

SAE INTERNATIONAL

**BOARD OF DIRECTORS
GOVERNANCE POLICY MANUAL**

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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 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 a volunteer-helper nor as a watchdog, but rather as a trustee-owner. Policy governance (or Carver governance) is an approach to governance that emphasizes values, vision and strategy, and empowers the Board of Directors ("Board"), Board Committees, and the Chief Executive Officer.

According to the principles of policy governance, the Board imbeds its values and wisdom within the following four policy types:

1. **Ends Policies**

Through Ends policies, the Board defines which human needs are to be met and for whom and at what cost. 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**

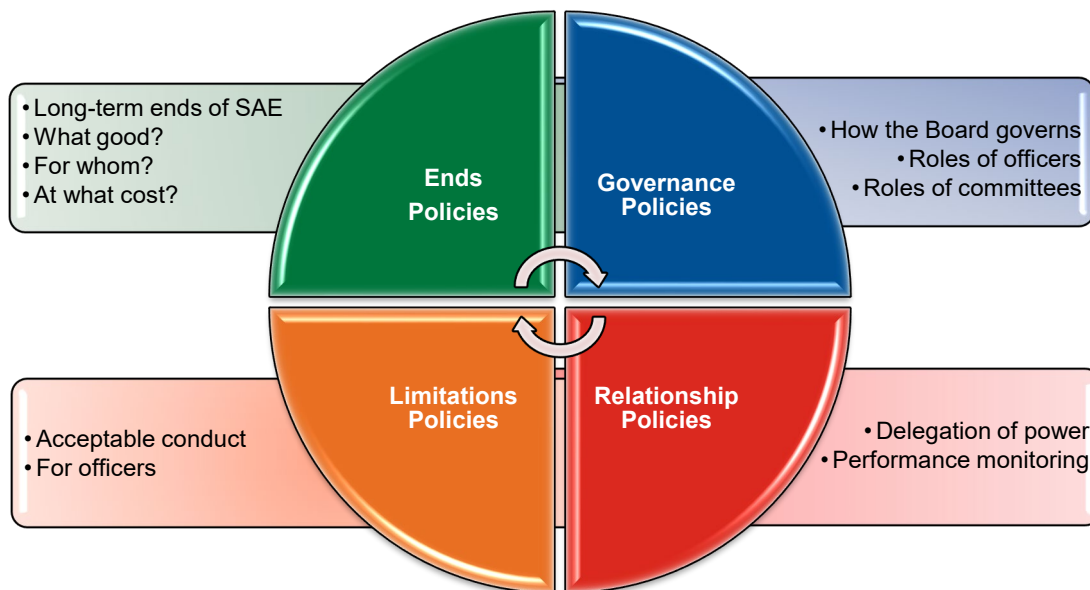
Through Governance policies, the Board expresses the philosophy, accountability, and specifics of its own job.

3. **Relationship Policies**

Through Relationship policies, the Board clarifies the way it delegates its authority to the Chief Executive Officer, as well as how it evaluates performance.

4. **Limitations Policies**

Through Limitations policies, which apply to the President, Treasurer, and Chief Executive Officer, the Board establishes the boundaries of acceptable behavior and activities of those positions and groups.



PURPOSES

The purposes of SAE International are:

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

MISSION

To advance mobility knowledge and solutions for the benefit of humanity.

VISION

SAE International is the leader in connecting and educating mobility professionals to enable safe, clean, and accessible mobility solutions.

SAE International provides society and the global mobility engineering community with:

- Neutral forums that convene to address society's mobility needs
- The most reliable and comprehensive collection of engineering resources that advance mobility
- STEM education and professional development programs that inspire and build mobility's current and future workforce
- Consensus-based standards to advance quality, safety and innovation
- A global community whose collective wisdom makes mobility safe, clean and accessible

Approved 5/2018

Scope / Authority

The Board derives its authority from and is accountable to the members of SAE International (“SAE”) for achieving the Purposes set forth in the Articles of Incorporation and the Bylaws. On behalf of the members, the Board has total authority over and total accountability for SAE. As a 501(c)(3) tax-exempt scientific, charitable and educational not-for-profit corporation, SAE exists to benefit society through achievement of its mission.

Job Products / Deliverables

1. Strategic direction and governance leadership of SAE, consistent with the Purposes expressed by the members.
2. Written policies that direct and govern the organization, based on the Board-adopted tenets of Carver policy governance.
 - 2.1 Ends Policies: identify the long-term needs to be met by SAE, the intended recipients, and the acceptable costs thereof.
 - 2.2 Governance Policies: define the Board’s philosophy and how it governs itself and the Board’s own operations.
 - 2.3 Relationship Policies: specify the authority and responsibilities that the Board delegates to the chief executive officer.
 - 2.4 Limitations Policies: define the actions or activities of the President, Treasurer, and Chief Executive Officer that are prohibited by or unacceptable to the Board.
3. Performance monitoring of the Chief Executive Officer.
4. Fiduciary oversight of SAE’s assets, financial position, and legal and tax statuses.
5. Compliance monitoring of board policies. A given board policy may be monitored as follows:
 - 5.1 Performer’s Report -
Disclosure of compliance information to the Board from the Chief Executive Officer.
 - 5.2 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.
 - 5.3 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.
6. Approvals of the following:
 - 6.1 Governance document revisions:
 - 6.1.1 Articles of Incorporation (prior to a membership vote)
 - 6.1.2 Bylaws (prior to a membership vote)
 - 6.1.3 Governance Policy Manual
 - 6.1.4 Intellectual Property and Usage Policy
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 - 6.7.5 Meeting minutes
 - 6.7.6 Policy development
 - 6.7.7 Nominees for Board Committees
 - 6.7.8 Vacated Board positions

Composition

The Board shall include persons of character, integrity, talent and experience who are loyal to SAE's mission and seek to foster diversity across the organization. Diversity, as defined by the Board, includes but is not limited to, culture, national origin, age, gender, technical/managerial position, race, physical ability, industry sector and geographic location.

The Board, to fulfill its responsibilities and deliver its job products, follows an annual governance agenda that ensures review of current and consideration of new policies and performance monitoring of the Chief Executive Officer, and compels the Board to continually assess and improve its own governance and performance.

1. Annual Governance Agenda and Governance Cycle

The annual governance cycle starts with the Board's approval of its annual agenda at the first meeting of each new Board.

2. Board Meeting Agendas

2.1 The Chair, with input from the Chief Executive Officer and the Secretary, shall propose an agenda after evaluating potential new business items submitted by Board members and others.

2.2 Board agendas are approved by the Board at the beginning of each meeting.

2.3 Agendas and related documents or motions for Board approval shall be provided to Board members ten (10) days prior to the Board meeting.

3. Types of Board Sessions

3.1 Closed Session – Board members only.

3.2 Restricted Session – Board members with invited staff and/or advisors, as appropriate.

3.3 Open Working Session – Board, staff and other participants.

4. Types of Board Meetings

4.1 Face-to-face meetings, which may include members participating by telephone or other communications technology.

4.2 Virtual meetings, by video and/or audio communications technology.

5. Board Meeting Voting

5.1 Board members have a responsibility to present their views and address relevant issues. Consensus shall be sought for decisions put before the Board. Consensus is defined as a minimum of seventy percent (70%) "fully support" and thirty percent (30%) "can live with it."
5.1.1 A majority vote shall prevail when consensus cannot be reached.

6. Electronic Voting

6.1 Board voting may be conducted electronically between Board meetings, but according to Pennsylvania law requires unanimous consent of all Board members eligible to vote.

6.1.1 Electronic voting that obtains unanimous consent of all Board members eligible to vote shall become effective immediately after the close of voting.

6.1.2 Electronic voting that does not obtain unanimous consent shall require a confirmation vote at the Board's next meeting.

6.2 The voting period on electronic business closes thirty (30) days after the posting.

6.2.1 At the request of the Chair, on time-sensitive votes the voting period on electronic business may be reduced to ten (10) days after posting.

6.2.2 At the request of the Chair, electronic business may remain open beyond the (30) days but must close 24-hours in advance of the board meeting.

7. Board Meeting Minutes

7.1 Minutes shall be provided to Board members no later than twenty-one (21) days following the meeting.

7.2 Approval of minutes shall be conducted by electronic voting.

7.2.1 The voting requirement identified in 6.1.1 and 6.1.2 shall apply.

8. Board Orientation

New Board members receive an orientation from the Secretary on SAE governance, finances, and operations. Existing Board members, including the President, may also participate in the orientation if desired.

9. Policy Review and Revision

- 9.1 The Secretary distributes to each member of the Board a copy of the proposed new or amended policy and its rationale at least ten (10) days in advance of the Board meeting at which the first reading is scheduled.
- 9.2 The Board may amend its 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.
- 9.3 At the direction of the President & Chair, the second reading and vote on the proposed new or amended policy, including further revision arising from the first reading, may be conducted during a Board meeting or via electronic voting. The new or amended policy shall take effect immediately upon completion of a vote during a meeting of the Board (provided either consensus or a majority vote is obtained) or an electronic vote (provided unanimous consent of all Board members eligible to vote is obtained).

10. Board Quorum

- 10.1 At all meetings of the Board, the presence of at least fifty (50) percent of the voting members shall be necessary to constitute a quorum for the transaction of business.

Approved 11/2021

SAE's policy is to uphold the highest legal, ethical and moral standards in business and personal conduct. 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 compliance with 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, Officers, SAE members/volunteers, staff, vendors, and consultants 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, Officers, and SAE members/volunteers should not use their positions to obtain unreasonable or excessive services or expertise from the Chief Executive Officer, staff, and/or organizations doing business with SAE.

1. Board members shall:
 - 1.1 Respect the confidentiality of sensitive issues.
 - 1.2 Only at the direction or approval of the President, interact with the public and press regarding SAE 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 (Bylaws Article V, Section 5.7) and the resulting vacancy may be filled (Bylaws Article V, Section 5.8).
 - 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 and participate in Board meeting discussions and voting.
 - 2.2.1 Once voting is completed, all members shall support the Board's decision.
 - 2.3 Become familiar with the *Governance Policy Manual*, Bylaws and legal and fiduciary responsibilities.
 - 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 and electronic voting.
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 organization and the Purposes established by the members, including openly speaking up on behalf of the membership and dissenting as deemed appropriate.
4. Board members shall refrain from accepting gifts, services, discounts, entertainment or considerations of any kind from suppliers and vendors. It is never permissible to accept a gift in cash or cash equivalent such as stocks or other forms of marketable securities of any amount.
5. Failure to comply with the Code of Ethical Conduct 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 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 President & Chair, Treasurer and/or Secretary. 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 Certification to Policies and Agreement form shall be distributed to the Board for signature and collected annually.

The purpose of the Conflict of Interest Policy is to prevent any situation that involves or may involve a conflict between personal interest and the interest of SAE or result in the personal financial, professional and/or political gain on the part of a Board member, Officer, or SAE member/volunteer at the expense of SAE, its members, or stakeholders.

As in all other facets of their duties and responsibilities, SAE Board members, Officers, and members/volunteers dealing with customers, suppliers, contractors, competitors or any person doing or seeking to do business with SAE, are to act in the best interest of SAE. Each Board member, Officer, member/volunteer shall make prompt and full disclosure in writing to the Secretary of any potential situation which may involve a conflict of interest.

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:

- 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 a director, officer, partner, consultant or in any managerial capacity with outside organizations or including other professional membership organizations 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 a statement disclosing ownership by self (or family member) of a significant interest in any outside enterprise which does or seeks to do business with or is a competitor of SAE. Board members are required to file all material business, financial and organizational interests and affiliations that they or persons close to them have which could be construed as related to the interests of SAE and might dissuade acting in the best interest 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 Board members, Officers, and SAE members/volunteers shall not serve as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving SAE or its interests.
- 1.5 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.
- 1.6 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.
- 1.7 Board members shall refrain from accepting gifts, services, discounts, entertainment or considerations of any kind from suppliers and vendors. It is never permissible to accept a gift in cash or cash equivalent such as stocks or other forms of marketable securities of any amount.

A Certification to Policies and Agreement form shall be distributed to the Board for signature and collected annually.

Introduction

The Code of Ethics adopted by SAE International requires all Board members, Officers, SAE member/volunteers, staff, vendors and consultants to observe high-standards in their business and personal conduct. All Board members, Officers, SAE members/volunteers and staff are expected to comply with the Board's Code of Ethical Conduct and applicable laws, and to report violations or suspected violations in accordance with this policy.

Reporting of Concerns or Complaints

Board members, Officers, SAE members/volunteers, and staff are required to communicate suspected violations of the Code of Ethical Conduct, a possible violation or violation of laws, regulations, SAE International's policies, or a wrongdoing or alleged retaliation to the President & Chair of the Board, Treasurer and/or Secretary. Likewise, if a representative of SAE, consultant, customer, or any person who conducts business with SAE International questions the legality of any of SAE's practices or procedures, that person must report suspected violations to the President & Chair of the Board, Treasurer and/or Secretary. Failure to report a violation, a complaint or any articulated concern about a possible violation to SAE International may be subject to disciplinary action for remaining silent.

While the reporter of the violation need not identify himself/herself, for an effective investigation to be conducted the reporter should provide SAE with as much detailed information as possible concerning the alleged violation, including the substance of the incident, where and when the incident occurred, and the names and titles of the individuals involved.

Illustrative Types of Concerns

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

1. Supplying false or misleading information on SAE's financial, legal or other public documents, including Internal Revenue Form 990.
2. Providing false information to or withholding material information from SAE's Board, auditors, legal counsel or management.
3. Destroying, altering, mutilating, concealing, and covering up, falsifying or making a false entry in any record that may be connected to an official matter or proceeding, in violation of federal or state law, regulations or SAE policies.
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 matter or proceeding or otherwise obstructing, influencing or impeding any official matter or proceeding, in violation of federal or state law, regulations or SAE policies.
5. Embezzlement, 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/or threatening, intimidating or hostile acts that relate to race, color, religion, gender, sexual orientation, 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, sexual orientation, nationality, age, disability or other legally protected status.
10. Discriminating against an individual due to a person's race, color, religion, gender, 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 Policy.
12. Facilitating or concealing any of the above or similar actions.

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, Audit & Risk Committee, independent public accountants and/or external legal counsel.

SAE International will promptly and fully investigate all reports. Reporting violations or possible violations should be done in accordance with this Policy.

Retaliation

Negative or adverse action is not to be taken against any Board member, Officer, SAE member/volunteer or staff for making a good-faith report of a possible violation of its Code of Ethical Conduct or applicable laws, even if the report is mistaken, or against the Board, Audit & Risk Committee, independent public accountants, and/or legal counsel who assist 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.

Compliance

Any violation of this policy may result in member disciplinary action up to and including removal from the Board. Any individual having knowledge of any violation of the policy shall promptly report such violation to the President & Chair of the Board, Treasurer and/or Secretary or through the Ethics Action Hot Line.

Administration

A Certification to Policies and Agreement form shall be distributed to the Board for signature and collected annually.

Questions

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

Revised/Approved 07/2020

Scope / Authority

The separate roles of President and Chair of the Board are currently embodied in one position at SAE. The principal role of the President is to serve as the official spokesperson of SAE. The principal role of the chair of the Board is to lead the Board and to act as the direct liaison between the Board and management, through the Chief Executive Officer.

