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The SAE Board of Directors Governance Policy Manual is a living document; content is updated on a continuous basis. For copies of an updated page, please contact the Office of the Secretary at secretary@sae.org.
INTRODUCTION

Effective leadership requires that the Board of Directors (BOARD) provide the Society’s vision. To do so, the BOARD 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, and empowerment of the BOARD, BOARD Committees and Subteams, the Chief Executive Officer and the strategic ability to lead leaders.

Observing the principles of the policy-governance process, the BOARD crafts its values into four policy types. These policies enable the BOARD to focus its wisdom into one central, brief document the Governance Policy Manual.

1. **ENDS POLICIES**
   Through Ends policies, the BOARD 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’s part of long-range planning.

2. **GOVERNANCE POLICIES**
   Through Governance policies, the BOARD determines its philosophy, accountability and specifics of its own job.

3. **RELATIONSHIP POLICIES**
   Through Relationship policies, the BOARD 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 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

SAE International is the leader in connecting and educating engineers while promoting, developing and advancing aerospace, commercial vehicle and automotive engineering.
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, 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.
The BOARD 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 shall include character, talent, loyalty to SAE International (SAE) and foster diversity into the whole of the organization.

Diversity is defined by the BOARD 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 shall 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. The BOARD:
   1.1 Ends Policy identifies SAE programs, products, services, impacts, benefits, outcomes, the intended recipients and the acceptable costs thereof, including dues.
   1.2 Governance Policies states the philosophy and methods of the BOARD’s own operations, such as Bylaws’ interpretation and proper composition of BOARD Committees, Board Subteams and Operating Boards.
   1.3 Relationship Policies, in one document, wherein the BOARD reserves authorities to itself and delegates specific responsibilities to Operating Boards and the Chief Executive Officer.
   1.4 Limitations Policies on the President, Treasurer, Chief Executive Officer and Operating Boards are to prohibit actions unacceptable to the BOARD, including those related to new-business ventures, acquisitions, major partnerships, budgeting, financial management and planning.

2. The BOARD 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 has delegated authority.

3. The BOARD represents the interests of the membership and the viewpoints of members, mobility sectors and constituencies.

4. The BOARD requires the SAE operating organization to serve member interests.

5. The BOARD provides fiduciary oversight by assessing reports of membership, cash flow, financial position, net income and legal challenges.

6. The BOARD approval is required as follows:
   6.1 All changes to:
      6.1.1 Articles of Incorporation
      6.1.2 Bylaws prior to presentation to the membership for its vote
      6.1.3 Governance Policy Manual
      6.1.4 Intellectual Property and Usage Policy
      6.1.5 Mission, Vision, Ends and Strategy
   6.2 Appeals decisions
   6.3 Election of a member to SAE Fellow-grade status
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8. The BOARD monitors performance, policy compliance, Operating Boards and the Chief Executive Officer performance and new ventures.
The BOARD, to accomplish its job products, shall follow an annual agenda that completes re-exploration of policies, especially the Ends Policy, annually, and continually improves BOARD performance. The annual cycle and other BOARD-policy processes include the following elements:

1. **Annual Planning Cycle**
   The annual planning cycle shall start with the BOARD’s approval of its annual agenda at the first meeting of each new-BOARD cycle.
   1.1 The Chair, with input from the BOARD and the Chief Executive Officer, shall propose an agenda after evaluating potential new-business items submitted by BOARD members and others.
   1.2 The BOARD agendas are approved by the BOARD at the beginning of each meeting.
   1.3 Agendas and documents shall be provided to BOARD members ten-days prior to the BOARD meeting.

2. **Types of BOARD Sessions**
   2.1 Closed Session – BOARD only.
   2.2 Restricted Session – BOARD with invited staff and/or advisors, as appropriate.
   2.3 Open Working Session – BOARD, staff and other participants.

3. **Types of BOARD Meetings**
   3.1 Face-to-face meetings, which may include members participating by telephone or other communications technology.
   3.2 Telephone or other communications technology meetings.

4. **Inter-Meeting Voting** [Appendix G-2]
   4.1 BOARD voting may be conducted electronically between BOARD meetings, and requires unanimous consent of all voting Board members.
   4.1.1 BOARD voting that obtains unanimous consent of all voting BOARD members shall become effective immediately after the close of voting.
   4.1.2 BOARD voting that does not obtain unanimous consent shall require a reconfirmation vote at the BOARD’s next meeting.
   4.2 The comment/voting period on electronic business closes thirty days after the posting.
   4.2.1 At the request of the President, on time-sensitive votes, the voting period on electronic business may close ten days after posting.

5. **Meeting Minutes Process**
   5.1 Minutes shall be provided to BOARD members no later than twenty-one days following the meeting.
   5.2 Minutes approval shall be conducted electronically.
   5.2.1 The voting requirement identified in 4.1.1 and 4.1.2 shall apply.
The BOARD’S governing style shall optimize teamwork, proactivity, self-discipline, strategic leadership, member and customer focus, inclusive deliberation, seeking diverse viewpoints, full participation and clear distinction of the BOARD and organizational unit roles.

1. **SCOPE OF ACTIVITIES**
   1.1 Roles of, and lines of communication among, the BOARD, BOARD Committees, Operating Boards and the Chief Executive Officer shall be clearly differentiated to avoid overlap, gaps and ambiguities.
   1.2 BOARD members are ambassadors for SAE to customers, members and leaders.

2. **GROUP ACTION**
   2.1 The BOARD owns policy development and, accordingly, the BOARD’s actions rely upon constructive deliberations based on useful information and shall 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 shall address relevant issues, debate policy and strategy, and act decisively.
   2.3 BOARD members have a responsibility to present their views. Consensus shall be sought for decisions put before the BOARD. Consensus is defined as a minimum of seventy percent “fully support” and thirty percent “can live with it.”
   2.3.1 A majority vote shall prevail when consensus cannot be reached.

3. **POLICY REVIEW AND REVISION**
   3.1 Newly-elected Directors shall receive an orientation from the President Elect and the Secretary on SAE issues and the *Governance Policy Manual* structure and content. Existing BOARD members may also participate in the orientation if desired.
   3.2 The Secretary of SAE shall distribute to each member of the BOARD a copy of the proposed new or amended policy and its rationale at least ten days in advance of the BOARD meeting at which the first reading is scheduled.
   3.3 The BOARD may amend these policies provided that the first reading of a new or amended policy is discussed during a meeting of the BOARD, at which time a non-binding consensus vote may be taken.
   3.4 During a subsequent meeting of the BOARD, 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. The new or amended policy shall take effect immediately upon completion of a vote during a meeting of the BOARD at which either consensus or a majority vote is attained.

4. **MONITORING**
   4.1 The BOARD shall establish effective and regular ways of monitoring compliance with Limitations Policies, progress towards Ends and discussion of the BOARD’s own performance and that of its Officers, BOARD Committees and Operating Boards.
As a nonprofit organization at the forefront of mobility engineering, SAE’s policy is to uphold the highest legal, ethical and moral standards. Donors and volunteers support SAE because they trust the Society to be good stewards of their resources, and to uphold rigorous standards of conduct. SAE’s 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 shall comply with all applicable laws and regulations and expects its BOARD members 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 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 shall, with respect to SAE 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 executive business.

2. BOARD members shall, with respect to BOARD activities:
   2.1 Attend BOARD meetings regularly. BOARD members are expected to attend at least one face-to-face meeting per year and, at all meetings, to attend the entire meeting. Any BOARD member absent for two-consecutive meetings of the BOARD will receive a written notice from the Secretary. Upon a third-consecutive meeting absence, the BOARD member shall be automatically excused from his/her duties and the resulting vacancy filled pursuant to Bylaws Article V, Section 5.8 (Appendix G-6) and Appendix G-1 of the Governance Policy Manual – BOARD’s Procedure For Filling BOARD Vacancies
   2.1.1 For purposes of BOARD attendance, a “meeting” is defined as a meeting during which a vote will be taken on BOARD business (as opposed to a meeting for purely informational purposes), whether a virtual or a face-to-face meeting (with virtual capability). “Consecutive meetings,” for purposes of BOARD attendance, are “meetings” that follow one another, regardless of calendar year or BOARD term. For example, attendance at a non-voting meeting scheduled between two “meetings” from which a BOARD member has been absent does not operate to create a break between missed “consecutive meetings.” Absence from the next “meeting” by the BOARD member would result in removal from the BOARD.
   2.1.2 If a BOARD member is removed from his/her duties, the Secretary will so notify the removed BOARD member in writing and the BOARD’s next set of meeting minutes shall reflect this action.
   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.
   2.3.1 Once voting is completed, all members shall support the BOARD’s decision.
   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 shall, with respect to personal integrity and professionalism:
   3.1 Promote and participate in a climate of mutual trust, respect and teamwork.
   3.2 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 policy may result in a request, from the Secretary, President or the BOARD, for the resignation of a BOARD member.
In general, the use of good judgment based on high-ethical principles shall guide BOARD members 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. BOARD members should raise any such concerns with the Chair, Treasurer and/or Secretary of SAE. In all questions involving ethics and conduct, the BOARD shall make relevant determinations; except that any individual whose conduct is at issue shall not participate in such decisions.

