Quality Management Statement of Principle

Preamble

The Quality Policy of AUDI AG:

The Quality Policy of AUDI AG focuses the corporate strategy through an understanding of quality that delights our customers and meets the relevant requirements of global markets, society and the internal Code of Conduct. It is to be taken into account at all levels when agreeing to detailed objectives of the corporate strategy.

The Quality Management System:

The Quality Management System is a strategic decision of AUDI AG that forms a basis for delivering consistent products and services and meeting both customer requirements as well as applicable statutory and regulatory requirements.

The regulations set out in this Quality Management Statement of Principle for the organization, implementation and continuous further development of the QM system are to be applied by the organizational units in all their tasks, projects and assigned processes.

All employees

- at the Ingolstadt and Neckarsulm sites
- in all divisions
- at all hierarchical levels

participate in accordance with their responsibilities and thus make their contribution to maintaining and continuously developing the QM system.

The Board of Management and Corporate Quality Management at AUDI AG approve this Quality Management Statement of Principle and the Quality Policy of AUDI AG.

Ingolstadt, October 2023

Gernot Döllner
Chairman of the Board of Management and
Board Member for Product Lines

Renate Vachenauer
Board Member for Procurement

Oliver Hoffmann
Board Member for Technical Development

Gerd Walker
Board Member for Production and Logistics

Javier Ros Hernández
Member of the Board of Management for
Human Resources

Hildegard Wortmann
Board Member for Marketing and Sales

Jürgen Rittersberger
Board Member for Finance, Legal Affairs and IT Division

Michael Neumayer
Corporate Quality Audi

Version 3.2, October 2023, I/GQ-Z1

Quality Management Officer (QMB)

0.1 Table of contents

The structure of the Quality Management Statement of Principle and the QM system described here is based on the requirements of DIN EN ISO 9001:2015 as well as on the applicable statutory and regulatory requirements. It is divided into four main sections and 16 associated subsections. The following structure has been defined for the QM Statement of Principle:

PREAMBLE		**1**
0.1	**TABLE OF CONTENTS**	**2**
0.2	**AREA OF APPLICATION AND PURPOSE**	**3**
0.3	**APPROVAL, DISTRIBUTION, RETENTION**	**3**
0.4	**CHANGE MANAGEMENT**	**4**
1	**STEERING THE ORGANIZATION**	**5**
1.1	**Management responsibility and corporate strategy**	**5**
1.2	**QM system and other systems**	**13**
1.3	**HR processes**	**30**
1.4	**Data collection and evaluation**	**31**
1.5	**Efficiency**	**33**
1.6	**Improvement processes**	**34**
1.7	**Communication and information**	**36**
1.8	**Resources and knowledge management**	**37**
2	**OPERATIONAL PLANNING PROCESSES**	**39**
2.1	**Development process**	**39**
2.2	**Planning process**	**41**
3	**OPERATIONAL CONTROL PROCESSES**	**42**
3.1	**Procurement processes**	**42**
3.2	**Supply Chain**	**43**
3.3	**Production processes**	**45**
3.4	**Inspections and corrective action plans**	**47**
4	**PROCESSES AFTER DELIVERY**	**49**
4.1	**Marketing, Sales and After Sales**	**49**
4.2	**Product safety**	**50**
5	**ANNEX**	**51**

0.2 Area of application and purpose

The area of application of this Quality Management Statement of Principle and the QM system described therein is as follows:

"Development, manufacturing and sales of vehicles and vehicle components" at the AUDI AG Ingolstadt and Neckarsulm locations.

The affiliated companies of the Audi Group listed below are requested to adapt the principles of this document accordingly, taking into account the legal and organizational particularities of the respective brand group companies, to release them separately and to implement them, e.g. by integrating them into the respective quality management systems:

- AUDI HUNGARIA Zrt., Győr, Hungary
- Audi México S.A. de C.V., San José Chiapa, Mexico
- AUDI BRUSSELS S.A./N.V., Belgium
- Audi Sport GmbH

The Quality Management Statement of Principle represents an overarching description of the QM system at AUDI AG and its further management and subsystems (→ Section1.2 QM system and other systems). It provides a general overview of the structural and procedural organization of the QM system's area of application.

This statement of principle forms a binding basis for all managers and employees within the area of application, informs them about strategies, goals, tasks, responsibilities, procedures, processes and tools, and supports the achievement of QM system goals.

All AUDI AG managers are therefore obliged to inform their employees about the contents of this statement of principle.

In terms of content, the statement of principle and the QM system described therein are structured based on the requirements of DIN EN ISO 9001:2015 as well as on applicable legal and official requirements.

It is supplemented, among other things, by corporate policies, process standards, detailed regulations, additionally applicable and referenced documents – listed in the corresponding presentation in Audi social media – the Audi Corporate Regulations, eMF/MF, VA/PS database and many other things.

0.3 Approval, distribution, retention

The Quality Management Statement of Principle with the Quality Policy – its integral part – is put into effect by the AUDI AG Board of Management and Corporate Quality Management, which performs the role of the Quality Management Representative (QMR).

The current edition of the Quality Management Statement of Principle is published on the Audi Corporate Regulations page.

The Chair of Corporate Quality, or the organizational unit "Requirements/Steering Quality Management" commissioned by it in its role as the central QM division, is responsible for the maintenance, amendment and further distribution of this QM Statement of Principle.

This statement of principle is in accordance with the Corporate Policy Documents: Handling and Retention U_014, policy with CDU Class 2.1. The retention period is seven years from the invalidation event. According to Information Security U_024, the document is classified as "internal" with the exception of the Quality Policy, which can be treated as public if required.

0.4 Change management

The QM Statement of Principle is reviewed annually by the “Requirements/Steering Quality Management” organizational unit as the central QM division to ensure that it is up to date, revised if necessary, and reissued by Audi Corporate Regulations. Managers are required to inform employees of any changes to the statement. The following procedure is defined for updates:

- The possible changes are queried by the organizational unit “Requirements/Steering Quality Management” with the responsible process owner/topic manager. The responsibility for the topicality of the department-specific contributions remains with the specialist areas.
- The changes are analyzed and revised in the responsible areas with the support of the responsible division QM coordinator and then approved internally.
- The corresponding feedback is given to the organizational unit “Requirements/Steering Quality Management” by the responsible division QM coordinator of the specialist area. The changes in the statement of principle are communicated in writing, with details of the changed text passages.
- The organizational unit “Requirements/Steering Quality Management” as the central QM division is entitled to check the submitted text passages for conformity with the specifications of the standards (e.g. ISO 9001:2015), regulations, etc. and, if necessary, to initiate a new revision.
- If the text passages or changes are compliant with the specifications, they will be published in the next edition of the statement.

The following identification and change features are visible in each issue of this statement:

- Revision status, identified by indicating the year of issue and version.
- Changes from the previous edition, summarized in the change history listed in the annex.

If the Quality Management Statement of Principle is printed, the printouts are “informational copies” that are not subject to any amendment service. Users must be convinced that they are working with a current version of this statement. In all other respects, the regulation process for statements of principle applies in accordance with AUDI AG Corporate Regulations U_001 Section 7.1.