1. The Chair of the Board chairs all Board meetings and ensures that the Board operates in a manner consistent with its own policies and those legitimately imposed upon it from the membership and outside the organization.
 - 1.1 The Chair ensures that Board discussions focus only on those issues that are clearly within the purview of the Board.
 - 1.2 The Chair ensures that Board deliberations are timely, fair, orderly and thorough, but also efficient, limited to time and to the point.
2. The Chair 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 Chair has no authority to make decisions beyond Board policies.
 - 2.2 The Chair may, at his/her discretion, identify focus areas as long as they are consistent and aligned with the Ends and the organization's strategic and business plans.
 - 2.3 The Chair and the Treasurer are authorized, with disclosure to the Board, to suspend the Board's travel policy regarding reimbursement of the President & Chair of the Board's and/or Treasurer's travel costs.
[Appendix A-7 – Presidential Travel Expense Policy](#)
 - 2.3.1 If the Chair is requesting the exception, then the decision shall be made by the Treasurer with notice to the Board.
 - 2.3.2 If the Treasurer is requesting the exception, then the decision shall be made by the Chair with notice to the Board.
3. The Chair is an *ex officio*, non-voting member of all Board Committees, unless otherwise specified in the relevant policy.
4. The Chair chairs all meetings of the voting members of SAE.
5. The Chair shall hear and decide all appeals from actions, or refusals to take action, by the Special Issues Subteam. The decision of the Chair is the action of SAE International.
6. The President is the official spokesperson of SAE.
7. The President is authorized to vote and act with respect to all stock and other securities in any other corporation owned by SAE. (*Bylaws Article IX, Section 9.3 - Voting and Acting with Respect to Stock and Other Securities Owned by SAE.*)

Job Products / Deliverables

1. Appointments to Board Committees with input from Board Committees and subject to Board approval
 - 1.1 The Chair strives to provide mobility industry-sector representation on all Board Committees unless a given sector is clearly not applicable to the Committee
 - 1.2 The Chair strives to provide diversity on Board Committees.
2. Appeals from actions, or refusals to take action, by the Special Issues Subteam.

Scope / Authority

The Sector Vice Presidents support and advise the President, the Board and the Chief Executive Officer with regard to technology, economic, regulatory and others matters and trends within or impacting the mobility sector they represent (e.g., Aerospace, Automotive and Commercial Vehicle).

1. In the absence of and in coordination with the President, the Sector Vice Presidents serve as spokespersons to their respective mobility sectors.
2. The Sector Vice Presidents serve as members of the Awards & Scholarships Committee.
3. The Sector Vice Presidents may organize an executive advisory group to assist in accomplishing job products or otherwise where appropriate.

Job Products / Deliverables

1. Advise the Board on matters and issues within or impacting their respective mobility sector.
 - 1.1 Serve as a key resource for their respective mobility sector on the Board.
 - 1.2 Provide counsel on matters within their mobility sector relative to SAE policies, products, programs and services.
 - 1.3 Relate the impact of, *inter alia*, technology, economic, social, political, legal, regulatory and governmental influences on SAE for their respective mobility sectors.
2. Strengthen support for SAE within their respective mobility sector.
 - 2.1 Facilitate communications within and across the mobility sectors.
 - 2.2 Provide continuity of focus on mobility sector matters and issues.
3. Information and knowledge transfer across the mobility sectors.
4. Identification of industry sector nominees for consideration by the Nominating Committee.

Revised/Approved 07/2020

Scope / Authority

The Treasurer oversees the development and observation of the organization's financial management and investment policies, regularly informs the Board of financial performance and fiscal health, serves on the Finance Committee, and performs other duties as prescribed by the Board.

1. The Treasurer is authorized to execute all deeds, mortgages, contracts, and other instruments requiring execution (when not otherwise delegated to the Chief Executive Officer).
2. The Treasurer is authorized to vote and act with respect to all stock and other securities in any other corporation owned by SAE. (*Bylaws Article IX, Section 9.3 - Voting and Acting with Respect to Stock and Other Securities Owned by SAE.*)
3. The Treasurer is an *ex officio* member of the Finance Committee, the Compensation Committee, the Audit & Risk Committee, the Administrative Committee and Trustees, and the Special Issues Subteam.
4. The Treasurer is authorized, with disclosure to the Board, to suspend the Presidential Travel Expense Policy.

Job Products / Deliverables

1. On a periodic basis, review of cash-flow and statements of financial position and activities (including budget-to-actual comparisons and explanations of significant variances from expectations).
2. Review of financial statements, and annual business plans and budgets.
3. Implementation of SAE's financial management policy.
4. Periodic financial reports for the Board.
 - 4.1 The Treasurer may request the Chair of the Finance Committee to provide financial reports (when not otherwise delegated to the Chief Executive Officer).
5. Review and approval of expense reports from the President, Immediate Past President and President-Nominee / Elect for those expenses that comply with the Presidential Travel Expense Policy.
6. Review and approval of expense reports from the Chief Executive Officer.

Revised/Approved 07/2020

Scope / Authority

The Secretary maintains key corporate documents and records, coordinates and attends board and member meetings, advises the Board and the Chief Executive Officer on governance trends and best practices, guides the Board on adapting its policies and governance framework to meet the evolving needs of the organization, and counsels the Board in carrying out of its legal responsibilities and fiduciary duties.

1. The Secretary is appointed by the Board, upon nomination by the Chief Executive Officer, and is a non-voting member of the Board.
2. The Secretary serves as a focal point for communications between and among the Board, its Board Committees, the members, and the Chief Executive Officer and management, on corporate and governance matters.
3. The Secretary is an *ex officio*, non-voting member of all Board Committees, unless otherwise specified in the relevant Governance Policy.
4. The Secretary serves as the custodian of the corporate records and seal of the organization.
5. The Secretary advises the President & Chair and Board Committees on composition and succession matters.

Job Products / Deliverables

1. Advice and counsel to the Board on governance policies, trends, best practices and frameworks, legal responsibilities and fiduciary duties, and legal, corporate and regulatory compliance.
2. Coordinate and attend, and prepare and review materials for, board and member meetings
3. Agendas for member and board meetings, in conjunction with the President & Chair and the Chief Executive Officer.
4. Minutes of member and board meetings.
5. Board orientation for new members.
6. Maintenance of key corporate and board documents and records, including the Articles of Incorporation, Bylaws and Governance Policy Manual.
7. Register of SAE members.
8. Subsidiary governance.
9. Election and appointment notices to new Board and Board Committee members.
10. Corporate notices required by law or Bylaws.
11. Appointment of staff representatives for Board Committees.

Revised/Approved 07/2020

The Board may establish Board Committees and Subteams to assist it in carrying out its responsibilities and duties. Board (or standing) Committees typically are formed to address long-term or continuing needs of the organization. Board Subteams (or ad hoc committees) are typically formed for a limited period of time to address a specific need or issue. Because the Board is ultimately accountable to the members, these groups are not substitutes for the Board.

Board Committees

1. Scope / Authority

- 1.1 The composition, scope, authority and job product(s) of each Board Committee are established by the Board and set forth in a relevant governance policy. All changes to a Board Committee's governance policy must be approved by the Board.
- 1.2 Board Committees are subject to and must adhere to Board policies.
- 1.3 Board Committees may only act for the Board when formally given such authority by the Board for specific and time-limited purposes. Expectations and authority shall be carefully stated in order not to conflict with authority delegated to the Chief Executive Officer.
- 1.4 Each Board Committee may establish its rules for operation. The rules of operation, and any significant changes thereto, shall be communicated to the Board.
- 1.5 Board Committees exist to assist the Board in carrying out its responsibilities and duties, not to advise or assist the Chief Executive Officer.
- 1.6 Board Committees do not have authority over, and shall normally not have direct dealings with, the Chief Executive Officer.
- 1.7 Board Committees should avoid over-identification with organizational units or parts, rather than with the whole organization. Consequently, a Board Committee that has helped the Board create policy on a topic shall not be used to monitor organizational performance on that topic.
- 1.8 Any Board Committee Chair who is not a Board member may attend and participate in Board meetings but shall not have a vote.

2. Job Products / Deliverables

- 2.1 Policy alternatives, and anticipated implications thereof, for Board consideration and deliberation.
- 2.2 Further job products as set forth in the Board Committee's respective governance policy.

3. Composition

- 3.1 Board and/or non-Board members.
- 3.2 The President, Secretary and Chief Executive Officer of SAE are *ex officio*, non-voting members of all Board Committees and subdivisions thereof, unless otherwise specified in the relevant Governance Policy.
- 3.3 Board Committee Chairs and members, including replacements for committee vacancies, unless otherwise specified, are appointed by the President & Chair and subject to Board approval.
- 3.4 Except for the Nominating Committee, the Board may at any time remove any or all members of any Board Committee.

Board Subteams**1. Scope / Authority**

- 1.1 The composition, scope, authority and job product(s) of each Board Subteam shall be established by the Board or the President and set forth in a charter.
- 1.2 Board Subteams are subject to and must adhere to Board policies.

2. Job Products / Deliverables

- 2.1 Policy alternatives, and anticipated implications thereof, for Board consideration and deliberation.
- 2.2 Further job products as set forth in the Board Subteam's charter.

3. Composition

- 3.1 Up-to-ten (10) Board and/or non-Board members.
- 3.2 Chairs may be appointed by the President or the Board (but the President may not chair a Board Subteam).

At all meetings of Board Committees and Board Subteams, the presence of at least (50) fifty percent of the voting members shall be necessary and sufficient to constitute a quorum for the transaction of business. Motions shall be taken and be valid only with the affirmative vote of at least a majority of the voting members present.

Approved 11/2021

Scope / Authority

1. The Committee shall administer the Retirement Income Plan for Employees of SAE International¹ (the Retirement Plan”). These functions shall be performed in accordance with the Plan’s governing documents.
 - 1.1 The day-to-day administration of the Plan is delegated to Management with oversight from the Committee.
2. The Trustees shall serve as the Trustees of the Retirement Plan. These 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.
 - 2.1 The Trustees shall have the authority to amend the Retirement Plan and advise the Board as to the amendments that it has made.
 - 2.2 These trustee functions do not include the selection of investments. This function shall be the responsibility of the Finance Committee in conjunction with the investment managers it has chosen to appoint.

Job Products / Deliverables

1. Retirement Income Plan for Employees of SAE International

Composition

The Administrative Committee and Trustees of shall consist of the following members:

Voting Members	Term/Term Limitations
Finance Committee Chair – Serves as Chair	Ex Officio
Treasurer	Ex Officio
Member at large ²	Maximum of two, consecutive two-year terms; term shall alternate with the term of the Treasurer
Chief Executive Officer	Ex Officio
Nonvoting Members	
President	Ex Officio
Secretary	Ex Officio
Staff Representative– Selected by the Secretary	At the pleasure of the Secretary

¹ Notwithstanding the name, the Retirement Plan includes current and former, qualified employees of SAE International, Performance Review Institute, SAE Industry Technology Consortia and their subsidiaries.

² Appointed by the President, subject to approval by the Board.

Revised/Approved 07/2020

Scope / Authority

1. On an as-needed basis, the Board shall establish the Special Issues Subteam to hear all appeals from any decision, action or refusal to act by a Board committee or subteam, or staff member, relating to an SAE policy approved by the Board.
2. The Special Issues Subteam will rule on SAE member disciplinary actions according to the SAE Member Discipline Procedure (*Appendix A-10*)
3. All appeals shall be heard by at least three members of the Special Issues Subteam and its Chair.
 - 3.1 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.
4. Appeals from actions, or refusals to take action, by the Special Issues Subteam shall be heard by the President and Chair of the Board. The decision of the President and Chair of the Board is the action of SAE International. The appeals procedure is the responsibility of the Board and may be obtained from the Secretary.

Job Products / Deliverables

Appeal decisions.

Composition

The Special Issues Subteam shall consist of:

Voting Members	Term/Term Limitations
Chair*	
Four Current Board Members*	Ex Officio
Immediate Past President	Ex Officio
Treasurer	Ex Officio
Nonvoting Members	
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.*

***President and Chair of the Board is authorized to attend any hearing of the Special Issues Subteam, but may not participate in any deliberations or decisions of the Special Issues Subteam*

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.

Job Products / Deliverables

1. Providing oversight for the Society’s awards and scholarships programs.
2. Monitoring the corpus state for awards.
3. Ensuring that due process and integrity are maintained in the selections.
4. Reviewing selection committee reports and approving award and scholarship exceptions.
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.

Composition

The Awards and Scholarships Committee will consist of:

Voting Members	Term/Term Limitations
Chair – selected from among the current voting members of the committee	Time remaining on ASC term, appointed annually
Immediate Past President	Ex Officio
Aerospace Sector Vice President	Ex Officio
Automotive Sector Vice President	Ex Officio
Commercial Vehicle Sector Vice President	Ex Officio
Members-at-Large (up to three)	Three-year term, renewable once
Nonvoting Members	
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.*

Approved: 09/2023

Scope / Authority

On an as-needed basis, the Board shall establish the Bylaws Subteam to review the Bylaws and submit recommended changes to the Board.

Job Products / Deliverables

1. Reports to the Board on any Bylaws questions and/or problems.
2. Recommend Bylaws changes for the Board.

Composition

The Bylaws Subteam shall consist of:

Voting Members	Term/Term Limitations
Chair*	As-needed basis
Two Board Members*	As-needed basis
Nonvoting Members	
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 compensation committee is focused solely on the chief executive officer position. In that context, the compensation committee recommends candidates, evaluates performance, recommends total compensation, and monitors the succession plan related to the chief executive officer position and the non-qualified retirement plans.

It is recognized that the chief executive officer has responsibility for affiliates, partnerships, subsidiaries and joint ventures. As such, the remit of the chief executive officer and Compensation Committee extend beyond SAE International. That notwithstanding, the chief executive officer and the Committee remain solely accountable to the board.

Job Products / Deliverables

1. Define and manage the chief executive officer selection process.
 - 1.1 Define and maintain a selection process.
 - 1.2 Lead efforts to identify a candidate for board approval.
2. A total-compensation package for the chief executive officer.
 - 2.1 Develop and maintain a compensation philosophy and strategy.
 - 2.2. Develop and maintain an evaluation methodology that supports the chief executive officer job products.
 - 2.3 Present an appropriate, market-competitive, total-compensation package for board approval.
 - 2.4 Present employment contract and contracts as necessary for board review.
3. An annual performance evaluation for the chief executive officer.
 - 3.1 Present a set of performance objectives for board review.
 - 3.2 Evaluate performance against job products as described in the Relationship with the Chief Executive Officer (R-1) policy and executive competencies.
 - 3.3 Provide performance feedback to the chief executive officer, including performance highlights and opportunities for development.
 - 3.4 Present actions and decisions taken as a result of the evaluation for board review.
4. Active oversight of:
 - 4.1 Chief Executive Officer succession plan: receive an annual report from and provide feedback to the chief executive officer on succession planning and business continuity.
 - 4.2 Non-qualified retirement plans as adopted by the SAE Board of Directors.

Composition

The Compensation Committee (CC) shall consist of:

Voting Members	Term/Term Limitation
President	Ex Officio
Immediate Past President - Serves as Chair	Ex Officio
Previous Past President	Ex Officio
President Elect	Ex Officio
Treasurer	Ex Officio
Nonvoting Members	
Independent Advisor – Corporate Governance & Compensation	Selected by the Secretary

Final approval Dec 2019

Scope & Authority

The Nominating Committee (NC) is responsible for identifying and nominating a diverse slate of suitably qualified candidates for election to the board of directors (“Board”) by the SAE membership, in accordance with the Bylaws and any guidelines, procedures and/or processes established by the Board.

Board Candidate Selection Process

The NC will identify and nominate candidates for specific and relevant board positions (e.g., President, Sector Vice President, Treasurer and Director-at-Large) along a multi-year trajectory for election by the SAE membership; contested or ‘win-lose’ candidate selection methods will not be employed. Unless unavoidable, and only with the prior approval of the Board, no members of the Board will be employed by or represent the same or a related company. An NC member from the same or a related company as a candidate will abstain from a vote on the nomination of that candidate. If a member of the NC is being considered for a board position, that NC member shall resign from the NC before being selected by the NC as a board candidate.

Board Terms of Office Guidelines

The NC will utilize a “2+2” year term approach for Treasurer and Directors-at Large board positions, with the board candidates for Treasurer and Director-at-Large having a minimum of a 2-year term with a possible, additional 2-year term (for a total of 4 years) to be agreed to by the Board of Directors (acting through the then-current Chair) and the respective board member.

Deliverable

Diverse and suitably qualified Board candidates to guide a complex and multi-national organization in an evolving and converging mobility ecosystem.

Composition

The NC shall consist of executive-level and diverse members (not from the same or a related company):

Voting Members*	Term/Term Limitations
Most recent, available Past President (no longer serving on the Board) – Serves as Chair	Up to one, four-year term
Three current or past Board Members	Up to two consecutive, three-year terms
Three at-large members	Up to two consecutive, three-year terms
Nonvoting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Secretary	Ex Officio
Staff Representative– Selected by the Secretary	At the pleasure of the Secretary

**All voting members are nominated by the Secretary in consultation with the NC, and subject to approval by the board.*

The Secretary shall certify that all NC voting members are SAE members in good standing.