A Code of Ethical Conduct agreement form shall be distributed for signature and collected annually.
The purpose of the Conflict of Interest Policy is to prevent the personal and/or financial interests of members of the BOARD from interfering with the performance of their fiduciary duties to SAE or result in the personal financial, professional and/or political gain on the part of such BOARD member at the expense of SAE, its members or stakeholders. BOARD members are to perform their duties in good faith, in a manner they reasonably believe to be in the best interests of SAE and with such care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances.

1. **Potential Conflict of Interest**

   For the purpose of this policy, a potential conflict of interest is one in which a decision of a BOARD member could affect such person’s own personal financial, professional and/or political interests. Accordingly, the BOARD adopts the following policy for its members:

   1.1 BOARD members shall not profit materially in their capacity as BOARD members from their affiliation with SAE, or favor the interests of others over the interests of SAE or bring their interests into conflict or competition with the interests of SAE. BOARD members should be aware that conflicts of interest include actual, apparent and potential material conflicts of interest.

   1.2 Officers of SAE who simultaneously serve as an officer of any other professional membership organization having objectives similar to SAE must disclose that information in writing to the Secretary.

   1.3 Annually, each BOARD member shall file with the Secretary of SAE a statement disclosing all material business, financial and organizational interests and affiliations they or persons close to them have, which could be construed as related to the interests of SAE. Disclosure shall also be made if a material conflict of interest arises in the course of the BOARD member’s service to SAE, whether arising out of the member’s employment, consulting, investments or any other activity.

   1.4 Whenever the BOARD is considering a matter, including a contract or transaction with a SAE member or BOARD member, that presents an actual or apparent material conflict of interest for a BOARD member, that member or BOARD member shall fully disclose the material facts as to his/her interest or relationship in or to such a matter, contract or transaction. The disclosure shall be recorded in the BOARD minutes. The disinterested BOARD members shall have the right to excuse such member from participating in the deliberations and/or voting on the matter presenting the conflict.

   1.5 Whenever any member, as a consequence of BOARD membership discovers an opportunity for business advantage that could be relevant to the activities of SAE, the opportunity belongs to SAE and the BOARD member will present such an opportunity to the BOARD. Only at such time as the BOARD, by recorded vote, determines not to pursue the matter and relinquish such an opportunity may the individual consider it a matter of possible material-personal benefit.

   1.6 BOARD members will neither accept nor offer significant material favors or gifts from vendors that provide goods or services to SAE.

A Conflict of Interest agreement form shall be distributed for signature and collected annually.
INTRODUCTION
The BOARD’s Code of Ethical Conduct Policy requires all BOARD members and volunteers to observe high standards of business and personal ethics in the conduct of their SAE 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 BOARD’s 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 members, volunteers or staff in accordance with this policy.

CONFIDENTIALITY
All communications under this policy shall 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 legal counsel.

RETIATION
Negative or adverse action is not to be taken against any BOARD member, volunteer or staff 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 legal counsel who assists in the investigation of a reported violation. Retaliation in any form shall not be tolerated. Any act of alleged retaliation should be reported immediately and shall 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, volunteers and staff may communicate suspected violations of the 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, volunteer or staff give their name or position in any notification.

Whether or not the reporter of the violation identifies himself/herself, for a proper investigation to be conducted, the reporter shall provide SAE with as much information as possible, 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 can be provided.

ILLUSTRATIVE TYPES OF CONCERNS
The following is a non-exhaustive list of the kinds of improprieties that should be reported:
1. Supplying false or misleading information on SAE’s financial or other public documents, including the Internal Revenue Form 990.
2. Providing false information to or withholding material information from SAE’s BOARD or auditors.
3. 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.
4. 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.
5. Embezzling, self-dealing, private inurement (i.e., SAE earnings inuring to the benefit of a BOARD member, volunteer, or staff) and private benefit (i.e., SAE assets being used by anyone in the organization for personal gain or benefit).
6. Paying for services or goods that are not rendered or delivered.

7. 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.

8. 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.

9. Circulating or posting written or graphic material 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.

10. Discriminating against an individual 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.

11. Violating the Code of Ethical Conduct and/or the Conflict of Interest policies.

12. Facilitating or concealing any of the above or similar actions.

QUESTIONS

For questions regarding this policy, please contact the SAE Secretary (secretary@sae.org).

A Whistleblower Policy acknowledgement form shall 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 6.3 – The President**

1. The President chairs all BOARD 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 shall ensure meeting discussion content shall only be those issues that clearly belong to the BOARD.
   1.2 The President shall ensure that a deliberation shall 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 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/her discretion, identify presidential-focus areas as long as they are consistent with the Ends, established by the BOARD, and the strategic plan, approved by the BOARD.
   2.3 The President, with input from BOARD Committees and Operating Boards, and subject to the approval of the BOARD, shall appoint members of BOARD Committees and Operating Boards, including the Chair and Vice Chair.
      2.3.1 The President shall 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 shall ensure that appointments comply with SAE’s diversity statement.
   2.4 The President and the Treasurer, with disclosure to the BOARD, have authority to suspend the BOARD’s travel policy regarding reimbursement of the President and/or Treasurer travel costs. **Appendix G-5.1 – 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.
4. The President serves as the Chair of the 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.
6. The President shall Chair all meetings of the voting member of SAE.
ROLE OF THE TREASURER AND ASSISTANT TREASURER

The Treasurer and Assistant Treasurer shall support and ensure the implementation of Board Policies. Appendix G-6 - Bylaws Article V – BOARD

Appendix G-6 - Bylaws Article V – BOARD

The Treasurer shall perform all of the duties of the office of Treasurer as well as other duties prescribed by the BOARD from time to time. The Treasurer, with disclosure to the BOARD, has the authority to suspend the Presidential Travel Expenses Policy.

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

THE TREASURER

1. Is 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. 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. Appendix G-6.a - Bylaws Article IX, Section 9.3 Voting and Acting with Respect to Stock and Other Securities Owned by SAE.
3. Shall approve Finance Committee reports to the Foundation Board of Trustees.
   3.1 SAE Chief Financial Officer shall present the Finance Committee’s report to the Foundation Board of Trustees.
4. Will review expense reports from the President, Immediate-Past President and/or Immediate-President Nominee/Elect and reimbursement will be made for those expenses that comply with the Presidential Travel Expenses Policy.
   4.1 Has the authority, with disclosure to and approval from the BOARD, to suspend the Presidential Travel Expenses Policy.
5. Will review and approve expense reports from the Chief Executive Officer.

THE TREASURER AND ASSISTANT TREASURER

6. On a monthly basis, shall 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.
7. As members of the following BOARD Committees, review financial statements, develop fiscal policies, review business plans and confirm budgets.
   7.1 Administrative Committee and Trustees of the SAE Employee Retirement Income Plan and Beneficiary Association Trust – Assistant Treasurer serves as Chair
   7.2 Compensation Committee
   7.3 Finance Committee – as a member of the Finance Committee, the Treasurer and Assistant Treasurer are responsible for:
      7.3.1 Supporting and ensuring implementation of the Financial Management Policy.
      7.3.1.1 When the Finance Committee determines that the Financial Management Policy requires changes and appoints a subcommittee to formulate the change; the Treasurer shall serve as the Chair of the subcommittee.
      7.3.2 Approving Finance Committee reports to the BOARD:
      7.3.2.1 The Treasurer shall provide timely reports to the BOARD. 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).
   7.4 Financial Audit Committee
   7.5 Appeals Committee (on an as-needed basis) – Treasurer only
The Sector Vice Presidents shall support and advise the President, the BOARD 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-6.4 – The Sector Vice Presidents.

**Each Sector Vice President Shall**

1. Lead and advise on their respective mobility sector.
   1.1 Serve as a key resource for their respective mobility sector to the BOARD.
   1.2 Provide counsel on matters within their mobility sector relative to SAE policies, principles and philosophies.
   1.3 Relate the effect of economic, social forces and government influences on SAE for their respective mobility sectors.
2. Strengthen SAE 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 Awards and Scholarships Committee.
6. Both the outgoing and the incoming Sector Vice Presidents shall 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 may establish entities, such as BOARD Committees and Subteams, to help carry out its responsibilities. Because the BOARD operates with a single voice, these entities are not be interpreted as a substitute for the BOARD.

