policy and applicable laws and to report violations or suspected violations by Board Officers and Board Members in accordance with this policy.

Confidentiality

All communications under this policy will be treated in a confidential manner, except to the extent necessary:

1. To conduct a complete and fair investigation, or
2. For review of SAE operations by the Board, Financial Audit Committee, SAE independent public accountants, and/or SAE legal counsel.

Retaliation

Negative or adverse action is not to be taken against any Board member or volunteer for making a good-faith report of a possible violation of its Code of Ethical Conduct Policy or applicable laws, even if the report is mistaken, or against the Board, Financial Audit Committee, SAE independent public accountants, and/or SAE legal counsel who assists in the investigation of a reported violation. Retaliation in any form will not be tolerated. Any act of alleged retaliation should be reported immediately and will be promptly investigated. A Board member who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including removal from the Board. This policy is intended to encourage and enable individuals to raise serious concerns within SAE prior to seeking resolution outside the organization.

How to Report Concerns or Complaints

Board members and volunteers may communicate suspected violations of its Code of Ethical Conduct Policy, applicable laws, or other wrongdoing or alleged retaliation by contacting the Board Chair, Treasurer, and/or Secretary. It is not necessary that a Board member or volunteer give their name or position in any notification.

Whether or not you identify yourself, for a proper investigation to be conducted, please provide SAE with as much information as you can, sufficient to do a proper investigation, including where and when the incident occurred, names and titles of the individuals involved, and as much other detail as you can provide.



Illustrative Types of Concerns

The following is a non-exhaustive list of the kinds of improprieties that should be reported:

2. Supplying false or misleading information on SAE's financial or other public documents, including its Form 990.
3. Providing false information to or withholding material information from SAE's Board or Auditors.
4. Destroying, altering, mutilating, concealing, covering up, falsifying, or making a false entry in any records that may be connected to an official proceeding, in violation of federal or state law or regulations.
5. Altering, destroying, or concealing a document, or attempting to do so, with the intent to impair the document's availability for use in an official proceeding or otherwise obstructing, influencing, or impeding any official proceeding, in violation of federal or state law or regulations.
6. Embezzling, self-dealing, private inurement (*i.e.*, SAE earnings inuring to the benefit of a Director, Officer, or senior management) and private benefit (*i.e.*, SAE assets being used by anyone in the organization for personal gain or benefit).
7. Paying for services or goods that are not rendered or delivered.
8. Using remarks or actions of a sexual nature that are not welcome and are likely to be viewed as personally offensive, including sexual flirtations; unwelcome physical or verbal advances; sexual propositions; verbal abuse of a sexual nature; the display of sexually suggestive objects, cartoons, or pictures; and physical contact of a sexual or particularly personal nature.
9. Using epithets, slurs, negative stereotyping, and threatening, intimidating, or hostile acts that relate to race, color, religion, gender, national origin, age, disability, or other legally protected status
10. Circulating or posting written or graphic material in the workplace that denigrates or shows hostility or aversion toward an individual or group because of race, color, religion, gender, nationality, age, disability, or other legally protected status.
11. Discriminating against an employee or potential employee due to a person's race, color, religion, sex, sexual orientation, national origin, age, physical or mental impairment, veteran status, or other legally protected status.
12. Violating the Code of Ethical Conduct Policy or the Conflict-of-Interest Policy.
13. Facilitating or concealing any of the above or similar actions.

Questions

If you have any questions regarding this policy, please contact the SAE Secretary (secretary@sae.org).



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The Chief Executive Officer is accountable to the Board of Directors for the support of achieving the Ends within the Limitations Policy established by the Board of Directors.

1. All Board of Directors authority delegated to staff is delegated through the Chief Executive Officer so that all authority and accountability of staff, as far as the Board of Directors is concerned, is considered to be the authority and accountability of the Chief Executive Officer.
 - 1.1 The Chief Executive Officer is accountable only to the full Board of Directors, not to any individual Board member, and has full access to the Board of Directors.
 - 1.2 The Chief Executive Officer is authorized to establish staff policies, make decisions, take action, and develop activities as long as they are consistent with a reasonable interpretation of Board policies.
 - 1.2.1 The Board of Directors may change the Limitations Policy given to the Chief Executive Officer, but so long as any particular Limitations Policy is in place, the Board of Directors will respect and support the Chief Executive Officer choices.
 - 1.2.2 No Operating Board, member, Officer, or Board Committee has authority over the Chief Executive Officer or the resources assigned to the Chief Executive Officer except to the extent the Board of Directors has authorized such costs. Information or assistance may be requested by these individuals or groups, but in the absence of Board of Directors allocation, the Chief Executive Officer may refuse if a material amount of resources is required to fulfill the request.
 - 1.3 The Chief Executive Officer of SAE International shall be a regular employee of SAE International employed by the Board of Directors. The Chief Executive Officer shall also carry the title Secretary of SAE International.
 - 1.3.1 The Chief Executive Officer may, with the approval of the Board of Directors, appoint an individual as staff Vice President and Assistant General Manager of SAE International and one or more Assistant Secretaries.
 - 1.3.2 The Chief Executive Officer is authorized to fill staff director positions upon concurrence of the Compensation Committee of the Board of Directors.



The Chief Executive Officer job products are staff and system capability to support the achievement of the Board Ends.

1. A shared responsibility with the Operating Boards for the achievement of the Ends.
 - 1.1 Implementation of assigned annual goals, which support the Board Ends and the achievement of the President's focus areas.
 - 1.2 A staff that is open and responsive to the needs of member groups and their requests for support.
 - 1.3 Competency, continuity, progression, and succession of staff support.
 - 1.3.1 A competent staff.
 - 1.3.2 Continuity of operations in light of rotation of volunteer leaders, balanced with receptiveness to change.
 - 1.3.3 Three staff persons fully informed about and capable of performing functions of the Chief Executive Officer, in case of unexpected loss of the Chief Executive Officer.
 - 1.3.4 A senior-management succession plan.
 - 1.3.5 Staff compensation and benefits consistent with the market for employee skills and experience.*
 - 1.3.6 Staff treated in a manner consistent with the Staff Culture.
 - 1.4 Accurate, concise, and timely information, and counsel needed for the work of the Board of Directors, Board Committees, Operating Boards, and Affiliates, including the processes imposed by the Board of Directors governance system.
2. Fiscal stability, viability, and the financial competency to meet service obligations to members.
3. Achievement of targeted annual net revenue.
4. Identification and communication to the Board of Directors of strategic opportunities for SAE International.
5. Safety of SAE International's assets and legal status.
 - 5.1 Proper security, protection, and risk management of assets.
 - 5.2 Avoidance of any activity, which would put SAE International's tax status at risk.
 - 5.3 Safeguarding against and immediate suspension of illegal activity by any Board Committee or Operating Board.
 - 5.4 Proper notice to organizations found to be misusing SAE International's name.
6. Accurate, timely, and inclusive information needed for the successful operation of SAE International.
 - 6.1 Performance - monitoring data on Operating Boards at the frequency established by the Board of Directors for applicable criteria.
 - 6.2 Performance - monitoring data on the Chief Executive Officer at the frequency established by the Board of Directors for applicable criteria.
 - 6.3 Relevant trends, material incidents and developments, significant decisions, threatened or actual legal jeopardy, changes in the assumptions on which the Board of Directors or Operating Board policies have been based.
 - 6.4 Optional points of view and counsel necessary for fully informed Board of Directors choices.
7. Favorable perception of SAE International among key leaders in industry, government, and academia, including a favorable image of the Chief Executive Officer, developed by working cooperatively with SAE International leadership.
8. Mechanism for official Board of Directors, Board Committees, and Operating Boards communications.
 - 8.1 Member awareness and communication of the Board of Directors.
9. Enhance the image of the President in the mobility community as the SAE International leader and spokesperson for the organization.

* The term "market" is intended to mean the full range established for a position. The full range is considered to be 80-to-120 percent of the mid-point for a position.



Monitoring the Chief Executive Officer's performance is synonymous with monitoring organizational performance against applicable Board policies. Any evaluation of performance, formal or informal, may be derived only from these monitoring data.

1. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Information which does not do this will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of Board of Directors time so that meetings can be used to create the future rather than to review the past.
2. A given policy may be monitored in one or more of three ways:
 - 2.1 **Performer's Report:** Disclosure of compliance information to the Board of Directors from the Chief Executive Officer.
 - 2.2 **External Report:** Discovery of compliance information by a disinterested, external auditor, inspector, or judge who is selected by and reports directly to the Board of Directors. Such reports must assess performance only against policies of the Board, not those of the external party unless the Board has previously indicated that party's opinion to be the standard.
 - 2.3 **Direct Board of Directors Inspection:** Discovery of compliance information by a Board of Directors member, a Board Committee, or the Board of Directors as a whole. This is a Board of Directors inspection of documents, activities, or circumstances directed by the Board, which allows a "prudent person" test of policy compliance.
3. Upon the choice of the Board of Directors, any policy can be monitored by any method at any time. For regular monitoring, however, each policy will be classified by the Board of Directors according to frequency and method.
4. An annual formal evaluation will be a summative examination of the year's regular monitoring data already received, which will be performed by the Compensation Committee.



Operating Boards are accountable directly to the Board of Directors and are governed by policies established by the Board of Directors. Operating Boards of SAE International are the: Education Board; Engineering Meetings Board; Foundation Board of Trustees; Membership Board; Publications Board; and the Technical Standards Board.

Composition:

1. Composition of Operating Boards is at the discretion of the Board of Directors in conjunction with the appropriate Operating Board members. All Operating Board members must be SAE International voting members; unless so approved by the Board of Directors and stated in the Operating Board's Relationship Policy. Composition of Operating Boards should reflect:
 - 1.1 The Board's Product Life Cycle initiative in the five phases of the life cycle, which are: Design; Manufacturing; Operations; Maintenance; and Reuse.
 - 1.2 The Board's initiative to foster diversity into the whole of the organization. Diversity is defined by the Board of Directors to include, but not be limited to: culture, national origin, age, gender, technical/managerial position, race, physical ability, industry sector, and geographic location.
2. In accordance with the Role of the President, Governance Policy—[G-5](#), all other members are appointed by the President, subject to approval of the Board.
3. Vacancies on Operating Boards shall be filled by appointment by the President, subject to approval by the Board.
4. The President and Secretary of SAE International shall be members of all Operating Boards but without a vote.

Means:

1. The Means employed to attain Ends may not violate the restrictions imposed by the Board of Directors.
 - 1.1 Means refers to practices, activities, methods, ways of conducting business, circumstances of operating, or any other feature of work or behavior, which does not meet the definition of Ends.
 - 1.2 Limitations on Means are recorded in the Board of Directors Operating Boards Limitations Policy L-4.
 - 1.4 Operating Boards are authorized to use any reasonable interpretation of the language used by the Board of Directors in its policies.
 - 1.5 Operating Boards are expected to work cooperatively with other Operating Boards, Board Committees, and the Chief Executive Officer.
 - 1.6 As the situation dictates, Operating Boards may participate in/or organize program offices, virtual teams, task forces, etc., for coordinating the implementation of the Ends of the Board of Directors.

Job Product:

1. The achievement of SAE's Mission and Vision as recorded in the Ends Policy established by the Board of Directors.



COMPOSITION:

The Education Board can consist of up to twenty SAE International voting members; two of which can be associate members.

Voting Members	Term/Term Limitations
Executive Committee	
<ul style="list-style-type: none"> • Chair 	One-year term
<ul style="list-style-type: none"> • Vice Chair¹ 	One-year term, appointed in even years Maximum of six years: three as a Member, one as Chair, and one as Vice Chair
<ul style="list-style-type: none"> • Immediate Past Chair 	One-year term; appointed in odd years
<ul style="list-style-type: none"> • Staff Representative – Selected by the Chief Executive Officer 	Ex Officio
Standing Committee Chairs – Nominated by the Chair	Up to two three-year terms; one year break in service required for reappointment.
Members-at-Large ² (ten maximum) <ul style="list-style-type: none"> • Two-of-the-ten Members-at-Large can be SAE associate members to provide expertise required to fulfill the Mission 	Up to two three-year terms; one year break in service required for reappointment.
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio

**Appointed by the President and subject to approval by the Board.*

¹Every effort will be made to rotate the Vice Chair selection between the three education sectors.

²Every effort will be made to maintain a balance of representation from K-12 education, academia, industry, and government.

SCOPE/AUTHORITY:

1. The Education Board develops, monitors, and approves all SAE education programs related to pre-college education, university education, as well as continuing professional development.

JOB PRODUCT:

All SAE education programs, including, but not limited to:

1. *A World in Motion*®
2. Collegiate Design Series, accreditation activities, and student faculty programs, and
3. Continuing Professional Development programs.



COMPOSITION:

The Engineering Meetings Board can consist of up to twenty-four SAE International voting members.

Voting Members	Term/Term Limitations
Officers:	
• Chair	Two-year term
• Vice Chair	Two-year term. Maximum of seven years; one as a member, two as Chair and two as Past Chair
Immediate Past Chair or most available Past Chair	Two-year term
Group Chairs:	
• Air and Space	Up to three two-year terms. Maximum of six years.
• Land and Sea	
Standing Committee Chairs	Up to three two-year terms. Maximum of six years.
Members-at-Large (four minimum). Approximately one-third appointed yearly.	Up to three two-year terms. Maximum of six years.
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**Appointed by the President and subject to approval by the Board.*

SCOPE/AUTHORITY:

1. Assist in the commitment by the dedicated mobility practitioner to lifelong learning by developing, collecting, and distributing pertinent information areas of interest to SAE International. The primary vehicle used is to organize congresses and conferences at which pertinent information and/or technical papers are presented and discussed, including joint meetings with other societies and overseas meetings deemed worthy of SAE International's participation.
2. The Engineering Meetings Board will also organize and present educational, technology displays at selected meetings and special conferences.

JOB PRODUCT:

1. Collection and dissemination of pertinent information at joint meetings with other technical societies including educational technical displays.



COMPOSITION

The Foundation Board of Trustees will consist of no less than nine or more than twenty members. The Foundation Board Nominating Committee will nominate the Chair and the Members-at-Large and the Foundation Board of Trustees will confirm the nominations.

