



Health-Ready Components & Systems™ (HRCS™)
A Program of SAE ITC®

OPERATING RULES

Revision History

The HRCS Operating Rules is considered a “living document” supporting the work of the Program, and as such may be amended from time to time with approval of the HRCS Executive Committee.

In the event of a conflict between the Operating Rules and the Membership Agreement, the terms of the Membership Agreement will take precedence.

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HEALTH-READY COMPONENTS AND SYSEMS™ (HRCS™)

Operating Rules

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1.0 Purpose of this Document

This document describes the operating rules of the Program, including membership levels, benefits, engagement expectations and roles, funding, management, administration, and work activities of the Program.

2.0 Overview

Health-Ready Components and Systems™ (hereinafter referred to as “HRCS”) is established as a Program under SAE Industry Technologies Consortia® (“SAE ITC”) to enable rapid industry engagement, deployment, and beneficial impact by leveraging SAE ITC’s legal framework, policies, and procedures. Such an approach enables HRCS to establish direction and priority, leveraging proven policies and procedures for the development of systems and tools under an appropriate anti-trust umbrella and ensure input and support of regulatory agencies and the industry at large as outlined in the HRCS Charter Agreement.

SAE ITC is a 501(c)(6) not-for-profit trade association that enables new or existing consortia Programs to successfully impact their industry through widespread adoption of industry practices or procedures. By providing a governance framework along with a full suite of strategic and operational services, SAE ITC enables public and private organizations to collaborate in a neutral forum to drive innovative solutions to key industry challenges.

HRCS is made up of Member organizations which are engaged in the Health-Ready Components and Systems and Integrated Vehicle Health Management (IVHM) ecosystem. To achieve its objectives, the Program has different levels of membership providing different levels of engagement and benefits. HRCS offers memberships to both public and private, large and small organizations. The rationale behind this is to build a community of experts which can provide their knowledge and to build a community of experts that can bring in both human and financial resources.

The Executive Committee is the decision-making body responsible for the leadership, management and financial obligations of HRCS, initially comprised of the first organizations which have signed the HRCS Charter and Membership Agreement.

Administration and operation of HRCS shall be in accordance with established SAE ITC policies and procedures, subject to review and input from the Executive Committee. On behalf of and to support HRCS, SAE ITC will enter into agreements, receive revenues, maintain financial data, and provide periodic reports to membership on HRCS activities. Daily operations are managed by SAE ITC staff, appointed by SAE ITC with input from the Executive Committee. The support for the HRCS will be performed by SAE ITC or by 3rd party subcontractors retained by SAE ITC. At its discretion, SAE ITC may enter into agreements, licenses or other arrangements with third- party entities in support of the Program.

3.0 Definitions

- *Fees* means the incremental monetary funding for supporting initiatives and/or projects of the Program. It includes the annual membership required to belong to the Program. Some projects, including database registration, may require monetary funding in addition to membership fees in order to accomplish work of the Program.
- *Member* means an organization belonging to the Program by executing the Membership Agreement and its requirements.
- *Output* means the deliverables resulting from the completion of tasks, initiatives, and projects.
- *Primary Member Contact* means the person designated by the member to represent the Member in matters of the Program: the person who has the voting rights and who identifies where all Program notices, invoices and other information are to be delivered.
- *Subject Matter Expert (SME)* means a person who has special skills or knowledge on a particular topic or subject. A Member may have multiple SMEs involved in the work of the Program.
- *Charter Members* are those HRCS Members that have signed the founding HRCS Charter Agreement.
- *Strategic Partners* are Members or prospective Member entities who have been invited by the Executive Committee to become a Strategic Partner.

4.0 Membership and Participation

4.1 Membership Eligibility

To quickly accomplish the mission and goals of the Program, only those organizations which are engaged in health-ready components or vehicle health management, or have the technical capabilities, resources and interest to contribute to the work of the Program are eligible for membership. An entity must be invited to apply for membership and satisfy the requirements of the membership level.

Each Member will designate one individual as the “Primary Member Contact.”

Program Membership levels and roles are approved by the Executive Committee. The Executive Committee will conduct a review of the membership levels six (6) months from the initial publication of the Operating Rules, with subsequent reviews on a regular basis to ensure operational stability of the Program and sufficient expertise to support initiatives and projects.

The Executive Committee consists of a Chairperson, Vice-Chairperson, Secretary, and Treasurer. The Chairperson, Vice-Chairperson, and Secretary positions are nominated from the consortium (excluding bronze) for a one-year term and elected by the general membership. The Treasurer is appointed by SAE ITC. The Executive Committee can appoint additional member(s) based on the consensus of the elected committee.