**BOARD COMMITTEES**
1. BOARD Committees have a longer-term focus containing BOARD and/or non-BOARD members.
   1.1 The composition, scope, authority and job product(s) of each BOARD Committee are established in the relevant Governance Policy. All changes must be approved by the BOARD.
   1.2 Each BOARD Committee may establish its rules for operation. The rules and any significant changes to the rules shall be communicated to the BOARD.
   1.3 BOARD Committee members, including replacements for unanticipated vacancies, shall be appointed by the President and subject to approval by the BOARD.
      1.3.1 BOARD Committee Chairs, unless otherwise specified, are appointed by the President and subject to approval by the BOARD.
   1.4 The President, Secretary and Chief Executive Officer of SAE 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 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 except when formally given such authority for specific and time-limited purposes. Expectations and authority shall 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 create policy on a topic shall 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 broader focus, Board Committees shall 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 shall not be required to obtain approval of a Board Committee before taking action.
3. BOARD Committees:
   3.1 Are to help the BOARD do its job, not to help Operating Boards or the Chief Executive Officer do their jobs.
   3.2 Ordinarily, shall assist the BOARD by preparing policy alternatives and implications for BOARD deliberation.
   3.3 Are not to be created by the BOARD to advise Operating Boards or the Chief Executive Officer.
   3.4 Are subject to and must adhere to BOARD policies.
4. Any BOARD Committee Chair, who is not a BOARD member, may attend BOARD meetings and take part in the discussion of questions affecting the work of the BOARD, but shall 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 members and/or non-BOARD members. BOARD Subteams:
   1.1 Shall consist of up-to-ten volunteer members. Subteam leaders may be appointed by the President or the BOARD.
   1.2 Shall be formed to prepare specific policy options and implications for BOARD consideration as charged by the BOARD.
   1.3 Actions of the Board Subteam shall be limited to the development of alternatives for the BOARD and all actions on behalf of the Society shall be taken only by the BOARD.
   1.4 Are subject to and must adhere to Board Policies.
ROLE OF THE FINANCE COMMITTEE

COMPOSITION:
The Finance Committee (FC) shall consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair -selected from among the FC members</td>
<td>Years remaining on his/her FC term</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Assistant Treasurer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Eight Members* (two-new members every year)</td>
<td>Maximum of two, non-consecutive, four-year terms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-VOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative – Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY

2. The Finance Committee reports periodically to the BOARD by presenting a statement of SAE’s financial condition at a meeting of the BOARD.
3. The Finance Committee is authorized, subject to limitations as the BOARD 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’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’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.
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 approval.
4. Annual Business Plan and Budget (linked to both the strategic plan and Ends) for BOARD approval.
5. Financial measures to achieve targeted returns.
6. Financial reports.
7. SAE Investment Policy Appendix G-9.7
8. Review of items not included in capital budgets to determine if BOARD approval is required.
ROLE OF THE COMPENSATION COMMITTEE

COMPOSITION
The Compensation Committee (CC) shall consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Immediate Past President – Serves as Chair</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Previous Past President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Immediate President Elect</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Ex Officio</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Committee Chair</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Immediate Presidential Nominee</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative— Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

SCOPE/AUTHORITY
The Compensation Committee, on an annual basis, shall:
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 Present the organizational objectives and financial objectives to the BOARD, for its approval, within the first quarter of the evaluation period.
      1.1.1 Advise the Chief Executive Officer of the BOARD’s decision within the first quarter of the evaluation period.
   1.2 Evaluate the Chief Executive Officer on his/her job products, executive competencies, organizational objectives and financial measures.
   1.3 Provide performance feedback to the Chief Executive Officer, including performance highlights and opportunities for development.
   1.4 Monitor the market for compensation and benefits to ensure that SAE’s total executive-compensation package is competitive.
   1.5 Determine an appropriate base-salary level for the Chief Executive Officer.
   1.6 Determine the incentive compensation for the Chief Executive Officer.
   1.7 Present to the BOARD, for its approval, actions and decisions taken as a result of the Chief Executive Officer’s evaluation.
   1.8 Present to the BOARD, 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.
ROLE OF THE APPEALS COMMITTEE

COMPOSITION
The Appeals Committee shall consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair*</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Four Current Board Members*</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>One-or-More Operating Board Chair(s)*</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Immediate Past President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Ex Officio</td>
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</tbody>
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<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative—Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY

1. On an as-needed basis, the BOARD shall establish the Appeals Committee to hear 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 shall 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 shall be designated by the Chair as the Acting Chair.
3. Appeals from actions or refusals to take action of the Appeals Committee shall be heard by the full BOARD. The decision of the BOARD is the action of SAE International. The appeals procedure is the responsibility of the BOARD. The appeals procedure may be obtained from the SAE Secretary.

JOB PRODUCT

Appeal decisions.
ROLE OF THE BYLAWS COMMITTEE

COMPPOSITION
The Bylaws Committee shall consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair*</td>
<td>As-needed basis</td>
</tr>
<tr>
<td>Two Board Members*</td>
<td>As-needed basis</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
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</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative– Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY
On an as-needed basis, the BOARD shall establish the Bylaws Committee to review SAE Bylaws and submit recommended changes to the BOARD.

JOB PRODUCTS
1. Report to the BOARD on any Bylaws questions and/or problems.
2. Recommend Bylaws changes for the BOARD deliberation and approval.
ROLE OF THE ADMINISTRATIVE COMMITTEE AND TRUSTEES

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

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Assistant Treasurer - Serves as Chair of the Administrative Committee</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Finance Committee Chair</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Member*</td>
<td>Maximum of two, consecutive two-year terms; term shall alternate with the terms of the Treasurer and Assistant Treasurer</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative– Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

1. The Trustees shall 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”),
   1.3 Performance Review Institute 401(k) Plan for Select Employees (the “PRI 401(k) Plan”) (collectively, the “Plans”).
   1.4 ABP International Profit Sharing & 401(k) Plan
   1.5 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 shall have the authority to amend the Plans and advise the BOARD as to the amendments that it has made.

3. The Trustees shall serve as the Trustees of the SAE Retirement Income Plan. The Trustees’ trustee functions shall be performed in accordance with the governing trust instruments and shall 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 or the investment managers it has chosen to appoint.

JOB PRODUCTS
1. SAE International:
   1.1 Retirement Income Plan for Employees of SAE International
   1.2 Section 403(b) Program of SAE International
   1.3 The Executive 457 (b) & (f) Retirement Plan of SAE International
2. Performance Review Institute
   2.1 Performance Review Institute 401(k) Plan for Select Employees
3. ABPI International, Inc.
   3.1 ABPI International Profit Sharing & 401(k) Plan
COMPOSITION
The Financial Audit Committee (FAC) shall consist of, but not be limited to:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer – Serves as Chair</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Immediate Past President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Assistant Treasurer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Finance Committee Chair</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Member-at-Large - To engage financial expertise and different perspectives, a member-at-large need not be an SAE member.</td>
<td>Up-to-two three-year terms; one-year break in service required for reappointment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
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</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Ex Officio</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY
1. To annually monitor and audit SAE’s financial condition.
2. The Financial Audit Committee may also provide audit services for SAE affiliates.

JOB PRODUCTS
1. Annual financial audit, including selection of an outside, independent auditor. Financial audit report findings shall be reported to the BOARD.
2. An SAE Enterprise Internal Control Audit shall be conducted no less frequently than every four years.
ROLE OF THE AWARDS AND SCHOLARSHIPS COMMITTEE

COMPOSITION
The Awards and Scholarships Committee will consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair – selected from among the Directors</td>
<td>Time remaining on his/her ASC term</td>
</tr>
<tr>
<td>Three Directors (one from each class)*</td>
<td>One three-year term</td>
</tr>
<tr>
<td>Immediate Past President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Aerospace Sector Vice President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Automotive Sector Vice President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Commercial Vehicle Sector Vice President</td>
<td>Ex Officio</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liaison from each operating board having awards.</td>
<td></td>
</tr>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative– Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY
1. Ensuring that SAE’s awards are well-defined, congruent, prestigious, foster and promote diversity and bring honor to the recipients and SAE.
2. Ensuring that endowed funds are managed according to the BOARD’s policy 15 P.C.S. § 5548(c) Investment Policy Seeking Total Return.
3. Monitoring awards and scholarships selection committees’ processes to ensure there are due process, consistency and integrity in the selection process.
4. Leveraging and harmonizing the experience and domain knowledge of the whole SAE organization.
5. Overseeing SAE award ceremonies and related events.

JOB PRODUCTS
1. Providing oversight for the Society’s awards and scholarships programs
2. Ensuring that due process and integrity are maintained in the selections
3. Monitoring and safeguarding the corpus state for awards
4. Approve award nominees and scholarship recipients for all Society awards and scholarships
5. For the BOARD’s approval, recommend:
   5.1 Establishment of new awards and scholarships
   5.2 Termination of awards and scholarships
   5.3 Annual Medal of Honor Award Recipient
The Executive Nominating Committee is responsible for developing a pool of qualified candidates and nominations from that pool to serve in the capacities of President, Treasurer, Assistant Treasurer and Directors-at-Large in accordance with the Bylaws, the BOARD’s Strategic Plan, diverse representation and BOARD-operational needs, without regard to Sector, Section, BOARD Committees, Operating Boards or other SAE affiliation except SAE membership as may be required.

**COMPOSITION**
The Executive Nominating Committee (ENC) shall consist of:

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most recent, available Past President (no longer serving on the Board) – Serves as Chair</td>
<td>Up to a four-year term</td>
</tr>
<tr>
<td>Three Industry Sector Representatives - Selected by the Sector Vice Presidents at the end of their term</td>
<td>Up-to-two consecutive three-year terms</td>
</tr>
<tr>
<td>Three current or past Board members - Selected by the President at the end of his/her Presidential term</td>
<td>Up-to-two consecutive three-year terms</td>
</tr>
<tr>
<td>One representative from each of the six Operating Boards, selected by the Operating Board’s Chair</td>
<td>Three-year term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Second most recent, available past president, who shall also be an alternate to fulfill the term of the Chair if needed</td>
<td>Up to a four-year term</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative—Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

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

At all ENC meetings, the presence of at least two thirds of the voting members is required to constitute a quorum for the transaction of business. Each voting member shall have one vote. No member may be represented by a proxy at a meeting of the Committee.