Voting Members*	Term/Term Limitations
Chair – selected from the SAE member, members-at-large category	One-to-three year term, confirmed or replaced on an annual basis.
Members-at-Large (seven-to-eighteen)	Up to two three-year terms. One year break in service required for reappointment.
Non-SAE Member Members-at-Large (five maximum)	Up to two three-year terms. One year break in service required for reappointment.
A current Director serving on the SAE Board	One-to-three year term, coincides with the Director’s term on the SAE Board.
SAE Past President	One three-year term
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Chief Financial Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**All voting members are appointed by the President and subject to approval by the Board.*

SCOPE/AUTHORITY

The Foundation Board of Trustees will be responsible for:

1. Fundraising, donor satisfaction of use of funds raised, and ongoing reserves and endowments.
2. Promoting the Foundation and SAE International educational activities.
3. Gaining Board of Directors approval, prior to establishing and managing Foundation subsidiaries in countries outside the United States where a significant number of members and/or contributors reside.
4. Working in close cooperation and collaboration with the Education Board, other relevant SAE functions/organizations, and outside organizations that may further the job products of the Foundation.

JOB PRODUCT

1. The Foundation will seek and provide financial support for SAE International’s kindergarten through graduate school educational programs and activities in general and in particular K-12 an *AWIM*® programs and activities.
2. SAE Foundation Financial Management Policy.



COMPOSITION:

The Membership Board can consist of up to twenty SAE International voting members. The Membership Board’s Nominating Committee identifies candidates to serve as the Chair, Vice Chair, and Members-at-Large.

Voting Members*	Term/Term Limitations
Chair	One-year term
Vice Chair	One-year term to precede a term as Chair
Past Chair	One-year term to follow the term as Chair
Committee Chairs	Ex Officio as needed
Members-at-Large (thirteen maximum)	Up to two three-year terms. One-year break in service required for reappointment.
Non-voting Member	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**All voting members are appointed by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

The Membership Board:

1. Defines the SAE International Member Value Proposition.
2. Develops services and programs, which encourage mobility practitioners from around the world to join SAE International and retain their memberships.
3. Encourages the exchange and dissemination of technical information through local activities and internet networking.
4. Establishes policies regarding membership local section activities (subject to limitations established by the Board of Directors).

JOB PRODUCTS:

1. Member value proposition and strategy.
2. Membership services, programs, and benefits.
3. Membership retention and growth.
4. Evaluation of applicants' membership grades.
5. Schedule of membership dues and fees consistent with the cost of operation devoted to section support and direct membership services.
6. Establish and support local activities through Global Branches, Affiliates, Sections, Groups, Student Branches, and Clubs.
7. SAE International’s Awards Program.



COMPOSITION:

The Publications Board will consist of a minimum of six and a maximum of eight SAE International voting members.

Voting Members*	Term/Term Limitations
Chair – Selected from among the current members	Up to two one-year terms.
Members – Two appointed yearly	Up to two three-year terms.
Non-voting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Selected by the Chief Executive Officer	Ex Officio

**All voting members are appointed by the President, subject to approval by the Board.*

SCOPE/AUTHORITY:

1. To develop policies and procedures under which income from SAE International’s publications will be derived and under which papers, reports, discussions, and other literature growing out of the activities of SAE International and its membership will be edited, produced, and distributed with the objective of publishing information, which, in quality and quantity, will maximize service to engineers, scientists, and others concerned with SAE International's fields of technical interests.
2. SAE International will give wide circulation to the papers read before its meetings and the reports adopted by its committees with a view toward making the work of SAE International available for use by others. The Publications Board will meet the Financial Management Policy – [Appendix G-9 – Financial Management Policy](#).
3. SAE Update is the official member publication of SAE International.

JOB PRODUCTS:

1. Publications - magazines, newspapers, newsletters, standards, books, papers, electronic media, research reports, and related products and collections.
2. SAE Intellectual Property Rights and Usage Policy – [Appendix R-4.5](#)



COMPOSITION:

The Technical Standards Board shall consist of not more than twenty-five SAE International voting members. The membership of the Technical Standards Board shall be the Chair, Vice Chair or immediate Past Chair, Technical Standards Board Council Chairs and Members-at-Large.

Voting Members	Term/Term Limitations
Officers	
<ul style="list-style-type: none"> Chair 	Two-year term. A member selected to Chair shall serve for a total of no more than seven-consecutive years as a Member-at-Large, Vice Chair, Chair, and Past Chair.
Either a: <ul style="list-style-type: none"> Vice Chair* Immediate Past Chair 	<ul style="list-style-type: none"> One-year term; appointed in even years. After serving as Vice Chair, he or she will progress to Chair. One-year term following term as Chair.
Executive Technical Committee	Ex Officio
<ul style="list-style-type: none"> Chair Vice Chair or Immediate Past Chair Staff Representative 	
Council Chairs*	Up to three two-year terms. Maximum of six years.
Members-at-Large* - Individuals with positions of influence in regards to technical standards and are to be SAE’s ambassadors at their companies to seek funding and participation in SAE standards development.	Up to two three-year terms. Maximum of six consecutive years. After serving six consecutive years, a one year break in service required for reappointment.
Nonvoting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Staff Representative – Appointed by the Chief Executive Officer	Ex Officio

**Appointed by the President and subject to Board approval.*

SCOPE/AUTHORITY

To organize and promote cooperative technical committee activities of SAE including:

1. Manage the rules governing SAE standards development and the application of those rules within councils; systems groups; committees; sub-committees, *etc.*
2. Recommend improvement of processes with regard to SAE standards and their development.
3. Expand the recognition, involvement, use and the customer base for SAE standards and related products and processes.
4. Oversee the approval and issuance of technical reports, including standards, recommended practices, and other related technical documents resulting from SAE standards activities.

JOB PRODUCTS

1. Standards and related products, recommended practices, information reports, and technical reports.
2. Policies and procedures for technical committees and technical reports.
3. Referee materials.
4. Engineering aids.



Monitoring Operating Board performance is synonymous with monitoring organizational performance against applicable Board policies. Any evaluation of performance, formal or informal, may be derived only from these monitoring data.

1. With respect to providing information and counsel to the Board, Operating Boards shall provide the Board information and insights necessary for the Board to govern well, including:
 - 1.1 Vision and long-range aspirations needed for the Board to develop overall SAE Ends.
 - 1.2 Data regarding Operating Board performance against expectations stated in the Ends and Limitations Policies of the Board, including information regarding anticipated breaches of these policies or foreseeable changes needed in policies of the Board.
 - 1.3 Significant changes in the Operating Board rules and procedures. (Written only and marked.)
2. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Information which does not do this will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to create the future rather than to review the past.
3. A given policy may be monitored in one or more of three ways:
 - 3.1 **Performer's report:** Disclosure of compliance information to the Board from an Operating Board.
 - 3.2 **External report:** Discovery of compliance information by a disinterested, external auditor, inspector, or judge who is selected by and reports directly to the Board. The Board may charge the Chief Executive Officer as the "external" monitoring party. Such reports must assess performance only against policies of the Board, not those of the external party unless the Board has previously indicated that party's opinion to be the standards.
 - 3.3 **Direct Board Inspection:** Discovery of compliance information by a Board member, a Board Committee, or the Board as a whole. This is a Board inspection of documents, activities, or circumstances directed by the Board, which allows a "prudent person" test of policy compliance.
4. In accordance with the Board policy, the Board will establish measures on its critical issues. These measures will assist the Operating Boards and Board Committees in understanding the Board's policies and assist the Board in assessing organizational performance.



SAE shall proactively seek and engage in relationships and partnerships with other organizations, which foster an attitude of friendship, cooperation, technical interchange, and a general open-door policy.

1. SAE relationships and partnerships will be aimed at meeting customer needs and shall be consistent with SAE Ends Policy.
 - 1.1 SAE relationships and partnerships will provide expertise from individuals and groups to promote synergy and teamwork between industry, government, and academia.
2. SAE welcomes qualified applications for membership from any country.
3. SAE relationships and partnerships may include programs, products, services, and activities (such as meetings, sections, expositions, specialty conferences, publications, *etc.*) and can be located anywhere in the world.
 - 3.1 These relationships and partnerships may result in Memoranda of Understanding (MOU) or other formal agreements that may indicate an expression of willingness and intent to cooperate between SAE and other industry related societies/organizations for mutually beneficial purposes. Contents of every MOU will contain the following:
 - 3.1.1 The MOU shall strive to meet customer needs and be consistent with SAE End Policy.
 - 3.1.2 The MOU shall provide mutually beneficial opportunities to accomplish the goals set forth by each organization
 - 3.1.3 The MOU shall remain in effect until written notice is given by either organization or terminated at any time by mutual agreement.
4. SAE shall encourage the exchange of mobility technology wherever and whenever it is mutually beneficial to SAE's membership and the local engineering community or partnering organization.
 - 4.1 In countries, including the U.S., with existing engineering societies, Operating Boards, and Staff are encouraged to look for mutually beneficial cooperative activities (programs, products, services, *etc.*) to foster the exchange of mobility technology and improve the capability of mobility engineers worldwide.
 - 4.2 In order to satisfy member needs, SAE could pursue activities on its own.



The Performance Review Institute (PRI) is an SAE International Affiliate and is separately incorporated as a trade association and has received 501(c)(6) exempt status under the U.S. Internal Revenue Service tax code.

PRI COMPOSITION:

As a trade association, the members of PRI include SAE International as its only Voting Member plus other members joining in accordance with the PRI Bylaws and rules developed by the PRI Board of Directors. PRI is governed by a Board of Directors. SAE International assigns its voting member status to the SAE Chief Executive Officer, who serves as the PRI President.

PRI BOARD OF DIRECTORS COMPOSITION	
Officers	Term/Term Limitations
Chair – selected by the Board from one of its members	One-year term - May be reelected to serve an additional one-year term
PRI President – SAE International Chief Executive Officer	Ex Officio
Vice President and Chief Operating Officer*	Ex Officio
Secretary-Treasurer*	Ex Officio
Members	
Vice Chair – selected by the Board from one of its members	
Up to fourteen members – selected by the Voting Member	Three-year term – can serve two additional one-year terms at the discretion of the PRI Board
Director – elected by the others classes of members	One-year term Maximum three consecutive terms

*Selected by the PRI President.

SCOPE/AUTHORITY

PRI operates programs as defined in its Bylaws - Article I and Article II - [Appendix R-8](#), which includes development, compilation, and promotion of standards nomenclature and creation of programs to enhance the quality of the products of the automotive industries through accreditation, certification, and administration of such programs.

JOB PRODUCTS

1. Issue certificates of compliance by manufacturers with standards of SAE and others.
2. Create synergistic programs with SAE International; including its Technical Standards Board.
3. Identify draft standards needed by PRI to be developed by the SAE Technical Standards Board.
4. Provide funds through royalties, grants and other mechanisms to help fund SAE’s standards development activities.



The SAE Industry Technologies Consortia (ITC) is an SAE International (SAE) Affiliate and is separately incorporated as a trade association and has received 501(c)(6) exempt status under the U. S. Internal Revenue Service tax code.

ITC COMPOSITION:

As a trade association, the members of the ITC include SAE International as the sole Founding Member plus other members who are Voting Members of Participant Groups in accordance with the ITC Bylaws. SAE International assigns its voting member status to the SAE Chief Executive Officer, who serves as the ITC President.

Members of the ITC are defined as individuals, businesses, legal entities, corporations, or associations who join a Participant Group. The ITC is governed by a Board of Directors.

ITC BOARD OF DIRECTORS COMPOSITION	
Officers	Term/Term Limitations
Chair	Serves until his or her resignation, death, or removal
President	Ex Officio - SAE International Chief Executive Officer
Secretary-Treasurer*	Ex Officio
Members	
Directors – No fewer than three; no more than seven	
Representative of SAE*	Ex Officio
Up to two additional Directors*	Two-year term
Remaining Directors will be from the Participant Groups and elected by the ITC voting members	Two-year term

**Selected by the ITC President*

SCOPE/AUTHORITY

The ITC operates programs as defined in Article 1 and Article 5 of the ITC Bylaws – [Appendix R-9](#), which includes development of industry specifications, certification, and cooperative programs with SAE, joint-research activities and conformance to established standards. Lobbying by any ITC Member or Participant Group is prohibited.

ITC and its Board were created to function as legally independent of SAE, to insulate SAE from any potential liability that may result from the activities of ITC. Where possible, the SAE ITC participants should be encouraged to provide SAE International with publishing rights.

JOB PRODUCTS

Management and oversight of programs, approved by the ITC Board of Directors, that benefits the automotive, aerospace, and commercial vehicle industries.



SAE Global, LLC is a single-member, for-profit, limited liability company (LLC) formed in the Commonwealth of Pennsylvania as a wholly-owned subsidiary of SAE International.

SAE GLOBAL, LLC COMPOSITION:

SAE International assigns its vote and the composition of the Board of Managers of SAE Global, LLC to the SAE International Chief Executive Officer.

SAE GLOBAL LLC BOARD OF MANAGERS COMPOSITION	
Officers	Term/Term Limitations
Chair and SAE International Representative	SAE International Chief Executive Officer – Ex Officio
Chief Executive Officer*	
Secretary-Treasurer*	

**Appointed by the Chair and SAE International Representative*

SCOPE/AUTHORITY

SAE Global, LLC is an operational means for SAE International to execute in-country Society business in countries or regions where SAE International as a non-profit organization is not recognized as a legal entity or is otherwise unauthorized to conduct business.

JOB PRODUCT

SAE Global, LLC serves as an enabling operational unit to allow SAE International to conduct Society business.

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The President is not authorized to engage in any practice, activity, or cause, which detracts from SAE International's purpose or which is unethical, illegal, or is in disregard of SAE International's standards of integrity; commonly accepted business and professional ethics, and morals. In particular, the President may not engage, support, or authorize:

1. Activities that do not support SAE's Mission, Vision, Ends Policy and Strategic Plan, could jeopardize SAE International's impartiality, or its 501(c)(3) exempt status under the U.S. Internal Revenue Service tax code, including:
 - 1.1 Commercialism, including endorsing products, patents, processes, services, individuals, or ideas, except as specifically authorized by the Board of Directors.
 - 1.2 Activities or communications that can lead to or be perceived to result in, a conflict of interest, including but not limited to, acceptance of financial or other goods or benefits that might influence actions or decisions.
 - 1.3 Advocating areas of focus by the Board of Directors or its Officers that are not consistent with the Ends Policy and the Strategic Plan.
2. Making decisions that are beyond Board policies or results not approved by the Board of Directors, including:
 - 2.1 Entry into agreements, formation of member groups or committing SAE International resources, including staff and facilities, not approved by the Board of Directors.
 - 2.2 Approving reimbursement to the Treasurer without disclosure to the Board of Directors.