1 Steering the Organization

1.1 Management responsibility and corporate strategy

1.1.1 Objectives

The specifications and fundamental basis necessary for implementing the individual requirements and the specified standards of the QM system are set out within the framework of "Management Responsibility and Corporate Strategy." The following goals are pursued:

- Approval of the Quality Management Statement of Principle and implementation of the requirements of the QM System in all business processes within the scope of application as well as definition and communication of the Quality Policy.
- Planning, definition and monitoring of the achievement of the objectives arising from the corporate strategy and corporate planning (strategic approach), taking into account the process-oriented approach
- Ensuring that the appropriate conditions are in place to meet regulatory, legal and customer requirements
- Consideration of the appropriate methods, measures and tools for strengthening the desired effects (opportunities) and minimize unwanted risks with regard to the QM system of the organization
- Determination, provision, availability and maintenance of the resources required for developing, putting in place, maintaining and enhancing the QM system in terms of the structural and procedural organization (structures, authorities, etc.)
- Performance of adequate target/actual comparisons of the defined objectives within the framework of the regular Management Review and initiation of the necessary corrective actions in terms of the continuous improvement process
- Definition of the quality responsibility and HR resources – QM roles for monitoring and operative support of the QM system
- Assigning responsibility to all employees at all levels for the maintenance and enhancing the QM system, in accordance with their responsibilities and within the scope of application (Preamble: The commitment of top management)
- Determining principles and methods for handling and communicating with internal and external interfaces – i.e. interested parties, whereby any co-determination rights of the Works Council remain unaffected.
- Maintaining, evaluating and continuously developing the QM system (PDCA cycle)

1.1.2 The Quality Policy of AUDI AG

The Quality Policy of AUDI AG focuses the corporate strategy through an understanding of quality that delights our customers and meets the relevant requirements of global markets, society and the internal Code of Conduct.

The Quality Policy serves as the basis for a uniform organization throughout the company, in accordance with ISO 9001:2015, in particular to demonstrate conformity with legal and regulatory requirements as well as for approvals and obtaining those approvals.

As a common understanding of quality among all employees of AUDI AG, it supports the achievement of the company's strategic goals.

The Quality Policy of AUDI AG:
“We delight with premium quality”

Claim

We, the Members of the Board of Management and all employees support the common purpose of our actions at Audi with our quality standards:
“Meaningful technology to keep the world in motion”

Our quality claim is also and particularly focused on social change, customer requirements, legal and official requirements, and the company’s own binding Code of Conduct.

Goals

» The goals of AUDI AG are derived from the Audi Strategy “Vorsprung 2030.” They dictate all levels of our business processes and divisions, our projects and product features. The focus here is on the strategic fields of action:

- The last combustion engine
- Intelligent hardware
- Differentiated BEVs
- BEV/AD ecosystem
- Digital marketplace
- ESG performance

» All business units define their quality standards in the form of goals, which are managed independently using key performance indicators, are subject to independent controls and contribute to achieving the company’s goals.
» We, the Members of the Board of Management and all employees at all hierarchical levels contribute to implementing these goals within the scope of our respective responsibilities.

Commitment

» Our quality standards oblige us to implement relevant internal and external requirements for our business processes, structures, activities and products, with integrity, transparency and effectiveness, and to focus on customer delight.
» The implementation of these standards combined with our constant efforts to improve and maintain product compliance determine our daily work.

» Within the framework of our corporate responsibility, the competence, development, health and satisfaction of our employees are the basis for implementing these quality standards.
» We implement our standards, goals and obligations – and thus ensure the long-term success of the company – based on and within the framework of the specifications of the central area for the Quality Management System, in particular the Quality Management Statement of Principle.

The Board of Management of AUDI AG

1.1.3 Context of the QMS (opportunities and risks, interested parties)

In analyzing the importance of the AUDI brand, the company, its purpose and strategic orientation, particular attention is paid by the OU Corporate Strategy to both current internal and external issues including legal, technological, competition-related, market-oriented, cultural, social and economic aspects, as well as international and domestic, regional and local aspects, and, where applicable, their effects on the structural organization defined jointly with the responsible OUs.

Particular importance is attached to the "interested parties." These are external and internal stakeholders relevant to AUDI AG, e.g. customers, owners, employees, suppliers, authorities and the press.

When identifying and selecting "interested party" topics, particular emphasis is placed on those:

» that affect the company internationally, nationally, regionally or locally.

» that can affect the strategic direction, the products and services, and internal processes.

In many cases, specialist departments already nominated by the company, e.g. Environmental Protection, Sales, Risk Management, Occupational Health, Industrial Safety, Procurement, Communications, Government Affairs, Sustainability, identify and evaluate the requirements of "interested parties" and arrange activities within and outside AUDI AG, always in consultation with and taking into account the principles of the OU Corporate Strategy.

These organizational units (OUs) appointed by the company perform the following tasks in particular:

» Identifying "interested party" topics and monitoring their development

» Evaluating their impact on the company, possibly with the involvement of other OUs

» Providing those areas with standards, guidelines etc. regarding the implementation of the topics seen as relevant

» Building up and maintaining external contacts.

All OUs need to know the topics that are relevant to the "interested parties." If specialist areas have already been nominated for these, the following activities become effective:

» Obtaining information from the specialist areas assigned by the company, e.g. via social media at Audi; if necessary, also coordinating, integrating or commissioning further activities

» Implementing corresponding standards, guidelines etc. into proprietary processes, tasks and projects in a QM-compliant way

» If there are further "interested parties" for individual OUs/areas, the following activities then become applicable:

» Identifying "interested party" topics for proprietary tasks, then monitoring and evaluating their development

» Taking account of findings from organizing proprietary tasks and processes, possibly evaluating them and communicating their significance to the company

Taking into account the opportunities, risks and requirements of interested parties (internal and external interfaces), a future-oriented Audi Strategy was developed that has the ability to positively influence and sustainably achieve the intended results of the QM system in the long term.

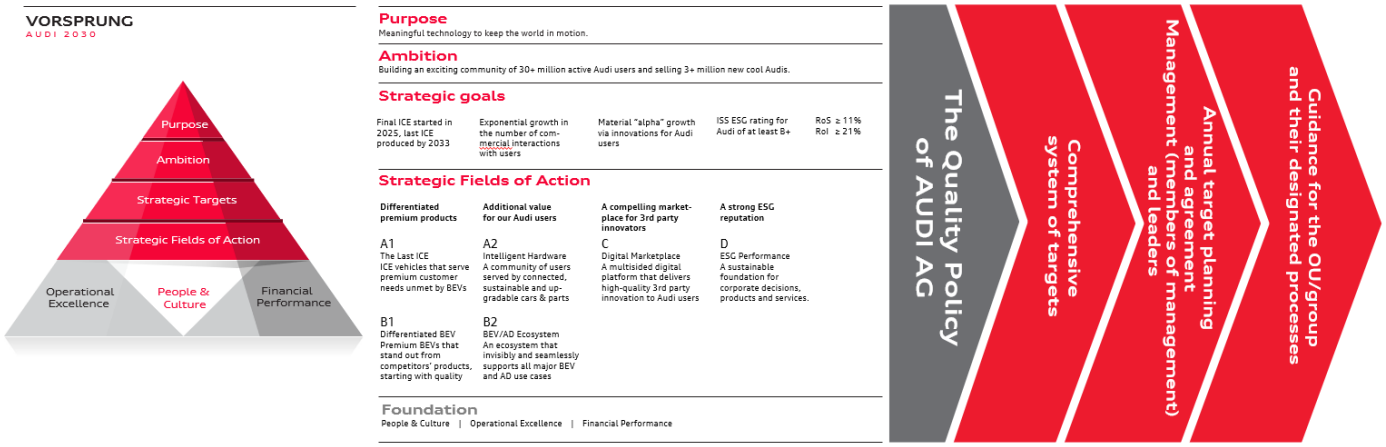
1.1.4 The Audi Strategy and the strategic approach of the QMS

The Audi Corporate Strategy is developed under the leadership of the "Corporate Strategy" OU in consultation with the Board of Management and representatives of all divisions. It consists of the central pillars of corporate strategy for all employees, a brand strategy for addressing customers and a product strategy for translation into the portfolio. Among other things, it takes into account selected topics from internal and external interest groups, the so-called "interested parties" (→Section 1.1.3 Context of the QM system).