**SCOPE/AUTHORITY**
The ENC shall operate consistent with the guidelines, procedures and processes established by the BOARD. The ENC maintains a pool of qualified candidates and shall select nominees for President, Treasurer, Assistant Treasurer and Directors.

**JOB PRODUCTS**
1. A pool of qualified candidates
2. Select candidates from that pool to serve in the capacities of the President, Treasurer, Assistant Treasurer and Directors-at-Large Nominees


**ROLE OF THE FELLOWS COMMITTEE**

**COMPOSITION**

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

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair*</td>
<td>One-year term</td>
</tr>
<tr>
<td>Fellow Grade Members – Up to six**</td>
<td>Three-year term</td>
</tr>
<tr>
<td>Ad-hoc Members – Up to six**</td>
<td>Three-year term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
</tr>
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<tbody>
<tr>
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<tr>
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<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative– Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
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</table>

*All voting members are appointed by the President, subject to approval by the BOARD.*  
**One third of the members shall be appointed yearly.**

**SCOPE/AUTHORITY**

1. The Fellows Committee shall oversee the Fellow nomination process:  
   1.1 Shall 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.
The Chief Executive Officer is accountable to the BOARD for the support of achieving the Ends within the Chief Executive Officer Limitations Policy, established by the BOARD.

1. All BOARD authority delegated to staff is delegated through the Chief Executive Officer so that all authority and accountability of staff, as far as the BOARD 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, not to any individual BOARD member, and has full access to the BOARD.
   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 may change the Limitations Policy given to the Chief Executive Officer, but so long as any particular Limitations Policy is in place, the BOARD shall respect and support the Chief Executive Officer choices.
      1.2.2 No member of the BOARD, BOARD Committee, Operating Board or the Society has authority over the Chief Executive Officer or the resources assigned to the Chief Executive Officer except to the extent the BOARD has so authorized. Information or assistance may be requested by these individuals or groups, but in the absence of BOARD’s 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 shall be a regular employee of SAE employed by the BOARD.
      1.3.1 The Chief Executive Officer may, with the approval of the BOARD, appoint an individual as staff Vice President and Assistant General Manager of SAE.
      1.3.2 The Chief Executive Officer is authorized to fill staff director positions upon concurrence of the Compensation Committee of the BOARD.

2. The Chief Executive Officer is a voting member of the BOARD.
The Chief Executive Officer’s 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 BOARD’s Ends.
   1.1 Implementation of assigned annual goals, which support the BOARD’s 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, BOARD Committees, Operating Boards and SAE affiliates, including the processes imposed by the BOARD’s 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 strategic opportunities for SAE.

5. Safety of SAE’s assets and legal status.
   5.1 Proper security, protection, and risk management of assets.
   5.2 Safeguarding against and immediate suspension of illegal activity by any BOARD Committee or Operating Board.
   5.3 Proper notice to organizations found to be misusing SAE’s name.

6. Accurate, timely and inclusive information needed for the successful operation of SAE.
   6.1 Performance - monitoring data on Operating Boards at the frequency established by the BOARD for applicable criteria.
   6.2 Relevant trends, material incidents and developments, significant decisions, threatened or actual legal jeopardy, changes in the assumptions on which the BOARD or Operating Boards’ policies have been based.
   6.3 Optional points of view and counsel necessary for fully informed BOARD choices.

7. Favorable perception of SAE among key leaders in industry, government and academia, including a favorable image of the Chief Executive Officer, developed by working cooperatively with SAE leadership.

8. Mechanism for official BOARD, BOARD Committees and Operating Boards communications.
   8.1 Member awareness and communication of the BOARD.

9. Enhance the image of the President in the mobility community as the SAE 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 shall not be considered to be monitoring. Monitoring shall 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.

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 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. 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 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.

3. Upon the choice of the BOARD, any policy can be monitored by any method at any time. For regular monitoring, however, each policy shall be classified by the BOARD according to frequency and method.

4. An annual-formal evaluation shall be a summative examination of the year's regular monitoring data already received, which shall be performed by the Compensation Committee.
Operating Boards are accountable directly to the BOARD and are governed by policies established by the BOARD. Operating Boards of SAE 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 in conjunction with the appropriate Operating Board members. All Operating Board members must be SAE-voting members; unless so approved by the BOARD 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 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, 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, Secretary and Chief Executive Officer of SAE 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.
   1.1 Means refers to practices, activities, methods and 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 Operating Boards Limitations Policy L-4.
   1.3 Operating Boards are authorized to use any reasonable interpretation of the language used by the BOARD in its policies.
   1.4 Operating Boards are expected to work cooperatively with other Operating Boards, BOARD Committees and the Chief Executive Officer.
   1.5 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.

**JOB PRODUCT**

The achievement of SAE’s Mission and Vision as recorded in the Ends Policy established by the BOARD.
## COMPOSITION
The Education Board (EB) can consist of up-to-twenty SAE-voting members; two of which can be associate members.

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair(^3)</td>
<td>Two-year term</td>
</tr>
<tr>
<td>Vice Chair(^1,3)</td>
<td>One-year term, appointed in even years; maximum of seven years: three as a Member-at-Large, two as Chair and one as Past Chair.</td>
</tr>
<tr>
<td>Immediate Past Chair(^3)</td>
<td>One-year term; appointed in odd years. One-year break in service is required for reappointment as a Member-at-Large or as a Vice Chair.</td>
</tr>
<tr>
<td>Staff Representative(^3)</td>
<td></td>
</tr>
<tr>
<td>Standing Committee Chairs – Nominated by the Chair</td>
<td>Up-to-two consecutive three-year terms; maximum of six years.</td>
</tr>
<tr>
<td>Members-at-Large(^2) (ten maximum)</td>
<td></td>
</tr>
<tr>
<td>Two-of-the-ten Members-at-Large can be SAE associate members to provide expertise required to fulfill the Mission</td>
<td>Up-to-two consecutive three-year terms; maximum of six years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONVOTING MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative – Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

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

\(^1\)Every effort shall be made to rotate the Vice Chair selection between the three-education sectors.

\(^2\)Every effort shall be made to maintain a balance of representation from K-12 education, academia, industry and government.

\(^3\)Members of the Education Board Executive Committee

## SCOPE/AUTHORITY
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 PRODUCTS
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 (EMB) can consist of up-to-twenty four SAE-voting members.

<table>
<thead>
<tr>
<th>OFFICERS: Voting Members</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Two-year term</td>
</tr>
<tr>
<td>Vice Chair</td>
<td>Two-year term; maximum of seven years; one as a member, two as Chair and two as Past Chair</td>
</tr>
<tr>
<td>Immediate Past Chair or most available Past Chair</td>
<td>Two-year term</td>
</tr>
</tbody>
</table>

| GROUP CHAIRS: Standing Committee Chairs | Up-to-three consecutive two-year terms; maximum of six years |
| GROUP CHAIRS: Air and Space | Up-to-three consecutive two-year terms; maximum of six years |
| GROUP CHAIRS: Land and Sea | Up-to-three consecutive two-year terms; maximum of six years |
| Members-at-Large (four minimum). Approximately one-third appointed yearly. | Up-to-three consecutive two-year terms; maximum of six years |

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Staff Representative– Selected by the Secretary</td>
<td>At the pleasure of the Secretary</td>
</tr>
</tbody>
</table>

*All voting members are appointed by the President, 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. 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’s participation.
2. The EMB shall also organize and present educational, technology displays at selected meetings and special conferences.

**JOB PRODUCT**

Collection and dissemination of pertinent information at joint meetings with other technical societies including educational technical displays.
COMPOSITION
The Foundation Board of Trustees (FBOT) shall consist of no less than nine or more than twenty members. The Foundation Board Nominating Committee shall nominate the Chair and the Members-at-Large and the Foundation Board of Trustees shall confirm the nominations.

<table>
<thead>
<tr>
<th>VOTING MEMBERS*</th>
<th>TERM/Term LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair – selected from the SAE member-at-large category</td>
<td>One to three-year term; confirmed or replaced on an annual basis</td>
</tr>
<tr>
<td>Members-at-Large (seven-to-eighteen)</td>
<td>Up-to-two consecutive three-year terms</td>
</tr>
<tr>
<td>Non-SAE Member Members-at-Large (five maximum)</td>
<td>Up-to-two consecutive three-year terms</td>
</tr>
<tr>
<td>Current Directors serving on the SAE Board (two-three)</td>
<td>One to three year term, coincides with the Director’s term on the BOARD.</td>
</tr>
<tr>
<td>SAE Past President</td>
<td>One three-year term</td>
</tr>
</tbody>
</table>

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<td>President</td>
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<tr>
<td>Secretary</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Staff Representative – Selected by the Secretary</td>
</tr>
</tbody>
</table>

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

SCOPE/AUTHORITY
The Foundation Board of Trustees shall be responsible for:
1. Fundraising and stewardship, including donor relations, for donated fund and endowments.
2. Promoting the Foundation and SAE educational activities.
3. Gaining BOARD 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 Board of Trustees will provide financial support for SAE’s pre-profession programs, scholarships and awards.
2. SAE Gift Acceptance Policy Appendix 4.3.
COMPOSITION
The Membership Board can consist of up-to-twenty SAE voting members. The Membership Board’s Nominating Committee identifies candidates to serve as the Chair, Vice Chair and Members-at-Large.