At all NC 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 NC meeting.

Scope / Authority

The Fellows Committee shall oversee the Fellows nomination process, evaluate Fellows nominations and recommend, for Board approval, nominees for election to Fellow-grade membership.

Job Products / Deliverables

Annual Fellow grade nominations.

Composition

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

Voting Members	Term/Term Limitations
Chair*	One-year term
Fellow Grade Members – Up to six**	Three-year term
Ad Hoc Members – Up to six**	Three-year term
Nonvoting Members	
President	Ex Officio
Chief Executive Officer	Ex Officio
Secretary	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.*

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

Revised/Approved 07/2020

Scope / Authority

1. The Finance Committee supervises the financial affairs of SAE, subject to the Financial Management Policy as approved by the Board. [Appendix A-2 - Financial Management Policy](#)
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 / Deliverables

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.
3. Financial management to achieve Financial Management Policy targets.
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 A-9](#)
8. Review of items not included in capital budgets to determine if Board approval is required.
9. Presidential Travel Expense Policy and ongoing monitoring of associated expenses.

Composition:

The Finance Committee (FC) shall consist of:

Voting Members	Term/Term Limitations
Chair -selected from among the FC members	Years remaining on his/her FC term
Treasurer	Ex Officio
Eight Members* (two-new members every year)	Maximum of two, non-consecutive, four-year terms
Non-voting Members	
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

1. To annually monitor and audit SAE's financial condition.
2. Ongoing monitoring of enterprise risk in conjunction with SAE Management
3. The Audit and Risk Committee may also provide audit services for SAE affiliates.

Job Products / Deliverables

1. Annual financial audit, including selection of an outside, independent auditor. Financial audit report findings shall be reported to the Board.
2. An internal audit shall be conducted as needed as part of ongoing risk assessment by SAE Management. The audit plan will be approved by the Audit and Risk Committee and the audit findings along with management's action plans will be reported to, and reviewed by, the Audit and Risk Committee (and Board, if deemed necessary).

Composition

The Audit and Risk Committee (ARC) shall consist of, but not be limited to:

Voting Members*	Term/Term Limitations
Up-to-two Board Members	Ex Officio
Up-to-three (3) Member-at-Large - To engage financial expertise and different perspectives, a member-at-large need not be an SAE member.	Up-to-two three-year terms; one-year break in service required for reappointment.
Nonvoting Members**	
President	Ex Officio
Treasurer	Ex Officio
Finance Committee Chair	Ex Officio
Non-Member Staff Representatives	
Secretary***	Ex Officio
Chief Executive Officer	Ex Officio
EVP & COO	Ex Officio
Chief Financial Officer	Ex Officio

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

*** Nonvoting applies to financial audits; both the Treasurer and FC Chair will have a vote on risk matters.*

**** The role of the secretary is to provide governance advice and compliance between and among the Board and its board committees, as well as to provide legal advice and/or fiduciary guidance to members as required.*

Note: The Audit and Risk Committee Chair must be a voting member and will be selected by the committee.

Approved 22 May 2019

Scope / Authority

The Foundation Committee and Trustees shall be responsible for:

1. Fundraising, including donor relations, for donated funds and endowments
2. Performing fiduciary responsibilities with regard to stewardship & monitoring use of donated funds.
3. Promotion of the Foundation and SAE’s STEM education activities.
4. Working in close cooperation and collaboration with other relevant SAE Board committees, SAE functions, and outside organizations that may further the current and potential future job products of the Foundation

Job Products / Deliverables

1. Fundraising support for pre-professional programs, scholarships and awards.
2. SAE Gift Acceptance Policy (for Board approval) and compliance monitoring.
3. Advise and coordinate current and long-term fundraising goals and strategies.
4. Demonstration of individual Trustee commitment.
5. Monitoring of Foundation-managed & donor-directed funds.
6. Foundation Emeritus Trustee policy and process.

Composition

The Foundation Committee and Trustees shall consist of no less than nine (9) or more than sixteen (16) members. The Foundation Committee and Trustees Nominating Committee shall nominate: (1) the Chair from the Members-at-Large, and (2) the Members-at-Large from the SAE Aerospace, Automotive, and Commercial Vehicle sectors, and may also nominate non-SAE-members. The Foundation Committee and Trustees shall confirm the nominations*.

Voting Members*	Term/Term Limitations
Chair – selected from the Foundation member-at-large category	One to three-year term; confirmed or replaced on an annual basis
Members-at-Large (six to thirteen)	Three-year term, renewable once.
Current Director serving on the SAE Board (one)	One-year term, renewable.
SAE Past President (one)	One three-year term
Nonvoting Members	
President	Ex Officio
Secretary	Ex Officio
Chief Executive Officer	Ex Officio
Chief Financial Officer	Ex Officio
Staff Representative – Selected by the Secretary	At the pleasure of the Secretary

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

Revised/Approved 07/2020

Scope / Authority

1. Inform and support cross-sector standards strategy
2. Identify and support synergies between mobility sectors, as informed by SAE’s strategic roadmap
3. Implement best practices (e.g. tools, processes, training)
4. Respond to standards appeals and responses (adjudicating conflicts between Councils)
5. Promote SAE standards program to industry and advocate for resources for SAE standards- related activities

Job Products / Deliverables

1. Establish, monitor and react to program oversight-level metrics
2. Promote the SAE standards program by engaging executives of ESC members’ organizations and other industry, government and research stakeholders
3. Actively recruit new stakeholder participants from mobility and adjacent sectors
4. Report on the health of the standards program and activities of the ESC
5. Identify new technical opportunities to ensure that standards activities are relevant to industry and government needs
6. Provide inputs as requested to Board strategies, policies, and actions as they relate to standards
7. Ensure excellence in standards and standards processes to enable a robust revenue stream

Composition

The Executive Standards Committee (ESC) shall consist of up to sixteen (16) members, seeking balanced representation among the sectors. The voting membership of the ESC shall be the Chair, the Vice Chair, the Council Chairs and Members-at-Large.

Voting Members*	Term/Term Limitations
Chair	One, two-year term; the Member-at-Large selected as Chair shall serve no more than seven (7) consecutive years: three (3) as a Member-at-Large, one (1) as Vice Chair (prior to serving as Chair), and one (1) as Vice Chair (following end of Chair term)
Vice Chair	Two non-consecutive one-year terms, one prior to serving as chair, one immediately following end of chair term
Council Chairs	Coextensive with Council Chair term
Members-at-Large	Up-to-two consecutive, three-year terms; maximum of six-consecutive years
Nonvoting Members	
President	Ex Officio
Board Liaison**	Coextensive with Board of Director term
Secretary	Ex Officio
Chief Executive Officer	Ex Officio
Ground Vehicle Standards Director	Ex Officio
Aerospace Standards Director	Ex Officio

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

** Appointed from the Board of Directors by the Board

Approved 07/2019

Scope / Authority

1. The Chief Executive Officer is accountable to the Board for achieving the Ends within the Chief Executive Officer Limitations Policy.
2. The Chief Executive Officer is a voting member of the Board.
3. The Chief Executive Officer is authorized to act on behalf of the Board relative to SAE's rights and responsibilities for affiliates and subsidiaries.
4. The Chief Executive Officer acts as the sole employee of the Board and has all authority and accountability of staff. All Board authority delegated to staff is delegated through the Chief Executive Officer.
 - 4.1 The Chief Executive Officer is appointed by the Board and is a regular employee of SAE.
 - 4.2 The Chief Executive Officer is accountable only to the full Board, not to any individual Board member, and has full access to the Board.
 - 4.2.1 No member of the Board, Board Committee 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.
 - 4.3 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.

Job Products / Deliverables

1. Achievement of the Ends established by the Board.
2. Safekeeping of SAE's assets, and legal and tax statuses.
3. Competent staff capable of successfully executing long-term strategy.
4. Achievement of agreed-upon performance objectives and business continuity plan.
5. Accurate, timely and relevant information needed for the successful monitoring of organizational performance.
6. Governance and management oversight of SAE's affiliates, subsidiaries and joint ventures.

Monitoring Performance

The Board shall regularly monitor the Chief Executive Officer's performance, which is synonymous with monitoring organizational performance against applicable board objectives and policies.

The Chief Executive Officer is not authorized to engage in any practice, activity, or cause, which detracts from SAE's Purposes, is unethical, immoral or illegal, or is in disregard of SAE's standards of integrity or commonly accepted business practices. In particular, the Chief Executive Officer may not engage, support or authorize:

1. Activities that do not support SAE's Purposes, 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, which 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.

PRESIDENTIAL LIMITATIONS POLICY

The President is not authorized to engage in any practice, activity, or cause, which detracts from SAE's Purposes, is unethical, immoral or illegal, or is in disregard of SAE's standards of integrity or commonly accepted business practices. In particular, the President may not engage, support, or authorize:

1. Activities that do not support SAE's Purposes, 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.

The Treasurer is not authorized to engage in any practice, activity, or cause, which detracts from SAE's Purposes, is unethical, immoral or illegal, or is in disregard of SAE's standards of integrity or commonly accepted business practices. In particular, the Treasurer may not engage, support or authorize:

1. Activities that do not support SAE's Purposes, 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 Entry into agreements, formation of member groups, or committing SAE resources, including staff and facilities, not approved by the Board.
 - 2.2 Approving reimbursements above the limit established in the SAE Presidential Travel Expense Policy without prior concurrence of the Finance Committee and the Board.
 - 2.3 Authorizing disbursement of unbudgeted SAE funds over \$1 million without first obtaining the Finance Committee's input regarding financial feasibility and, then, Board approval.

SAE International Bylaws

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Figures in parentheses reflect the effective date of the provision.

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ARTICLE I – NAME

The name of this corporation is SAE International.

(04/04/2006)

ARTICLE II – PURPOSES

The purposes of SAE International (herein called "SAE") are: (a) to advance the knowledge of the arts, sciences, standards, and engineering practices connected with the development, design, construction, and use of self-propelled machines, prime movers and related equipment (all herein collectively called "mechanisms"); (b) to preserve and improve the quality of life in the production and use of such mechanisms; (c) to maintain a library of publications; (d) to promote through meetings, lectures, courses, seminars and the presentation and discussion of scientific and engineering papers a better understanding of such mechanisms; (e) to develop technical and scientific reports, including engineering standards and recommended practices, in connection with the development, design, construction, use, and reuse of such mechanisms, and publish and distribute such reports for the benefit of mankind; and (f) generally to provide for or carry on such other activities as may be necessary, incidental, convenient, or desirable to accomplish fully the foregoing purposes. In pursuing such purposes, SAE shall not act so as to impair its eligibility for exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(10/03/2012)

ARTICLE III – MEMBERSHIP

Section 3.1 - Grades of Membership

SAE shall have the following grades of membership: Honorary; Fellow; Member; Associate; Joint; and Student. (04/21/2009)

Section 3.2 - Voting Members

Only members in the following grades shall be entitled to vote on each matter submitted to a vote of the membership: Honorary, Fellow, and Member.

Section 3.3 - Qualifications for Each Grade

Any individual whose personal qualifications enables them to contribute to the purposes of SAE are eligible for membership in SAE provided they meet the following particular qualifications and requirements for the grade to which they have applied or are entitled:

Section 3.3.1 - Honorary

This grade shall be composed of the Past Presidents of SAE, who shall automatically be awarded this grade at the end of their year of service on the Board of Directors (herein called "the Board") as Past President. (09/16/2010)

Section 3.3.2 - Fellow

This grade shall be composed of persons of exceptional distinction by reason of outstanding and extraordinary qualifications, experience, and sustained accomplishment in mobility or related engineering, who have been members of SAE for at least ten (10) years, and are voting members of SAE in good standing at the time of their election to Fellow grade. At the discretion of a committee of the Board, the term of SAE membership may be reduced to two (2) years if it can be established that the nominee was actively involved for at least ten (10) years in work that provided outstanding support for SAE activities. Nomination for election to Fellow grade shall be made by voting members. Nominations shall be considered by a committee and recommended to the Board for approval. Status as a Fellow member shall begin upon approval by the Board. (09/09/2020)

Section 3.3.3 – Member

A member shall have a qualified college or university degree in engineering; or have the required equivalent years of technical education and professional technical experience; or have distinguished service and noteworthy accomplishments. (04/17/2007)

Section 3.3.4 - Associate

An associate member shall be individuals whose association supports the objectives of SAE but do not meet the requirements of a member. (10/03/2012)

Section 3.3.5 – Joint

A joint member shall be a member in good standing of an organization with which SAE has a joint membership agreement. (04/21/2009)

Section 3.3.6 - Student

A student member shall, at the time of application, be a high-school senior or post-secondary student pursuing studies leading to a college degree. (04/21/2009)

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Interpreting and determining the requirements defined in Sections 3.3 through 3.6, shall be made by a committee of the Board. (09/09/2020)

Section 3.4 – Application for Membership or Change of Grade

All applications for membership or change of grade, except a change to Honorary or Fellow grade, shall be made to SAE on forms or by other means furnished for that purpose. (10/03/2012)

Section 3.5 – Admission to Membership

Membership in SAE or change of grade shall begin upon election or as otherwise provided in these Bylaws.

Section 3.6 – Membership Certificates

A committee of the Board may provide for the issuance or replacement of a certificate evidencing membership in SAE, to be in such form as they from time to time prescribe. The name and address of each member and the date of issuance of the certificate shall be entered on the records of SAE. (09/09/2020)

Section 3.7 – Resignations

Any member may resign by submitting a written resignation to a committee of the Board, which shall become effective upon receipt or at such later time as specified therein. Resignation shall not relieve the member of the obligation to pay unpaid dues or other accrued or unpaid charges to SAE. (09/09/2020)

Section 3.8 – Suspension, Expulsion, and Censure

Upon written notice from a committee of the Board, any member may be suspended, expelled, or censured for violation of these Bylaws or any agreement, policy, rule, or regulation adopted by SAE, or any other conduct prejudicial to the best interests of SAE. Written notice with an opportunity to respond to the reason for the suspension, expulsion, or censure shall be sent to the member's mailing or electronic mail address as they appear on the books of SAE. Final action shall occur upon the decision of the committee of the Board. No member who has been expelled or suspended shall (during the period of suspension) be allowed any of the rights or privileges of membership in SAE. No dues, assessments, or other charges shall be refunded to any member who has been expelled. (09/09/2020)

Section 3.9 – Reinstatement

Upon written request signed by a former member and submitted to a committee of the Board, a former member may, if approved by a committee of the Board, be reinstated to membership upon such terms and conditions as a committee of the Board deems appropriate. (10/06/2015)

Section 3.10 – Transfer of Membership Rights

The rights and privileges of membership are personal to the member and may not be transferred or assigned by the member's own act or by operation of law, except that the member may appoint a proxy as provided in these Bylaws.