Operative implementation is monitored and steered by leadership functions via division strategies that have been coordinated with the "Corporate Strategy" OU as well as by systematic networking of the target system and project management.

In the divisions, the target agreements are derived using a "targets pyramid" – based on the corporate goals and through application of the Quality Policy. This approach logically links the targets at all corporate levels to the strategic goals.

Figure: Targets pyramid



The QM system is an essential factor in the corporate strategy and forms the common platform for achieving the corporate strategy goals, which have been anchored in the Quality Policy and in the goals of the individual areas.

Many internal and external factors such as laws, the state of the art, competition, resources, sustainability, interested parties, etc. influence how the strategic approach of the QM system takes shape.

1.1.5 Tracking of goals

1.1.5.1 Quality goals and continuous improvement

Conformity of products and customer satisfaction are necessary conditions for the sustainable success of the company, which makes them open-ended goals to which all AUDI AG organizational units and employees are committed.

The organizational units and employees involved in the creation of products and services define – from the perspective of the customer and including statutory requirements – quality criteria and goals for products and services and ensure their fulfillment. It is irrelevant whether the product or service is intended for an external or an internal customer.

Each unit and each employee are aware of their own responsibility and contribution to achieving quality goals and are able to provide information about them. Internal audits commissioned by top management verify the ongoing and systematic efforts to increase customer satisfaction and ensure product conformity. Verification that quality criteria and quality goals have been met is provided by the process results, i.e. the finished product or the service provided. Measurement at the end of the process strengthens the sense of joint responsibility for the customer among all end-to-end participants in the process for the final product or service (→Section 1.2.1.3 Process-oriented approach).

1.1.5.2 Identifying, presenting and pursuing goals

The following principles must be taken into account when identifying, presenting and tracking goals:

» Quality goals at the corporate level must be detailed and implemented by all organizational units for their respective areas of responsibility and they must be aligned with the end-to-end process over the long term.

» Alignment with the end-to-end process prevents dysfunctional behavior e.g. local optimization to the detriment of the overall process result for the customer.

» To be operationally feasible, goals are formulated using SMART:

› **S**pecific
› **M**easurable
› **A**ttainable
› **R**elevant
› **T**imed

» The TARGET and ACTUAL values over time should be transparent for all process participants at all times and are regularly coordinated.

» Negative deviations from targets or trends are to be analyzed and evaluated, and appropriate measures are to be derived as required.

» "Lessons learned" are incorporated into the continuous improvement process.

» Goals must be documented and their degree of fulfillment should ideally be presented in a uniform format throughout the company.

1.1.6 Risk assessment in the QMS (a risk-based approach)

As part of the QM system, any applicable internal/external requirements are taken into account in addition to the regular business processes. This ensures that the QM system can achieve its intended results while preventing or reducing undesirable effects (risk-based approach), thus achieving continuous improvement within the QM system.

Entrepreneurial activities inevitably involve risks as well as opportunities. Risks are defined for AUDI AG as possible negative deviations from requirements/goals. By taking into account relevant internal/external requirements and entrepreneurial processes in the QM system, the aim is to ensure that negative effects can be prevented or reduced.

In addition, a Corporate Risk Management system has been established at AUDI AG to ensure that risks are identified and managed at an early stage. This is essentially ensured by the standard regular ICS (Internal Control System) process and the RQP (quarterly risk process) (→ Risk Management U_006).

The quarterly risk process focuses on identifying acute, operative risks and monitoring countermeasures.

By contrast, the standard regular ICS process uses internal controls to safeguard, document and test both key process risks and minimum control targets that are uniform throughout the Group. This can be coordinated together with the risk management division coordinator of the respective division. Risks that cannot be anchored in the regular processes must be documented and managed (e.g. the "Process and OU risks" template available from Corporate Risk Management).

The Group-wide standard risk management processes form the basis for fulfilling the basic requirements of the standards as well as the statutory requirements for the Risk Management System (→1.2.15 Risk Management).

In order to avoid or minimize risks, the relevant risks are identified, analyzed and documented within the QM system – as early as when regulations are created and amended (e.g. process standards). Risks that meet the criteria of the standard regular ICS process are to be taken into account.

As a preventive instrument, the QM system makes an important contribution to minimizing risks. Beyond the comprehensive technical and coordination meetings, the following methods and tools (among others) can be used, depending on the risk assessment:

» Turtle and/or fishbone diagrams (Ishikawa diagrams)

» Pareto analyses (ABC analyses)

» Feedback loops

» Capability studies

» Product and process FMEA

» Local risk control matrix

The appropriate preventive measures for minimizing risks must be developed, their effectiveness must be monitored, and if necessary, corrective actions must be taken. The following established activities contribute to the process of minimizing risks:

» System, process and product audits as well as CoP (Conformity of Production) series production monitoring and conformity checking

» ZP acceptances (checkpoints in production)

» Testing processes and approvals, keeping in mind clear accountabilities and authorities

» BZD (build status documentation)

» Sampling, supplier management, identification and traceability

» Procedures for recognizing product risks (stress tests, endurance tests, crash tests, material checks and installation trials, simulation tests etc.)

» Management Review

The records of the implemented activities/measures, including a review of their effectiveness are documented and archived in accordance with the requirements. The results of the risk assessment are to be documented if required.

1.1.7 Top management and QMB (Quality Management Officer)

1.1.7.1 Top management

The role of top management in the QM system of AUDI AG is performed by the AUDI AG Board of Management with the participation of the Audi Executive Committee (AEC) and the Quality Management Officer (QMB). It includes the following tasks:

- Deducing and identifying quality goals that reflect strategic goals
- Approving the Quality Management Statement of Principle including the defined Q Policy
- Evaluating the short status on the QM system

On behalf of the Board of Management, the AEC is the decision-making and, if necessary, support body for Quality Management. The AEC performs the following tasks in the context of operative control of the QM system:

- Accepting the Management Review and interim status for certification (→ Section 1.1.8.3 “Management Review”)
- Commissioning and monitoring selected projects for maintaining and further developing the QM system.

1.1.7.2 QMB

On behalf of the Board of Management, the Head of Corporate Quality of AUDI AG performs the tasks of the Quality Management Officer (QMB) at AUDI AG.

They report directly to the Chairman of the Board of Management of AUDI AG and the Head of Group Quality Assurance. Their tasks are defined in their TAR (tasks, authorities, responsibilities).

The QMB provides the “organizational system” for quality management to implement the corporate strategy, keeping in mind the Quality Policy and ensuring its establishment and further development in the company. The QMB specifies the priorities and specialist requirements for the QM system and coordinates these as necessary with QM system specialists, Group representatives and other affected parties.