<table>
<thead>
<tr>
<th>VOTING MEMBERS*</th>
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<tbody>
<tr>
<td>Chair</td>
<td>One-year term</td>
</tr>
<tr>
<td>Vice Chair</td>
<td>One-year term to proceed a term as Chair</td>
</tr>
<tr>
<td>Past Chair</td>
<td>One-year term to follow the term as Chair</td>
</tr>
<tr>
<td>Committee Chairs</td>
<td>Ex Officio as needed</td>
</tr>
<tr>
<td>Members-at-Large (thirteen maximum)</td>
<td>Up-to-two consecutive three-year terms; maximum of six years</td>
</tr>
</tbody>
</table>

NONVOTING MEMBER
| President       | Ex Officio |
| Secretary       | Ex Officio |
| Chief Executive Officer | Ex Officio |
| Staff Representative – Selected by the Secretary | At the pleasure of the Secretary |

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

SCOPE/AUTHORITY
The Membership Board:
1. Defines the SAE’s member-value proposition.
2. Develops services and programs, which encourage mobility practitioners from around the world to join SAE 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).

JOB PRODUCTS
1. Member-value proposition and strategy.
2. Membership services, programs and benefits.
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, Sections, Groups, Student Branches and Clubs.
RELATIONSHIP WITH THE PUBLICATIONS BOARD

COMPOSITION
The Publications Board (PUBs) shall consist of a minimum of six and a maximum of eight SAE-voting members.

<table>
<thead>
<tr>
<th>VOTING MEMBERS*</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair – Selected from among PUBs’ members</td>
<td>Up-to-two consecutive one-year terms</td>
</tr>
<tr>
<td>Members – Two appointed yearly</td>
<td>Up-to-two consecutive three-year terms</td>
</tr>
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*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’s publications shall be derived and under which papers, reports, discussions and other literature growing out of the activities of SAE and its membership shall be edited, produced and distributed with the objective of publishing information, which, in quality and quantity, shall maximize service to engineers, scientists, and others concerned with SAE’s fields of technical interests.
2. SAE shall 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 available for use by others. The Publications Board shall meet the Financial Management Policy.

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
### Relationship with the Technical Standards Board

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

<table>
<thead>
<tr>
<th>VOTING MEMBERS</th>
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<tr>
<td><strong>Officers</strong></td>
<td></td>
</tr>
<tr>
<td>Chair</td>
<td>Two-year term; Member-at-Large selected to Chair shall serve no more than seven-consecutive years: three as a Member-at-Large, one as Vice Chair and one as Past Chair</td>
</tr>
<tr>
<td>Either a:</td>
<td></td>
</tr>
<tr>
<td>Vice Chair* or Immediate Past Chair</td>
<td>One-year term; appointed in even years. After serving as Vice Chair, he/she will progress to Chair One-year term following term as Chair</td>
</tr>
<tr>
<td><strong>Executive Technical Committee</strong></td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Chair</td>
<td></td>
</tr>
<tr>
<td>Vice Chair or Immediate Past Chair</td>
<td>Up-to-three consecutive two-year terms; maximum of six- years</td>
</tr>
<tr>
<td>Staff Representative</td>
<td></td>
</tr>
<tr>
<td>Council Chairs*</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>Up-to-two consecutive three-year terms; maximum of six- consecutive years</td>
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<tr>
<td>Staff Representative – Appointed by the Secretary.</td>
<td>At the pleasure of the Secretary</td>
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*All voting members are appointed by the President, subject to approval by the BOARD.*

**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.
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 and submitted to the Secretary then to the BOARD for its approval.)

2. The purpose of monitoring is simply to determine the degree to which BOARD policies are being fulfilled. Information which does not do this shall not be considered to be monitoring. Monitoring shall 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**
   Discovery 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 BOARD policy, the BOARD shall establish measures on its critical issues. These measures shall 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 shall be aimed at meeting customer needs and shall be consistent with SAE Ends Policy.
   1.1 SAE relationships and partnerships shall 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 shall contain the following:
      3.1.1 The MOU shall strive to meet customer needs and be consistent with SAE’s Ends 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 the Chief Executive Officer 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 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 as its only voting member plus other members joining in accordance with the PRI Bylaws and rules developed by the PRI Board. PRI is governed by a Board. SAE assigns its voting-member status to the SAE Chief Executive Officer, who serves as the PRI President.

PRI Board Composition

<table>
<thead>
<tr>
<th><strong>OFFICERS</strong></th>
<th><strong>TERM/TERM LIMITATIONS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair – selected by the Board from one of its members.</td>
<td>One-year term. May be re-elected to serve an additional one-year term</td>
</tr>
<tr>
<td>PRI President – SAE Chief Executive Officer</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Vice President and Chief Operating Officer*</td>
<td>Serves at the pleasure of the PRI President</td>
</tr>
<tr>
<td>Secretary-Treasurer*</td>
<td>Serves at the pleasure of the PRI President</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>MEMBERS</strong></th>
<th><strong>TERM/TERM LIMITATIONS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to fourteen directors</td>
<td>Three-year term; can serve two additional one-year terms at the discretion of the PRI Board</td>
</tr>
<tr>
<td>Director – elected by the others classes of members</td>
<td>One-year term; maximum three-consecutive terms</td>
</tr>
</tbody>
</table>

*Selected by the PRI President.

Scope/Authority

PRI operates programs as defined in its Bylaws - Article I and Article II, which includes foster, advance and promote the interests of those regulated manufacturing and maintenance industries most likely to benefit from a collective, globalized approach to quality management and process standardization; 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.

Job Products

1. Issue certificates of compliance by manufacturers with standards of SAE and others.
2. Create synergistic programs with SAE; 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.
RELATIONSHIP WITH THE SAE INDUSTRY TECHNOLOGIES CONSORTIA

The SAE Industry Technologies Consortia (ITC) is an 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, as the sole Founding Member, plus other members who are Voting Members of Participant Groups in accordance with the ITC Bylaws. SAE 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.

ITC BOARD COMPOSITION

<table>
<thead>
<tr>
<th>OFFICERS</th>
<th>TERM/Term LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Serves until his/her resignation, death, or removal</td>
</tr>
<tr>
<td>President</td>
<td>Ex Officio - SAE Chief Executive Officer</td>
</tr>
<tr>
<td>Secretary-Treasurer*</td>
<td>Ex Officio</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEMBERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors – No fewer than three; no more than seven</td>
<td>Ex Officio</td>
</tr>
<tr>
<td>Representative of SAE*</td>
<td></td>
</tr>
<tr>
<td>Up to two additional Directors*</td>
<td>Two-year term</td>
</tr>
<tr>
<td>Remaining Directors shall be from the Participant Groups and elected by the ITC voting members</td>
<td>Two-year term</td>
</tr>
</tbody>
</table>

*Selected by the ITC President.

SCOPE/AUTHORITY

The ITC operates programs as defined in Article 1 and Article 5 of the ITC Bylaws, 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 with publishing rights.

JOB PRODUCTS

Management and oversight of programs approved by the ITC Board 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.

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

<table>
<thead>
<tr>
<th>OFFICERS</th>
<th>TERM/TERM LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair and SAE Representative</td>
<td>SAE Chief Executive Officer – Ex Officio</td>
</tr>
<tr>
<td>Chief Executive Officer*</td>
<td>At the pleasure of the Chair/SAE Representative</td>
</tr>
<tr>
<td>Secretary-Treasurer*</td>
<td>At the pleasure of the Chair/SAE Representative</td>
</tr>
</tbody>
</table>

*Appointed by the Chair/SAE Representative.

**SCOPE/AUTHORITY**
SAE Global, LLC is an operational means for SAE to execute in-country Society business in countries or regions where SAE 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 to conduct Society business.
PRESIDENTIAL LIMITATIONS POLICY

The President is not authorized to engage in any practice, activity, or cause, which detracts from SAE’s purpose or which is unethical, illegal or is in disregard of SAE’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’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.
   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 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, including:
   2.1 Entry into agreements, formation of member groups or committing SAE resources, including staff and facilities, not approved by the BOARD.
   2.2 Approving reimbursement to the Treasurer without disclosure to the BOARD.

TREASURER LIMITATIONS POLICY

The Treasurer is not authorized to engage in any practice, activity, or cause, which detracts from SAE’s purpose or which is unethical, illegal or is in disregard of SAE’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’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.
   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 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, including:
   2.1 Approving reimbursements above the limit established in the SAE Presidential Travel Expenses Policy without prior concurrence of the Finance Committee and the BOARD.
   2.2 Authorizing disbursement of unbudgeted SAE funds over $1 million without first gaining the Finance Committee’s input regarding the financial feasibility and then the BOARD approval.
CHIEF EXECUTIVE OFFICER LIMITATIONS POLICY

The Chief Executive Officer is not authorized to engage in any practice, activity, or cause, which detracts from SAE’s purpose or which is unethical, illegal or is in disregard of SAE’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’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.
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 policy applies.
5. Improper staff actions:
   5.1 The formation by staff of member groups in pursuit of results not commissioned by the BOARD.
   5.2 Allow commercialism, including the endorsement of products, patents, processes, services, individuals or ideas, except as specifically authorized by the BOARD.
   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’s impartiality or its 501(c) (3) status.