To control the quality and limit the number of voting Members on the Executive Committee, any Executive Committee Member must meet the following requirements:

1. A Member in good standing
2. A Strategic Partner in good standing

4.2 Membership Levels

There are three membership levels: Member, Associate Member and Strategic Partner. The membership levels determine initial and annual membership fees, membership service eligibility and roles the Member is allowed in the governance structure.

4.3 Member Benefits

All Members shall receive the following benefits:

- Eligible to participate in working groups;
- Ability to participate in development of Program projects;
- Early access to Program project results and output;
- Access to program published project results and output;
- Ability to provide input to the Executive Committee regarding the work of the Program;
- Attend Program events.

Membership Level based benefits are as described in the table below:

Membership Level	Constraints & Opportunities
Associate Member	Eligible for Technical Committees
Member	Eligible for Technical Committees and General Membership voting. Eligible for invitation to Executive Committee, including the right to be voted as chairperson
Strategic Partner	Can be an official service provider after registration and Executive Committee approval. Eligible for Technical Committees, and upon invitation, to the Executive Committee including the right to be voted as chairperson

4.4 Membership Vetting and Approval

The Executive Committee will determine the organizations to invite to apply for membership and validate the applicant’s eligibility through appropriate sources. If the Executive Committee approves an organization for Membership, the applicant must submit a signed Membership Agreement and appropriate dues and fees to SAE ITC staff to become a member in good standing.

4.5 Eligibility Revocation

The Program reserves the right to revoke Membership in the Program at any time, with or without cause, if the member:

- no longer is in good standing;

- no longer satisfies all criteria for membership;
- fails to abide by the Membership Agreement;
- fails to abide by the Operating Rules;
- fails to pay any outstanding account receivable to the Program;
- fails to comply with the antitrust and intellectual property policies of SAE ITC.

4.6 Functional Roles

4.6.1 Program Leadership

An Executive Committee, initially comprised of the Charter Members and invited Strategic Partners (until such time as elections can be held for HRCS officers,) shall provide strategic direction and decision-making authority for the Program on matters including but not limited to:

- Development of roadmap and identification of Program work tasks;
- Prioritization of initial roadmap task items;
- Determination of tasks, projects and prioritization of tasks/projects;
- Oversight authorization of the tasks and projects;
- Determination of which Members are eligible to work on specific projects;
- Determination of completed work by the Program;
- Determination of information to share with members;
- Determination of information to share with external stakeholders;
- Policies and procedures and other documents of the Program (not inconsistent with SAE ITC policies);
- Creation and dissolution of bodies within the Program such as other committees and workgroups.

The Executive Committee may request advice and/or expert opinion from other Members to assist in determining the strategic direction for work to be complete by the Program.

Any responsibilities not specifically delineated in the Operating Rules shall be the obligation of the Executive Committee to carry out or delegate as it deems appropriate.

The Program Manager of the HRCS shall propose categories and levels of membership subject to review and input from the HRCS voting membership. Meeting guests shall be by invitation only through the HRCS Secretary.

4.6.2 Members

Members are the functional core of the Program. Based on the nature of the project and capabilities of Members, all Member levels are expected to provide SME to develop and execute tasks and projects. Appropriate committees will determine which Members are eligible to work on specific projects. Project support from Members may be provided in hours, dollars, services or other means as appropriate.

Member support levels shall be assessed at the end of Q1 and Q3 of each calendar year. A reconciliation of support shall be presented to the membership within 30 days of the end of the quarter.

Members not current in their financial or operational support of the Program shall be required to resolve the issue within 30 days of written notification or lose their right to vote and/or participate in matters of the Program.

5.0 Operations

5.1 General Operations

Operations will be governed by these Operating Rules and any addendums, amendments and supporting documents.

The Program business calendar is January to December.

SAE ITC will provide the legal protections and policies to operate the Program. The support for the Program be performed by the SAE ITC, but SAE ITC in its discretion can subcontract such support services to third parties.

SAE ITC will appoint an SAE ITC staff person to support the daily operations of the Program with input from the Executive Committee. The SAE ITC staff person administratively reports to the SAE ITC Chief Operating Officer.

SAE ITC staff have no voting rights.