Section 3.11 – Dues and Fees

A committee of the Board shall determine from time to time the amount of member dues and fees, if any, payable to SAE. Dues and fees shall be payable at such time as a committee of the Board may prescribe. (09/09/2020)

Section 3.12 – Voting Members of Record

The date of record for determining the eligibility of a voting member shall be sixty (60) days prior to any action to be taken at the annual meeting or any special meeting of the members. (10/03/2012)

Section 3.13 - Participation

SAE is an international organization and, as such, makes its programs, products, and services available on a global basis and membership in SAE available to all who meet its criteria for membership. SAE does not restrict membership or participation due to specific governmental policies. It is the responsibility of each individual to ensure that participation in SAE activities or SAE membership does not violate corporate policies or national laws or regulations. (10/03/2012)

ARTICLE IV – MEETINGS OF MEMBERS

Section 4.1 – Annual Meeting and Notice

An annual meeting of the voting members shall be held each year on such day and at such hour (and, if in person, at such place) as may be specified by the Board. Written notice of the annual meeting, stating the day and hour (and, if in person, place), of the meeting, shall be provided to each voting member at least five (5) days prior to the day of the meeting. Any business may be transacted at the annual meeting irrespective of whether the notice of the meeting contains a reference thereto, except as

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otherwise expressly provided by law or in these Bylaws. (03/14/2023)

Section 4.2 - Special Meeting and Notice

A special meeting of the voting members may be called at any time by the Board, the President, or a voting member by delivering a petition to the Secretary with signatures equal to at least one-tenth of the voting members as of the end of the previous fiscal year. A special meeting shall be held on such day and at such hour (and, if in person, at such place) as may be specified by the Board. Written notice of a special meeting, stating the day, hour, place (if applicable), and general nature of the business to be transacted, shall be provided to each voting member of record at least five (5) days prior to the day of the meeting. (03/14/2023)

No business may be transacted at a special meeting other than the general nature of which is stated in the notice of meeting and business which is germane thereto. (10/03/2012)

Section 4.3 - Quorum, Organization and Manner of Acting

At all meetings of the voting members, the presence in person, by proxy, or by approved electronic communication of at least fifty (50) voting members, or one tenth of all the voting members, whichever number is the lesser, shall be sufficient to constitute a quorum for the transaction of business. The voting members present at a duly-organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough voting members to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting from time to time to such time (and, if applicable, place) as they may determine without notice other than by announcement at the meeting of the time (and, if applicable, place) of the adjourned meeting. (03/14/2023)

Resolutions of the voting members shall be adopted and any action of the voting members at a meeting upon any matter shall be taken and be valid only with the affirmative vote of at least a majority of the voting members present in person or by proxy at a meeting duly convened, except as otherwise expressly provided in these Bylaws.

The President, or in the absence of the President, the most recent Past President present at the meeting, shall Chair all meetings of the voting

members. In the absence of the President and all Past Presidents, the Chair shall be the President Elect. If the President Elect is not available, then the Chair shall be selected from among the Board by the voting members present. The Secretary shall take the minutes of the meeting or appoint a designee to do so. (10/06/2015)

Except as otherwise provided by law, the voting members may, at the request of the Board, take any action or adopt any resolution by vote under such procedures as may be adopted from time to time by the Board. Such action or resolution shall be authorized, approved, and adopted upon receiving the affirmative vote of at least a majority of the votes returned to SAE provided that the number of votes returned to SAE within the time limit specified in the ballot is at least fifty (50), or one tenth of all the voting members, whichever number is the lesser.

Section 4.4 - Election of Board of Directors

The election of those members of the Board who are elected by the voting members, as set forth in Article V, Section 4, shall be by any secure means, electronic or otherwise, approved by the Board. Written notice of the vote, stating the day and time the voting period will open and close, shall be provided to each voting member at least five (5) days prior to the day of such vote. The vote of a majority of at least fifty (50) voting members, or one tenth of all the voting members, whichever number is the lesser, shall be sufficient to constitute a quorum and take any action. At the conclusion of any vote the Secretary shall certify the results of the vote to the membership. The Board may from time to time utilize any secure means of voting to take other action required of the voting members. (03/14/2023)

Section 4.5 - Proxies

At any meeting of the members, a voting member may vote by proxy executed in writing by the member and filed with the Secretary. A proxy may be granted only to a voting member. No proxy shall be valid after eleven (11) months from the date of its execution. (10/03/2012)

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 committees,

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and/or agents as it may consider necessary.

(09/09/2020)

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 up to twelve (12) voting members. The voting members of the Board shall consist of the President & Chair of the Board, Vice President – Aerospace, Vice President – Automotive, Vice President – Commercial Vehicle, Treasurer, Immediate Past President, President Elect, Chief Executive Officer and the Directors-at-Large. The Secretary is a non-voting member of the Board. (09/09/2020)

Section 5.4 – Manner of Nominations and Election

The Nominating Committee (NC) shall select the nominees for President & Chair of the Board, Sector Vice President, Treasurer, and Directors-at-Large to be elected by the voting members. (09/09/2020)

Section 5.5 – Appointments

The Board shall appoint a Chief Executive Officer and, upon nomination by the Chief Executive Officer, a Secretary. (10/06/2015)

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 & Chair of the Board shall serve a one (1) year term and shall not be eligible for re-election. Additionally, the President & Chair shall serve a one (1) year term as President-Elect immediately preceding the presidential term of office and a one (1) year terms as Immediate Past President immediately following the presidential term of office. (03/14/2023)

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 for a respective industry sector each year. The Sector Vice Presidents shall not be eligible for re-election to the same office for a second term. (03/14/2023)

The Treasurer and Directors-at-Large shall each serve a two (2) year term with a possible, additional two (2) year term (for a total maximum term of four (4) years) if agreed to by the Board (acting through the then-current Chair) and the respective Treasurer or Director-at-Large. (03/14/2023)

The Directors-at-Large 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. (03/14/2023)

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.

The Board shall adopt a policy governing the removal of Board members, upon written notice, for improper conduct, failure to attend Board meetings, or other reasons as proscribed by the Board.

(10/06/2015)

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 may 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 & Chair of the Board 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. (10/06/2015)

ARTICLE VI – BOARD OFFICERS

Section 6.1 – Board Officers

The Board Officers of SAE shall be the President & Chair of the Board, Vice-President – Aerospace, Vice President – Automotive, Vice President – Commercial Vehicle, Immediate Past President, President Elect, Treasurer, Chief Executive Officer,

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and Secretary, and such other officers and assistant officers as the needs of SAE may require. (10/06/2015)

Section 6.2 – Duties of the Board Officers

The duties shall be such as usually pertain to the offices they hold, and also any other duties as may be delegated by the Board or as herein prescribed.

(10/03/2012)

Section 6.3 – The President & Chair of the Board

The President & Chair of the Board shall be the chief elective officer of SAE, shall preside as Chair of the Board at all meetings of the members and the Board, and shall be a member, without vote, of all other committees of SAE, and sub-divisions thereof. The President & Chair of the Board 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 make such suggestions as may promote the welfare and increase the usefulness of SAE. The President & Chair of the Board shall perform such other duties as may be prescribed from time to time by the Board. (09/09/2020)

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 & Chair of the Board on key areas within the mobility sector they represent. In the absence of the President & Chair of the Board, the Sector Vice Presidents will act as the chief spokesperson for the mobility sector which they represent. (10/06/2015)

Section 6.5 – The Secretary

The Secretary shall: (a) keep or cause to be kept a record of the proceedings of the members and the Board; (b) provide notices of SAE as may be required by law or these Bylaws; (c) act as custodian of the corporate records and of the seal of SAE, and see that the seal is affixed to such documents as may be necessary or advisable; (d) maintain a register containing the name and address of each SAE member, and if membership has terminated, the date on which membership ceased; and (e) exercise all powers and duties incident to the office of Secretary and such other powers and duties as may be prescribed from time to time by the Board or the President. The Secretary shall be a member, without vote, of all other committees of SAE, and sub-divisions thereof. (09/09/2020)

Section 6.6 – The Treasurer

The Treasurer shall exercise all powers and duties incident to the office of Treasurer and such other duties as may be prescribed from time to time by the Board. (04/21/2009)

Section 6.7 – The Chief Executive Officer

The Chief Executive Officer shall be the chief operating and administrative officer of SAE, subject to the control of the Board, and shall have general supervision and management control of the day-to-day operations of SAE. The Chief Executive Officer shall be a voting member of the Board and a member, without vote, of all committees of SAE, and sub-divisions thereof. The Chief Executive Officer shall exercise such other powers and duties as may be prescribed from time to time by the Board or the President. (09/09/2020)

ARTICLE VII – BOARD MEETINGS

Section 7.1 – Regular Meetings

Regular meetings of the Board shall be held as determined by the Board. Any business may be transacted at a regular meeting. (10/03/2012)

Section 7.2 – Special Meetings

Special meetings of the Board may be called at any time by the Board, the President, or any three (3) Board members to be held on such day and at such hour (and, if in person, such place) as shall be specified by the person(s) calling the meeting. Any business may be transacted at any special meeting. (03/14/2023)

Section 7.3 - Meetings by Telephone or Other Communications Technology

One or more Board members may participate virtually in any meeting of the Board, or of a committee of the Board, by computer, telephone or similar electronic communications equipment by means of which all persons participating in the meeting can hear each other, or by any other communications technology at the time permitted by law. (03/14/2023)

Section 7.4 – Meeting Notices

Written notice of all meetings of the Board, stating the day, hour and place of the meeting, shall be provided to each Board member at least ten (10) days prior to the day of the meeting. (10/03/2012)

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Section 7.5 – Quorum, Organization, and Manner of Acting

At all meetings of the Board, the presence of at least one third of the Board members in office shall be necessary and sufficient to constitute a quorum for the transaction of business. If a meeting cannot be organized because a quorum has not attended, a majority of the Board members present may adjourn the meeting from time to time until a quorum as defined in this section shall be present, but notice of the time (and, if in person, place) to which such meeting is adjourned shall be given to any Board member not present virtually, either by telephone or similar communications equipment, at least eight (8) hours prior to the hour of reconvening. (03/14/2023)

Resolutions of the Board shall be adopted and any action of the Board upon any matter shall be taken and be valid only with the affirmative vote of at least a majority of the Board members present at a meeting duly convened, except as otherwise expressly provided in these Bylaws. (10/03/2012)

The President & Chair of the Board or, in the absence of the President, the Immediate Past President, shall chair all meetings of the Board. In the absence of the President and the Immediate Past President, the Board members present shall select a voting Board member to be Chair. The Secretary shall take the minutes of the meeting or appoint a designee to do so. (10/06/2015)

Section 7.6 – Unanimous Written Consent

Any action required or permitted to be taken by the Board, or a committee of the Board, may be taken without a meeting, if all members of the Board, or the committee, 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, shall be filed with the Secretary along with the minutes of the proceedings of the Board or of such committee. (09/09/2020)

Section 7.7 – Emergency Provisions

Notwithstanding any other provisions of law, the Articles of Incorporation, or these Bylaws, during any emergency period caused by war or any other major catastrophe or local disaster of sufficient severity to prevent the conduct and management of the business and affairs of SAE by its Board as contemplated by the other provisions of these Bylaws, a majority of the available Board members (or the sole such member) who have not been rendered incapable of acting because of incapacity

or the difficulty of communication or transportation to the place of meeting, shall constitute a quorum for the sole purpose of electing individuals to fill such emergency vacancies; and a majority of the Board members present at such a meeting may act to fill such vacancies or to reduce the size of the full Board or both. Individuals so elected shall serve until the absent Board members are able to attend meetings or until the voting members act to elect Board members to succeed them. During such an emergency period, if the Board is unable to meet, any action appropriate to the circumstances may be taken by such other officers or employees of SAE as may be present and able. Questions as to the existence of a major catastrophe or local disaster, and the number of surviving persons capable of acting, shall be conclusively determined at the time by the Board members or other officers or employees so acting. (10/03/2012)

ARTICLE VIII – BOARD COMMITTEES

The Board may establish committees to help carry out its responsibilities. Because the Board operates with a single voice, unless otherwise provided in these Bylaws the committees shall not be used as a substitute for the action of the Board. (09/09/2020)

Section 8.1 – Compensation Committee

The purpose of the Compensation Committee is to recommend candidates for the position of Chief Executive Officer, and evaluate the performance of, recommend total compensation for, and monitor the succession plan related to the Chief Executive Officer. (10/06/2015)

Section 8.2 – Nominating Committee

The purpose of the Nominating Committee is to maintain a current pool of qualified candidates and select nominees for President, Sector Vice President, Treasurer, and Directors-at-Large as directed by the Board. (09/09/2020)

Section 8.3 – Finance Committee

The purpose of the Finance Committee is to supervise the financial affairs of SAE, subject to the financial management policy as approved by the Board. The Finance Committee reports to the Board by presenting a statement of SAE's financial condition at each regular Board meeting. (10/03/2012)

Section 8.4 – Audit & Risk Committee

The purpose of the Audit & Risk Committee is to: (a) select an independent auditor to audit SAE's

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financial condition on an annual basis; (b) review the audit report submitted to the Committee by the auditor and communicate the auditor's recommendations to the Finance Committee and the Board; and (c) monitor enterprise risk in conjunction with management. (09/09/2020)

ARTICLE IX – MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

Section 9.1 – Notes, Checks, other Commercial Paper

All properly authorized notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees, and all evidences of indebtedness of SAE whatsoever, shall be signed by such officers or agents of SAE subject to such requirements as to countersignature or other conditions as the Board may from time to time determine. Facsimile signatures on checks may be used if authorized by the Board. (10/06/2015)

Section 9.2 – Execution of Instruments Generally

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

(10/03/2012)

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 X - INDEMNIFICATION OF, AND ADVANCEMENT OF EXPENSES TO, MEMBERS OF THE BOARD AND OTHERS

Section 10.1 – Right to Indemnification (General)

Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether brought by or in the name of SAE or otherwise), by reason of the fact that he or she is or was a representative of SAE, or is or was serving at the request of SAE as a representative of another corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by SAE to the fullest extent now or hereafter permitted by applicable law in connection with such action, suit or proceeding arising out of such person's service to SAE or to such other corporation, partnership, joint venture, trust, or other enterprise at SAE's request. The term "representative," as used in this Article X, shall mean any Board member, officer, or employee, including any employee who is a medical doctor, lawyer, or other licensed professional or any committee created by or pursuant to these Bylaws, and any other person who may be determined by the Board to be a representative entitled to the benefits of this Article X. (09/09/2020)

Section 10.2 – Right to Indemnification (Third-Party Actions)

Without limiting the generality of Section 10.1, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of SAE), by reason of the fact that he or she is or was a representative of SAE, or is or was serving at the request of SAE as a representative of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by SAE against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of SAE, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its

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equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of SAE, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. (10/03/2012)

Section 10.3 – Right to Indemnification (Derivative Actions)

Without limiting the generality of Section 10.1, any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by or in the right of SAE to procure a judgment in its favor by reason of the fact that he or she is or was a representative of SAE, or is or was serving at the request of SAE as a representative of another corporation, partnership, joint venture, trust, or other enterprise, shall be indemnified by SAE against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of SAE; except, however, that indemnification shall not be made under this Section 10.3 in respect of any claim, issue or matter as to which such person has been adjudged to be liable to SAE unless and only to the extent that the Court of Common Pleas of the county in which the registered office of SAE is located, or the court in which such action, suit or proceeding was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Common Pleas or such other court shall deem proper. (10/03/2012)

Section 10.4 – Advance of Expenses

Unless in a particular case advancement of expenses would jeopardize SAE's tax exempt status under Section 501(a) of the Internal Revenue Code ("Code") or result in SAE's failure to be described in Section 501(c)(3) of the Code, expenses (including attorneys' fees) incurred by any representative of SAE in defending any action, suit, or proceeding referred to in this Article X shall be paid by SAE in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay such amount if it is ultimately determined that he or she is

not entitled to be indemnified by SAE as authorized in this Article X or otherwise. (10/03/2012)

Section 10.5 – Procedure for Effecting Indemnification

Unless ordered by a court, any indemnification under Section 10.1, Section 10.2, or Section 10.3 shall be made by SAE only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such subsections. Such determination shall be made: (a) by the Board by a majority of a quorum consisting of members who were not parties to such action, suit, or proceeding; or (b) if such a quorum is not obtainable, or if obtainable and a majority vote of a quorum of disinterested members so directs, by independent legal counsel in a written opinion.

(10/03/2012)

Section 10.6 – Indemnification Not Exclusive

The indemnification and advancement of expenses provided by or granted pursuant to this Article X shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any other provision of these Bylaws, agreement, vote of disinterested members of the Board, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office shall continue as to a person who has ceased to be a representative of SAE and shall inure to the benefit of the heirs and personal representatives of such person. (10/03/2012)

Section 10.7 – When Indemnification Not Made

Indemnification pursuant to this Article X shall not be made in any case where (a) the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness or (b) indemnification would jeopardize SAE's tax exempt status under Section 501(a) of the Code or result in SAE's failure to be described in Section 501(c)(3) of the Code.