OPERATING BOARDS LIMITATIONS POLICY

Operating Boards are not authorized to engage in any practice, activity or cause, which detracts from SAE’s purpose or which is unethical, illegal or is in disregard of SAE’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’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.
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 policies or results not approved by the BOARD, including:
   4.1 Entry into agreements or committing SAE 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 in any way reserved for the BOARD or others whom the BOARD has empowered.
   4.3 Be in non-compliance with the SAE Intellectual Property and Usage Policy.
5. Operate in disregard of SAE’s standards of integrity.
   5.1 Exclude any qualified professional willing to participate within SAE policies.
   5.2 Allow its members to act as agents or representatives of any organization they are associated with.
6. Use SAE’s official letterhead for communications. Committee Correspondence letterhead is used for this purpose and shall be provided upon request.
The BOARD 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 will include, but not be limited to: culture; national origin, age, gender, technical and/or managerial position, race, physical ability, industry sector and geographic location.
6.7.11 BOARD MEMBER VACANCY PROCESS
When a Director vacancy occurs, a Subteam of the Board 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 (4) Directors.

The Subteam will be established to recommend a slate of candidates for the Board’s 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 identified by the Executive Nominating Committee (ENC) at its most recent selection meeting. A review of an alternate’s qualifications, based on the alternate’s nomination form on file with the ENC, will occur.

The Subteam is responsible for presenting a slate of at least three (3) qualified candidates to the Board for selection of a replacement Director. Once the Board has selected the replacement Director, the President will contact the nominee to obtain his/her acceptance to serve on the Board to fill the vacancy.

6.7.12 OFFICE OF THE PRESIDENT VACANCY PROCESS
As defined in the SAE Bylaws – Article V – Board of Directors; Section 10 Vacancies in the Board and Vacating Offices - A vacancy in the Office of the President shall be filled by a person selected from among the other Board members.

ARTICLE VII – BOARD MEETINGS
Section 7.6 – Unanimous Written Consent
Any action required or permitted to be taken by the Board, or a committee or operating board of the Board, may be taken without a meeting, if all members of the Board, or the committee or operating board, consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board, or such committee or operating board, shall be filed with the Secretary along with the minutes of the proceedings of the Board or of such committee or operating board. (10/03/2012)

ARTICLE VI – BOARD OFFICERS AND OTHER POSITIONS
Section 6.3 – 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 sub-divisions 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. (10/03/2012)
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. Changing business conditions have challenged this tradition of corporate/institutional support, and it is a greater challenge for qualified Presidential candidates. In recognition of the event that corporate/institutional support is not available, 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 during the three-year period the individual serves as President-nominee, President-elect, President and immediate past-President. 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 only during the year of President. 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 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 spousal travel expense reimbursement, plus...
(y) the cash gross-up payment. (Refer to example above 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, 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.
ARTICLE V – BOARD OF DIRECTORS

Section 5.1 - 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 operating boards, committees, and/or agents as it may consider necessary. (10/03/2012)

Section 5.2 – Eligibility
Only voting members of SAE are eligible to be nominated and elected as members of the Board. (10/03/2012)

Section 5.3 – Composition and Voting Status
The Board shall be composed of certain Board Officers (Article VI, Section 5.1) and up to fifteen (15) Directors-at-Large. The number of Directors-at-Large will be reduced by one (1) per year for each of the years 2013, 2014, and 2015 to effectuate a maximum of up to twelve (12) Directors-at-Large for 2016 and subsequent years. (10/03/2012)

The voting members of the Board shall consist of the President, Vice President – Aerospace, Vice President – Automotive, Vice President – Commercial Vehicle, Treasurer, Assistant Treasurer (effective through December 2013), Immediate Past President, President Elect (effective through December 2012), Chief Executive Officer (effective beginning January 2013) and the Directors-at-Large. (10/03/2012)

The non-voting members of the Board shall consist of the Chief Executive Officer (effective through December 2012), Secretary, President Nominee/Elect (effective beginning with the 2013 President Nominee) and Assistant Treasurer (effective beginning January 2014). (10/03/2012)

Section 5.4 – Manner of Nominations and Election
The Executive Nominating Committee shall select the nominees for President, Treasurer, Assistant Treasurer, and Directors-at-Large to be elected by the voting members. Annually, the President shall recommend and the Board shall nominate one SAE member as a Sector Vice President to be elected by the voting members. (10/03/2012)

Section 5.5 – Appointments
The Board shall appoint a Chief Executive Officer and, upon nomination by the Chief Executive Officer, a Secretary and an Assistant Secretary. (10/03/2012)

Section 5.6 – Terms of Office
Board members shall hold office for their elected or appointed term, commencing with the convening of the organizing meeting of the new Board after their election or appointment, or until their earlier death, resignation, or removal. (10/03/2012)

The President shall serve a one (1) year term and shall not be eligible for re-election. (10/03/2012)

The Sector Vice Presidents shall each serve 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 shall not be eligible for re-election to the same office for a second term. (10/03/2012)

The Treasurer and Assistant Treasurer shall each serve a two (2) year term and are eligible for re-election for another two (2) year term. (10/03/2012)

The Directors-at-Large 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-at-Large are elected each year. The Directors-at-
Large 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-at-Large nominated to serve as a Board Officer may be elected to an additional term as a Director-at-Large that is coterminous with the term of the Board Officer position. (10/03/2012)

Appointment by the Board to fill a vacancy shall not be considered an election. (04/21/2009)

Section 5.7 – Resignation and Removal
Any Board member may resign by submitting to the President or the Secretary a written resignation, which shall become effective upon its receipt or at any later time specified therein, and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Any Board member absent for two (2) consecutive meetings of the Board will receive a written notice from the Secretary. Upon a third consecutive meeting absence, the Board member shall be automatically excused from his/her duties and the resulting vacancy filled pursuant to Section 5.8 of this Article. (10/03/2012)

Section 5.8 – Vacancies in the Board
Any vacancy among the members of the Board by reason of death, resignation, removal, disqualification, disability, or other cause shall be filled for the unexpired term by the majority vote of the remaining members of the Board, 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. (10/03/2012)
ARTICLE IX – MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

Section 9.3 – Voting and Acting with Respect to Stock and Other Securities Owned by SAE
The President, Chief Executive Officer, and 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. (10/03/2012)

ARTICLE VI – BOARD OFFICERS AND OTHER POSITIONS

Section 6.4 – The Sector Vice Presidents
The Vice President – Aerospace, Vice President – Automotive and Vice President – Commercial Vehicle 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. (10/03/2012)
SAE FINANCIAL MANAGEMENT POLICY

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

3.2.3 **Prudence – Total Net Assets as a % of Annual Operating Expenses**
Threshold: Net Assets >45% of annual operating expenses.

3.2.4 **Profitability - Return on Operating Revenue**
Threshold: ROR >0

3.2.5 **Growth - Growth of Operating Revenue**
Threshold: > inflation

3.2.5.1 The source of the annual inflation measurement for the Growth metric is the Consumer Price Index from the Bureau of Labor Statistics for the twelve months ended December 31.

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
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 Prudency (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 RESTRICTED NET ASSETS

7.1 Under Pennsylvania law, the Board has elected to follow a total return investment policy for the restricted assets of the organization which includes a specified investment income allocation percentage (refer to Appendix 1). The scope of the annual financial audit of SAE will include a review of the restricted asset income allocations for compliance under this policy. The Finance Committee will recommend changes to the income allocation percentage as necessary (subject to Board approval) based on ongoing market performance.

8.0 PLANNING
8.1 Financial planning of SAE's performance is done on a one-year and rolling three-year basis.

8.1.1 An operating revenue target, marginal revenue target and unrestricted Net Asset targets are developed prior to the budgeting process.

8.1.2 The Finance Committee will plan the SIP portfolio to ensure policy guidelines are met.

8.1.3 Annual budgetary proposals for encompassing the overall planned program of services are developed.

8.1.4 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.

9.0 MONITORING AND REPORTING

9.1 Monitoring, reporting and evaluating SAE's performance is done on an ongoing basis.

9.1.1 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.

9.1.2 The Finance Committee may make exceptions to the implementation of this Financial Management Policy, subject to monitoring by the Board.

9.1.3 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.

10.0 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.

11.0 RECORD RETENTION

The Finance Committee, a Committee of the SAE Board of Directors with a broad scope of responsibilities, will permanently retain its records of discussions and decisions.

12.0 DEFINITIONS

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

12.2 Net Assets: Total assets minus total liabilities.
12.2.1 Restricted Net Assets: Net Assets for which use is limited by donor-imposed time or purpose restrictions. The restrictions can be temporary or permanent.

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

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

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

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

12.4.2 The key word “Strategic” in SIP separates these project initiatives from “Operations”.

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

12.4.4 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.

12.4.5 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.