The QMB performs the following tasks in their role:

- Initiating, defining, coordinating (if necessary), event-related updating and communicating the Quality Management Statement of Principle including the Quality Policy.
- Promoting quality awareness on a company-wide basis within the framework of regular information, training and associated consultation for both the areas and employees who perform specialist roles in quality management
- Identifying, evaluating and promoting quality methods and techniques, especially for avoiding errors
- Encouraging and promoting the establishment, application and further development of the Quality Management System as a support system, in particular for networking other management systems and subsystems within its scope of application.
- Drawing up a Quality Management Statement of Principle to define and further develop the framework for the QM system applicable throughout the company
- Approving the “Annual System Audit Program” with the head of “Steering Corporate Quality, Quality Management”
- Defining the necessary roles in the QM system, tasks and qualifications
- Supporting corporate specialist areas responsible for QM matters in order to assure series production conformity with legal and regulatory requirements in markets worldwide
- Securing the certification of AUDI AG according to ISO 9001:2015 and KBA requirements
- Initiating supervisory measures throughout the company to validate product and process quality, and ensuring their implementation in consultation with the divisions (in particular through system, process and product audits, analyses, and monitoring of QM qualification)
- Initiating improvement measures, transfer of “best practices”
- Reporting on the quality situation and effectiveness of the QM system

Company-wide responsibility for topics and technical, cross-divisional control of the QM system is delegated to the central area QM “Requirements/Steering Quality Management” (→ Section 1.2.1.2 Roles and responsibilities in the QM system)

1.1.8 Monitoring the effectiveness of the QMS

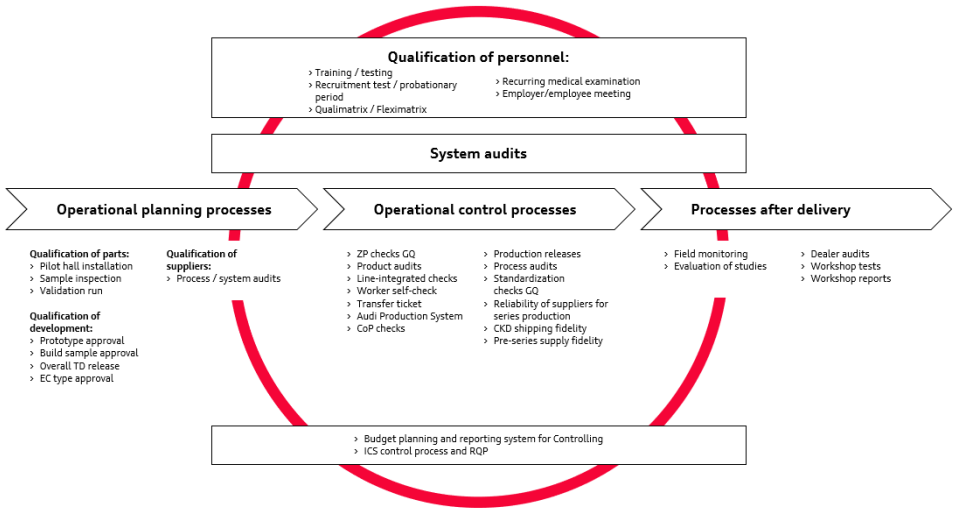
1.1.8.1 Structure of the regular processes

Effectiveness checks are carried out in feedback loops in all relevant processes and levels of the company. Over the entire life cycle of the product and the associated activities, compliance with the target specifications can therefore be demonstrated, and risks and deviations can be identified sufficiently early to enable preventive measures or corrections. The aim should be to enable the transfer of findings and experience in subsequent developments and plans.
Managers at AUDI AG and specialists entrusted with the relevant tasks are responsible for setting up the feedback loops in their area of responsibility, taking into account the following steps:

- Defining performance targets
- Measuring and analyzing target attainment
- Managing target attainment measures
- Communication and training

The feedback loops put in place are to be adopted by the AUDI AG employees involved. The following effectiveness checks are selected from the large number actually performed to demonstrate by way of examples how they extend over the product life cycle.

Figure: Feedback loops



1.1.8.2 System audits

The effectiveness and efficiency of the QM system is monitored through regular internal system audits. The basis for conducting these system audits is provided by the Corporate Policy “Quality Management System, Manager Folder and Internal System Audits U_013” (→ Section 1.4 Data collection and data evaluation). It regulates the procedure, goals and individual responsibilities as well as the training, appointment and maintenance of system auditor qualification.

1.1.8.3 Management Review

The Management Review, which is carried out twice a year, evaluates the effectiveness of the Quality Management System and is an essential part of the continuous improvement process. The current status of the QM system, the implementation of the Quality Policy and the attainment of the quality goals are reviewed, and targeted measures are derived for correction/continuous improvement. It maps the standard required contents, among other things, and evaluates the following aspects: customer satisfaction, market situation, results of product conformity, system audit results and activities within the QM system. The reports are prepared by the central area QM on behalf of the QM Officer and communicated to the Board of Management of AUDI AG via the AEC. The result of the Management Review is then communicated via the QM roles to the central functions of the organization.

1.2 QM system and other systems

The Quality Management System is an important basis for fulfilling statutory and regulatory requirements and provides an overarching foundation for all other management and subsystems.

The individual systems (management and subsystems), which are themselves independent, have overlaps and complement each other within the QM system. These include:

» Management systems that meet applicable requirements of a certification standard (e.g. ISO 9001:2015/KBA requirements, incl. GRA (approval-related requirements), ISO 14001:2015, ISO 45001:2018) and are certifiable by an externally accredited certification body. The prerequisite for recognizing external certifications is the accreditation of a certification body by a national/international accreditation body (DAkkS, KBA, VDA) based on the international standard for the recognition of management system certifications (e.g. ISO 17021:2015, ISO 17024:2012) and/or the official requirements (approval-relevant requirements of the Federal Motor Transport Authority)

» Subsystems that can be audited on the basis of topic-specific requirements (test specifications, ISO guidelines, guidance documents).

The individual systems (management and subsystems): Environment, Occupational Safety, Compliance, PCMS, CSMS, etc. describe the topic-specific functions, issues and processes within the overall QM scope (→ Section 0.2 Scope and purpose).

The binding regulations (e.g.: Statements of Principle, Corporate Policies, process standards, work instructions and test instructions) are created, maintained and updated according to the requirements of the QM system and specified via AUDI AG Corporate Regulations U_001, Quality Management System, Manager Folder and Internal System Audits U_013 and Organizational Development: Processes, Structure and Committees U_025.

1.2.1 QM system (QMS)

1.2.1.1 Objectives

The QM system is one of the prerequisites for an automobile manufacturer for obtaining and maintaining type approval for the manufacture and sale of its products. It thus forms a supporting pillar which, in line with the Quality Policy, leads to the sustainable success of our company.

The QM system creates the framework for managing and steering an organization and comprises all areas, activities (including the definition of responsibilities) and objectives of the company for controlling product and process quality within the QM scope (→ Section 0.2 Scope and purpose).

The QM system describes the structural and procedural organization for executing quality control activities as a cross-sectional function within this QM scope as well as the means and resources required for this purpose.

A core task of the QM system is to act as a preventative tool to minimize risks and strive for the following goals:

» Fulfillment of external requirements and specifications (statutory, regulatory and customer-specific requirements).

» Meeting internal requirements and specifications (standards, regulations, etc.)

» Keeping in mind the requirements of the relevant internal and external parties (→ Section 1.1.3 Context of the QMS) and ensure the necessary communication

» Apply and further develop the process-oriented approach (→ Section 1.2.1.3 Process-oriented approach)

» Ensure the necessary resources (personnel, means) for the individual processes, functions, activities (including responsibilities) and goals within the QM system

» Establish and maintain the overall QM documents (Quality Management Statement of Principle, Corporate Policies, process standards) and ensure the dissemination of these basic documents to all areas and levels within the scope of the QM system

» Maintain and further develop (improve) the QM system

» Continuously compare targets/actuals to ensure compliance of process results with defined requirements