(10/03/2012)

Section 10.8 – Grounds for Indemnification

Indemnification pursuant to this Article X, under any other provision of these Bylaws, agreement, vote of the Board, or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not SAE would have the power to indemnify the person under any provision

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of law except as otherwise provided in this Article X and whether or not the indemnified liability arises or arose from any threatened, pending, or completed action by or in the right of SAE. The provisions of this Article X shall be applicable to all actions, suits or proceedings within the scope of Section 10.1, Section 10.2, or Section 10.3, whether commenced before or after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof. (10/03/2012)

Section 10.9 – Power to Purchase Insurance

SAE may purchase and maintain insurance on behalf of any person who is or was a representative of SAE or is or was serving at the request of SAE as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not SAE would have the power to indemnify him or her against such liability under the provisions of this Article X.

(10/03/2012)

Section 10.10 – Creation of a Fund to Secure or Insure Indemnification

SAE may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article X or otherwise. (10/03/2012)

Section 10.11 – Status of Rights of Indemnities

The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article X shall (a) be deemed to create contractual rights in favor of each person who serves as a representative of SAE at any time while this Article is in effect (and each such person shall be deemed to be so serving in reliance on the provisions of this Article), and (b) continue as to a person who has ceased to be a representative of SAE. (10/03/2012)

Section 10.12 – Elimination of Liability

To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of Board members, no member of the Board of SAE shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Board member. The provisions of this Section shall be deemed to be a contract with each member of the Board of SAE who serves as such at any time while

this Section is in effect and each such member of the Board shall be deemed to be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any Bylaw or provision of the Articles of SAE which has the effect of increasing Board member liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, Bylaw or provision. (10/03/2012)

ARTICLE XI – GENERAL PROVISIONS

Section 11.1 - Offices

The registered office of SAE shall be at 400 Commonwealth Drive, Warrendale, Pennsylvania 15096-0001 USA. SAE may also have offices at such other places as the business of SAE may require. (10/03/2012)

Section 11.2 – Corporate Seal

The corporate seal shall be in a circular form and have inscribed thereon: SAE INTERNATIONAL; January 1905 and A Pennsylvania Nonprofit Corporation. (10/03/2012)

Section 11.3 – Fiscal Year

The fiscal year of SAE shall begin on the first day of January and end on the last day of December, or on such other days as shall be fixed by the Board.

(10/03/2012)

Section 11.4 – Annual Report to Members

The Board shall present to the members an annual report to be in such form as may be prescribed by the laws of the Commonwealth of Pennsylvania.

Section 11.5 – Statements and Discussions

SAE shall not be responsible for statements or opinions advanced in papers or in discussions at its meetings. Matters relating to politics or to commercial considerations or not relating to SAE's purposes shall not be discussed at a meeting of SAE or be included in the editorial columns of its publications.

Section 11.6 – Individual Participation

Individuals are elected or appointed to the Board and Board committees on the basis of their personal qualifications and their ability to contribute to the work of these groups. In discharging their responsibilities, members of all SAE bodies organized to carry on SAE's work function

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 Prudency – 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 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 SAE.

5.0 SAE SECTIONS

- 5.1 SAE Sections are an integral part of SAE and are within the governance scope and authority of the Finance Committee.
- 5.2 Under the oversight and administration of staff, SAE Section financial activities and financial position/net assets (including investment management and performance) will be annually reviewed by the Finance Committee.
- 5.3 An SAE Section may manage its investment portfolio independently, but with the following requirements:
 - 5.3.1 The section provides an up-to-date investment policy statement to the SAE Chief Financial Officer (CFO) for review and approval documenting that prudent investment practices are followed and SAE's fiduciary responsibilities are met, and
 - 5.3.2 The section provides annual investment performance reports to the CFO for review by the SAE Finance Committee.

6.0 INVESTMENTS

- 6.1 SAE invests funds in Market Investments and in Strategic Investment Projects (SIPs).
- 6.2 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.
 - 6.2.1 The Finance Committee furnishes astute administration of SAE's Market Investments, working harmoniously with staff to carry out this function.
 - 6.2.2 The Finance Committee adopts and implements appropriate policies for the various Market Investment funds utilized by SAE, subject to monitoring by the Board.
 - 6.2.3 The execution of proxy voting for externally managed investments is delegated to the outside investment managers and to the 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.
 - 6.2.3.1 Voting decisions will favor those actions that are intended to improve or maintain ownership value.
 - 6.2.4 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.

6.2.5 The net income from operations may in some years be negative. This deficit will be normally covered through income from the Market Investment portfolio.

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

6.3.1 Strengthening the sectors/market focus,

6.3.2 Creating a portfolio of programs, products and services,

6.3.3 Transforming to a global organization,

6.3.4 Capitalizing on emerging technologies or

6.3.5 Integrating SAE infrastructure in support of items (6.3.1-6.3.4).

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

6.3.6 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).

6.3.7 Strategic Investment Portfolio Management Process:

6.3.7.1 The Board, represented by a designated Board Committee, shall take ownership of initiatives for SAE Enterprise level SIPs.

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

6.3.7.3 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 SIP's financial expenditures.

6.3.7.4 Staff shall support SIP concepts that may emerge 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.

6.3.7.5 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 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 Board for strategic evaluation. SIPs that are greater than \$1 million require approval by the Board.

6.3.7.6 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.

6.3.7.7 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.

7.0 NET ASSETS

7.1 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.

7.1.1 Staff has responsibility for the impact of Operations on unrestricted Net Assets.

7.1.2 The Finance Committee has responsibility for the impact of Market Investments on unrestricted Net Assets.

7.1.3 The Finance Committee, Board and staff share responsibility for the impact of SIPs on unrestricted Net Assets.

7.2 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.

7.3 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.

8.0 RESTRICTED NET ASSETS

8.1 Donations or gifts (net assets) impose legal obligations on SAE International to appropriately safeguard and manage the use of those assets. The commonly-accepted categories and definitions of donated funds set forth in Appendix 1 will be used by the Finance Committee to supervise the use of those funds.

8.2 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 2). 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.

- 8.3 SAE is legally obligated to manage each restricted gift/fund according to the donor's intent, as evidenced by the donation agreement. SAE cannot change the purpose or use of a restricted fund – even if the donor requests the change and regardless of the size of the gift/fund. Under Pennsylvania law, the Attorney General of the Commonwealth of Pennsylvania (“AG”) must approve any requested change to a restricted fund, and then only if the donor (if available) agrees to the requested change. (If the size of the gift/fund is \$100,000 or greater, additional approval by the Orphans' Court division of the Pennsylvania Court of Common Pleas is required.)

9.0 PLANNING

- 9.1 Financial planning of SAE's performance is done on a one-year and rolling three-year basis.
- 9.1.1 Operating revenue, Marginal revenue and unrestricted Net Asset targets are developed prior to the budgeting process.
- 9.1.2 The Finance Committee will plan the SIP portfolio to ensure policy guidelines are met.
- 9.1.3 Annual budgetary proposals for encompassing the overall planned program of services are developed.
- 9.1.4 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.

10.0 MONITORING AND REPORTING

- 10.1 Monitoring, reporting and evaluating SAE's performance is done on an ongoing basis.
- 10.1.1 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.
- 10.1.2 The Finance Committee may make exceptions to the implementation of this Financial Management Policy, subject to monitoring by the Board.
- 10.1.3 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.

11.0 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.

12.0 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.

13.0 DEFINITIONS

- 13.1 Annual marginal revenue: Revenue minus expenses, measured at the end of the fiscal year.
- 13.2 Net Assets: Total assets minus total liabilities.
 - 13.2.1 Net Assets with Donor Restrictions: Net Assets for which use is limited by donor-imposed time or purpose restrictions. The restrictions can be temporary or permanent.
 - 13.2.2 Net Assets Without Donor Restrictions: Net Assets whose use has not been restricted by donors or by law.
- 13.3 Programs: Activities resulting from actions of the board committees.
- 13.4 Strategic Investment Project (SIP) Portfolio Management Process – key terms:
 - 13.4.1 The key word “Investment” in SIP denotes investment in a SAE specific project as an alternative to investing funds in the Market Investment Portfolio.
 - 13.4.2 The key word “Strategic” in SIP separates these project initiatives from “Operations”.
 - 13.4.3 The key word “Project” anticipates that these investments will be multi-year with effective project management tools and competitive value propositions.
 - 13.4.4 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.
 - 13.4.5 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.
 - 13.4.6 “Portfolio Management” also includes portfolio balancing of long and short term projects, small or large funds, local, regional or global investments and market segmentation.

Appendix 1

CATEGORIES OF DONATED FUNDS

Donated funds or gifts are grouped in the following three (3) legal categories:

- Permanently Restricted (PR): An endowed gift/fund for a particular use or purpose; only income from the investment returns for the gift/fund can be spent; the corpus is to be retained permanently; however, under Pennsylvania law, “income” is defined as no less than 2% and no more than 7% of the average fair market value of the corpus over the immediately preceding three years, calculated by averaging the fair market values at the end of the three preceding years;
- Temporarily Restricted (TR): A gift/fund that is restricted as to time and/or purpose; if not time-restricted, the gift/fund should be spent within 5-7 years (based on current ‘best practices’ and advice of counsel); TR funds are different from PR funds and cannot be retained indefinitely; and
- Unrestricted Funds (UR): A gift/fund with no restrictions or limitations on the use thereof; SAE can use these funds for any legal purpose consistent with its mission.

Appendix 2

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.

**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 Foundation Committee and Trustees (“FCAT”) 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 FCAT 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 FCAT 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 permanent fund or added to general permanent funds.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the FCAT in consultation with and the concurrence of SAE staff. Gifts from individuals designated to



support activities in countries other than the United States shall be approved by the SAE Chief Financial Officer, or his/her delegate, prior to acceptance (see Appendix A, Board of Directors Resolution dated 12 June 2014). In addition, with respect to gifts to establish an SAE award or scholarship shall be reviewed by the FCAT and Foundation staff will propose to the SAE Award & Scholarship Committee 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 FCAT 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 FCAT 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 FCAT 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 FCAT 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 FCAT 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 \$50,000. Named Scholarships require a corpus of \$100,000.

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 certificates times the number of shares received. [Good delivery is achieved when SAE has in hand both the physical certificate(s) and the signed stock power(s).]

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.

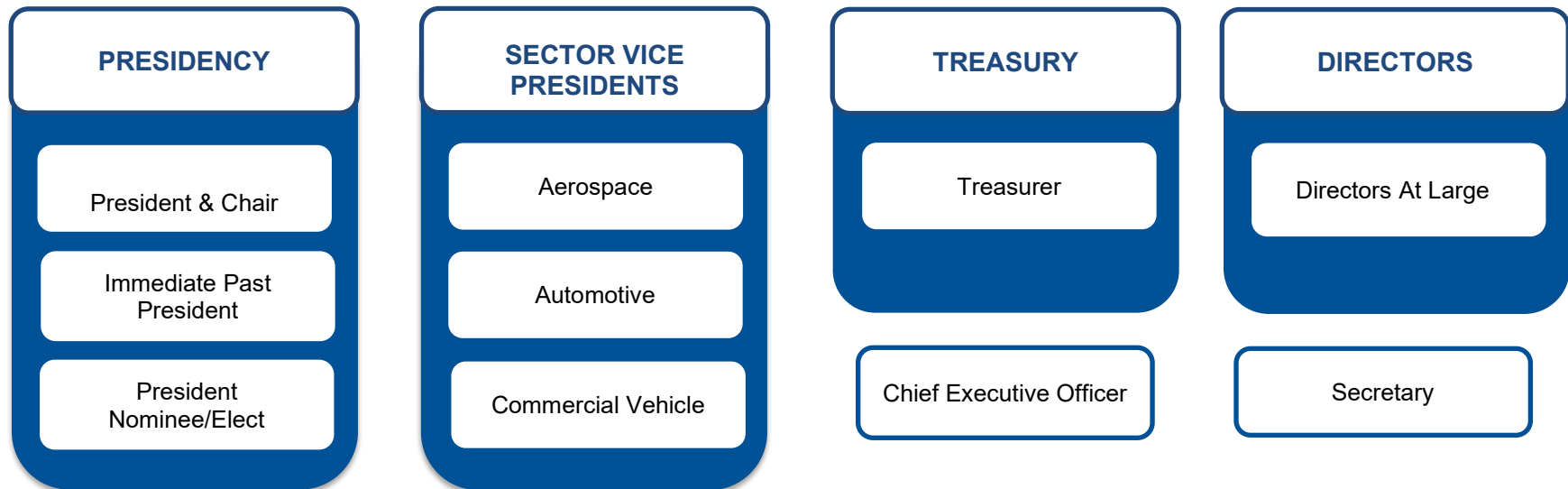
8.8 Revocable Trusts.

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:

BOARD COMPOSITION CHART



1 SCOPE

The SAE Intellectual Property (IP) Rights and Usage Policy sets forth SAE's position regarding the ownership and use of its IP rights and those of third parties.

2 NATURE OF IP RIGHTS

For purposes of this policy, IP rights generally comprise three (3) types of intellectual property: copyrights, trademarks and patents.

2.1 COPYRIGHTS

Copyrights are critically important to SAE's mission and business. Original works of authorship, including standards, specifications, checklists, audit criteria, product lists, reports, papers, journals, books, magazines, course materials, software, audiovisual works, recordings, compilations, and the like, whether in print or digital form (collectively, "Works"), are protected by copyright.

2.1.1 Exclusivity of Rights

Copyright provides SAE the exclusive right to reproduce, display, translate, distribute and create derivative works from the Works that it authors or creates. These exclusive rights are a substantial economic asset and are not to be exploited or used by third parties without the specific written consent of SAE.

2.1.2 Acquisition of Rights by SAE

SAE respects the copyrights of third parties and does not publish Works in which it does not own or hold a license to the copyright thereto. In most cases, the Works that SAE publishes are authored by its members, volunteers, industry partners, staff or third-party contractors. However, in those cases where SAE desires to include content of third parties in its Works, SAE will obtain copyright ownership or permissions for such third-party content to be published, distributed and/or sold by SAE.

2.1.3 Licensing of SAE's Copyrighted Works

SAE does not permit the use, distribution, modification, translation or copying of its copyrighted Works without a license. A license to use SAE's copyrighted Works, including standards, checklists, reports, magazines, books, software and the like, can be requested from SAE.

2.1.4 Contributed Intellectual Property

Members, volunteers, committee members, industry partners, contractors, cooperative research project members, consultants, and all others serving SAE in such a capacity (collectively, "SAE Contributors"), acknowledge and understand that through such participation they may be contributing intellectual property to a resulting output (a "Collaborative Work"). To ensure that such Collaborative Work and the IP rights associated therewith will be available to society and the industries that SAE serves, each SAE Contributor agrees: (1) to avoid knowingly incorporating into the Collaborative Work any copyrighted or proprietary material of a third party without such third party's consent; (2) that any Collaborative Work developed for SAE shall constitute a "work made for hire" as defined by the U.S. Copyright Act; and (3) to transfer and assign to SAE any right, title or interest in such Collaborative Work and any IP rights associated therewith. As a result, all rights, title and interest in and to the resulting Collaborative Work, and the copyrights thereto, will be and are owned by SAE.

2.1.4.1 Use of Artificial Intelligence (AI) to Create Works

The U.S. Copyright Office has taken the position that it "will not register works produced by a machine or mere mechanical process that operates randomly or

automatically without any creative input or intervention from a human author.” Because AI-generated content may not be protected by copyright, SAE Contributors may not use AI to generate written text, images, or artwork, but may use AI for grammar and punctuation corrections.

2.2 TRADEMARKS

The trademarks and service marks of SAE are valuable assets that identify and distinguish the services and products of SAE.

2.2.1 Certification and Conformance

Unless a product or service has passed a conformance, certification and/or accreditation test or audit 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 standard or specification 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 (noun) of the product or service which is being referenced. If there are questions concerning the use of SAE marks in publications, including the use of marks together with third-party trademarks or tradenames, please contact SAE.

2.2.2.1 Use of SAE Trademarks (Words and Logos)

SAE trademarks should only be used in connection with SAE products, programs or services, or officially-sponsored conferences or events. Guidelines for the use of SAE trademarks are available from SAE.

2.2.2.2 Use of SAE Letterhead

Use of SAE Letterhead or SAE trademarks on non-SAE documents by SAE Contributors is not permitted unless such person has been authorized by the SAE Office of the Secretary. SAE-authorized committee or workgroup letterhead is provided to specifically-designated personnel for official SAE use only.