12.4.6 “Portfolio Management” also includes portfolio balancing of long and short term projects, small or large funds, local, regional or global investments and market segmentation.
ELECTION TO BE GOVERNED BY 15 P.C.S. § 5548(c)
ADOPTION OF INVESTMENT POLICY SEEKING TOTAL RETURN

WHEREAS, SAE International (the "Corporation") holds certain endowment assets subject to restrictions limiting the use of the principal of such assets but permitting the use of income from such assets (hereinafter collectively referred to as the "restricted assets" of the Corporation); and

WHEREAS, Pennsylvania law permits the board of directors of the Corporation to elect to be governed by 15 P.C.S. § 5548(c), which defines "income" with respect to restricted assets when the board of directors has adopted and follows an investment policy seeking a total return for the investment of restricted assets, whether the return is to be derived from appreciation of capital or earnings and distributions with respect to capital, or both; and

WHEREAS, the board of directors wishes to make, in respect of the current and future restricted assets of the Corporation, the election permitted by Section 5548(c) and to adopt an investment policy seeking a total return for the restricted assets;

NOW, THEREFORE, BE IT RESOLVED, that the board of directors of the Corporation hereby elects to be governed by 15 P.C.S. § 5548(c) in respect of the restricted assets of the Corporation, and, to effect that election, hereby adopts and proposes to follow a total return investment policy seeking to achieve for the investments held in the restricted accounts of the Corporation a reasonable long-term total return, consistent with acceptable investment risk, derived both from appreciation of capital and from earnings and distributions with respect to capital; and

BE IT FURTHER RESOLVED, that the term "income" with respect to the restricted assets of the Corporation for any particular year shall mean an amount equal to a percentage, to be specified by the board of directors but which shall not be less than two percent nor more than seven percent, of the average fair market value of the restricted assets over the immediately preceding three years, calculated by averaging the fair market values at the end of the three preceding years; and

BE IT FURTHER RESOLVED, that the board of directors of the Corporation hereby evidences its determination that it is consistent with the long-term preservation of the real value of the principal of the restricted assets, that until such time as this resolution shall be modified, the specified percentage of average fair market value, for the purpose of the Corporation's total return investment policy and for the purpose of determining the "income" of the restricted assets for the fiscal years during which this resolution is in effect, shall be five and one-half percent (5.5 percent).

13 September 2012
Adopted by the 2012 SAE Board of Directors
Tianjin, P.R.C.
SAE INTERNATIONAL
GIFT ACCEPTANCE POLICY

1.0 INTRODUCTION
SAE International (“SAE”) is a Pennsylvania not-for-profit corporation and an IRS 501(c)(3) organization. Through its charitable arm, the SAE Foundation (“Foundation”), SAE accepts gifts for purposes that will help the organization further and fulfill its mission, including those benefiting its operations, programs, services, awards and scholarships. All gifts accepted by SAE are administered by the Foundation, its Board of Trustees (“FBOT”) and SAE staff, and shall be governed by this policy.

2.0 GENERAL
The following shall apply when dealing with any gift or fund-raising considerations:

2.1 All matters dealing with gifts and/or fund-raising shall also conform to all other SAE policies and will be subject to all applicable IRS rules and regulations.

2.2 All matters regarding recognition, e.g., donor recognition, the establishment of donor societies and/or clubs for certain levels of giving, recognition events and incidental benefits accorded donors, shall be determined by the FBOT and SAE staff.

2.3 SAE does not discriminate against any individual on the basis of race, color, religion, creed, sex, national and/or ethnic origin or any other legally protected status. Accordingly, gifts or funding for special purposes/restricted funds, e.g., scholarships, lectureships, research grants, awards, educational programs, and any other such purposes, will not be accepted if they include restrictions that violate this policy.

2.4 SAE urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. SAE will not provide tax, financial, estate-planning or other legal advice to donors or prospective donors.

2.5 SAE staff, the FBOT and other volunteers must avoid conflict of interest situations and, in addition, must avoid exerting what may be construed as undue influence on or on behalf of a donor/donor prospect. The Foundation may suggest general language to be included in wills or will substitutes, and may provide an IRS-approved sample of a document or language, but the donor or prospective donor is responsible for seeking independent legal, tax or financial advice from a qualified professional.

2.6 Confidentiality will be maintained for all information gathered by the Foundation or its volunteers in negotiating any proposed gift, and no information shall be disclosed to anyone except as necessary in administering the gift, including SAE staff and independent legal and financial consultants and/or auditors.

2.7 The Chief Executive Officer of SAE shall designate the SAE staff authorized to sign various gift instruments, including donor letters-of-intent and donation agreements, on behalf of SAE.

3.0 FINANCIAL ACCOUNTING AND REPORTING
SAE’s Financial Services department is responsible for financial accounting and reporting on donations, including the following:
Maintaining gift reports for accounting purposes; calculating and preparing all income payments to beneficiaries; filing reports with the Internal Revenue Service (IRS) and with beneficiaries for all gifts involving life or term income plans; reporting the dates and amounts of payments to beneficiaries; and consulting with SAE staff on valuation and acceptance of gifts in kind.

4.0 TYPES OF GIFTS

4.1 ACCEPTABLE GIFTS

4.1.1 Cash
4.1.2 Tangible Personal Property
4.1.3 Intellectual Property
4.1.4 Securities
4.1.5 Real Estate
4.1.6 Remainder Interests in Property
4.1.7 Bargain Sales
4.1.8 Life Insurance and Life Insurance Beneficiary Designations
4.1.9 Charitable Remainder Trusts
4.1.10 Retirement Plan Beneficiary Designations
4.1.11 Bequests.

4.2 PROHIBITED GIFTS

SAE will not accept gifts that:
4.2.1 Could result in violation of SAE policy or federal, state or other applicable laws or regulations;
4.2.2 Could result in SAE International losing its status as an IRS 501(c)(3) exempt organization;
4.2.3 Are too difficult or too expensive to administer in relation to their value;
4.2.4 Would result in any reputational harm or other unacceptable consequences for SAE;
4.2.5 Are for purposes outside SAE’s mission; or
4.2.6 Are for a transaction that the IRS has identified as a “listed transaction” tax shelter, or in any transaction that legal counsel has determined is substantially similar to any “listed transaction.”

5.0 FUNDS CLASSIFICATION

Individual funds are classified for accounting and reporting purposes into fund groupings that have similar characteristics associated with specified activities or objectives. These fund groupings include:

5.1 Annuity
5.2 Awards
5.3 A World In Motion® Support
5.4 Collegiate Design Series Support
5.5 Engineering Activity Support

5.6 General Unrestricted
5.7 Other Restricted
5.8 Scholarships
5.9 Standards Support
6.0 DONOR RESTRICTIONS
SAE accepts and encourages unrestricted gifts to permit SAE to carry on its mission in the most effective manner possible. The preference of the Foundation is to encourage minimal restrictions on gifts.

Donors may impose restrictions agreeable to the Foundation on their charitable gifts. They may direct that contributions be expended in full during one or more years for current operating expenses or for previously agreed upon purchases. In addition, donors may direct that funds be used for a special endowment fund or added to general endowment funds.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the FBOT in consultation with and the concurrence of SAE staff. In addition, with respect to gifts to establish an SAE award or scholarship, the FBOT and SAE staff will propose the SAE award or scholarship for acceptance by the SAE Board of Directors.

7.0 FORMS OF GIFTS

7.1 FORMS OF GIFTS GENERALLY ACCEPTED WITHOUT REVIEW

7.1.1 Cash
Cash gifts are acceptable in any form, including by check, money order, credit card, or on-line. Checks shall be made payable to SAE Foundation.

7.1.2 Gifts in Kind
Gifts in kind shall be substantiated in accordance with the rules and regulations as promulgated by the IRS. Gift acknowledgements shall describe donated property, goods and/or service received, but the Foundation shall not state any value for such donated items.

7.1.3 Marketable Securities
Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor’s endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by the SAE International Chief Financial Officer in accordance with the SAE Investment Policy. In some cases marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the FBOT in consultation with and the concurrence of SAE staff.

7.1.4 Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities and Retirement Plans
Donors are encouraged to make bequests to SAE in their wills, and to name SAE International as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.

7.1.5 Charitable Remainder Trusts (Charitable Remainder Annuity Trusts and Charitable Remainder Unitrusts)
In instances in which it is made known to SAE that it is named as an irrevocable charitable beneficiary under an irrevocable trust in which there is an intervening life interest, SAE may carry the present value of its future interest on its financial statements. An example of such a trust would be a charitable remainder trust under which SAE is named as an irrevocable charitable beneficiary. Charitable beneficiaries named under such trusts may be revocable or irrevocable. In instances in which SAE is named as a revocable beneficiary, the gift will be treated as a bequest.

7.1.6 Charitable Gift Annuities
The issue of gift annuities is regulated by the state of domicile of the exempt organization issuing the annuity and the state of domicile of the donor/annuitant. Each annuity issued becomes a general obligation of SAE and, accordingly, is backed by the assets of the organization.

7.2 FORMS OF GIFTS ACCEPTED SUBJECT TO PRIOR REVIEW BY THE FBOT AND SAE STAFF

Certain forms of gifts or donated properties are subject to review prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

7.2.1 Tangible Personal Property
SAE staff shall review and determine whether to accept any gifts of tangible personal property in light of the following considerations: does the property further the organization’s mission? Is the property marketable? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?
Any tangible personal property which has been deemed unacceptable needs to be reviewed with the FBOT prior to denying the donation.