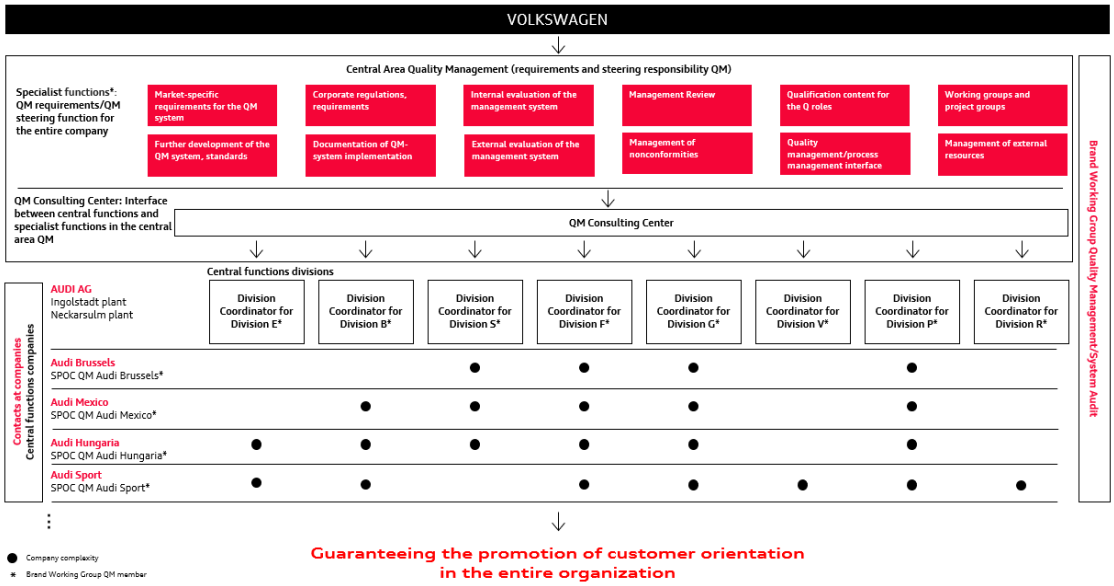
1.2.1.2 QMS roles and responsibilities

The Quality Management Officer (QMB) is the Head of Corporate Quality of AUDI AG (→ Section 1.1 Management responsibility and corporate strategy). On behalf of the Board of Management of AUDI AG, the QMB ensures that the requirements of the ISO 9001:2015 standard and KBA, incl. GRA are implemented with regard to the company's Quality Management System and that quality awareness is promoted within the organization. The QMB has the authority to continuously review and evaluate the effectiveness and continued development of the Quality Management System and to ensure a Management Review of this (→ Section 1.1.8.3 Management Review).

Company-wide, cross-divisional, technical topic responsibility and control of the QM system is delegated to the organizational unit “Requirements/Steering Quality Management” in its responsibility as the central area QM and is carried out by QM advisers**.** The “Central Area Quality Management” defines the binding framework requirements of the QM system and the internal auditing of the QM system for AUDI AG, continuously develops these, and reports on and reviews the implementation.

The QM advisers define and control the action framework for the operative implementation of the QM system. The following collaboration model of the Audi brand working group Quality Management/System Audit (MAG QM) applies to the management of the QM system and communication of the QM specifications both within AUDI AG as well as between AUDI AG and its vehicle manufacturing brand group companies:

Figure: QM system steering model



The other specialist subordinate roles, responsibilities and tasks are defined for QM matters in the Corporate Policy Quality Management System, Manager Folder and System Audits U_013; for process management see Organizational Development: Processes, Structure and Committees U_025. The application of the QM system and the achievement of the quality goals is a joint task of all managers and employees at AUDI AG.

1.2.1.3 Process-oriented approach

Products and services are the result of processes. Quality describes characteristics of products and services and is built into the product during the creation process.

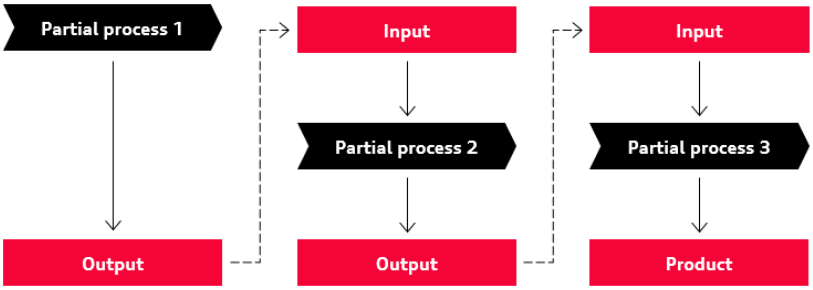
Accordingly, the Quality Management System (QMS) at AUDI AG follows a process-oriented approach and observes the creation and support processes, the result of which is the product or service. The QMS observes these processes from the point of view of conformity as well as from the perspective of the customer and aims for continuous improvement (→ Section 1.6 Improvement process). The customer is the recipient or purchaser of the product or service that a process is intended to create.

Since processes are chains of connected events, no unit involved in the process, nor any individual employee, has it in their own hands to ensure the quality of the end product. As such, in the performance of its tasks, the QMS promotes the organizational awareness of joint responsibility

and strengthens collaboration between the organizational units towards designated goals of product conformity and customer satisfaction. Regulations, consulting, knowledge transfer, training, coaching and internal system audits support this mandate.

To support effective hand-offs between sub-processes, the QMS requires documentation of output-input relationships from process standards in the business process model. The units involved in processes define and document the interface relationships collaboratively for the end-to-end process. They also ensure end-to-end traceability of the individual operations carried out in the process.

Figure: Input-output relationships between sub-processes



Process indicators must be aligned with the process purpose and relate to the end-to-end process. Information on the future use of process indicators is contained in the "Guide to collecting process indicators." For the further goal-setting procedure see →Section 1.1.5 Tracking of goals.

The design and control of processes as well as the organization of process management at AUDI AG is described in Organizational Development: Processes, Structure and Committees U_025 (→ Section 1.2.13 Process Management). The requirements for the process standard as a QM document and its anchoring within the QM system can be found in AUDI AG Corporate Regulations U_001 and in Quality Management System, Manager Folder and Internal System Audits U_013.

1.2.1.4 Documentation of the QMS

The current Quality Management Statement of Principle together with the Quality Policy represents a superordinate QM regulation pursuant to the regulation hierarchy of AUDI AG. Under the normative ISO 9001:2015 term "documented information," the QM documentation at AUDI AG comprises two types of documents: Regulations and records.

Regulations

are official requirements documents that have a regulating character, are created by authorized personnel and are declared binding. They also include forms/templates that prescribe the systematic and uniform recording of data.

The QM system distinguishes between two types of regulations:

» Regulations that govern a process (process standards) or a topic of company-wide significance (Corporate Policies) as well as the associated documents e.g. special content, forms/templates

» Detailed regulations that govern individual tasks or internal OU processes without interactions (e.g. work instructions and test instructions) as well as the corresponding forms/templates.

Records

are official documents that have a verifying character and are created by authorized personnel, e.g. test protocols, transfer tickets, delivery bills. They prove the achievement of a goal, the proper execution of work, or the condition of a product according to regulation. They serve as verification of the quality provided, including in the event of a product liability case.

Every manager regulates the tasks of the OU for which they are responsible and the processes and interfaces assigned to them in an appropriate form with regard to content and detail, and lays this down correspondingly in the QM documentation. Following a benefit-risk analysis, the content and level of detail is to be determined such that:

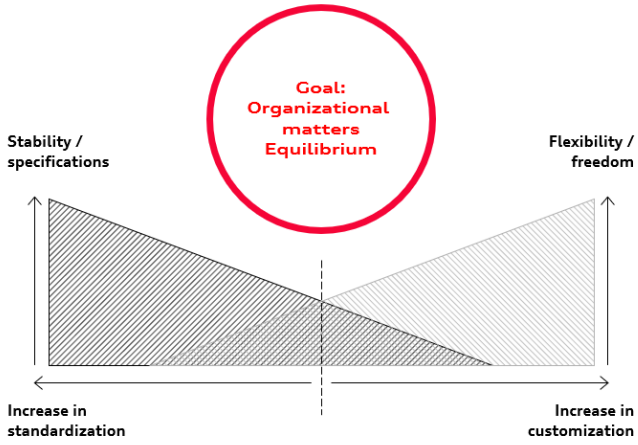
» A risk-minimized, orderly process or corresponding task fulfillment is possible, and therefore the effective, economical realization of the targets.