The Treasurer is not authorized to engage in any practice, activity, or cause, which detracts from SAE International's purpose or which is unethical, illegal or is in disregard of SAE International's standards of integrity; commonly accepted business and professional ethics and morals. In particular, the Treasurer may not engage, support or authorize:

1. Activities that do not support SAE's Mission, Vision, Ends Policy, and Strategic Plan, could jeopardize SAE International's impartiality, or its 501(c)(3) exempt status under the U.S. Internal Revenue Service tax code, including:
 - 1.1 Commercialism, including endorsing products, patents, processes, services, individuals, or ideas, except as specifically authorized by the Board of Directors.
 - 1.2 Activities or communications that can lead to or be perceived to result in, a conflict of interest, including but not limited to, acceptance of financial or other goods or benefits that might influence actions or decisions.
 - 1.3 Advocating areas of focus by the Board of Directors or its Officers that are not consistent with the Ends Policy and the Strategic Plan.
2. Making decisions which are beyond Board policies or results not approved by the Board of Directors, including:
 - 2.1 Entry into agreements, formation of member groups, or committing SAE International resources, including staff and facilities, not approved by the Board of Directors.
 - 2.2 Approving reimbursements above the limit established in the SAE Presidential Travel Expenses Policy without prior concurrence of the Finance Committee and the Board of Directors.
 - 2.3 Authorizing disbursement of unbudgeted SAE International funds over \$1 million without first gaining the Finance Committee's input regarding the financial feasibility and then the Board of Directors approval.



The Chief Executive Officer is not authorized to engage in any practice, activity, or cause, which detracts from SAE International's purpose or which is unethical, illegal or is in disregard of SAE International's standards of integrity; commonly accepted business and professional ethics and morals. In particular, the Chief Executive Officer may not engage, support or authorize:

1. Activities that do not support SAE's Mission, Vision, Ends Policy, and Strategic Plan, could jeopardize SAE International's impartiality, or its 501(c)(3) exempt status under the U.S. Internal Revenue Service tax code.
2. Use or commitment of resources, including staff time and facility resources, that could be interpreted as operating outside the Financial Management Policy. [Appendix G-9 – Financial Management Policy](#).
3. Activity, communication, or benefit which knowingly can lead to or appear to result in a conflict of interest, including acceptance of financial or other goods or benefits that might influence actions or decisions.
4. Disbursement of funds for member leader travel costs, except where a Board of Directors policy applies. [Appendix G-5 Presidential Travel Expenses Policy](#).
5. Improper staff actions:
 - 5.1 The formation by staff of members groups in pursuit of results not commissioned by the Board of Directors.
 - 5.2 Allow commercialism, including the endorsement of products, patents, processes, services, individuals, or ideas, except as specifically authorized by the Board of Directors.
 - 5.3 Engage in activity or communication which knowingly can lead to or appear to result in a conflict of interest including acceptance of financial or other goods or benefits which might influence actions or decisions.
 - 5.4 Participate with government regulatory bodies in activity that might jeopardize SAE International's impartiality or its 501(c)(3) status.



Operating Boards are not authorized to engage in any practice, activity or cause, which detracts from SAE International's purpose or which is unethical, illegal or is in disregard of SAE International's standards of integrity; commonly accepted business and professional ethics and morals. In particular, Operating Boards may not engage, support or authorize:

1. Activities that do not support SAE's Mission, Vision, Ends Policy, and Strategic Plan, could jeopardize SAE International's impartiality, or its 501(c)(3) exempt status under the U.S. Internal Revenue Service tax code.
2. Allow commercialism, including the endorsement of products, patents, processes, services, individuals, or ideas, except as specifically authorized by the Board of Directors.
3. Activity, communication, or benefit which knowingly can lead to or appear to result in a conflict of interest, including acceptance of financial or other goods or benefits that might influence actions or decisions.
4. Making decisions that are beyond the Board of Directors policies or results not approved by the Board of Directors, including:
 - 4.1 Entry into agreements or committing SAE International resources, including staff and facilities, not approved by the Board.
 - 4.2 Work within the scope of other Operating Boards, the Chief Executive Officer, or speak for SAE International in any way reserved for the Board of Directors or others whom the Board of Directors has empowered.
 - 4.3 Be in non-compliance with the SAE Intellectual Property and Usage Policy. [Appendix R-4.5 SAE Intellectual Property and Usage Policy](#).
5. Operate in disregard of SAE International's standards of integrity.
 - 5.1 Exclude any qualified professional willing to participate within SAE International policies.
 - 5.2 Allow its members to act as agents or representatives of any organization they are associated with.
6. Use SAE International's official letterhead for communications. Committee Correspondence letterhead is used for this purpose and will be provided upon request.



A P P E N D I C E S



SAE BOARD OF DIRECTORS



**VISION
2020**

In the year 2020, SAE International will be #1 in the mobility industry by . . .

- Connecting a global network of students, engineers, practitioners, and companies.
- Attracting, managing, and distributing mobility-related information through
 - Education
 - Standards
 - Technical publications
- Leading in global standardization.
- Creating and sustaining beneficial affiliations and interfaces that add value, encourage innovation, and help form sound public policy.

STANDING COMMITTEES

- Bylaws Committee
- Executive Nominating Committee
- Fellows Committee
- Finance Committee
- Financial Audit Committee

COMMITTEES OF THE BOARD

- Administrative Committee & Trustees
- Board Planning Committee
- Compensation Committee
- Medal of Honor Award Committee

OPERATING BOARDS

- Education Board
- Engineering Meetings Board
- Foundation Board of Trustees
- Membership Board
- Publications Board
- Technical Standards Board

CHIEF EXECUTIVE OFFICER

- Staff
- Performance Review Institute (PRI)
- SAE Industry Technologies Consortia (SAE ITC)

When a director vacancy occurs, a Subteam of the Board of Directors will be appointed by the President to prepare and present a proposed slate of candidates to fill a Director vacancy at the next meeting. The Subteam will be made up of no more than four Directors. The Subteam will consist of one Director at large and Directors who were past members of operating boards.

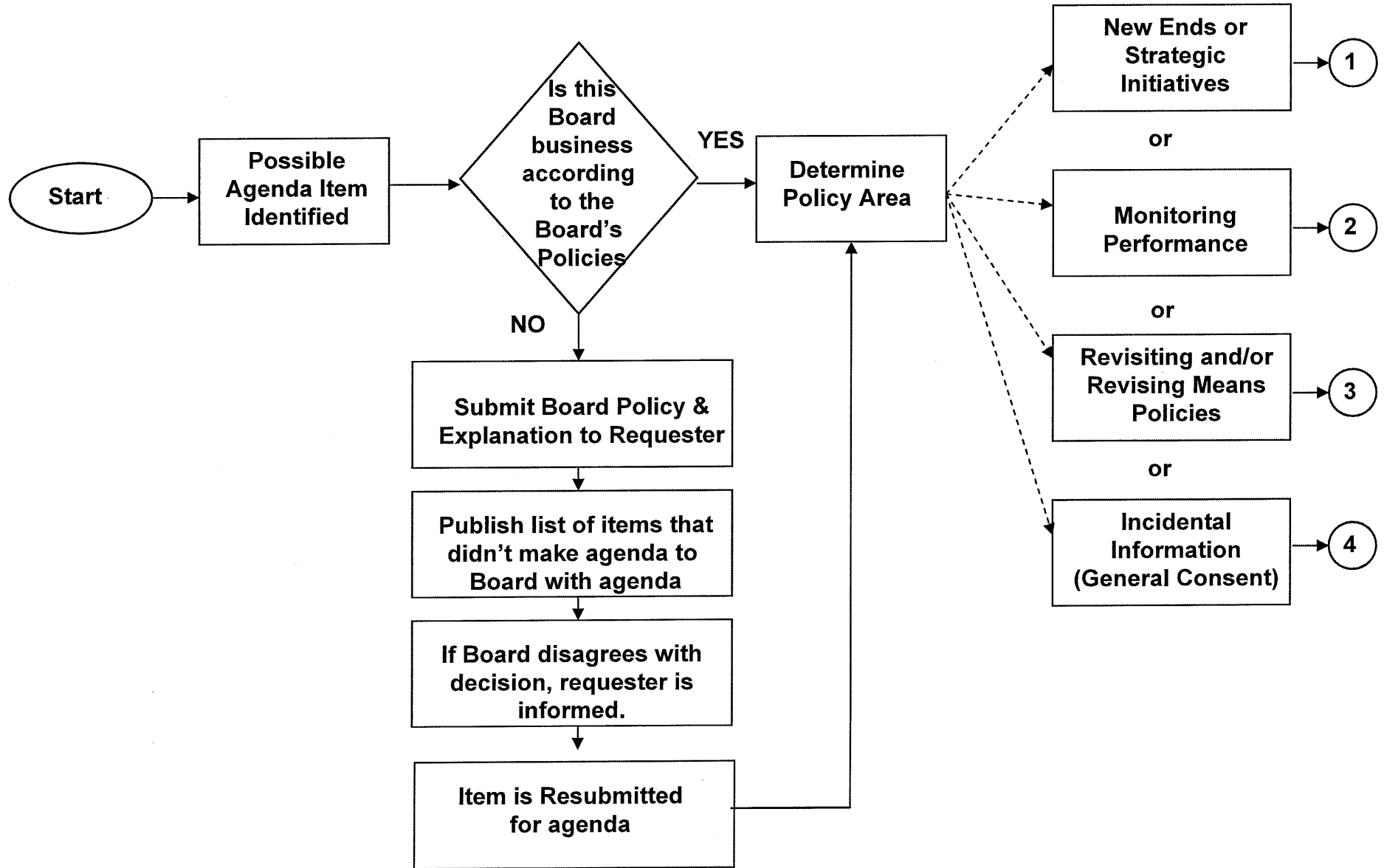
The Subteam will be established to recommend a slate of candidates for Board of Directors' consideration. Specific consideration will be given to maintain the balance of diversity as elected by the membership of SAE.

A slate of candidates will be prepared with consideration of the alternates from the last ANC meeting. A report based on the ANC nomination form shall be obtained indicating the candidate's availability to serve the remainder of the vacant term. The remainder of the term will be effective the date of the nominee's selection by the Board of Directors.

The Subteam is responsible for presenting a slate of at least three qualified candidates to the Board of Directors for selection of a replacement Director.



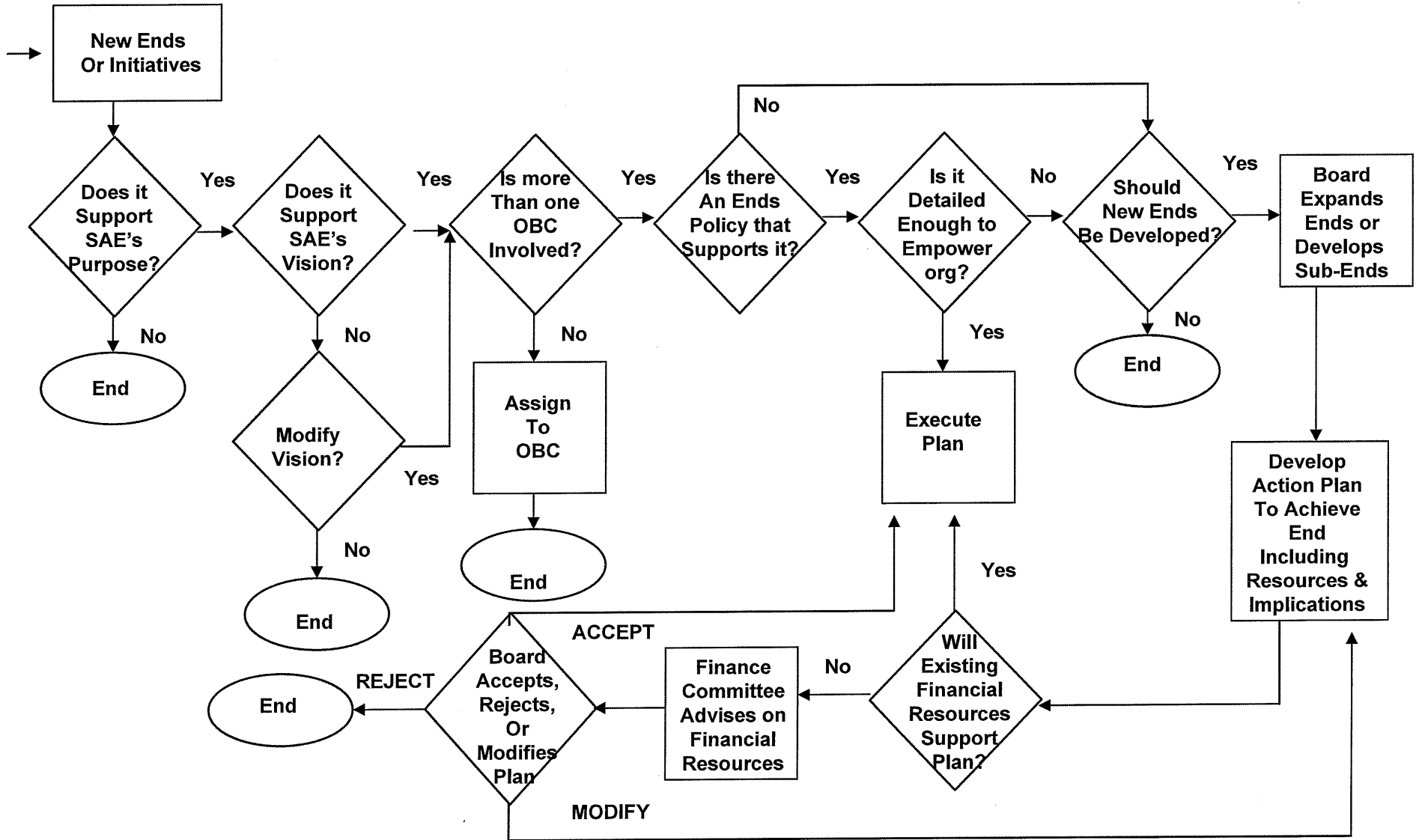
Processing SAE Board Business (Agenda)



Processing SAE Board Business (Agenda)

1

New Ends (Sub-Ends or Strategic Initiatives)