The Program SAE ITC staff is responsible for ongoing operational, technical and administration to support the Program, which includes (but is not limited to) the following:

- Serving as the single Point of Contact (“POC”) for the Program to ensure a direct line of communication with Members;
- Acting as the POC and Spokesperson for communications with external organizations, such as media, press, government, prospective Members, and other organizations, etc.;
- Acting as the POC with SAE International;
- Evaluating, recommending and authorizing deployment and implementation of initiatives and work outputs/results of the program;
- Establishing Memorandum of Understandings (“MOU”), partnering agreements, contracts, etc.;
- Managing the Program’s operational budget;
- Managing daily operations of the Program, e.g. marketing, branding, promotion, outreach/public relations, website, etc.;
- Hiring staff and consultants to support Member approved tasks;
- Providing administrative support, to include, but are not limited to accounting, procurement of rental space, utilities, IT services, marketing, and communications, These may be contracted from SAE International, Thorn Hill LLC (an affiliate of SAE International) or other organizations at the discretion of SAE ITC staff.

Overview of HRCS Governance Structure	
Governing Body	Purpose and Overview

SAE ITC Board of Directors	Manages the business and affairs, and actively promotes the purposes, of ITC. Provides the legal framework, antitrust and intellectual property policies and insurance Program.
Executive Committee	Decision-making body responsible for the leadership, management and financial obligations of the HRCS, initially comprised of Charter Members and invited Strategic Partners. Develops, updates and approves the HRCS Charter; defines process for membership service providers; provides input to budget and contractors; approves appointments to Technical Leadership Committee; develops and approves strategic and operational goals; reviews revenue and budget development periodically; reviews operational performance of staff/contractors/service providers periodically.

5.1.1 HRCS Leadership

The Chairman, Vice Chairman, and Secretary of the HRCS shall be elected by the voting members. SAE ITC shall appoint an individual to act as Treasurer, Program Manager, and IT Liaison. This group shall comprise the Executive Committee. Additional Executive Committee positions can be designated by the Executive Committee where appropriate. These positions can be annually renewed by vote of the newly elected Executive Committee. An individual may hold only one Executive Committee position at a time. Applicable standard committee liaisons (e.g., HM-1, OBD-II, E-32, and ARINC Industry Activities) shall be appointed from the HRCS general membership by the Executive Committee.

HRCS voting membership shall oversee activities of the Program. The voting membership formulates and implements policies and procedures, develops documented procedures for membership and elections; oversees authorization of the technical work Program; and rules on the adoption of proposed Program documents.

The SAE ITC Program Manager shall be responsible for the ongoing operational, technical, and administrative services that support HRCS; will keep the Chairman and Vice Chairman advised of all matters requiring attention; will maintain technical liaison with other organizations; and may perform other duties requested by the Chairman. SAE ITC will provide additional staff support to the HRCS as budgeted.

5.2 Voting

Voting will determine all major decisions by the Program, including the adoption of any amendments. The Executive Committee is responsible for determining and codifying voting rules for itself, other committees, and general Membership. All voting rules and processes shall be made in accordance with the rules and guidelines of SAE ITC.

5.2.1 Voting Rules

The participation of one-half (50%) of the HRCS members shall constitute a quorum for the transaction of business at any Meeting of the HRCS.

- The act of a simple majority (51%) of the Members participating in a meeting at which there is a quorum shall be the act of the HRCS.
- Members unable to attend in person have the option of sending an appointed delegate.
- A strict one organization member – one vote policy shall be followed.

5.3 Meetings

Meetings of the HRCS shall be convened at least once per calendar year. Written notice, including time and place, and agenda of all special and regular meetings, shall be posted in advance of the meeting.

6.0 Fees

HRCS Membership Fees are based on the Membership Level. The date on which the Program receives payment from the Member is the effective date of the Membership Agreement. The Membership anniversary date is the 1st of the month following the effective date of the Agreement.

HRCS Membership Fees are determined by the SAE ITC with input from the Executive Committee. The SAE ITC with input from the Executive Committee will conduct a review of the fees six (6) months from the initial publication of the Operating Rules, with subsequent reviews on a regular basis to ensure operational stability of the Program and adequate margin for reinvestment and growth to support initiatives and projects. Any changes only apply to the next and future invoice periods. The HRCS Fee Schedule can be found in Membership Agreement.

In addition to annual HRCS Membership Fees, funding may be requested on a voluntary basis from Members to support initiatives and projects of the Program. Not all projects will require additional monetary funding.

The SAE ITC Program Manager will act as Treasurer and shall propose the amount of the financial contribution for each Member organization subject to review and input from the HRCS voting membership. Funding invoices will be issued to Member companies in September of each year.