» AUDI AG can be approved for series production in accordance with Regulation (EU) 2018/858 of the European Parliament and of the European Council.

» The country-specific legal provisions of the markets are implemented.

The level of detail should also be selected to highlight optimally the advantages both of standardization and of customization for the area of responsibility (OU and designated processes). The target status is one where the extent of regulation and freedoms is so balanced that the processes are suitably stable while still affording scope to act swiftly and correctly in order to achieve targets ad hoc.

Figure: Organizational equilibrium



Managers are responsible for the rule-compliant creation, update, identification, review, release, distribution as well as archiving of QM documentation (steering of regulations and records) in their area of responsibility as follows:

» Identifying (i.e. clear assignment to the product, process, procedure, author, examiner, approver)

» Examining and approving regulations prior to their publication with regard to appropriateness (formal and technical correctness, up-to-dateness)

» Evaluating, updating and re-approving regulations in terms of their up-to-dateness

» Identifying changes and information about the current processing and change status

» Managing distribution so that the correct regulations and records are present at the point required in their latest versions

» Identifying documents of external origin and organizing their distribution

» Introducing protective measures to prevent the unintentional use of obsolete regulations

» Determining the place, type and period of archiving, taking particular account of statutory retention periods, product liability aspects, protection against damage and preservation of legibility

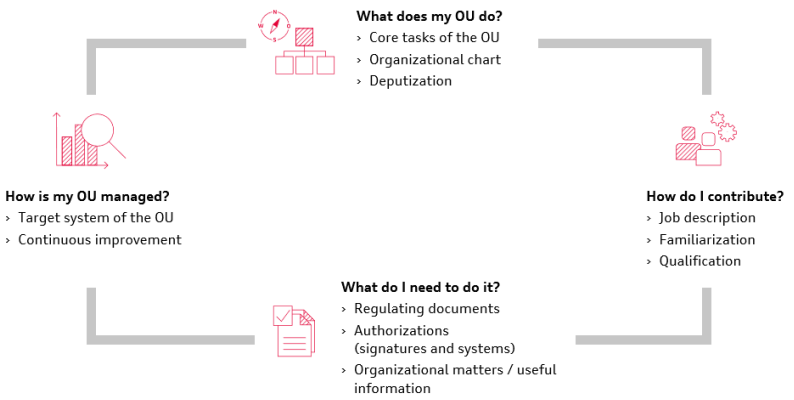
» Ensuring there are no contradictions between the QM documentation in the area of responsibility and other documents that are referenced.

The detailed procedures and responsibilities for creation, entry into force, publication, updates and revocation of regulations within AUDI AG are described in AUDI AG Corporate Regulations U_001, Quality Management System, Manager Folder and Internal System Audits U_013, Organizational Development: Processes, Structure and Committees U_025; for retention see Corporate Policy Documents: Handling and Retention U_014 and for the classification in terms of confidentiality, integrity and availability of information see Information Security U_024.

1.2.1.5 Manager folder

The manager folder forms an essential part of the QM system and is used, among other things, for verification documentation. The manager folder content represents minimum specifications that are derived from the quality-related standards and are a binding basis for certifications or audits.

Figure: Minimum content of the MF



The manager folder is used to support managers and employees in organizing the organizational units with regard to their tasks, projects and processes under QM aspects. It is also used as a helpful tool for inducting, instructing and informing employees.

The minimum requirements for creating and maintaining a manager folder (MF) with regard to content, structure, processes and responsibilities are described in Corporate Policy Quality Management System, Manager Folder and Internal System Audits U_013.

1.2.2 Occupational Safety

1.2.2.1 Objectives

Protecting AUDI AG employees from work-related injuries and health issues is an important common task at the company as a self-evident element of the duty of care and as a prerequisite for avoiding disruptions in the scheduled operational process.

1.2.2.2 Implementation

In principle, occupational safety at the individual locations of the Audi brand group is regulated by national legislation and its extended regulations.

The Brand Group Policy “Occupational Safety M_050” regulates the organization and responsibility of Audi brand group companies for occupational safety and defines related fundamental requirements and goals. Regular steering committee meetings on occupational safety are held at brand group level.

For AUDI AG, the tasks, areas of competence and responsibilities in occupational safety are regulated in Corporate Policy “Occupational Safety U_050.” It creates the conditions for ensuring and improving the protection of employees from work-related injuries and health issues. It also

guarantees the company and its employees the necessary legal certainty in occupational safety. Any rights of co-determination in the implementation of occupational health and safety measures remain unaffected.

The senior safety engineer at AUDI AG reports annually on the results and activities in occupational health and safety within the framework of the main Occupational Health and Safety Commission (ASHK).

Further information and regulations can be found at: *Link*

1.2.3 Automotive Security Management System

1.2.3.1 Objectives

The Automotive Security Management System (ASMS) of AUDI AG enhances and supplements the requirements of ISO 9001:2015 with the requirements of UNECE regulations R155 and R156.

The Automotive Security Management System includes and integrates the overarching organization, control and continuous improvement of the following two management systems:

» Cyber Security Management System (CSMS)

» Software Update Management System (SUMS)

The Cyber Security Management System (CSMS) provides the regulatory framework for securing AUDI AG vehicles and their ecosystems against cyber threats. The Software Update Management System (SUMS) controls how software updates for existing and new vehicle functions are carried out securely and enables the authenticity and integrity of the installed software to be verified in compliance with regulatory requirements.

All activities within the Automotive Security Management System (ASMS) focus on the following key areas:

» Preventing and detecting cyber security incidents and the appropriate response to them
» Creating transparency and traceability of software updates and ensuring their compliance

1.2.3.2 Implementation

Governance (2nd line) for the ASMS is anchored in the area “Requirements/Steering Product-Relevant Management Systems” and is carried out by the role of the person responsible for the Automotive Security Management System (ASMS-V). This includes the definition of a regulatory framework for the Automotive Security Management System for integration in the QM system and provides the basis for certification.

The ASMS is anchored within the existing line organization of AUDI AG by a complete and clear assignment of the defined ASMS requirements in the processes.

The complete assignment of the requirements pursuant to the UNECE R155/R156 regulations to the processes and their necessary end-to-end interconnections, is defined in the Automotive Security Overall Architecture Model (AS-GAM). The organizational unit responsible is “Development Technical Processes/Methods Model Based Systems Engineering.” This responsibility is assumed by the role of Automotive Security Process Architect.

Further responsibilities, organization of the Automotive Security Management System, including the roles, are described in the Corporate Policy Automotive Security (Cyber Security and Software Update) U_076.

1.2.4 Compliance Management System

1.2.4.1 Objectives

The trust placed by customers and stakeholders in our company and our products is our greatest asset. Rule-compliant and integrity-minded behavior of all employees and fair dealings with business partners and competitors strengthens social trust and protects Audi’s reputation as a reliable business partner, fair competitor and attractive employer.

Compliance establishes the legal framework within which we operate. Each individual contributes to making a culture of integrity a matter of course and ensuring that illegal activities are not supported.

The binding guideline for our compliance and integrity culture is the Audi Code of Conduct.

A Compliance Management System (CMS) refers to the principles, measures, processes and structures of a company to ensure the continuous observance of laws, rules and internal regulations by corporate bodies, employees and third parties acting in matters related to the company. The CMS in the VW Group is based on the requirements of IDW PS 980 (Auditing Standard 980 of the Institute of Public Auditors in Germany).

An integral part of the CMS is Integrity Management. Integrity means acting based on ethical principles, conscientiously, responsibly, and with determination. The objective of Integrity Management is thus to foster ethical conduct within the Audi Group. It seeks to limit financial, legal and reputational ramifications and damage and anchor a corporate culture guided by ethical conduct.