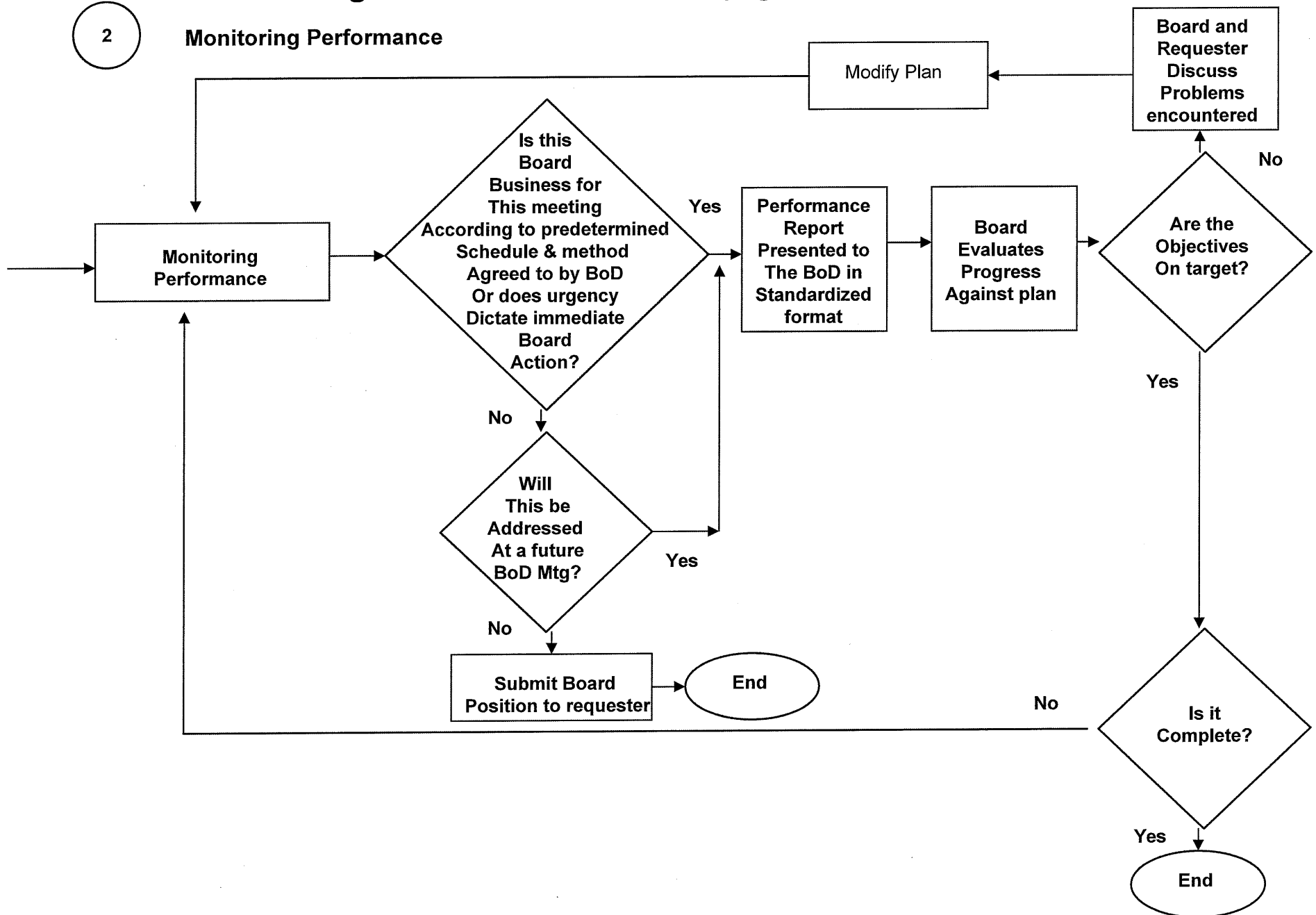


Processing SAE Board Business (Agenda)

G-2

2

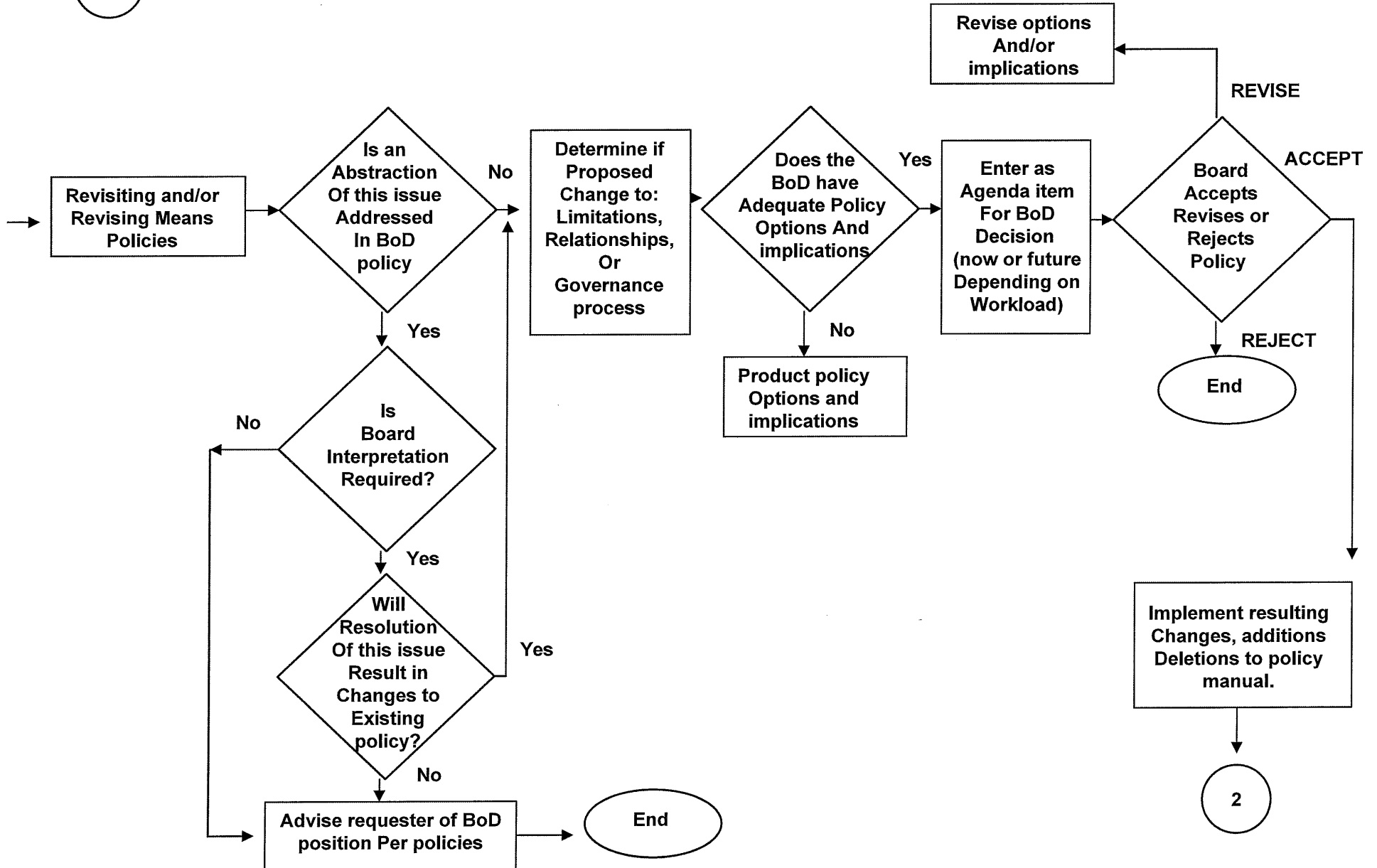
Monitoring Performance



Processing SAE Board Business (Agenda)

3

Revisiting and/or Revising Means Policies

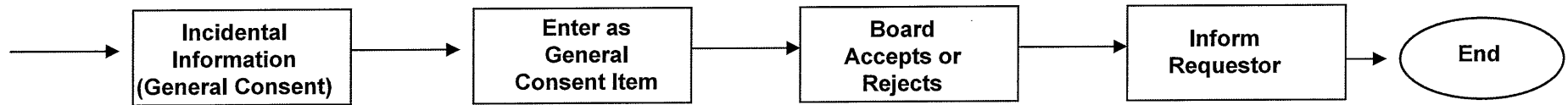


Processing SAE Board Business (Agenda)

G-2

4

Incidental Information (General Consent)



ARTICLE V –
BOARD OF DIRECTORS

Section 6

Business Conducted Without a Meeting - Except as otherwise provided by law, the Board may, at the request of the President, take any action or adopt any resolution by approved electronic means vote under such procedures as may be adopted from time to time by the Board. Such action or resolution shall be authorized, approved, and adopted upon receiving the affirmative vote of at least a majority of the votes returned to the Secretary provided that the number of votes returned to SAE within the time specified in the ballot is at least one third of the Board members at the time in office.



ARTICLE VI – OFFICERS

Section 5

The President - The President shall be the chief elective officer of SAE, shall preside as Chairman of the Board at all meetings of the members and the Board, and shall be a member, without vote, of all other committees and operating boards of SAE, and subdivisions thereof. The President shall also, at the annual meeting of the voting members and at such other times as are appropriate, communicate to the members or the Board such matters and makes such suggestions as may promote the welfare and increase the usefulness of SAE. The President shall perform such other duties as may be prescribed from time to time by the Board.



1. INTRODUCTION

For many years the employer of the SAE President paid or reimbursed SAE International for all travel and expenses related to the term of office, including the time periods as Presidential Nominee/President Elect and immediate Past President. Rapidly changing business conditions have challenged this tradition of corporate/institutional support, and it is likely to become a greater challenge for qualified Presidential candidates in the years ahead. In recognition of these changing business conditions, SAE is prepared to provide financial support for presidential travel over the three-year tenure of an SAE President. SAE Presidents are strongly encouraged to seek organizational support first and use the budgeted travel expense support available from SAE as a backup.

2. POLICY

- 2.1 Effective 01 January 2009 SAE International will establish a budget not to exceed \$100,000 which will be used to pay travel and related expenses of the SAE President and spouse during the three-year period the individual serves as President-nominee, President-elect, President and immediate past-President. No corporate matching is required. Any travel and related expenses incurred beyond the \$100,000 budget limit will be the responsibility of the President.
- 2.2 No more than fifty percent (\$50,000) of the SAE-paid travel budget will be permitted for spousal travel. The Internal Revenue Service considers the cost of spousal travel assumed, paid, or reimbursed by an organization to be compensation (i.e., reportable income) to the President and not a business expense. Accordingly, SAE will issue an IRS Form 1099-misc to the President (or the spouse of the President) for all spousal travel expenses paid by SAE each calendar year. SAE will pay to the President a cash gross-up payment to cover any international or United States federal, state or local income taxes applicable to the aggregate value of (x) the spouse travel expense reimbursement, plus (y) the cash gross-up payment. (Refer to [Appendix G-5a Page 2](#) for an example of a gross-up payment calculation.) Gross-up payments will be counted against the overall \$100,000 travel expense budget limit.
- 2.3 Expense reports for Presidential travel funded by SAE must be submitted by the President and approved by the Treasurer. Guidelines for approved travel and related expenses are defined in SAE Standard Operating Procedure No. 130 ([Appendix G-5.a Page 3](#)), Travel and Related Expenses for Staff.

3. MONITORING AND REPORTING

The Chief Financial Officer will report annually to the SAE Finance Committee all funds expended for Presidential travel and related expenses. This report should include the amount spent by the employer of the SAE President and by the individual whenever possible.

4. POLICY REVIEW

The Finance Committee shall review this policy annually.



**EXAMPLE -- CALCULATION OF REIMBURSEMENT
FOR VOLUNTEER SPOUSAL TRAVEL WITH GROSS UP FOR TAXES**

Background: According to IRS regulations, reimbursements to volunteers for the non-business purpose travel expenses of their spouse must be reported to the IRS as taxable income on Form 1099MISC. (Reimbursement to employees for spousal travel is reported on Form W-2). The total of the spousal travel taken from expense report reimbursements and the tax gross-up payment is reported in Box 3 on Form 1099MISC. The IRS instructions indicate that income reported in Box 3 is considered miscellaneous income reportable on line 21 of Form 1040.

Procedure: To calculate the tax gross-up payment, add all appropriate tax rates together for a total tax rate. Subtract the total tax rate from 100% to obtain the net percentage for calculation purposes. Divide the total spousal reimbursement by the net percentage to arrive at a tax "grossed-up" amount for the 1099MISC. The tax rates that would be assessed against this income are typically federal and state income tax rates. The tax gross-up payment is made in December and the previous years tax bracket rates or estimated tax rates are used. An adjustment to the actual tax incurred can be made the next year. The following is an example of a tax gross-up calculation based on \$25,000 of reimbursed spousal travel.

Total 2008 reimbursement received for spousal travel:	\$25,000 (A)	
Federal Tax Rate:	35.00%	
State Tax Rate:	6.50%	Assumed 6.5% for this example; will vary by state
Total Tax Rate	41.50% (C)	
Net Percentage for calculation purposes: 100% less (C) =	58.50% (B)	

Tax Grossed Up Amount to be reported on Form 1099: (A) / (B)	\$42,735 (D)
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Summary of taxes:

Federal Income Taxes	\$14,957	These are the additional taxes that are incurred when adding this additional income (D) to the annual taxable income reported on tax returns.
State Income Taxes	\$2,778	
December 2009 tax gross-up payment	<u>\$17,735 (E)</u>	

(D) = (A) + (E). This amount to be reported in Box 3 on Form 1099MISC.

(E) = Tax gross-up check request amount.



Last Revised: 05/03/2010

SAE STANDARD OPERATING PROCEDURE NO. 130

Travel and Related Expenses for Staff

130.1 PURPOSE

To establish clearly defined, easy to understand, guidelines for corporate travel and entertainment expenditures and for expense reimbursement. The document establishes procedures for employees to follow when business travel occurs. The document ensures that employees have a clear, consistent understanding of policies and procedures for business travel and entertainment; provides travelers with a reasonable level of service and comfort at the lowest possible cost; and maximizes SAE's ability to delegate to its designated travel agency an ability to utilize its skills and expertise in reducing SAE's travel costs.

130.2 APPLICABILITY

This travel policy applies to all staff that travel on business for SAE or the SAE Industry Technologies Consortia (ITC).

130.3 DEFINITION AND COMPLIANCE

For purposes of this SOP, travel and related expenses includes expenses incurred while on business in and around the assigned work location or at any location required for business. The traveler is responsible for complying with all of the provisions of this travel policy. The approver is responsible for accurately reviewing travel requests and expenses. SAE has no obligation to reimburse employees for expenses that are not in compliance with policy.