2.2.2.3 Using Third-Party Marks

Utilizing the trade or service marks of other organizations in standards or specifications should be avoided where possible. Nevertheless, if the use of a third-party trade or service mark is important to the substance of the publication, 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 (noun) of the product or service (e.g., VELCRO fastener). An asterisk (*) must be used in conjunction with the third-party mark, with a footnote indicating the ownership of the mark. If possible, standards and specifications should use the generic description of products to refer to their applicability or suitability for use in conformance to the requirements of such technical report.

2.2.2.4 The SAE Emblem (Membership Pin)

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

2.3 PATENTS

SAE standards and specifications may include the use of and reference to Standard Essential Patent(s) (“SEPs”), including patent applications, if there is, in the opinion of the committee developing the standard or specification, technical justification for inclusion of the technology disclosed and/or claimed in the SEPs; provided, that SAE receive assurance from the patent holder that it will license third parties under reasonable terms and conditions for the purpose of implementing the standard or specification. This assurance shall be provided without coercion and prior to the approval of the standard or specification, or at reaffirmation when a patent becomes known after the initial approval of the standard or specification. This assurance shall be in a signed writing in the form of either:

- 2.3.1 A general disclaimer to the effect that the patent holder will not enforce any of its present or future patent(s) whose claims would be necessarily infringed by implementation of the SAE standard or specification against any person or entity implementing the mandatory provisions of the standard or specification to effect compliance; or
- 2.3.2 A statement by the patent holder that a license will be made available to any person or entity without compensation or under fair, reasonable and non-discriminatory terms and conditions.

3 REFERENCES TO CURRENT VERSIONS OF OTHER SAE DOCUMENTS

- 3.1 Executive Standards Committee Governance Policy

1. INTRODUCTION

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

2. POLICY

- 2.1 Effective 01 January 2009 SAE International established a budget not to exceed \$100,000 which will be used to pay travel and related expenses of the SAE President and spouse during the three-year period the individual serves as President-nominee, President-elect, President and immediate past-President. No corporate matching is required. Any travel and related expenses incurred beyond the \$100,000 budget limit, if not otherwise approved by the Treasurer, 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, including the gross-up payment (refer to the next page for an example gross-up payment calculation). 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/box to the President (or the spouse of the President) for all spousal travel expenses paid by SAE each calendar year. SAE will pay to the President a cash gross-up payment to cover any international or United States federal and state income taxes applicable to the aggregate value of (x) the spouse travel expense reimbursement, plus (y) the cash gross-up payment. Gross-up payments will be counted against the overall \$100,000 travel expense budget limit as well as the \$50,000 spousal expense limit and will be paid in conjunction with each expense reimbursement.
- 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. 204, Travel and Related Expenses for Staff.
- 2.4 The appropriate SAE staff will review the presidential travel policy with the president-elect prior to the beginning of his/her term. This will include obtaining a completed form W-9 from U.S. citizens or form W-8BEN from nonresidents and confirming the federal, state and local tax rate to be used in the gross up calculation.

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.

4. POLICY REVIEW

The Finance Committee shall review this policy annually.

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

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

Procedure: To calculate the tax gross-up payment, add all appropriate income tax rates together for a total tax rate. Subtract the total tax rate from 100% to obtain the net percentage for calculation purposes. Divide the total spousal reimbursement by the net percentage to arrive at a tax "grossed-up" amount for the 1099-MISC. The tax gross-up payment will be made with each expense reimbursement using the tax bracket rates established as provided in Section 2.4. The state of residence of the individual will determine the state income tax rate to be used in the gross up calculation. Gross up payments will be handled in a similar manner for non-residents of the US but using the IRS Form 1042 reporting requirements. The following is an example of a tax gross-up calculation based on \$25,000 of reimbursed spousal travel.

Total 2018 reimbursement received for spousal travel:	\$10,000	(A)
Federal Tax Rate:	37.00%	
State Tax Rate:	6.50%	Assumed 6.5% for this example; will vary by state
Local Tax Rate:	0.00%	If applicable, assumed no local tax for this example
Total Tax Rate	43.50%	(C)
Net Percentage for calculation purposes: 100% less (C) =	56.50%	(B)

Tax Grossed Up Amount to be reported on Form 1099: (A) / (B)	\$17,699	(D)
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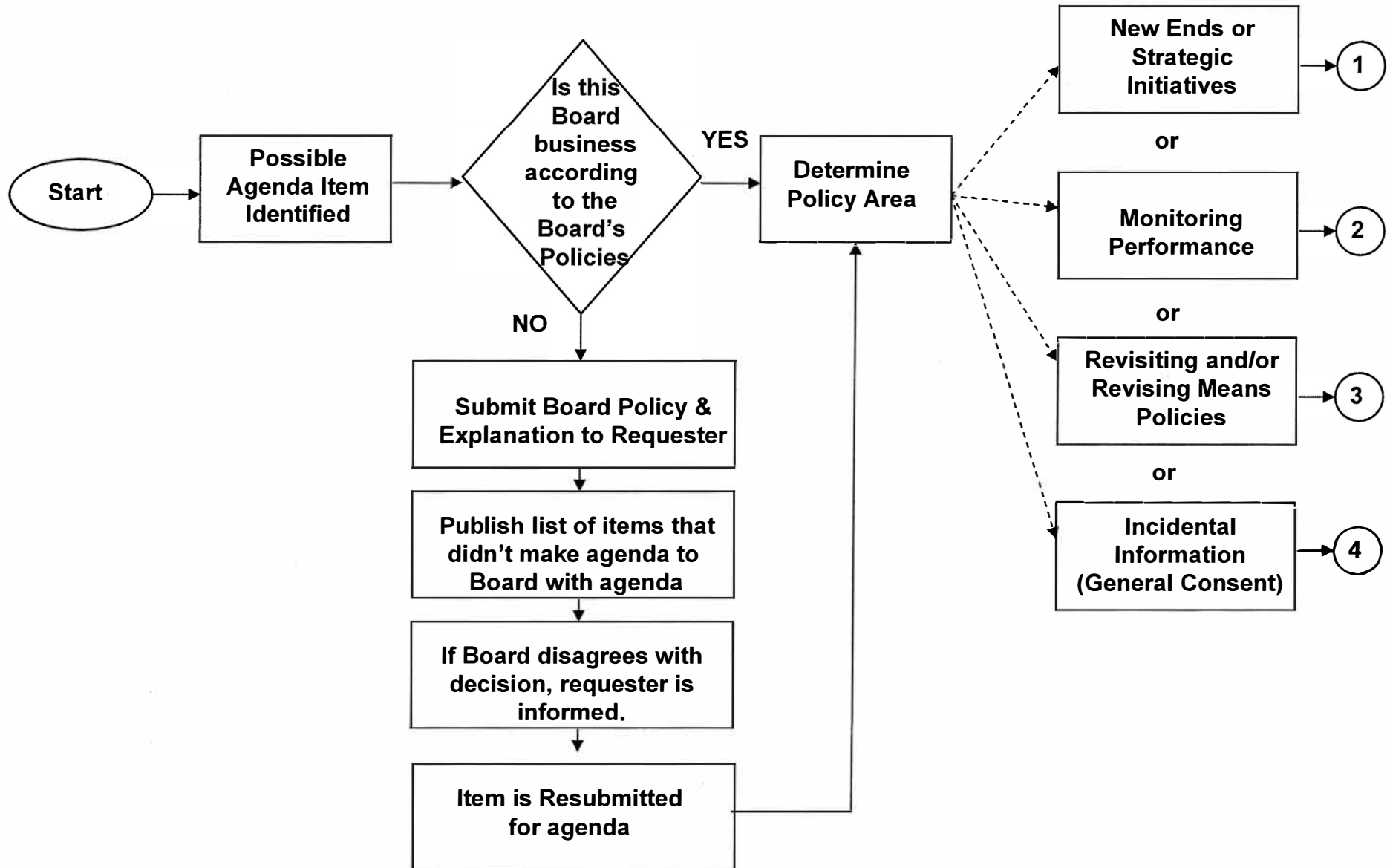
Summary of taxes:

Federal Income Taxes	\$6,549	These are the additional taxes that are incurred when adding this additional income (D) to the annual taxable income reported on tax returns.
State Income Taxes	\$1,150	
Local Income Taxes	\$0	
Total 2018 tax gross-up payment	\$7,699	(E)

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

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

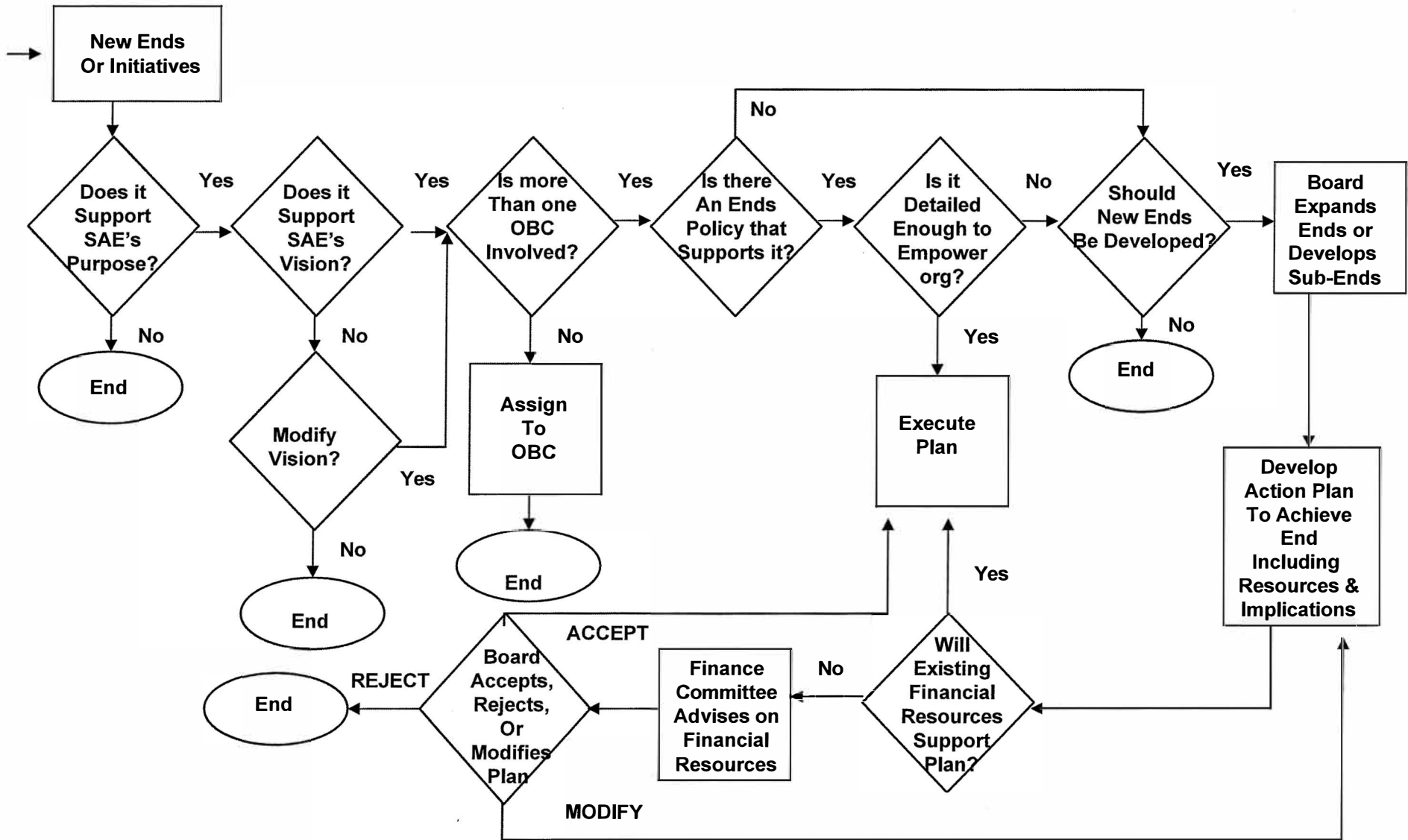
Processing SAE Board Business (Agenda)



Processing SAE Board Business (Agenda)

1

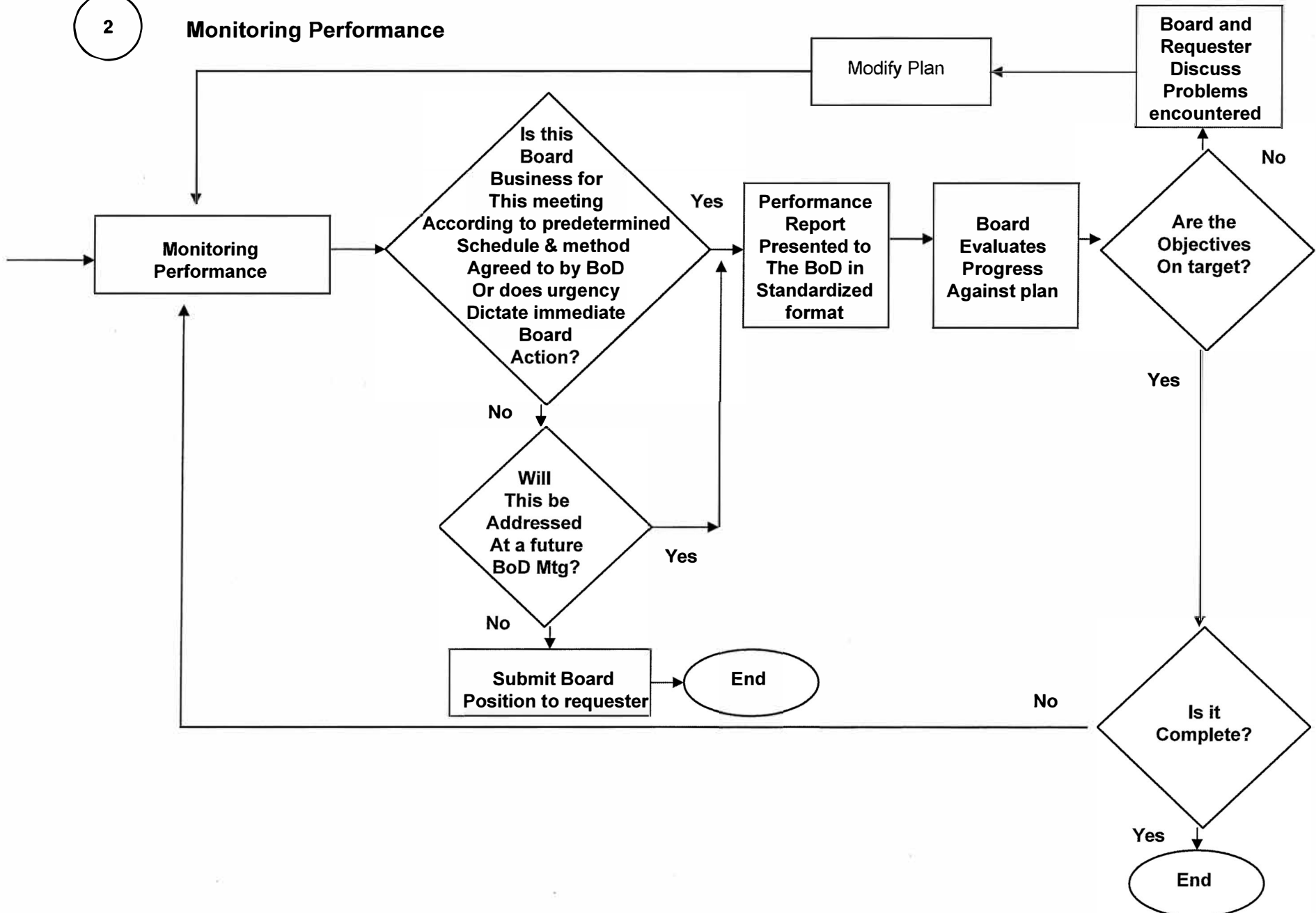
New Ends (Sub-Ends or Strategic Initiatives)



Processing SAE Board Business (Agenda)