1.2.4.2 Implementation

As a matter of principle, it is the responsibility of each employee to comply with the relevant laws and regulations in their own working environment as well as with internal company rules, and to base their actions on the corporate values and the Audi Code of Conduct.
Behavioral requirements for employees are addressed by the Code of Conduct. The rights of co-determination of the Works Council remain unaffected. All employees with a permanent employment contract, managers, and Members of the Board of Management of AUDI AG receive training on the Audi Code of Conduct.
The web-based training (WBT) must be repeated and the qualification therefore renewed every two years. Board of Management members and managers at senior management level (OMK) and higher must also receive Code of Conduct certification annually. This group of persons thereby confirms that it fulfills its responsibility and role-model function in the context of the Audi Code of Conduct.
The “Integrity, Compliance, Risk Management” organizational unit coordinates updating of the Code of Conduct on the basis of the requirements of Volkswagen Group Compliance and is responsible for the conception, implementation and evaluation of strategic and integrated communication and qualification measures.
In addition, the link below offers information and direct advice on various governance/compliance focus topics such as commissioning third-party services, corruption and the prevention of money laundering.

Within the context of the Whistleblower System, the Audi Investigation Office is the central point of contact at Audi for reporting evidence of regulatory violations relating to the Audi Group. It can be used by both employees and external third parties and ensures trust, fairness, protection of those involved, as well as standardized processes.

Worldwide, the organizational unit “Compliance Group Entities, Corporate Regulations” provides support in ensuring a sustainably effective, appropriate and effective Compliance Management System in the Audi brand group companies.

Further information and contacts are available at:
https://portal.epp.audi.vwg/wps/myportal/compliance&integrität

For specific questions on the subject of compliance and integrity please send an email directly to: *compliance@audi.de* or *integrity@audi.de*.

In an open corporate culture, employees should be able to address errors, especially misconduct, openly at an early stage without experiencing any disadvantages. The direct line manager should be the first point of contact for problems and process improvements. Members of the Board of Management and managers also have a role-model function, so a commitment to compliance and integrity should additionally be reinforced by the top and middle management (“tone from the middle”). A tone from the top/middle can communicate the significance and relevance of compliance and integrity in the form of binding, consistent and credible statements and actions.

Further information on the Whistleblower System can be found at:
https://www.audi.com/de/company/sustainability/whistleblower-system.html

Corporate Policy “Compliance & Integrity U_051” regulates the principles of the organization as well as the tasks and structures of the compliance and integrity functions. This regulatory framework ensures the effectiveness and independence of these functions from the operative specialist areas.

1.2.5 Customs & Export Control Compliance Management System

1.2.5.1 Objectives

The Customs & Export Control Compliance Management System ensures the organizational implementation of all foreign trade regulations for all relevant matters and in all economic areas which are binding for AUDI AG. It serves to effectively monitor and manage foreign trade law risks (customs and export control risks).

All activities within the Customs & Export Control Compliance Management System focus on the following key areas:

» Ensuring proper, reliable and effective compliance with foreign trade law restrictions
» Identifying and evaluating all export control-relevant procedures early at AUDI AG and developing legal and process-optimized measures
» Preventing criminal infractions and financial penalties and damage to the reputation of AUDI AG
» The complete, correct and timely preparation and submission of all declarations, applications, documentation and verification required under foreign trade law

1.2.5.2 Implementation

The Customs & Export Control Compliance Management System includes the core elements listed in the following figure:

Figure: Core elements of Customs & Export Control Compliance Management System

The Corporate Policy Export Control U_079 regulates the detailed tasks and responsibilities for export control within AUDI AG and enables those involved in the company-wide export control organization to recognize export control-relevant issues and handle them in a compliant and timely

manner. The Corporate Policy Customs and Excise Duties U_032 serves to ensure the organizational implementation of all regulations related to customs and excise duty law for all relevant matters and in all business sectors in which AUDI AG is obliged to comply with such regulations.

1.2.6 Data Privacy Management System

1.2.6.1 Objectives

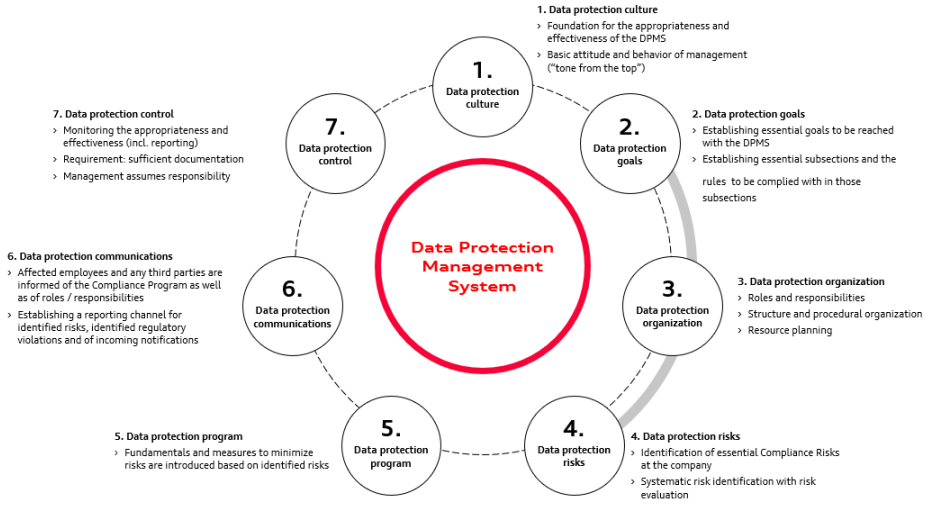
The global and efficient implementation of statutory data protection regulations plays a decisive role in successful digital transformation in the Volkswagen Group and thus also in its sustainable economic success. Ever increasing importance is being attached to the protection of personal data as the Group grows and expands into new areas of business and markets in the European Union and the rest of the world.

The purpose of the Data Protection Management System is to protect personal data and minimize data protection risks, based on the AUDI AG Code of Conduct. The goal is to safeguard an individual's right to information-related self-determination and work towards compliance with company and statutory regulations regarding data protection.

1.2.6.2 Implementation

The Data Protection Management System (DSMS) at AUDI AG includes the components listed in the following figure:

Figure: Contents of the Data Protection Management System at AUDI AG.



Corporate Policy "Data Protection – Protecting Personal Data U_016" regulates the specific tasks and powers of the company-wide data protection organization (encompassing all levels) and its cooperation with the Data Protection Officer of AUDI AG.

1.2.7 Energy and Compliance Management System

1.2.7.1 Objectives

Plant and site-related energy management is an integral part of the business processes of AUDI AG and serves to establish and maintain an organizational structure for implementing the Energy Policy of the company.

1.2.7.2 Implementation

As a management tool, the structured Energy and Compliance Management System (EnCMS) helps monitor and continuously improve energy management in accordance with statutory requirements as well as DIN EN ISO 50001:2018 requirements. This includes ensuring compliance with all relevant energy legislation, standards and obligations.

The Group Environmental Protection organizational unit coordinates site-related energy management. This basically affects all organizational units that have an impact on the following topics:

- Energy management
- Energy generation and distribution
- Energy consumers (users)
- Energy data management
- Consumption by third parties
- Energy metering

To ensure energy management is fully integrated into the planning of capital investment projects, the energy-related guidelines of the standard Group-wide performance specification (KELH) must be taken into account.

Further responsibilities are shown in a binding and comprehensive manner in the Org Manager of AUDI AG as the current status of the functional reporting structure at the company.

The detailed tasks, responsibilities and areas of competence for compliance with energy legislation, voluntary commitments and the minimum requirements for the implementation of an Energy and Compliance Management System can be found in the AUDI AG Corporate Policy “Energy and Compliance Management System U_075.”