Exceptions to policies contained herein may only be authorized by the Chief Executive Officer. Individual business unit managers and EMC members may, at their discretion, impose greater controls than required by this policy, but never less.

130.4 POLICY

SAE policy permits choices in booking travel arrangements, changes and cancellations, (including air, train, hotel, car, etc.) Such choices include the following three options: (a) SAE's designated travel agency; (b) direct with airline, hotel or car rental agency; and (c) via any internet travel site.

SAE will reimburse travelers for reasonable expenses incurred while traveling on business. Expenses must also be appropriate and necessary to conducting business. Ostentation, or its appearance, must be avoided at all times.

It is not SAE policy to pay for personal expenses of any kind including personal travel costs. This extends to additional expenses or extra charges incurred as a result of combining business and personal travel.

130.5 TRAVEL START/END LOCATION

For reimbursement purposes, the origin of travel is the traveler's assigned work location or personal residence, whichever occurs last. For reimbursement purposes, the conclusion of a business trip is the traveler's assigned work location or personal residence, whichever occurs first.

130.6 PRE-TRIP APPROVALS

EMC members and business unit managers may, at their discretion, elect to require written pre-approval of planned travel expenditures by SAE employees. A pre-approval travel form is included as Attachment A for this purpose.

130.7 AIRLINE TICKETING

SAE requires employees to book the lowest logical airfare at the time of reservation. The highest savings are usually achieved by early booking and various other methodologies including non-refundable fares, Saturday stays, different airlines for different parts of the itinerary, different time of day flying, different day of week outbound or inbound, different lengths of stay, alternate airports, connecting flights, creative ticketing, consolidators, wholesalers, internet fares, etc. SAE's designated travel agency usually offers travelers the lowest available airfares applicable for each itinerary and consistent with SAE policy. Agents and technology products will routinely search for fares and schedules that meet each individual's travel needs within a two-hour window (on either side of departure and arrival).

Travelers are required to accept flights with the lowest applicable coach fare within that two-hour travel window or which reduce the ticket cost by \$250 or more. This policy also applies to tickets booked directly with an airline or with an internet travel site. Travelers should schedule with flexibility, wherever possible, so that agents can offer additional options for saving travel dollars.

E-ticketing is currently mandated for all domestic travel and will likewise be mandated when e-ticketing becomes the universal method for international travel.

SAE travelers are sufficiently insured by SAE so long as tickets and reservations are booked through the official travel agency designated by SAE. When exceptions occur, the traveler should purchase and will be reimbursed by SAE for a \$300,000 travel insurance benefit purchase. These exceptions include when staff travels on a hosted or free ticket, when the travel agency has secured a consolidator or wholesaler ticket, when the booking was made directly with an airline or through an internet travel site. Contact the SAE travel manager if you have questions about travel insurance.

130.8 LOWEST AIRFARE DEFINITION

Travelers are expected to book the lowest logical airfare within the following parameters: routing requires no more than one additional stop each way; routing does not increase the one-way total elapsed trip time from origin to destination by more than two hours; the departure or arrival is no more than two hours before or after traveler's requested time; and/or the savings achieved is \$250 or more than the next highest roundtrip ticket. Cost savings that result from the above parameters are considered to be appropriate to offset schedule inconvenience.

130.9 DRIVING DESTINATIONS

SAE normally requires travelers to drive to business appointments that involve shorter distances. However, before making the final decision to drive, travelers should select the least expensive cost to SAE after calculating the fly versus drive expenses, along with costs for car, hotel, parking, and any other potential expenses. When seeking pre-approval for such trips, traveler should explain the price differential that led to the fly versus drive decision, taking all costs into account. Again, travelers should select the least expensive cost to SAE after considering all related costs for the trip.

If travelers have repeat business to Detroit, Warrendale, Washington, DC, or any other city, SAE's designated travel agency may recommend creative ticketing methods that will make it cheaper to fly than to drive. Please consult the travel provider before making the drive versus fly decision.

130.10 CLASS OF SERVICE

Coach class is mandated for all North American flights (Canada, USA and Mexico). Use of upgrade certificates is acceptable so long as there is no additional cost to SAE.

Business class is permitted for international flights of eight (8) hours or longer of continuous, uninterrupted flying hours. Business class is also permitted on international flights where the employee is expected to conduct SAE business within 24 hours of the flight arrival time. Pre-approval is required by the business unit manager to assure that the budget will accommodate the additional costs of business class.

First class travel expenses will not be reimbursed unless an employee is accompanying an SAE President who requests that class of service. Pre-approval is required by the appropriate EMC member.

If traveling by rail or bus, employees may travel first class if the traveler feels the length of the trip justifies the additional expense.

130.11 INTERNATIONAL TRAVEL IMMUNIZATION AND MEDICATION

SAE employees who are required to travel to Asia, Africa and South America should be educated on and protected by appropriate vaccinations and medications prior to such travel. This does not pertain to Europe or Australia.

Arrangements have been made with Passport Health, with offices in Cranberry and Troy and other locations across the country. The international traveler may utilize these services and be reimbursed for the costs. Costs for spouses will not be reimbursed unless such spouses are requested or required to travel on behalf of SAE. All appointment setting is the responsibility of the traveler.

For more details on locations and appointments, call 1.800.839.4007 or visit:
www.PassportHealthUSA.com or www.PassportHealthMI.com or www.PassportHealthPA.com .

130.12 FREQUENT FLYER PROGRAMS

Frequent flyer programs are considered benefits for staff travelers and may be used for personal travel. However, use of an airline for frequent flyer points when lower fare flights are offered and available is against SAE policy and such requests will be rejected by SAE's designated travel agency. In other words, participation in such frequent flyer programs must not influence flight selection which would result in incremental cost to SAE beyond the lowest available airfare as defined in this policy. The Internal Revenue Service considers frequent flyer awards taxable income and all taxes related to such awards are the sole responsibility of the employee who acquires them.

130.13 HOTELS AND OTHER LODGING

SAE travelers may book hotel reservations through SAE's designated agency and utilize their unique discounts. Single rooms at moderately priced hotels are considered appropriate accommodations. Hotel room upgrades are permissible so long as they do not increase the nightly room rate. All hotel rooms should be guaranteed by credit card.

Many hotel chains have frequent guest programs which reward travelers with free or upgraded accommodations. Awards for such programs may be retained by travelers. However, participation in these programs may not influence hotel selection which results in higher costs to SAE. Membership fees associated with joining these programs are not reimbursable.

Hotel room cancellations are the responsibility of the traveler. Normally, a cancellation must be received within 24 hours of the confirmed arrival date or a one-night no show charge will be assessed. The traveler is required to contact the agency or the hotel directly in sufficient time to avoid no show fees. SAE will not reimburse the traveler for no show fees.

Note: When staying with business associates, family or friends during business travel, SAE will provide a \$25/day gratitude or entertainment allowance in lieu of a hotel room charge.

Note: Staff housing in connection with an SAE conference/exhibition is handled differently and through an ETO process. Please see 130.19 for more details.

130.14 CAR RENTALS

Travelers may reserve car rentals directly with agencies, via the internet, or through SAE's designated travel agency, which can usually locate less expensive rentals both on/off airport premises. Travelers are required to reserve the lowest cost rental in the car size requested, regardless of whether on/off airport premises and regardless of the rental company offered. Rental car size must be mid-size for two or less employees traveling to the same destination, full size for three or more if carrying only luggage, or larger if carrying quantities of cartons/materials required for business purposes.

Travelers should decline optional insurance offered by rental agencies in the US and Canada, since these insurance needs are met by SAE. State laws in most states require the following three documents be presented in the event of an accident:

1. Proof of vehicle ownership (satisfied by rental agreement)
2. Proof of insurance (provided by SAE; see Attachment B)
3. Valid driver's license (employee responsibility)

Rental agreements do not reflect insurance coverage. Please print out Attachment B and carry a copy of SAE's proof of 'hired' Auto Insurance with you when renting a vehicle in the US or Canada. Travelers should return a rental vehicle with a full tank of gas since refueling charges by rental companies are overly expensive. As with air and hotel reservations, travelers are required to cancel or change car rental arrangements through SAE's designated travel agency or with the rental agency directly to avoid no show penalties. SAE will not reimburse travelers for no show fees related to car rentals, or extra charges for cell phones, special model requests, upgrades, optional insurance offerings, etc.

For car rentals in the US and Canada, SAE has its own blanket insurance coverage. Therefore, the traveler should refuse optional insurance offerings and SAE will not reimburse travelers for these costs: collision damage waiver (CDW), personal accident insurance (PAI), personal effects protection (PEP), supplemental liability protection (SLP), or liability damage waiver (LDW).

Due to insurance and liability issues, employees should not rent vehicles outside the US and Canada. Where possible, other forms of transportation should be pursued (public transport, taxis, private hire car/driver, etc.) If no such option exists and the employee must rent a vehicle outside the US and Canada, the traveler is required to purchase all insurance offered by the rental company because SAE's insurance policy will not respond in the case of accident or injury.

130.15 PERSONAL VEHICLES

SAE will reimburse employees on a per mile basis for the use of personal vehicles while conducting SAE business when it can be demonstrated that such use is more practical and more economical than car rental. Reimbursement for personal vehicles will include tolls, parking, plus mileage allowance that coincide with current IRS guidelines.

Personal mileage to and from work is not reimbursable. In the event of accident or injury while using a personal vehicle while conducting SAE business, the traveler's own personal insurance policy will be expected to respond; SAE's insurance will not. It is against SAE policy to use a personal vehicle for business that is not in safe operating condition. Employees who have unsafe personal vehicles should

rent vehicles for business purposes. If two or more employees travel in a personal vehicle, only the owner/driver may claim reimbursement for expenses, but all passengers must be identified in the expense report.

130.16 TRAVEL ADVISORIES

Employees should not travel to countries for which a travel advisory has been issued by the U.S. State Department or through notification by SAE's travel agency or staff travel manager.

130.17 CORPORATE CREDIT CARD

SAE provides travelers with the American Express Corporate card but does not mandate its use. Since cash advances may be obtained through the American Express corporate card program, SAE will not issue cash advance checks to those who have this corporate card. If travelers book travel via the use of the corporate American Express card, they are automatically covered for \$350,000 in travel insurance. Should the traveler opt to purchase travel insurance via a credit other than the corporate American Express card, SAE will not reimburse such expenses. The American Express corporate credit card should not be used for personal expenses. The SAE Purchasing card should not be used for travel expenses.

130.18 SAE MEETINGS & EXHIBITIONS

The Event & Travel Operations staff has responsibility for securing and contracting venues for SAE events including hotels and convention centers and for securing meeting discounts or zone fares when applicable. SAE employees traveling to these venues are required to stay at the contracted hotels and book their hotel rooms through ETO's process. Under no circumstances should any employee's travel expenses be charged to an event master bill; these are exclusively for event charges such as audio/visual, food/beverage, etc. ETO staff posting on SAEnet covers information on how to book housing, zone fares and other pertinent travel information and deadlines.

130.19 TRANSPORTATION TO/FROM AIRPORTS

The following mileage distance allowances will be used when computing reimbursement fees for use of private automobiles to/from home airports:

World Headquarters to Pittsburgh International Airport: 24 miles one way. Automotive Headquarters to Detroit Metropolitan Airport: 32 miles one way.

SAE will reimburse for up to two complete round trips to/from home airports for personal vehicles for each trip. Reimbursement for travel to/from airports other than Detroit and Pittsburgh will also be reimbursed.

130.20 BUSINESS MEALS AND MILEAGE

Exempt employees are authorized reimbursement for receipted meal expenses incurred while at the office if they work two hours in excess of a normal workday or a minimum of four hours on weekend or holiday. Mileage to and from the office is also reimbursable (at the current rate) on weekends or holidays, when work is required at the office. Since non-exempt employees are paid overtime, they are not eligible for reimbursement of meals or mileage.

Traveler meals may not exceed \$60/day including tip for North America and \$100/day including tip for all other locations. Whenever circumstances are such that several SAE staff dines together, the meal may be paid for on a Dutch treat basis or by one traveler. Single cost center distribution for meal charges is

SAE's preferred method of operation. However, SAE will permit multiple cost center distribution of meal charges if the traveler feels there is good business logic for the need to break these charges out.

130.21 TRAVELLING TOGETHER

Under no circumstances should the following individuals travel together in the same plane or other vehicle:

- (a) The Chief Executive Officer and an Executive Director
- (b) More than three members of the Executive Management Council

Whenever possible/practical, the following individuals should not travel together in the same plane or other vehicle:

- (c) An EMC member and more than two direct reports
- (d) A business unit/department manager and more than two direct reports
- (e) More than one-half of one business unit/department

130.22 PERSONAL PROPERTY

Travelers are responsible for their own personal property while traveling on SAE business. SAE will not reimburse for stolen, lost or destroyed personal property.

130.23 LUGGAGE

There is no requirement for SAE to purchase luggage for any individual traveler. The decision on the need for luggage is a budgetary one and must be discussed and approved by the traveler's manager based on available funds and frequency of travel. If approved, luggage should be purchased through SAE's preferred supplier(s). For questions or clarification on suppliers, contact Purchasing staff.

130.24 LOST OR EXCESS BAGGAGE

The ultimate responsibility for retrieving and compensating lost baggage lies with the airlines. SAE will not reimburse travelers for personal items lost while traveling on business, including luggage. In addition, SAE will not reimburse travelers for excess baggage fees, unless such excess weight fees are due to the weight of meeting-related materials.

130.25 TRAVEL INSURANCE

SAE business travelers are covered by SAE's Business Travel Accident insurance policy. The purchase of travel insurance is not a reimbursable expense unless the purchase is charged to the employee's SAE corporate American Express card. Contact the staff travel manager for details.

130.26 TRAVEL EXPENSE REPORTS

Travel expenses should be submitted on SAE's electronic spreadsheet created for this purpose and available on SAEnet. The staff in Financial Services can provide assistance in the use of the form. All travel expenses must be reported on this form and submitted within 10 days from last travel day. All expenses must be supported by original receipt where required by this policy. All receipts should document the name of the supplier, date and detail of goods/service. If applying for reimbursement of costs related to business meetings or hospitality, traveler must indicate the purpose of the meeting in detail, the place/time/date of meeting, a list of those present and their business relationship to traveler and SAE. To provide sufficient explanation, traveler should add separate page if necessary.

Travel expenses incurred at non-US locations must be converted to US dollars for purposes of expense reporting, noting both the foreign and US dollar value and exchange rate used. Consult with Financial Services if retrieval of Value Added Taxes (VAT) is an issue for travel to Europe.