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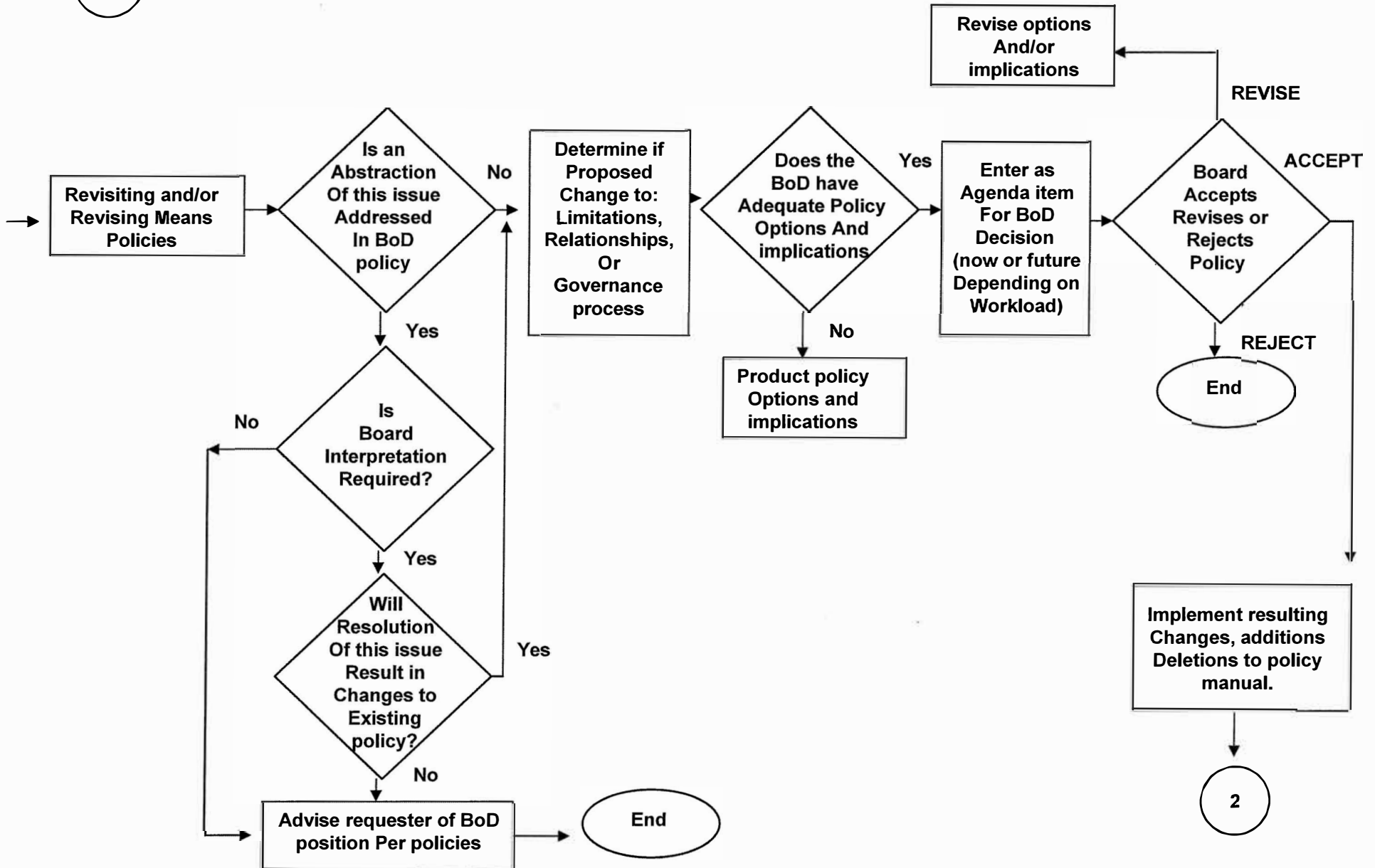
Monitoring Performance



Processing SAE Board Business (Agenda)

3

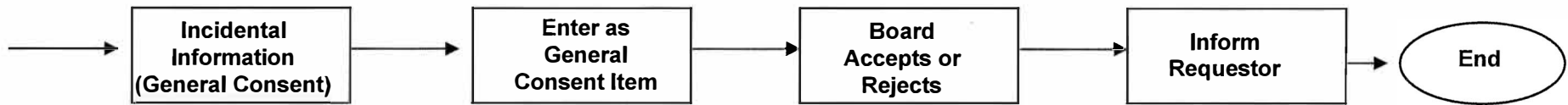
Revisiting and/or Revising Means Policies



Processing SAE Board Business (Agenda)

4

Incidental Information (General Consent)



INVESTMENT POLICY

For

SAE International

SAE Finance Committee
Approved – 20 July 2023

SAE Board approved 07 September 2023

**It is intended that this investment policy be reviewed and updated at least annually.
Any change to this policy should be communicated in writing on a timely basis to
all interested parties.**

Investment Policy

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OVERVIEW

The supervision of the financial affairs of SAE is the job product of the Finance Committee as stated in the SAE Board of Directors Governance Policy Manual. Included in this job product is the supervision of investments. The Finance Committee is authorized by the SAE Board of Directors, subject to limitations as the Board prescribes, to buy and sell securities in compliance with investment policies.

See Appendix 1 for Fund-specific purposes and objectives.

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the Committee in effectively selecting, monitoring, and evaluating the investments within the Portfolios. It outlines the objectives, goals and guidelines for the Committee and is set forth in order that:

1. There is a clear understanding among members of the Committee concerning the Portfolios' investment policies and objectives;
2. The Committee is provided guidance and limitations in the selection (or elimination) of investment options;
3. The Committee has a meaningful basis for evaluating the performance of each investment option in order for the Committee to meet its fiduciary responsibility to prudently monitor the investments of the Portfolios; and
4. The Committee may ensure that it is meeting its fiduciary obligations.

DUTIES AND RESPONSIBILITIES OF THE FINANCE COMMITTEE

The Committee has been appointed to oversee and administer the investments for the Portfolios. The Committee shall discharge their respective responsibilities in accordance with all applicable fiduciary standards. The members of the Committee are fiduciaries, and are responsible for supervising the investment of the Portfolios' assets and making decisions concerning investments. In addition, the Committee shall act with care, skill, prudence, and diligence under the circumstances a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise.

Specifically, the Committee's responsibilities are to:

- A. Oversee investment compliance with pertinent state or federal laws (e.g., ERISA for the Retirement Plan Portfolio), regulations, and rulings that relate to investments and fiduciary obligations.
- B. Evaluate and select (or eliminate) investments for the management of the Portfolios' assets with appropriate regard to diversification, liquidity, and risk/return characteristics.
- C. Establish performance standards for investments and review and evaluate the results of the investments against the established performance standards.
- D. Take action the Committee deems appropriate, if any, in the event an investment fails to perform against objectives, guidelines, and standards as set forth in this IPS.
- E. Make changes to this IPS as needed to reflect the needs of the Plan as determined by the Committee.
- F. The Committee may at its discretion retain an objective, third party to assist the Committee in managing the overall investment process. The third party will guide the Committee through a disciplined and rigorous investment process.

FINANCIAL OBJECTIVES

This policy, developed by the Finance Committee, describes management of SAE investments with these objectives. The broad objectives are:

- Long-term growth of principal.
- Avoid excessive risk to minimize the probability of loss of principal over the investment horizon.
- Preserve purchasing power by achieving returns in excess of the rate of inflation over the investment horizon.
- Ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

The specific objectives of each of the Portfolios are detailed in Appendix 1 and the asset allocations selected to help achieve the specific Portfolio objectives are outlined in Appendix 2.

Time Horizon

Investment guidelines are based upon a time horizon of greater than five (5) years, with the exception of the Liquidity Fund.

Risk Tolerances

The Finance Committee recognizes the difficulty of achieving investment objectives in light of the uncertainties and complexities of contemporary markets. The Finance Committee also recognizes some risk tolerance must be assumed to achieve investment objectives. In establishing risk tolerance these factors are also considered:

1. Non-profit institutions experience fluctuations in gifting and general revenues similar to the general economy.
2. SAE's financial condition enables it to adopt a long-term investment perspective.

GUIDELINES FOR SELECTION AND ELIMINATION OF INVESTMENTS

In general, the Committee may, from time to time, in its sole discretion, increase or decrease the number of investments, delete or add an investment, or replace a current investment with a new investment. The selection (or elimination) of investments shall be made according to the following guidelines:

The Committee shall take into consideration that the selection of investments and investment managers is based, in part, on the long-term performance of the investment. Accordingly, short-term results shall be examined but will not, be the sole determinant in the selection/elimination process. For these purposes, "long-term" means over a full market cycle, typically a five year period.

1. Performance results will be evaluated with corresponding indices and returns produced by similarly managed investment products (peer groups) to determine how successful the investment option is in light of market conditions.
2. Investments selected should have demonstrated a reasonable risk/return profile. The Committee recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all investments. While high levels of risk are to be avoided, the assumption of risk is warranted and encouraged to allow for the opportunity to achieve satisfactory long-term results consistent with this investment policy.
3. When selecting (or eliminating) an investment, the Committee shall, among other things, consider fees charged by a particular investment, the qualifications, reputation and tenure of the investment's management team, and the role the particular investment has

in the Portfolio's overall asset allocation, taking into account such factors as diversification, liquidity, and risk/return characteristics.

GUIDELINES FOR MONITORING OF INVESTMENTS

The Committee shall monitor, at least on a quarterly basis, the investments to assure appropriate diversification of the Portfolios and compliance with this investment policy. In addition, the Committee shall determine performance by using the following criteria:

1. The performance of each actively-managed investment shall be compared with the performance of portfolios of other similarly managed investment products (peer groups) and a passive index, as determined by the Committee from time to time. Performance will be determined based upon the information as the Committee deems appropriate.
2. The index investment(s) will be evaluated on the basis of their tracking performance relative to their benchmark index. Performance will be determined based upon the information as the Committee deems appropriate.
3. The indices and peer groups used for these comparison purposes are set forth in Appendix 3 attached hereto; and
4. Over a five-year moving time period, all of the actively-managed investments' annualized returns should meet or exceed the median returns of their respective peer groups. Failure to meet this performance threshold shall be a factor taken into account by the Committee, together with other relevant factors and the totality of the circumstances, in assessing the continued suitability of an investment. Investments that consistently underperform in terms of return and risk-adjusted return shall be carefully reviewed to determine if action by the Committee is warranted.
5. The Committee recognizes that an investment should be given a full market cycle to achieve its stated objectives, and therefore greater weight shall be given to market-cycle performance than performance in a given year. However, the Committee recognizes that other conditions may occur, requiring action by the Committee sooner than a full-market cycle. Other conditions could include (but not limited to); a change in management of a fund, style drift of a fund, risk and return profile, capital outlook provided by the investment, or regulatory issues relating to the fund management well as any changes in the characteristics of the Portfolios.

If an assessment of an investment against the evaluation criteria does not identify any significant issues, no further action by the Committee is necessary. If a material issue is identified for a particular investment against any of the criteria, then the Committee may decide, in its sole judgment, to: (i) take no action if it concludes that it has reasonable basis for such a conclusion, (ii) monitor the fund closely on a "Watch List" as a means of evaluating future progress in addressing the issue of concern or (iii) terminate as an investment within the Portfolios.

WATCH LIST CRITERIA

The Committee may place an investment on a "Watch List" and conduct a review and analysis of the investment if and when any of the following occurs:

- An investment's performance and risk levels over various periods in light of the stated policies and objectives does not meet established monitoring criteria (See Appendix 3).
- An investment appears to no longer adhere to stated strategy and style.
- There is a significant change in the investment's organization and/or portfolio management.

An investment will continue to be carried on the Watch List until the Committee is satisfied that the investment no longer requires special monitoring. The Committee expects that in most cases an investment will either be removed from the Watch List or terminated after one year. Notwithstanding the foregoing, the ultimate decision to retain or terminate an investment cannot be made by a formula. It is the Committee's confidence in the investment's ability to accomplish its stated objectives and the extent to which such objectives are consistent with the investment goals and philosophy of the Portfolios that will determine whether an investment will be retained.

Allowable Assets:

1. Cash Equivalents, such as:

- Treasury Bills
- Money Market Funds
- STIF Funds
- Commercial Paper
- Bankers Acceptances
- Repurchase Agreements
- Certificates of Deposit

2. Fixed Income Securities, such as:

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Planned Amortization Class Collateralized Mortgage Obligation (PAC CMO's) or other "early tranche" CMO's

3. Equity Securities, such as:

- Common Stocks
- Mutual/Index Funds
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADR's) of Non-U.S. Companies
- Stocks of Non U.S. Companies (Ordinary Shares)

4. Alternative Investments, such as:

- Market Neutral
- Convertible Arbitrage
- Merger Arbitrage
- Managed Futures
- Long / Short Equity
- Private Equity – Both Direct and Indirect
- Private Debt

Prohibited Assets & Transactions

Prohibited investments include:

1. Direct investments in Commodities and Futures Contracts
2. Direct investments in Options
3. Direct investments in Cryptocurrencies, NFT's (non-fungible tokens) and similar unregulated investments
4. Leveraged Investments and direct investments in derivatives
5. Interest-Only (IO), Principal-Only (PO) and Residual Tranche CMO's
6. Naked short selling (short selling without an appropriate hedge or contra position)
7. Margin Transactions - Leverage

8. Any other investment not consistent with the general policy set forth.

Guidelines for Fixed Income Investments and Cash Equivalents

1. Managed assets may be invested only in investment grade bonds rated “A” or better. If a bond falls below the “A” rating, of both Moody’s and S&P, it will automatically be sold.
2. Managed assets may be invested in commercial paper rated “A1” (or equivalent) or better.
3. No more than 5% of investment portfolio should be invested in any one company, with the exception of U.S. Government and Agency securities.
4. No more than 30% of any investment portfolio should be invested in one market sector (e.g. Financials, Technology).

Rebalancing of Strategic Allocation

The percentage allocation to each asset class will fluctuate depending upon market conditions. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of SAE, reviewed quarterly. For Fund-specific Asset Allocation Guidelines, see Appendix 2.

ANNUAL REVIEW

Annually, the Finance Committee will formally review the Investment Policy Statement and review SAE’s investment practices through utilization of “Prudent Investment Practices: A Handbook for Investment Fiduciaries” written by the Foundation for Fiduciary Studies. The annual Investment Policy Statement review will enable the policy to be amended to reflect changes in management, objectives of the Portfolios, investments, or other relevant factors.

**Investment Funding
Appendix 1**

Fund	Purpose	Administration	Cash Flow	Risk and Return Objective
Liquidity Investment	<ul style="list-style-type: none"> √ Provide a pool of liquid assets in support of SAE operations. √ Be an investment pool in support of other investment fund activities. 	Chief Financial Officer (CFO) subject to concurrence of the Treasurer.	The balance invested in this Fund will change frequently and substantially depending on the operating cash needs of SAE and pooled investments from other investment funds.	Safety of principal and liquidity is of primary importance.
General Investment	<ul style="list-style-type: none"> √ For additions and normal replacement of fixed assets. √ For any and all loss from operations. √ A portfolio of sufficient size to cover investment losses. √ For unexpected emergencies that take financial support. √ Financial support for Strategic Investment Projects identified as areas of opportunity outside normal operating budgets. √ An investment pool in support of other investment funds. 	<p>Chief Financial Officer (CFO) subject to the concurrence of the Treasurer.</p> <p>Investment managers are given full discretion and are responsible for making all investment decisions regarding those assets placed under their supervision and are accountable for obtaining the objectives stated.</p>	The balance invested in this Fund consists of all amounts not otherwise restricted for other purposes. The Fund increases through the investment of earnings and positive cash flow from SAE operations. The Fund decreases through possible losses from operations and investments, utilization for Strategic Investment Projects, fixed asset additions and replacement, and special, generally non-reoccurring, SAE needs.	Risk tolerance consistent with meeting objectives as defined under purpose.
SAE Foundation	√ Provide the resources needed to help support SAE programs funded by contributions to the SAE Foundation.	<p>Chief Financial Officer (CFO) subject to the concurrence of the Treasurer.</p> <p>Investment managers are given full discretion and are responsible for making all investment decisions regarding those assets placed under their supervision and are accountable for obtaining the objectives stated.</p>	<p>Cash is received by the Fund from gifts, grants and bequests, and earnings from investments. Cash is used for programs, and operating and administrative costs of the SAE Foundation.</p> <p>Part of the balance invested in this Fund will change frequently and substantially, depending on the implementation by SAE of the programs funded by contributions to the SAE Foundation as well as on the operating needs of the SAE Foundation. Depending on the nature of non-dedicated contributions, some part of the Fund may accumulate over the years to a significant amount.</p>	Return objective to meet spending requirement, maintain purchasing power of spending requirement, and to provide modest growth of fund after spending and inflation. Risk tolerance consistent with achieving these objectives.