The Treasurer shall propose the amount for component registration fees subject to review and input from the HRCS voting membership. Provisions for payment at point of service or invoice with 60-day payment terms will be issued in accordance with procedures developed by SAE ITC subject to review and input from the HRCS voting membership.

7.0 Initiatives/Projects and Outputs

7.1 Determination of Initiatives/Projects

All Members are encouraged to suggest initiatives and projects for consideration by the Program at any time. Suggestions shall be submitted to the SAE ITC staff.

Prioritization and determination of initiatives and projects to undertake will be agreed upon by the Executive Committee in a manner determined by that committee

7.2 Outputs

Completion of Program initiatives and projects will be determined by Program committees. Those initiatives and projects deemed to be complete are then deployed/released by the SAE ITC staff.

The SAE ITC staff will evaluate and determine the deployment / release strategy of outputs. In most cases, the Program's need for standards is intended to be directed to SAE International, but may also include other government agencies, associations, or other organizations for further development, study or publication, distribution, dissemination and communication.

Since the Intellectual Property (IP) of the Program is owned by SAE ITC, organizations other than SAE International or other SAE Group affiliates will be required to enter into an agreement with SAE ITC for use of Program output/results. The SAE ITC staff is responsible to coordinate the deployment, implementation and establishment of agreements, as necessary, with SAE International, Thorn Hill LLC or other organizations.

7.3 HRCS Activities and Objectives Roadmap

1. Strategy (Communications, Prioritization, Deployment, Standards, Trial Use Pilot Projects, etc.)
2. Communication, branding, and marketing actions (e.g., websites, press releases, social media, etc.)
3. Development of an HRCS registry database. The database will list components, their capabilities, and registration stage
4. Establishing a voting and membership policy, meeting cadence, and rules;
5. Liaison with SAE ITC committees (e.g., SAE HM-1, OBD-II, E-32, and ARINC Industry Activities, etc.) and other standards organizations;
6. Liaison with government organizations and regulatory bodies to review requirements relating to the flow down of Health-Ready Component requirements to the supply chain;
7. Development and coordination of HRCS characterization training, liaison/endorsement of providers;
8. Guidance for applicable tool development to support implementation (e.g., registries, databases, data exchange tools, training, etc.);
9. Deployment actions (timing, execution);
10. Management of third-party service providers;

8.0 Spokesperson

The SAE ITC staff will act as the Point of Contact (POC) and spokesperson for the Program with external entities. Additional spokespersons may be appointed by the Executive Committee. Other parties or staff may not speak on behalf of the Program without prior written authorization.

9.0 External Engagement

The Program will consider several engagement methods. Depending on the desired outcome several methods may be employed, such as:

- a. Share intentions, progress, research/insights and outputs/results with stakeholders;
- b. Convene experts and/or diverse groups to inform the Program's work;
- c. Disseminate the Program's work/output to external entities via various communication channels (e.g. post to website, email, letter, etc.);
- d. Brand awareness building through media/press interaction (interviews, press releases), public appearances at appropriate conference, events, etc.

10.0 HRCS Membership Agreement

Each Member is required to sign the HRCS Member Agreement prior to joining the Program, which includes important provisions regarding fees, confidentiality and intellectual property rights.

11.0 Marketing and Use of Names/Logos/Badges

Members may send the official Member's name and logo to the Program contact listed below. If a Member does not have a logo or elects to not provide a logo, only the name of the Member in plain text will be included on Program press releases, advertising, promotional, and sales literature and the website.

The SAE ITC staff will provide Members the approved Program mark and/or name upon request if Members would like to use the Program mark/name to promote their participation.

12.0 Rules Modifications

These HRCS Operating Rules may be modified by approval of the Executive Committee in accordance with its voting rules.

The Program will provide written or electronic notice of any changes to the HRCS Operating Rules. All changes will be conspicuously highlighted and/or annotated for applicability.

13.0 Program Contacts

Mr. Peter H. Grau
HRCS Program Manager
400 Commonwealth Drive
Warrendale, PA USA 15096
Phone: 240-334-2580
Email: peter.grau@sae-itc.org

Exhibit A

Membership Privileges and Benefits

Membership Category	Leadership & Corporate Voting	Webpage Promotion	Program Documents/ Online Training	Event Promotion/ Recognition	Registry Electronic Access	Annual Free Parts Listing	HRCS Events/ Sponsorship rates	Annual Fee
Member	Yes	Logo + Listing +2 links	50% discount	Yes	50% discount	9	50% discount	\$9K
Associate Member	No	Logo Listing +Link	25% discount	Yes	25% discount	5	25% discount	\$5K