130.27 RECEIPTS

An original receipt is required for any entry of \$25 or more, no matter what the purpose.

130.28 REVIEW/APPROVAL OF EXPENSE REPORTS

Travel expense reimbursement request forms should be completed and submitted electronically to traveler's direct manager, with required receipts. Managers are accountable for verifying that all expenses incurred were in accordance with policy, in accordance with the dollar estimates contained on pre-approval request form (which should be attached to expense report), and that expenses were appropriate, necessary and reasonable in the context of the situation. Following this review and approval, the request should be forwarded to Financial Services for audit/payment. Financial Services is authorized to question payment of any expense that does not comply with policy. Contact Financial Services for details.

130.29 REIMBURSED EXPENSES

SAE will reimburse travelers for the following expenses, with entries of \$25 or more requiring original receipt:

- airfare
- lodging
- car rental
- parking
- taxi fare including tip
- tolls
- personal vehicle mileage
- incidental tips (skycap, bellman, doorman, maid) (not to exceed \$10/day)
- laundry/dry cleaning for trips of more than 5 days
- internet fees/fax charges/telephone charges for business purposes
- personal telephone calls (guideline: not to exceed one per day)
- inoculations/visa/passport fees for international travel
- international airport exit fees
- currency exchange fees
- cash advance fees on American Express corporate card
- travel insurance purchased on American Express corporate card
- one airline club fee per year
- hotel health club/fitness club charges for use of exercise equipment
- daily meals as follows:
 - North America: not to exceed \$60/day (including tips)
 - Non-North America: not to exceed \$100/day (including tips)*(Note: increase in daily meal spending requires written explanation)*

130.30 NON-REIMBURSED EXPENSES

SAE will not reimburse travelers for the following expenses:

- alcoholic beverages (unless hosting an SAE customer)
- child care costs
- barbers/hairdressers/shoeshine
- tobacco products
- car washes

- golf fees/health clubs/fitness clubs/spas
- toiletries
- kennel services
- mini-bar alcoholic beverages
- magazines, books, newspapers, subscriptions
- movies (in-hotel or in-flight)
- in-flight telephone usage
- traffic violations/fines
- personal entertainment
- clothing
- spouse/guest costs (unless pre-approved by an EMC member)
- personal vehicle repair/maintenance
- lost ticket fees
- no show fees
- personal tipping exceeding \$10/day (unless explained and approved)
- frequent traveler enrollment fees
- transportation to/from home and office
- flight insurance charged to other than corporate American Express card
- additional optional car rental insurance
- entries of \$25 or more without original receipts

130.31 USE OF TECHNOLOGY

Before making the decision to travel, employees should first consider audio and video conferencing a meeting if this technology can satisfy the objectives of the meeting. SAE has audio and video conferencing capabilities. For details, contact the appropriate IT staff.

130.32 POLICY EXCEPTIONS

Exceptions to these SAE travel policies may be made by the Chief Executive Officer, or in his/her absence, by the appropriate EMC member only.

130.33 ATTACHMENTS

- A. [Pre-Approved Travel Request Form](#)
- B. ["Hired" Auto Insurance Card](#)

130.34 REFERENCES TO OTHER SOPs

None

130.35 DISTRIBUTION

All SAE Staff
All SAE Industry Technologies Consortia (ITC) Staff

ARTICLE V – BOARD OF DIRECTORS

Section 1

Responsibilities - The Board shall manage the business and affairs of SAE, shall determine its policies, and shall actively promote SAE's purposes. The Board may adopt policies for the conduct of its business and the business of SAE and may appoint such boards, committees, or agents as it may consider necessary.

Section 2

Composition - The Board shall consist of the President, Vice President- Aerospace, Vice President- Automotive, Vice President-Commercial Vehicle, Treasurer, Assistant Treasurer, Immediate Past President, President Elect, Secretary (nonvoting), and up to eighteen (18) Directors. The President Nominee, selected by the Executive Nominating Committee, after having consented to accept the nomination, shall hold office as a Board member (nonvoting) with the convening of the next Board meeting immediately following selection as President Nominee. The Directors shall be divided into three (3) classes in respect to their terms of office such that approximately one-third of the total number of Directors are elected each year. The Chief Executive Officer shall be a nonvoting member of the Board.

Section 3

Terms of Office - The Directors elected to succeed those of a class whose terms expire shall hold office for three (3) years and shall not be eligible for immediate re-election provided, however that a Director nominated to serve as an Officer may be elected to an additional term as a Director that is coterminous with the term of the Officer position. Appointment by the Board to fill a vacancy shall not be considered an election. Directors shall be nominated by the Executive Nominating Committee. Only voting members are eligible to be nominated and elected as Directors.

Section 4

Meetings of the Board - The annual meeting of the Board shall be held at such hour and place within or without the Commonwealth of Pennsylvania as may be specified by the Board. Any business may be transacted at the annual meeting.

Regular meetings of the Board shall be held on such day and at such hour and place within or without the Commonwealth of Pennsylvania as may be specified by the Board. Any business may be transacted at a regular meeting.

Special meetings of the Board may be called at any time by the Board, the President, or any three (3) Board members to be held on such day and at such hour and place within or without the Commonwealth of Pennsylvania as shall be specified by the person(s) calling the meeting. Any business may be transacted at any special meeting.



Written notice of all meetings of the Board, stating the day, hour and place of the meeting, shall be provided to each Board member at least ten (10) days prior to the day of the meeting.

The organizing meeting of the newly elected Board shall occur at the first meeting following their election.

Section 5

Organization and Manner of Acting - At all meetings of the Board, the presence of at least one third of the Board members in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a meeting cannot be organized because a quorum has not attended, a majority of the **GOVERNANCE POLICY MANUAL** Board members present may adjourn the meeting from time to time until a quorum as fixed in this section shall be present, but notice of the time and place to which such meeting is adjourned shall be given to any Board member not present either by telephone or similar communications equipment at least eight hours prior to the hour of reconvening. Resolutions of the Board shall be adopted and any action of the Board upon any matter shall be taken and be valid only with the affirmative vote of at least a majority of the Board members present at a meeting duly convened, except as otherwise expressly provided in these Bylaws.

The President or in the absence of the President the Immediate Past President shall Chair all meetings of the Board. In the absence of the President and the Immediate Past President, the President Elect or if not available, the Board members present shall select a Board member to be Chair. The Secretary shall take the minutes of the meeting. In the absence of the Secretary the Assistant Secretary shall take the minutes of the meeting.

Section 6

Business Conducted Without a Meeting - Except as otherwise provided by law, the Board may, at the request of the President, take any action or adopt any resolution by approved electronic means vote under such procedures as may be adopted from time to time by the Board. Such action or resolution shall be authorized, approved, and adopted upon receiving the affirmative vote of at least a majority of the votes returned to the Secretary provided that the number of votes returned to SAE within the time specified in the ballot is at least one third of the Board members at the time in office.



Section 7

Meetings by Telephone or Other Communications Technology - One or more Board members may participate in any meeting of the Board or of a committee of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other or by any other communications technology at the time permitted by law.

Section 8

Emergency Provisions - Notwithstanding any other provisions of law, the Articles of Incorporation or these Bylaws, during any emergency period caused by war or any other major catastrophe or local disaster of sufficient severity to prevent the conduct and management of the business and affairs of SAE by its Board and Officers as contemplated by the other provisions of these Bylaws, a majority of the available Board members (or the sole such member) who have not been rendered incapable of acting because of incapacity or the difficulty of communication or transportation to the place of meeting, shall constitute a quorum for the sole purpose of electing individuals to fill such emergency vacancies; and a majority of the Board members present at such a meeting may act to fill such vacancies or to reduce the size of the full Board or both. Individuals so elected shall serve until the absent Board members are able to attend meetings or until the voting members act to elect Board members to succeed them. During such an emergency period, if the Board is unable to meet, any action appropriate to the circumstances may be taken by such officers of SAE as may be present and able. Questions as to the existence of a major catastrophe or local disaster, and the number of surviving persons capable of acting, shall be conclusively determined at the time by the Board or the Officers so acting.

Section 9

Resignations - Any Board member may resign by submitting to the President or the Secretary a written resignation, which shall become effective upon its receipt by such officer or at any later time specified therein, and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10

Vacancies in the Board and Vacating Offices - Any vacancy among the Directors shall be filled for the unexpired term by the majority vote of the remaining Directors, even though less than a quorum. The person selected to fill the vacancy shall be selected from among the voting members; provided, however, that a vacancy in the office of President shall be filled by a person selected from among the other Board members. The Board may declare any elective office vacant on the failure of its incumbent to perform the duties of the office.



ARTICLE VIII

Section 1

Notes, Checks, etc. - All properly authorized notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees, and all evidences of indebtedness of SAE whatsoever, shall be signed by such Officers or agents of SAE subject to such requirements as to countersignature or other conditions as the Board may from time to time determine. Facsimile signatures on checks may be used if authorized by the Board.

Section 2

Execution of Instruments Generally - Except as provided in these Bylaws, all deeds, mortgages, contracts, and other instruments requiring execution by SAE may be signed by the President, the Chief Executive Officer, the Treasurer, or the Assistant Treasurer and authority to sign any such contracts or instruments, which may be general or confined to specific instances, may be conferred by the Board upon any other person or persons. Any person having authority to sign on behalf of SAE may delegate from time to time by instrument in writing all or any part of such authority to any person or persons if authorized so to do by the Board.

Section 3

Voting and Acting with Respect to Stock and Other Securities Owned by SAE - The President, Chief Executive Officer, Treasurer, or Assistant Treasurer shall have full power and authority to vote and act with respect to all stock and other securities in any other corporation owned by SAE, unless the Board confers such authority, which may be general or confined to specific instances, upon some other Officer or person. Any person so authorized shall have the power to appoint an attorney or attorneys, with general power of substitution as proxies for SAE with full power to vote and act on behalf of SAE with respect to such stock and other securities.



ARTICLE VI – OFFICERS

Section 11

The Sector Vice Presidents - There shall be three (3) Sector Vice Presidents each serving a three (3) year term. The election of the Sector Vice Presidents will be staggered, electing one (1) Sector Vice President each year. The Sector Vice Presidents will support and advise the President on key areas within the mobility sector they represent. In the absence of the President, the Sector Vice Presidents will act as the chief spokesperson for the mobility sector which they represent.



1.0 INTRODUCTION

SAE International (SAE) is a tax-exempt corporation and has received 501(c)(3) exempt status under the U. S. Internal Revenue Service tax code. SAE is an educational Society whose purpose is to collect and disseminate technical information for the benefit of its members, the mobility community and the general public. SAE must continually strive to improve and enhance its services to retain and attract members as well as to keep its products priced at a reasonable cost. To ensure the continued ability to meet its exempt purpose and to expand its value for the common good, SAE will operate on a financially sound basis at all times. To accomplish this, SAE will adhere to sound financial practices and take only those actions which will ensure continued existence and financial stability. The SAE Board of Directors (Board) establishes SAE's strategic direction through its development of Ends and ensures the achievement towards those Ends through Limitations, Relationships, and Board Governance Policies. The Board expects the Finance Committee to furnish custodianship of SAE's financial resources in providing these services.

2.0 PURPOSE

The purpose of this policy is to establish the methods by which the Finance Committee will:

- 2.1 Implement the SAE Strategic Plan
- 2.2 Comply with the Board's *Governance Policy Manual* policy – Role of the Finance Committee G-9, which states - Supervise the financial affairs, including investments of SAE
- 2.3 Achieve the vision of the SAE Finance Committee: Fiscal stability that enables the Ends of SAE.

3.0 POLICY

3.1 SAE will maintain fiscal stability and viability, meet its service obligations to its members and customers, and control adjustments for such services through periods of economic change.

3.2 The following Policy Metrics will be reported by the Finance Committee to the Board:

3.2.1 Operating - Free Cash Flow

Threshold: Generate a positive free cash flow using a three-year rolling average



- 3.2.2 Solvency - Debt/Total Net Asset
Threshold: <0.25
- 3.2.3 Liquidity - Current Assets/Current Liabilities
Threshold: .65 or greater
- 3.2.4 Prudency – Total Net Assets as a % of Annual Operating Expenses
Threshold: Net Assets >45% of annual operating expenses.
- 3.2.5 Profitability - Return on Operating Revenue
Threshold: ROR >0
- 3.2.6 Growth - Growth of Operating Revenue
Threshold: >inflation

3.3 Financial policy metrics represent thresholds. Annual performance targets are established by the strategic plan and business plans. The Finance Committee will monitor and report on the performance against the business plan.

4.0 OPERATIONS

- 4.1 Financial planning is conducted by the Finance Committee to produce reasonable targeted annual marginal revenue from operations.
- 4.2 Operating programs should be financially self-sustaining. Any program that does not meet this requirement will be continued only with the recommendation of the Finance Committee. It is recognized that new programs, products and services (PPS) are necessary for SAE to be responsive and relevant to the changing needs of its customers. In developing new PPS, consideration must be given to the financial justification and the Finance Committee Policy Metrics. When new products or services are not self-sustaining, the specific source or method of funding must be identified and endorsed by the Finance Committee.
- 4.3 The Finance Committee establishes appropriate Policy Metrics for operations. Policy Metrics for operations will be reported by the Finance Committee to the Board. Staff management is responsible to propose budgets and generally operate SAE so that Policy Metrics are met. Staff may manage with additional management metrics and share visibility as appropriate with the Finance Committee to allow insight and counsel as needed.
- 4.4 The operating boards (OBs) have operational responsibility and fiscal awareness for all SAE PPS. The Finance Committee has oversight responsibility regarding the affordability of programs.
- 4.5 The SAE Foundation is self-supporting. The accounting and finances of the SAE Foundation are reported in the manner of a wholly-owned subsidiary, and are not commingled with the SAE “operations” accounting and finances.



- 4.6 The Annual Budget of SAE, including the Business Plan, recognizing the need for continued fiscal stability, should be developed to reflect reasonable marginal revenue from operations. In periods of economic downturn or major industry cycle changes, the objective of reasonable marginal revenue from operations may not be achievable without serious curtailment of PPS. In years that excess marginal revenues from operations are achieved, the Finance Committee should consider additions to the General Investment Fund. These additions will assist in funding operations in years which there is an economic downturn, fund major new strategic directions, and ensure continued growth of the SAE.

