

## **Relationship Policy between SAE Sections and SAE International**

SAE International (“**SAE**”) 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. In addition, SAE is the leader in connecting and educating engineers while promoting, developing and advancing aerospace, commercial vehicle and automotive engineering. To further these goals, SAE establishes Sections to provide additional programs and support for members, particularly in specific geographic areas and in some cases, technology areas.

This Relationship Policy (“Policy”) is designed to promote autonomy and innovation with respect to Sections and the programs and activities they provide to members, while balancing and mitigating any risks to SAE and Sections’ members that could arise from sections’ programs and activities, through information and controls. In addition, this Policy provides guidance to SAE Sections regarding governance and the relationship between SAE Sections and SAE International.

The activities of Sections (and Groups striving to become Sections) focus on members, member services, and member outreach. Sections are local units of SAE with at least 100 members of SAE. Sections are integral parts of SAE and are not separate legal entities. As a result, SAE is responsible legally for the actions and obligations of Sections. Sections are therefore subject to the general policies and procedures of SAE except to the extent otherwise set forth in this Policy. Sections are encouraged to promote innovative and cutting-edge programs, but because any activities may create liability for SAE and Section members in general, it is important that the Sections comply with SAE policies and procedures.

### **1. Governance**

Sections may have their own internal governance consistent with this Policy. A governing board of each Section will be created for purposes of planning and undertaking activities for the Section. To promote flexibility and engagement given that Sections may vary based on size and local custom, a Section’s governing board may propose guidelines for its governance operations, including electing members and officers of the Section governing board and its meeting procedures for approval by SAE International. The governing board meets as determined by the governing board. Summaries of any governing board meetings are to be provided to SAE International.

To ensure accountability and effectiveness, at a minimum, each Section must have two elected positions – a Chair and a Treasurer. The Chair and Treasurer are responsible for ensuring the Section operates in a manner consistent with this Policy.

### **2. General Reporting**

Because Sections are a part of SAE, their activities and finances are included in all of SAE’s official reports and statements. To accommodate this, the following information and reports are to be provided to SAE International in a timely manner as determined by SAE International:

- Section officers’ names
- Information with respect to Nominations and Elections of Governing Body Members
- Annual Performance Plans and Budgets, including Section Activities and Finances.

Additionally, Sections that sponsor scholarship programs are required to provide a yearly report to the SAE Awards and Scholarships Committee in a form prescribed by the committee.

Any request from regulatory bodies or others for information regarding standards, recommended practices, or technical information must be promptly forwarded to SAE International. SAE Sections are not to respond to any such requests without the prior approval of SAE International.

### **3. Financial and Legal Reporting**

While a Section is an integral part of SAE, each Section must stand on its own financially. Thus, Sections need to operate on a sound financial basis. Section funds, regardless of their source, must be used for the benefit of the members in general. The account of each SAE Section is maintained separately on the official books of SAE. All banking arrangements of a Section must be approved in advance by SAE International with access to such arrangements available to SAE International.

Each Section is required to monitor its financial position against its established budget. If the Section's expenses are greater than its income, and no adequate surplus funds are available, the budget should be reevaluated, and steps taken to increase income or decrease expenses until a balanced budget is achieved. Sections are required to annually inform SAE International of any budget that is not balanced.

Sections must obtain approval from SAE International before taking any action that could impose future financial or legal obligations on the Section or SAE International. In addition, Sections may not enter into contracts over the value of US\$ 5,000 without prior approval of SAE International. In addition, Sections cannot purchase real property or enter into real estate lease or rental contracts without prior approval of SAE International. Expenses over those set forth in the Section's budget require prior approval of SAE International.

### **4. Intellectual, Real & Personal Property**

All intellectual, real or personal property purchased or created by any Section for any purpose is the property of SAE. Information contained in the member database is confidential, must adhere to SAE's data governance and management standards, and remains the property of SAE.

A Section must obtain approval from SAE International for annual capital expenditures exceeding \$3,000 U.S. or 3 percent of the Section's reserves, whichever is greater, with the exception of real estate, which requires approval by SAE International, regardless of amount. For insurance purposes, Sections must notify SAE International if they spend \$500 U.S. on any single item of equipment or capital assets.

### **5. Employment Matters**

At times, a section may have dedicated staff to support section activities. Any dedicated Section staff are employees of SAE International subject to SAE policies and procedures. Any employment related decisions such as hiring, disciplinary action, termination, etc. of Section staff requires the prior approval of the SAE International Manager overseeing the Membership/Sections Business Unit and Human Resources. Any recruitment efforts conducted by Sections should be done in conjunction with SAE International Human Resources and adhere to the formal recruitment process. All employees providing services to a Section are at-will, unless a different arrangement, prior to employment, is approved by SAE International. Sections are required to report all employment related concerns to SAE International Human Resources.

Any questions regarding this Policy should be directed to SAE International.