Fund	Purpose	Administration	Cash Flow	Risk and Return Objective
Retirement Plan	<ul style="list-style-type: none"> √ Provide retirement and death benefits to eligible employees, former employees, and their beneficiaries. 	<p>Committee appointed by the SAE Board of Directors. The Plan specifies the duties of the Committee and grants the Committee full authority and responsibility for administration of the Plan.</p> <p>Additionally a Trust has been created, with Trustees appointed by the SAE Board of Directors, to hold and invest the funds of the Plan and with responsibility for record keeping and valuation of Plan funds.</p> <p>Advice and assistance is provided by SAE's Finance Committee and Chief Financial Officer (CFO).</p>	<p>Cash is received by the Trust from Contributions from the SAE International and certain of its Sections and Affiliates. Cash also increases from investment earnings. The principal need for cash is to pay benefits directly from the Trust to plan participants and beneficiaries.</p>	<p>Return objective to provide benefits for current and future beneficiaries and achieve and maintain a fully funded status. Risk tolerance consistent with meeting beneficiary liabilities, while diminishing shortfall risk and deficit risk.</p> <p>To significantly reduce volatility, risk, and help achieve fully funded status, a liability driven investment (LDI) strategy is being utilized as described in Appendix 2.</p>
PRI	<ul style="list-style-type: none"> √ Sufficient income to pay for development costs budgeted each year. √ For additions and normal replacement of fixed assets. √ For any and all loss from operations. √ A portfolio of sufficient size to cover investment losses. √ For unexpected emergencies that take financial support. √ Financial support for major projects identified by the PRI Board of Directors as areas of opportunity outside normal operating and development budgets. 	<p>Chief Financial Officer (CFO) subject to concurrence of the SAE Treasurer.</p> <p>Investment managers are given full discretion and are responsible for making all investment decisions regarding those assets placed under their supervision and are accountable for obtaining the objectives stated.</p>	<p>The balance invested in this Fund consists of all amounts not otherwise restricted for other purposes. The Fund increases through the investment of earnings and positive cash flow from PRI operations. The Fund decreases through possible losses from operations and on investments, utilization for development costs, fixed asset additions and replacement, support of major projects, and special, generally non-reoccurring, PRI needs.</p>	<p>Capital preservation in line with revenue growth.</p>

Appendix 2

Asset Allocation Guidelines:

Each respective fund will have its own designated asset allocation:

<u>Liquidity Investment Fund:</u>	<u>Strategic Allocation</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
Cash Equivalents	100%	100%	100%

<u>General Fund:</u>	<u>Strategic Allocation</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
Domestic Large Cap Equities	30%	20%	50%
Domestic Small/Mid Cap Equities	15%	5%	20%
International Equities	<u>15%</u>	10%	30%
Subtotal Equities	60%		
Fixed Income – Investment Grade	30%	10%	40%
Fixed Income – High Yield Bonds	0%	0%	10%
Cash Equivalents	<u>0%</u>	0%	10%
Subtotal Fixed Income	30%		
Alternative Investments	10%	0%	20%
Grand Total Equities, Fixed Income and Alternative Investments	<u>100%</u>		

Retirement Fund – Liability Driven Investment Strategy:

The liability-driven investment strategy (LDI) is an investment strategy designed to maximize returns and minimize risk of the portfolio relative to the liabilities that the portfolio is intended to cover. It differs from a traditional strategy, which seeks to maximize gross return and minimize gross risk with no consideration of liabilities.

A Dynamic Asset Allocation (DAA) is utilized to transition from the traditional to the LDI strategy. As the funding ratio of the retirement plan improves, the asset allocation will move away from return seeking assets and toward longer duration fixed income, in an effort to match the duration of the liabilities.

The Strategic Allocation to the Retirement Fund will follow the funded status matrix as shown below:

PBO Funding Ratio	Return Seeking Alloc.	Fixed Income Alloc.	Fixed Income Duration	Hedge Ratio
<75%	70%	30%	5.25	7%
75% - 80%	60%	40%	8	15%
80% - 85%	50%	50%	10	25%
85% - 90%	40%	60%	12	38%
90% - 95%	30%	70%	14	55%
95% - 100%	20%	80%	16	76%
100%+	10%	90%	16	90%

This matrix will be updated annually as the duration of the liability may change over time, because of the plan's frozen status.

Foundation Fund:	Strategic Allocation	Lower Limit	Upper Limit
Domestic Large Cap Equities	30%	20%	50%
Domestic Small/Mid Cap Equities	15%	5%	20%
International Equities	<u>15%</u>	10%	30%
Subtotal Equities	60%		
Fixed Income – Investment Grade	30%	10%	40%
Fixed Income – High Yield Bonds	0%	0%	10%
Cash Equivalents	<u>0%</u>	0%	10%
Subtotal Fixed Income	30%		
Alternative Investments	10%	0%	20%
Grand Total Equities, Fixed Income and Alternative Investments	<u>100%</u>		

<u>PRI Fund:</u>	<u>Strategic Allocation</u>	<u>Lower Limit</u>	<u>Upper Limit</u>
Domestic Large Cap Equities	25%	20%	50%
Domestic Small/Mid Cap Equities	10%	5%	20%
International Equities	<u>15%</u>	5%	25%
Subtotal Equities	50%		
Fixed Income – Investment Grade	40%	30%	50%
Fixed Income – High Yield Bonds	0%	0%	10%
Cash Equivalents	<u>0%</u>	0%	10%
Subtotal Fixed Income	40%		
Alternative Investments	10%	0%	20%
Grand Total Equities, Fixed Income and Alternative Investments	<u>100%</u>		

APPENDIX 3

The indices and universes used for comparison purposes described in this Statement are as follows:

<u>Investment</u>	<u>Indices</u>	<u>Peer Group</u>
General	Blended Index (based on underlying composition)	not applicable
Retirement	Blended Index (based on underlying composition)	not applicable
Foundation	Blended Index (based on underlying composition)	not applicable
PRI	Blended Index (based on underlying composition)	not applicable
Index Funds	Blended Index (based on underlying composition)	not applicable
Calamos Convertible Bond	BofA/ML All US Convertibles	Convertible Bond Universe
Bowling Large Cap Value	Russell 1000 Value	Large Value SMA Universe
Edge Small/Mid Value	Russell 2500 Value	Small/Mid Value SMA Universe
Delaware International	MSCI EAFE	Foreign Large Blend SMA Universe
RBC Voyageur Small Cap Growth	Russell 2000 Growth	Small Growth Core SMA Universe
SAE Managed (Bond)	BC Intermediate Gov/Credit	Int. Investment Grade SMA Universe
SAE Bond	BC Intermediate Gov/Credit	Int. Investment Grade SMA Universe
Legg Mason	Blended Index (Based on underlying Composition)	Underlying strategies respective universes
Pimco Bravo II	Cambridge Private Equity	not applicable
Coatue Long/Short Fund	HFRI Equity Hedge.....	not applicable
TPG Public Equity Partners Fund	HFRI Equity Hedge Index	not applicable
Alkeon ACAP Strategic Fund	HFRI Equity Hedge Index	not applicable
Skybridge Series G	HFRI FoF Diversified Index.....	not applicable
Brown Large Cap Growth	Russell 1000 Growth.....	Large Cap Growth Universe

Alkeon ACAP Strategic Fund	HFRI Equity Hedge Index.....	not applicable
Skybridge Series G	HFRI FoF Diversified Index	not applicable

Suspension, Expulsion or Censure of an SAE International Member

- A. Any SAE International (“SAE”) Member (as defined in Article III of the Bylaws) (“Member”) may be suspended, expelled or censured for cause by a 2/3 majority vote of a quorum of the voting members of the Special Issues Subteam (“SIS”). A Member subject to possible suspension, expulsion or censure who is also a voting member of the SAE Board of Directors (“Board”) or SIS shall not be eligible to participate in deliberations or vote on her/his possible suspension, expulsion or censure.
- B. Cause for removal shall include, but not be limited to: (1) the Member has been judicially declared of unsound mind; (2) the Member has been convicted of an offense punishable by imprisonment for a term of more than one year; (3) the Member has acted in a manner detrimental to SAE International and its membership; (4) the Member has failed to act in a professional, businesslike manner and to treat other Members or SAE staff, customers or vendors with respect, such behavior to be demonstrated by a violation of the SAE Board Code of Ethical Conduct Policy, SAE Board Conflict of Interest Policy or SAE Board Whistleblower Policy, or by evidence that the Member made threats of physical violence or legal coercion against other Members or SAE staff, customers or vendors; or (5) the Member’s personal or financial interests are interfering with the performance of his/her responsibilities or obligations to SAE International, the SAE Board of Directors, Board Committees (or any subcommittees or groups thereof).
- C. The Chair of the SIS or SAE Secretary shall have the authority to immediately suspend the membership of a Member pending any vote on suspension, expulsion or censure for cause. The decision to suspend the membership of a Member prior to a vote on suspension, expulsion or censure for cause shall be final and non-appealable. In the event of a membership suspension, the Member subject to possible suspension, expulsion or censure shall be notified of the charges against her/him, in accordance with Section D below, within 5 calendar days. A Member subject to possible suspension, expulsion or censure may not participate in Board or SIS business or affairs pending the results of any vote on suspension, expulsion or censure for cause, including attendance at any Board or SIS meetings.
- D. Not less than 30 calendar days prior to any vote on the suspension, expulsion or censure of a Member, the Member subject to possible suspension, expulsion or censure shall be notified in writing by express courier or email (as listed in the current membership records) of the charges against her/him and be invited to respond to the charges in writing or, alternatively, at a hearing before a quorum of the voting members of the SIS, which hearing will occur at the next regularly-scheduled meeting of the SIS or, in the SIS’s sole discretion, a special meeting of the SIS for that purpose. The Member shall inform the Chair of the SIS as to whether s/he elects to respond to the charges not less than 15 calendar days before the scheduled date of the hearing on suspension, expulsion or censure and, if s/he elects to respond, whether it will be in writing or in person. If the Member subject to possible suspension, expulsion or censure elects to attend the hearing in person, his/her failure to attend the hearing will not stay the proceedings and the SIS will render its decision based on the record before it. In addition, the Member subject to possible suspension, expulsion or censure will be responsible for all travel or other costs to attend the hearing regardless of its outcome.
- E. The Secretary of SAE International (or his/her designee) may, but shall not be required, to submit a written statement to the SIS setting forth SAE International’s opinion, if any, regarding the Member’s conduct and its effect on SAE International or its members, staff, customers or vendors. The Member subject to possible removal shall receive a copy of any such written statement of opinion. Any written statement by the Secretary of SAE International shall be submitted to the SIS and the Member at least 10 calendar days before the scheduled date of the hearing on suspension, expulsion or censure. The Member may respond in writing to the Secretary of SAE International’s written statement of opinion on or before the third calendar day before the scheduled date of the hearing on suspension, expulsion or censure.
- F. In the event that the Member subject to possible suspension, expulsion or censure has chosen to

respond to the charges at a hearing, the Secretary of SAE International may, but shall not be required to, attend such hearing and present SAE International's position orally.

- G. Following deliberations, the quorum of the SIS's voting members will vote on the suspension, expulsion or censure of the Member and, if the lesser sanction of a suspension or a censure is chosen, the parameters (e.g., length of suspension, type of censure) of the suspension or censure.
- H. The deliberations and vote of the SIS shall be confidential. Within fifteen calendar days following the vote, the Chair of the SIS or his/her designee shall provide the Member subject to possible suspension, expulsion or censure and the Secretary of SAE International with the written decision of the SIS. The written decision, not to exceed three (3) pages, will provide a succinct basis and/or rationale for the SIS's decision.
- I. All votes, including those that result in the imposition of sanctions less than expulsion, are final, and may not be appealed or challenged in any forum, except in the circumstance described in Section J below. Except as otherwise provided in Section J below, the Member agrees to abide by the determination of the SIS.
- J. A Member who is suspended, expelled or censured for cause may appeal a removal decision to the President and Chair of the Board of Directors ("Board Chair") within 10 calendar days of the SIS's written decision on suspension, expulsion or censure. The only grounds for reviewing or vacating a decision to suspend, expel or censure a Member for cause shall be if the Board Chair finds that the AS failed to follow the procedures set forth in this Section 1 or that it abused its discretion in rendering a decision. Under the "abuse of discretion" standard of review, the Board Chair will not determine whether s/he would have reached the same decision as the SIS, but rather whether the SIS abused its discretion in reaching its decision. In other words, the Board Chair will not vacate the SIS's decision just because it appears wrong, but instead only if it resulted from an abuse of power by the SIS.
- K. All submissions to the Board Chair in accordance with Section J shall be in writing and copies shall be provided simultaneously to the SIS and the Secretary of SAE International. The Member's submission shall set forth the grounds for the Member's claim that the procedures in this Section were not followed and/or that the SIS abused its discretion in reaching its decision. Within 10 calendar days thereafter, the SIS shall provide the Board Chair with its written response to the Member's submission. The Board Chair may, but shall not be required to, seek any information that it requires in order to conduct its review. Following its review of the written submissions, the Board Chair shall provide the Member, the SIS and the Secretary of SAE International with the Board Chair's decision as to whether the SIS complied with the procedures set forth in this Section and/or abused its discretion in reaching a decision. In the event that the Board Chair finds that the procedures have not been followed and/or that the SIS abused its discretion, the Board Chair shall provide the SIS with the grounds for its decision and instruct the SIS as to how it should proceed in reconsidering the suspension, expulsion or censure of the Member.
- L. The Member agrees to abide by the determination of the Board Chair, and that Member will have no further right of appeal or review by a court of law or other tribunal. If the Member seeks review of the Board Chair's decision, by a court of law or other tribunal, in contravention of this Section, the Member agrees to be liable for all of SAE International's legal costs, including attorneys' fees.
- M. Any Member expelled from SAE International for cause shall be permanently ineligible to serve as a member of the SAE Board of Directors or Board Committees (or any subcommittees or groups thereof).
- N. The provisions of this Section 1 will not apply to any SAE Member who is also an employee of SAE International, Performance Review Institute, SAE Industry Technologies Consortia or other current or future company or affiliate of SAE International ("Employee"). Instead, the Employee's conduct and/or performance, and eligibility for continued membership in SAE International, will be determined under the appropriate and then-current performance management and/or disciplinary procedures.

MEMBERSHIP RESOLUTION - SAE PRESIDENTIAL ELIGIBILITY BYLAWS RESOLUTION

The SAE International Membership (“SAE Membership”) recognizes the critical role that the President & Chair of SAE plays in representing our organization and its members and in leading the SAE Board of Directors (“Board”).

The COVID-19 pandemic created a situation unprecedented in recent memory for SAE International and the world, resulting in limited to no travel and virtual-only events, professional development courses and committee and board meetings.

The SAE Membership recognizes that SAE International and its Board did not fully benefit from the time, talents, industry knowledge and connections and strategic insights of its 2020 President, Todd Zarfos.

Likewise, the SAE Membership recognizes that Mr. Zarfos was not able to fully contribute his time, knowledge and insights to the organization in the manner and to the extent he intended during his term as 2020 President.

NOW, THEREFORE, BE IT RESOLVED, due to the special circumstance created by the COVID-19 pandemic, that the SAE Membership holds in abeyance - solely for the election of the 2023 President - the bylaws provision found in Section 5.6, ¶2, preventing a President & Chair from being eligible for re-election for a second term, to allow Todd Zarfos to be eligible for election as 2023 President & Chair.

14 September 2021

COMVEC 2021

Rosemont, IL