5.0 INVESTMENTS

- 5.1 SAE invests funds in Market Investments and in Strategic Investment Projects (SIPs).
- 5.2 The market investment portfolio of SAE provides income to supplement revenue from operations and capital. Increases in Net Assets must be put into investments which are properly managed to generate a fair return from both earnings and appreciation. The investment strategy and objectives must be based on prudent investment management.
- 5.2.1 The Finance Committee furnishes astute administration of SAE's Market Investments, working harmoniously with staff to carry out this function.
- 5.2.2 The Finance Committee adopts and implements appropriate policies for the various Market Investment funds utilized by SAE, subject to monitoring by the Board.
- 5.2.3 The execution of proxy voting for externally managed investments is delegated to the outside investment managers and to the SAE Chief Financial Officer (CFO) for internally managed investments. The internally managed portfolio is restricted to fixed income investments; i.e. the CFO is not engaged in the buying and selling of equity securities.
- 5.2.3.1 Voting decisions will favor those actions that are intended to improve or maintain ownership value.
- 5.2.4 The Finance Committee may in some years authorize capital expenditures at a level which exceeds the cash provided by depreciation for the year. The Market Investment portfolio will be normally the source of funds to cover such differences.
- 5.2.5 The net income from operations may in some years be negative. This deficit will be normally covered through income from the Market Investment portfolio.



5.3 A Strategic Investment Project (SIP) portfolio is an alternative to investing funds in the Market Investment portfolio. The SIPs process is designed to enable significant funding of strategic projects that are proposed to meet the Ends and Vision of SAE. Projects in this portfolio are new initiatives in addition to operating budgets leading to:

5.3.1 Strengthening the sectors/market focus,

5.3.2 Creating a portfolio of programs, products and services for Vision 2020,

5.3.3 Transforming to a global organization,

5.3.4 Capitalizing on emerging technologies or

5.3.5 Integrating SAE infrastructure in support of items (5.3.1-5.3.4).

When a SIP achieves its objectives, it should become part of operations.

5.3.6 The level of funds available for SIPs shall be proposed by the Finance Committee and approved by the Board. This allowable investment level will be established from the top financial policy metrics for Solvency (debt/equity ratio), Liquidity (current assets / current liabilities) and Prudence (reserves as a % of operating expenses).

5.3.7 Strategic Investment Portfolio Management Process:

5.3.7.1 The Board, represented by the Board Planning Committee (BPC), shall take ownership of initiatives for SAE Enterprise level SIPs.

5.3.7.2 Operating boards (OBs) are expected to submit and own SIPs for growth and advancement of their areas of responsibility.

5.3.7.3 Staff is expected to submit and own SIPs for new products and market expansion as well as due diligence for M&A opportunities.

5.3.7.4 The Finance Committee shall be the scorekeeper for all SIPs and maintain a list of proposed, active, rejected and completed SIPs and report this list to the Board. On a regular basis (no less than once a year), the Finance Committee will review the status of SIPs financial expenditures.

5.3.7.5 Staff shall support SIP concepts that may emerge from the BPC and OBs and generate project business plans in a format suitable for financial evaluation by the Finance Committee. Staff shall attempt to forecast the risk/impact



of the SIP to SAE's financial policy metrics on a short- and long-term basis for Finance Committee review.

- 5.3.7.6 When the Finance Committee supports the financial request of a SIP for expansion of current business activities, it shall be sufficient to initiate the project as generated by an OB up to \$1 million per year of the project. SIPs of large commitment or stretching boundaries will be evaluated by the Finance Committee for financial viability only and then referred to the BPC for strategic evaluation. SIPs that are greater than \$1 million require approval by the Board.
- 5.3.7.7 Revenue which may be generated within an active SIP shall be tracked and included in the business plan of the SIP until the project is moved into operations.
- 5.3.7.8 When a new SIP causes the portfolio to exceed the top-level guidelines, the Finance Committee shall explore alternatives to rebalance the portfolio or seek approval for the project that causes the limits to be exceeded. Moving the projects into operations as soon as possible is desirable to free funds for new SIP initiatives.

6.0 NET ASSETS

6.1 The Finance Committee establishes appropriate Policy and Management Metrics related to unrestricted Net Assets. The Policy Metric for Prudency is directly associated with unrestricted Net Assets and will be reported by the Finance Committee to the Board. Additional Management Metrics will be used by the Finance Committee to measure growth of unrestricted Net Assets and return on invested capital.

- 6.1.1 Staff has responsibility for the impact of Operations on unrestricted Net Assets.
- 6.1.2 The Finance Committee has responsibility for the impact of Market Investments on unrestricted Net Assets.
- 6.1.3 The Finance Committee, Board and staff share responsibility for the impact of SIPs on unrestricted Net Assets.

6.2 Targeted increases in Net Assets are accumulated each year so that amounts short in one year can be covered by excesses in prior years. The Finance Committee tracks, budgets, and measures growth of unrestricted Net Assets. The Finance Committee tracks growth using a seven year time-frame, including, the three year period preceding the current fiscal year, the current fiscal year, and the three budget years. The Finance Committee budgets growth of unrestricted Net Assets on a three year basis



using current year-end projections. Actual targeted growth of unrestricted Net Assets is measured/calculated at the end of the current fiscal year using actual results.

- 6.3 Transfer of Net Assets. In the past, SAE has contributed monies to the SAE Foundation and the SAE Foundation Canada. A large dollar contribution (over \$100k) from SAE to other entities requires approval by the Board.

7.0 PLANNING

- 7.1 Financial planning of SAE's performance is done on a one-year and rolling three-year basis.
 - 7.1.1 An operating revenue target, marginal revenue target and unrestricted Net Asset targets are developed prior to the budgeting process.
 - 7.1.2 The Finance Committee will plan the SIP portfolio to ensure policy guidelines are met.
 - 7.1.3 Annual budgetary proposals for encompassing the overall planned program of services are developed.
 - 7.1.4 Revisions in the financial operations of major activities are made when it is apparent that SAE cannot adhere to this financial policy because of the disproportionate net cost of a specific activity in comparison to the apparent benefits.

8.0 MONITORING AND REPORTING

- 8.1 Monitoring, reporting and evaluating SAE's performance is done on an ongoing basis.
 - 8.1.1 The Finance Committee monitors fiscal results of activities and programs relative to the approved budget to identify significant changes from planned results and to adopt fiscal corrections where deemed necessary, subject to monitoring by the Board.
 - 8.1.2 The Finance Committee may make exceptions to the implementation of this Financial Management Policy, subject to monitoring by the Board.
 - 8.1.3 Periodic reports are prepared by staff which clearly distinguish Operations activities and Investment activities (market investments and SIPS) and disclose and report the extent of compliance with these financial policies.

9.0 POLICY REVIEW



This Financial Management Policy is reviewed at least once each year by the Finance Committee to make any changes required, subject to approval by the Board.

10.0 RECORD RETENTION

Records of Finance Committee's discussions and decisions shall be retained for a six-year period, which is the generally recommended time frame under the Employee Retirement Income Security Act (ERISA). Note that there may be circumstances such as threatened, anticipated or ongoing litigation, or the revelation of fraud or concealment of a breach that would indicate a need to retain certain records for a longer period. In those circumstances, the advice of legal counsel will be followed.

11.0 DEFINITIONS

11.1 Annual marginal revenue: Revenue minus expenses, measured at the end of the fiscal year.

11.2 Net Assets: Total assets minus total liabilities.

11.2.1 Restricted Net Assets: Net Assets for which use is limited by donor-imposed time or purpose restrictions. The restrictions can be temporary or permanent.

11.2.2 Unrestricted Net Assets: Net Assets whose use has not been restricted by donors or by law.

11.3 Programs: Activities resulting from actions of the operating boards and board committees.

11.4 Strategic Investment Project (SIP) Portfolio Management Process – key terms:

11.4.1 The key word "Investment" in SIP denotes investment in a SAE specific project as an alternative to investing funds in the Market Investment Portfolio.

11.4.2 The key word "Strategic" in SIP separates these project initiatives from "Operations".

11.4.3 The key word "Project" anticipates that these investments will be multi-year with effective project management tools and competitive value propositions.

11.4.4 The key word "Portfolio" mirrors the term used for Market Investments. It is expected that SAE can grow a portfolio of



diverse projects selected from an active list of candidates that are constructive to the Ends and Vision of SAE.

- 11.4.5 The term “Management Process” is based on project business plans with measurable deliverables and project phase gates that enable continued support or an exit strategy.
- 11.4.6 “Portfolio Management” also includes portfolio balancing of long and short term projects, small or large funds, local, regional or global investments and market segmentation.



ARTICLE VII – COMMITTEES AND OPERATING BOARDS

Section 2

Executive Nominating Committee - The Executive Nominating Committee (herein called the “ENC”) shall at all times maintain a current pool of qualified candidates and select nominees for President, Treasurer, Assistant Treasurer, and Directors according to the then-current strategic plan of the Board.

The ENC shall consist of one (1) Past President, who shall Chair the ENC; one (1) nonvoting representative of SAE staff selected by the Chief Executive Officer, three (3) sector representatives one being selected by each Sector Vice President, one to three current or past Board member representatives selected by the President, and a representative of each operating board. The ENC thus constituted is expected to assess qualified nominees from across the entire membership of SAE, based upon strategic plans and Board operational needs, diversity in the broadest terms, and without regard to Sector, Section, operating board, or other SAE affiliation. All members who vote on the ENC shall be voting members of SAE and may not be represented by a proxy at meetings of the ENC.

The President and Sector Vice-Presidents shall be nonvoting, ex-officio members of the ENC.

Prior to the first regular Board meeting which follows the organizing meeting of a new Board, the President shall contact Past Presidents in the order of their year of service, beginning with the most recent Past President, in order to identify the following:

- (a) First, a Past President willing to serve as Chair of the ENC, and
- (b) Then, an alternate, willing to attend in anticipation of being called and to serve if called.

A Past President representative shall not concurrently serve on the ENC as a Board member representative or a Sector representative or as an operating board representative.

The Chair of the operating boards shall each appoint a single representative to the ENC, with overlapping terms among the operating boards to ensure continuity. Representatives so selected may not be represented by a proxy at meetings of the ENC.

Any voting member may, if they wish, participate in the nomination process by suggesting potential candidates to the ENC.



Two methods exist for this purpose:

- (a) Voting members may send the name and address of such candidate(s) to the Secretary, who will transmit the information to the ENC. The ENC may then develop the necessary background information on the qualifications of such candidate(s).
- (b) Voting members may also write or call the Secretary to obtain a nomination form. All such forms must be submitted to the Secretary by the date designated on the form. The Secretary will convey to the Chair of the ENC all such recommendations received from the voting members. In addition, voting members who complete such a form may, if they wish, attend a meeting of the ENC for that period of time required to personally present the credentials of the potential candidate(s).

The policies governing the ENC shall be approved by the Board.

The Board shall from time to time establish the procedures for the conduct of the elections for which the voting members have a right to vote, including voting in person, by proxy, by mail, or by approved electronic means.



PROCESS DESCRIPTION

This award was established in 1986 to recognize and honor an SAE member who has made unique and significant contributions to SAE by strengthening or adding to the Society's ability to further its purpose; which is to:

- advance the knowledge of the arts, sciences, standards, and engineering practices connected with the development, design, construction, and use of self-propelled machines, prime movers and related equipment (all herein collectively called "mechanisms");
- to preserve and improve the quality of life in the production and use of such mechanisms;
- to maintain a library of publications;
- to promote through meetings, lectures, courses, seminars and the presentation and discussion of scientific and engineering papers a better understanding of such mechanisms;
- to develop technical and scientific reports, including engineering standards and recommended practices, in connection with the development, design, construction, use, and reuse of such mechanisms, and publish and distribute such reports for the benefit of mankind; and
- generally to provide for or carry on such other activities as may be necessary, incidental, convenient, or desirable to accomplish fully the foregoing purposes

The Medal is intended to recognize contributions to the Society and its affiliates rather than to acknowledge a technical achievement. The significance of such contributions shall have been tested over time and shall be regarded as a major factor in SAE's success.

The original funding for the purchase of the medal came from the Kettering Fund. A single Medal may be awarded each year.

ELIGIBILITY

- Living, voting member of SAE International, who has not previously received the Award.
- Unique, significant contributions.

NON-ELIGIBLE CONTRIBUTIONS

- Contribution occurred during the time of elected office
 - Current and/or Past Presidents
 - Current and/or Past Vice Presidents
- Contribution occurred while the individual was employed by SAE
 - Consultant
 - Staff

RECOGNITION

- The Award consists of a framed bronze medal engraved with the recipient's name.
- The Award will be presented at an SAE event.



1. SCOPE

The SAE Intellectual Property (IP) Rights and Usage Policy is a statement of SAE's policy that covers all aspects of its intellectual property ownership and the ownership of such rights by others. This Policy attempts to set forth SAE's position regarding the use of the IP Rights and the policies regarding such use.

Applicable sections of other SAE policies:

- *Bylaws*: Article III, Section 7: SAE Emblem
Article XII, Section 6: Engineering Standards
- *Governance Policy* of the Technical Standards Board

2. NATURE OF IP RIGHTS

The IP Rights of SAE comprise three types of intellectual property: Copyrights, Trademarks and Patents.

2.1. COPYRIGHTS

2.1.1. Exclusivity of Rights

Copyrights cover all aspects of SAE's business. Publications such as Technical Reports¹, Magazines, Books, Courseware, Journals, and the like are all protected by Copyright. In addition, software, videotapes, audio tapes and the SAE Website also come within the protection accorded by Copyright. In summary, Copyright provides the exclusive right to SAE to reproduce, display and distribute the works it publishes and accords SAE the exclusive right to create derivative works from such copyrighted works. These exclusive rights are a substantial economic asset of the Society and are not to be exploited without the specific consent of SAE. SAE has an extensive program for the licensing, distribution and sale of its Copyrighted works that is administered by the SAE IP Department.

2.1.2. Acquisition of Rights by SAE

As a policy, SAE does not publish works in which it does not own the copyright. In most cases, the works that SAE typically publish are authored by its members and volunteers or third-party contractors. Accordingly, it is necessary to assure copyright ownership by SAE of all works that are to be published by SAE. SAE has a number of agreements for acquiring such copyright with employers of members who contribute to the efforts of a committee, or author a paper or prepare a software program. However, this is not always the case. Accordingly, it is incumbent upon all SAE staff and Sponsors to assure that documents or other types of works that are to be published by the SAE have proper Copyright assignment forms prior to publication.

¹As defined by the SAE Technical Standards Board, in its *Governance Policy*, Technical Reports are a documentation of broadly accepted engineering practices or specifications for a material, product, process, procedure or test method.