7.2.2 Closely Held Securities
Closely held securities (including not only debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs or other ownership forms) may be accepted.

7.2.3 Life Insurance
The Foundation will accept gifts of life insurance where SAE International is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.

7.2.4 Real Estate
All gifts of real estate are subject to review by the FBOT and SAE staff. Prior to acceptance of any gift of real estate other than a personal residence, the Foundation shall require an initial environmental review by a qualified environmental firm. In the event that the initial review reveals a potential problem, the organization may retain a qualified environmental firm to conduct an environmental audit. Criteria for acceptance of gifts of real estate include: Is the property useful for the organization’s purposes? Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property? Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?

A donor who contributes real property with a retained life estate must bear the expenses of maintenance and pay all real estate taxes on the property during the life tenant’s [or tenants’] occupancy.

7.2.5 Bargain Sales
SAE may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of SAE. A bargain sale is a transaction in which a seller transfers property to SAE for a price that is less than the property’s fair market value, as determined by an independent appraiser, with the intent to donate the amount represented by the excess of the fair market value over the purchase price as a contribution to SAE. The FBOT must approve all bargain sales in advance. Factors used in determining the appropriateness of the transaction include the following: SAE must obtain an independent appraisal (in addition to any appraisal
obtained by the donor) substantiating the value of the property; if SAE assumes debt with the property, or takes the property subject to any debt, the debt ratio must be less than 50% of the appraised market value; SAE must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt; and SAE must approve the sale in a manner that is consistent with its Conflict of Interest Policy. SAE must calculate the costs to safeguard, insure, and maintain the property (including property tax, if applicable) during the holding period.

7.2.6 Special Purpose Gifts/Gift Funds.

Generally, the designated purposes should be described broadly and detailed restrictions avoided. The language used in creating such a gift should leave enough leeway for the Foundation to apply the gift to some other purpose if the designated purpose is no longer feasible, or if the Foundation determines that its purposes would be better served by using the gift in another way. Gifts that meet certain minimum dollar requirements may be used to establish a named commemorative fund or special purpose fund, such as:

7.2.6.1 Graduate Student Scholarship

Funding a scholarship on a single time basis requires a minimum gift of $15,000 which covers all three years of the commitment ($5,000 per year).

7.2.6.2 SAE Scholars Fund

Gifts of less than $2,000 are combined into the SAE Scholar's Fund. Contributors are identified to the recipients and honored in the various contributors listing of the SAE Foundation Annual Report.

7.2.7 Permanent Named SAE Award or Scholarship

Endowed awards or scholarships may be named by the donor. Named Awards require a corpus of $25,000. Named Scholarships require a corpus of $100,000.

7.2.8 Permanent Named Programs

A named endowed fund may be established for less than the minimum specified above if the donor makes a written commitment in the donation agreement to increase the fund to the minimum within a period of three years, unless previously approved by the FBOT. If the fund minimum is not established within the three year period, the fund will be treated as an unrestricted fund.

8.0 VALUATION OF GIFTS

Gift Valuation and Substantiation - In general, gifts are not complete, and therefore unable to be valued, until SAE has full dominion and control over them. Gift valuation shall mean the fair market value of the gift and shall be used for purposes of gift substantiation by the Foundation. Gift substantiation shall refer to Internal Revenue Service (IRS) rules and regulations governing gift acknowledgement and substantiation.

8.1 Gifts of Cash.

Gifts of cash and cash equivalent property shall be valued at fair market value on the date of receipt. In instances where a check is mailed to the Foundation, the gift date shall be the postmark date on the envelope.

8.2 Gifts of Marketable Securities

In instances in which SAE receives marketable securities via wire or Automated Clearing House (ACH) transfer into its account, the value of the gift shall be determined by calculating the mean value of the gift on the date the securities are received in SAE’s account and then multiplying such value times the number of shares received.

8.3 Hand Delivery of Physical Stock Certificates.

In instances in which physical delivery of certificates is made, the value of the gift is the mean value of the securities received on the date that SAE takes good delivery of the
8.4 Mail Delivery of Physical Stock Certificates and Stock Powers.
Physical stock certificates and stock powers should be mailed in separate envelopes. The gift date is the later postmark of the two. The value of the gift is determined by calculating the mean value of the securities on the date of the gift and then multiplying such value times the number of shares received.

8.5 Gifts of Mutual Funds.
Mutual fund shares shall be valued based on the redemption (bid) price on the date the mutual funds are received in SAE’s account. In instances in which no sales occurred on the date of receipt of fund shares, their value shall be computed by using the weighted average of the mean highest and lowest sale prices occurring on the nearest trading dates before and after delivery.

8.6 Gifts of Real Estate.
When real estate is accepted as a gift, the gift date is the date upon which SAE receives a properly executed deed. The value of the real estate is determined by a qualified appraisal completed no earlier than 60 days prior to the gift date. The donor bears the cost for the qualified appraisal.

8.7 Irrevocable Trusts.
In instances in which it is made known to SAE that it is named as an irrevocable charitable beneficiary under an irrevocable trust in which there is an intervening life interest, SAE may carry the present value of its future interest on its financial statements.

8.8 Revocable Trusts.
In instances in which SAE is named as a revocable beneficiary, the gift will be treated as a bequest. Present value calculations for a charitable remainder trust are determined by using a mathematical formula specified by the IRS. Present value is re-calculated annually by using the IRS formula and the year-end value of the trust.

8.9 Gift of Life Insurance.
In general, there are two forms of life insurance: permanent insurance and term insurance. Permanent insurance has a cash value and term insurance provides only a death benefit. Using life insurance containing a cash value as a method of making an outright charitable gift is acceptable. Some of the more common methods of using permanent life insurance (sometimes called whole life insurance) as a charitable gift follow:

8.9.1 Paid-up Life Insurance Policy.
Individuals owning paid-up insurance and wishing to use it to make a charitable gift to SAE must first obtain a Policy Service Form from the carrier that issued the policy. The owner of the policy must name SAE both owner and beneficiary on the policy on the Policy Service Form.

8.9.2 Insurance In-force but Not Paid-up.
The procedure for completing a gift of this type is essentially the same as that described under Paid-up Insurance. If either the donor or SAE wishes to continue premium payments on the policy after the transfer is complete, either may do so. In instances in which the donor continues to make the premium payments, a charitable income tax deduction for the amount of the premium paid is allowable provided that funds to be used for the premium payments are donated to SAE. In turn, SAE will acknowledge the gift in the same manner as other gifts of cash are acknowledged.

8.9.3 Purchasing Insurance as a Charitable Gift.
In instances in which a donor wishes to make this type gift, the Foundation should be consulted in advance of the purchase. If such a gift is proposed and found acceptable by the Foundation, the following procedure will be used to complete the insurance application process:
8.9.3.1 The donor(s) will be named as the insured and the applicant, and SAE will be named as the premium payer, the owner and the beneficiary on the Policy Application Form. The donor(s) will annually provide SAE with sufficient funds to cover the premium payment; in turn, SAE will make the annual premium payment to the carrier. If the donor(s) fails in any year to provide sufficient funds to cover the policy’s premium payment, SAE may elect any of the following: to make the premium payment, to surrender the policy, or to determine the feasibility of converting the policy to a reduced paid-up policy.

8.9.4 Term Insurance as a Charitable Gift.
Naming SAE as a beneficiary of all or part of the insurance proceeds payable under a term policy creates a revocable gift and will be treated in the same manner as a bequest.

8.10 Gifts of Government Bonds.
In general, government bonds are not transferable while a bond owner is living and are better suited for charitable bequests than for lifetime gifts. Oftentimes, donors wishing to use government bonds as a charitable gift may be well advised to direct through their will that the bonds be transferred in kind to SAE at their death.

8.11 Other Gifts.
The FBOT will determine an appropriate valuation methodology for gift forms not described above.

9.0 TAX COMPLIANCE RESPONSIBILITIES

9.1 SECURING APPRAISALS FOR GIFTS TO SAE.
In cases where the donor is required under the tax law to obtain a qualified appraisal in order to substantiate the donor’s charitable contribution deduction, it shall be the responsibility of the donor to secure and to pay all fees for such an appraisal for all gifts made to SAE.

9.2 GIFT ACKNOWLEDGEMENT AND IRS COMPLIANCE.
SAE staff shall be responsible for ensuring that gifts made to SAE are properly acknowledged and reported in compliance with Internal Revenue Service rules.

9.3 RESPONSIBILITY FOR IRS FILING UPON SALE OF GIFT ITEMS.
SAE staff is responsible for ensuring that SAE complies with IRS Form 8282 filing requirements upon the sale or disposition of any asset sold within two years of receipt by SAE where the charitable deduction value of the item was $5,000 or greater. SAE must file this form within 125 days of the date or disposition of the asset.

10.0 CHANGES TO POLICY
This policy is a job product of the Foundation Board of Trustees. This policy has been reviewed and accepted by the Board of Directors of SAE. The SAE Board of Directors must approve any changes to or deviations from this policy.

Approved by the SAE Board of Directors on Thursday, 26 September 2013
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 Reports, 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.

As 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.