2.1.3 Licensing of Rights by SAE

Generally, SAE does not permit the use or copying of unlicensed works. Copyrighted works, including Technical Reports, Magazines, Books, Software and the like are available from SAE through its Publications Department for those works individually offered for sale or license. Online distribution or a collection of publications are available from the SAE IP Department. Online dissemination of works that are for private use is strictly prohibited unless a license is obtained from SAE for such dissemination.

2.2 TRADEMARKS

The Trade and Service Marks of SAE are valuable assets that distinguish the services and products of SAE. It is important that these Marks be respected and used properly.

2.2.1 Certification and Conformance

Unless a product or service has passed a conformance test sponsored by SAE, it is inappropriate and improper to use an SAE Mark in connection with such product or service to imply that it has been certified by SAE. Any marketing or advertisement of a product or service claiming conformance to an SAE Technical Report shall indicate the basis of such conformance and shall not imply that SAE has authorized or approved such claim, unless the conformance testing is part of an SAE conformance program permitting such claims.

2.2.2 Using SAE Marks

When referring to services or products of SAE, the SAE trade and service marks are to be used as an adjective before a generic name of the product or service which is being referenced. If there are questions concerning the use of SAE marks in publication, including the use of marks together with third-party trademarks or tradenames, contact the SAE IP Department.

2.2.1.1 Use of the SAE Logo

The SAE logo should only be used in officially sponsored conferences or events of the SAE. Guidelines for the use of the SAE logo is available from the SAE Marketing Department.

2.2.1.2 Use of SAE Letterhead

Use of the SAE Letterhead and or SAE logo on non-SAE documents is not permitted unless such person has been authorized by the SAE Marketing Department. SAE authorized committee or workgroup letterhead paper is provided to specifically designated personnel for official SAE use only.

2.2.2.3 Using Third-Party Marks

Using the trade or service marks of other organizations in Technical Reports, publications and technical papers should be avoided where possible. However, if it is important to the substance of the publication to use a third-party trade or service mark, one should adhere to the same standards of use as with an SAE mark; that is, to use it as an adjective in front of the generic name of the product or service. If known, whether the mark is registered, an "®" should be used with a footnote indicating the ownership of the mark. Technical Reports should use the generic description of products in reference to their applicability or

suitability for use in conformance to the requirements of the Technical Report.

2.2.2.4 The SAE Emblem

The SAE emblem (United States Trademark Reg. No. 2,203,242) is a collective mark of the SAE used for the sole purpose of indicating membership in the SAE. As the owner of the mark, SAE makes it available only to members of the SAE for display by them denoting such membership. No other use of such Emblem shall be made even by a member.

2.3. PATENTS

It has been traditionally the position of SAE to avoid the use of patented technology in Technical Reports where the principal objective is conformance to the Technical Report as defined by the SAE Technical Standards Board. However, with the advent of more complex technologies, it is not always possible to provide Technical Reports that meet today's needs without incorporating technologies that are patented. It has become difficult, if not impossible; to develop standards that do not take advantage of or otherwise incorporate the use of products, systems or process that implementation would necessarily infringe a claim of such a patent. Accordingly, SAE Technical Reports may include the known use of patent(s), including patent applications, if there is in the opinion of the committee developing the Technical Report technical justification and provided that SAE receive assurance from the patent holder that it will license applicants under reasonable terms and conditions for the purpose of implementing the standard. This assurance shall be provided without coercion and prior to the approval of the standard or reaffirmation when a patent becomes known after the initial approval of the standard. This assurance shall be a letter that is in the form of either:

- 2.3.1 A general disclaimer to the effect that the patentee will not enforce any of its present or future patent(s) whose claims would be necessarily infringed by implementation of the proposed SAE Technical Report against any person or entity implementing the mandatory provisions of the Technical Report to effect compliance or;
- 2.3.2 A statement that a license will be made available to all applicants without compensation or under reasonable rates, with reasonable terms and conditions that are demonstrably free of any unfair discrimination.

PERFORMANCE REVIEW INSTITUTE, INC.

Appendix R-8

(A Pennsylvania Non-Profit Corporation)

BY-LAWS

(Adopted June 14, 1990) - (Revised 14 September 2009)

ARTICLE I

PURPOSES

The purposes of the Performance Review Institute, Inc. (hereinafter referred to as "PRI" or the "Institute") are to engage in activities permitted for corporations described in Section 501(c)(6) of the Internal Revenue Code of 1986 (the "Code") particularly to foster, advance and promote the interests of the automotive industries: land, sea, air and space; to compile and review performance standards; to promote and administer quality assurance, accreditation and certification programs for the benefit of the general public, industry and government; and to contribute funds, property and service to nonprofit organizations that develop and publish standards for maintaining and improving quality and performance within the automotive industries.

ARTICLE II

PROGRAMS

- Section 1. This Institute shall function with planned programs which shall include:
- A. the development, compilation and promotion of standard nomenclature and industry standards;
 - B. the creation of programs to enhance the quality of the products of the automotive industries through accreditation, certification and administration of such programs;
 - C. the assistance to and coordination of the efforts of professional societies, trade associations and government in developing performance standards related to quality assurance and performance criteria programs;
 - D. the collection and dissemination of reliable industry information, including the creation of qualified product and manufacturers lists;
 - E. the preparation and distribution of educational and scientific materials related to quality assurance, certification and standardization programs;
 - F. the establishment of liaison and cooperation with private and governmental groups establishing standards and/or safety codes which are pertinent to this Institute; and
 - G. the close working cooperation with user groups to communicate needs, benefits, applications and solutions to mutual problems.

**An Affiliate of SAE International
Approved March 23, 2010**

**ARTICLE 1
PURPOSES AND PROGRAMS**

Section 1.01. PURPOSES. The **SAE Industry Technologies Consortia Incorporated** (“the Corporation”) is organized and shall be operated for the development of automotive, commercial vehicle and aerospace industry specifications and standards, requirements documents and guidelines, and for the development of programs for certification and conformance, audit programs and education, accreditation, and technology development, including the creation of intellectual property. The Corporation shall also undertake additional purposes and activities which may be undertaken by an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986, as the same may be amended or modified or replaced by any future United States internal revenue law (the “Code”).

Section 1.02. PROGRAMS. The programs of the Corporation shall be developed by Participant Groups (defined in Section 5.01), including, but not limited to:

- A. Providing support to assist Participant Groups to meet their goals and objectives in the development of industry specifications, standards, and certification and audit guidelines.
- B. Supporting cooperative programs between Participant Groups and SAE International ("SAE").
- C. Entering into joint research projects in accordance with the National Cooperative Research and Production Act of 1993 (the “NCRPA”).
- D. Obtaining certification and conformance to standards sponsored by the Corporation or other organizations.

**ARTICLE 5
PARTICIPANT GROUPS**

Section 5.01. PARTICIPANT GROUPS. The Corporation encourages the formation of Participant Groups that have identifiable goals that comply with the purposes and programs set forth in Section 1.01 and Section 1.02. Participant Groups shall have only such rights as are expressly set forth in these bylaws, in a resolution of the Board of Directors or in an agreement approved by the Board of Directors between this Corporation and a Participant Group.

Section 5.02. PARTICIPANT GROUP MEMBERS. Each Participant Group shall consist of three (3) or more members who (i) are interested in developing programs which are defined in Section 1.02 for the automotive, heavy duty or aerospace industries and who (ii) meet such other membership criteria adopted by the Participant Group, subject to the Corporation’s approval (each person in the Participant Group shall be referred to herein as a “Participant Group Member”). For the purpose of this Section, a "member" means any individual, proprietorship, partnership, firm, association, corporation, division of a corporation or other business or legal entity organized under the laws of the United States or another country, including not-for-profit associations, societies, or research institutes. Each Participant Group and each Participant Group Member shall identify one person who shall exercise the power of the Participant Group and Participant Group Member, respectively, and those names shall be provided to the President of the Corporation, together with the names of any alternate to serve as the representative of the Participant Group (the “Participant Group Representative”) and the Participant Group Member (the “Participant Group Member Representative”), respectively, in all matters of the Corporation in which the Participant Group or Participant Group Member is authorized by these bylaws to participate.

Section 5.03. APPLICATION. Three or more persons interested in forming a Participant Group shall submit an application in the form prescribed by the Board of Directors to the Secretary-Treasurer along with an application fee, if required. The Board of Directors shall approve or disapprove such application, at its sole discretion, and shall notify the Participant Group of its decision.

Section 5.04. RULES OF OPERATION. Each Participant Group, in conjunction with the President of the Corporation, shall establish rules of operation, including criteria for membership, the internal governance of the Participant Group, dues and fee structure that fully support the required resources and obligations of members, all of which shall be consistent with the bylaws and rules established by the Corporation. Such bylaws and rules shall be effective upon approval by the Board of Directors and may not be amended or repealed without the prior approval by the Board of Directors. Each Participant Group Member shall be obligated to affirm in writing, an understanding of, and agreement to, the rules and policies of the Corporation, its antitrust guidelines and tax-exempt status and shall agree to indemnify the Corporation against any liability arising out of any breach of such understanding or agreement. The Corporation shall have the right to have a representative involved as a liaison or observer during document development and to review issues arising with a Participant Group.

Section 5.05. INTELLECTUAL PROPERTY. The Board of Directors will normally comply with the direction of the Participating Group as to the disposition of the intellectual property unless it believes in good faith that such disposition would create antitrust or adverse tax consequences to the Corporation or Participant Group.

Unless otherwise agreed to before or during the development process by the Board of Directors, and permitted under Section 501(c)(6) of the Code and, to the extent applicable to the NCRPA, the Corporation shall own all work product, research and development, and intellectual property and products developed, created, or invented by a Participant Group in connection with activities undertaken under the aegis of the Corporation in pursuit of the goals of the Participant Group, including copyrights, trademarks and patents. At the request of the Corporation at any time, including the resignation, suspension or expulsion of a Participant Group or Participant Group Member, the Participant Groups and Participant Group Members shall execute, acknowledge and deliver to the Corporation all papers, including assignments, as may be necessary to vest title in such intellectual property in the Corporation so that the Corporation can make the intellectual property available to the relevant industry or the general public. The Board of Directors shall be authorized to enter into agreements with Participant Groups relating to the disposition and licensing of technology and patents.

Section 5.06. RESIGNATION. A Participant Group Member may terminate the member's association with the Corporation by giving written notice to the President. The resignation of a Participant Group Member shall not affect the rights and obligations of the remaining members of a Participant Group. A Participant Group may terminate its association with the Corporation by giving written notice to the President, which is signed by majority of the Participant Group Voting Members of that Participant Group. The resignation of a Participant Group Member or Participant Group is effective without acceptance when the notice is given to the Corporation, unless a later effective time is specified in the notice. The resignation of a Participant Group or Participant Group Member shall not relieve the Participant Group or Participant Group Member from obligations the Participant Group or Participant Group Member may have to the Corporation for dues, assessments, fees, charges for goods or services, or indemnification or other obligations.

Section 5.07. EXPULSION OR SUSPENSION.

(a) *Grounds.* The Board of Directors may, upon the affirmative vote of two-thirds (2/3) of members of the Board of Directors, expel or suspend a Participant Group or Participant Group Member who, in the determination of the Board of Directors, has engaged in conduct that is not in the best interest of the Corporation, including but not limited to: (i) failing to conform with the provisions of the Certificate of Incorporation, Bylaws or other rules and policies of the Corporation, including antitrust guidelines, or (ii) failing to comply with the rules and regulations for the Participant Group provided, however, that the Board of Directors (i) shall deliver to such Participant Group Member written notice by certified mail, return receipt requested of such proposed expulsion or suspension not less than thirty (30) days prior to the effective date of such proposed expulsion or suspension, which notice shall set forth the reasons for such expulsion or suspension, and (ii) shall provide an opportunity for such Participant Group Member to be heard, orally or in writing, not less than ten (10) days before the effective date of such expulsion or suspension by the Board of Directors or a committee of the Board of Directors that is authorized to decide that such proposed expulsion or suspension not take place. The decision of the Board of Directors or the authorized committee of the Board of Directors shall be final.

(b) *Suspension for Failure to Pay Dues or Support Fees.* In addition to the reasons specified above, the President, in his or her discretion, may suspend the right of any Participant Group Member or Participant Group to participate in the activities of the Corporation for failure to pay the general membership fee, any dues, assessments or other amounts due to the Corporation within the authority of the Certificate of Incorporation and the Bylaws of

this Corporation within thirty (30) days after the payment thereof shall be due. The President or Secretary-Treasurer shall notify Participant Group or Participant Group Member of the proposed suspension by certified mail, return receipt requested and the effective date of such expulsion shall be two (2) weeks after Participant Group or Participant Group Member has received such notice. Upon payment of all amounts that are due and payable to the Corporation, such Participant Group Member may be reinstated as a Participant Group Member upon approval of the Board of Directors.

(c) *Effect of Expulsion or Suspension.* The expulsion or suspension of a Participant Group or Participant Group Member shall not relieve the Participant Group or Participant Group Member from obligations the Participant Group or Participant Group Member may have to the Corporation for dues, assessments, fees, charges for goods or services, or indemnification or other obligations.

Section 5.08. ELECTION OF NOMINATING COMMITTEE REPRESENTATIVES FOR PARTICIPANT GROUPS. Pursuant to Sections 3.02 through 3.05, and at such time as there is at least one representative of the Participant Groups to serve on the nominating committee for selection of candidates for the Board of Directors as follows:

Slate of Candidates. Each Participant Group, by majority vote of its voting members, shall nominate one individual for consideration by the nominating committee to be listed on the slate of candidates to serve on the Board of Directors at a meeting called for such purpose as described in Section 3.02(e).

Section 5.09. Lobbying. No Director, Officer, Participant Group or Participant Group Member shall conduct lobbying activities at any level or with any member of any government, government agency or government representative.

Section 5.10. Conflict of Interest. All Officers, Directors, Participant Group Members and staff are expected to uphold the highest standards of integrity and conduct to minimize and conflicts of interests and protect the name and integrity of the ITC. Each Officer, Director, Participant Group Member and staff has a duty to be free from the influence of personal considerations when conducting ITC business, and exercising the best objective judgment when making decisions on behalf of ITC. If there is any possibility that a conflict of interest might exist, the Officer, Director, Member or staff must submit a written description of the situation, as soon as the issue is realized, to the President and Chairman of the Board of the SAE Industry Technologies Consortia.