1.2.8 Environmental Compliance Management System

1.2.8.1 Objectives

The Environmental Compliance Management System (ECMS) is an integral part of business processes at AUDI AG. It serves to fulfill environmental requirements across all phases of business activity and over the entire life cycle of products and services.

1.2.8.2 Implementation

As a management tool, the structured ECMS helps monitor and continuously improve environmental management in accordance with statutory requirements as well as the requirements of the “Eco Management and Audit Scheme (EMAS)” and ISO 14001:2015. This includes ensuring compliance with all relevant environmental laws, standards and obligations. The detailed tasks, responsibilities and areas of competence for compliance with the relevant environmental laws, standards, obligations and the minimum requirements for the implementation of an ECMS can be found in Corporate Policy “Environmental Compliance Management System U_029.”

1.2.9 Dangerous Goods Management

1.2.9.1 Objectives

Dangerous goods are substances and objects which, due to their nature, properties or condition, pose a potential risk to public order and safety during transport, in particular to the life and health of people and to animals and property.

The Dangerous Goods Transportation Act (GGBefG) and the Dangerous Goods Safety Advisor Ordinance (GbV) govern the implementation of international regulations into national law. This results in the following objectives for dangerous goods management:

- Ensuring tasks are performed in accordance with the GGBefG and GbV
- Monitoring the handling of dangerous goods
- Advising all company business units that operate in connection with the transport of dangerous goods
- Preparing the annual report for company management in accordance with statutory requirements
- Reviewing and supporting the:
  - operative and administrative implementation of shipping/receiving operations.
  - Qualification of employees
  - Implementation of immediate measures after accidents or incidents
  - Selection and deployment of service providers

1.2.9.2 Implementation

Corporate Policy “Logistics and Dangerous Goods U_028” provides the regulatory and implementation framework for complying with legal requirements. The implementation of the stated objectives is ensured in particular by:

- the appropriate organization of dangerous goods in the company (appointment of so-called “designated individuals for dangerous goods” in organizational units that handle dangerous goods)
- the qualification of employees in a dangerous goods organization through training on dangerous goods (“designated individuals” and “individuals not otherwise specified” for dangerous goods)
- the transfer of current dangerous goods regulations into the specifications for dangerous goods handling
- the execution of dangerous goods audits so that compliance with regulations in the transport of dangerous goods is documented in writing (including inspection of documents throughout the company, insofar as they relate to the transport of dangerous goods)
- the immediate notification of deficiencies and the monitoring of any derived measures being put in place
- advising the company on process optimization in handling dangerous goods and on the use and selection of service companies

1.2.10 Health protection

1.2.10.1 Objectives

The aim of Company Health Management (BGM) at AUDI AG is to maintain, promote and restore the health and thus the employability of its staff, the sustainable protection against work-related health issues, illnesses or injuries, the assurance of acute medical or emergency medical care for the workforce, and the integration of employees with health-related limitations.

1.2.10.2 Implementation

Company Health Management comprises the design, steering and development of operational structures and processes in order to make work, organization and behavior at the workplace conducive to good health.

The health protection strategy at AUDI AG as well as the strategic orientation of company health management at AUDI AG is the responsibility of Occupational Health. It is also the coordinating body within the company for all issues relating to employee health protection and, in this context, a point of contact with external authorities as well as a point of contact for the Works Council, in particular on issues subject to co-determination pursuant to Section 87 of the Works Council Constitution Act (BetrVG). The following focal points of work apply to company medical activities:

- Audi Checkup prevention program
- Occupational health medicals, work assignment consultation

- Reintegration, rehabilitation
- Consultation on work assignments abroad, vaccination programs
- Workplace design, hazardous substance management, product and health
- Health management, health report, health promotion
- Treatment by the on-site company doctor, first-aid service, emergency service

The tasks, areas of competence and responsibilities in Occupational Health at AUDI AG as well as the implementation of the significant laws, rules and regulations of health protection for the company are defined in Corporate Policy “Occupational Health U_049.”

1.2.11 Information Security Management System

1.2.11.1 Objectives

The business processes at AUDI AG depend to a large extent on information assets and information systems. Information security is essential for the success of AUDI AG and for maintaining its competitiveness. The overarching objective is to ensure risk-based and economically appropriate security of information assets, taking into account Group requirements and statutory regulations.

1.2.11.2 Implementation

To achieve its information security objectives and manage its information security risks, AUDI AG operates an Information Security Management System (ISMS) that is actively and continuously developed, monitored, reviewed, maintained and improved.

The Information Security Organization provides support by specifying appropriate security requirements, further development and reviews of the relevant processes. Using the specifications and awareness measures for handling information and information systems, the Information Security Organization verifies efficient implementation of information security measures and promotes security-conscious behavior through a uniform level of knowledge regarding information security in the company.

The Information Security Organization of AUDI AG, its basic objectives, fields of action and responsibilities and tasks for ensuring information security and supporting the security strategy of AUDI AG, is all set forth in Corporate Policy “Information Security U_024.”

1.2.12 Product Compliance Management System

1.2.12.1 Objectives

The Product Compliance Management System (PCMS) enhances and/or supplements the fulfillment of the requirements of ISO 9001:2015 as well as the Code of Conduct and is functionally integrated into the documentation of the QM system – and is thus auditable.
The PCMS comprises company regulations, processes, principles and measures to ensure that products comply with the binding obligations relevant to them (statutory/regulatory requirements, internal and external standards, contractually agreed customer requirements and voluntary commitments communicated externally). An effective PCMS reduces the risk of non-compliance and the negative consequences associated with it.

1.2.12.2 Implementation

The responsibilities and principles for the PCMS are described in the Corporate Policy “Product Compliance Management System U_059.” The policy implements the Group requirements from Group Policy 43 (KRL43) for AUDI AG and thus fulfills the requirements from the U.S. Monitorship.

The structure and content of the PCMS are based on Auditing Standard 980 “Principles of Proper Auditing of Compliance Management Systems” issued by the Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW – Institute of Public Auditors in Germany) and its seven basic elements:

1. Culture
2. Objectives
3. Risks
4. Program
5. Organization
6. Communications
7. Monitoring and improvement

The PCMS relies on elements of existing management systems, e.g. the Risk Management System (RMS), the QM System and other systems, to make the best possible use of synergies and well-established processes. The PCMS also engages in close exchange with the relevant management systems.

Responsibility for establishing and operating the PCMS as well as the associated Corporate Policy "Product Compliance Management System U_059" lies with the "Steering Business Processes, Quality Management/Risk Management, Data Protection Contact Points TD" and "Steering Corporate Quality, Quality Management" units.

1.2.13 Process Management

1.2.13.1 Objectives

Process orientation in a company is one of the principles of quality management (→ ISO 9001:2015). By process orientation we mean the constant and purposeful attention of the company on the processes with which it creates products and services for its customers.

Process management refers to the sum of all efforts to continuously improve organizational procedures with the goal of ensuring product conformity and customer satisfaction in the long term. The customer is the recipient or purchaser of the product or service that a process is intended to create.

Since processes are a series of connected events that run through the organization and beyond its boundaries, process management promotes interaction between the units and focuses the system on the consistent flow of value to the customer. Process management sees the organization as a system that can only achieve its goal collaboratively.

The employees – carriers of know-how in the organization – are regarded in process management as the capital of the company. Their security, freedom from fear, and constant further development are necessary conditions for sustainable entrepreneurial success.

1.2.13.2 Implementation

The central area Process Management, the respective central functions and the various process management roles are responsible for promoting process orientation and implementing process management at the company. The central responsibility for the design, implementation, control and improvement of processes rests with the process owner – regardless of their organizational affiliation.

The business processes are anchored in the Audi Business Process Model, which is based on the Group Process Architecture. The Business Process Model forms the regulatory framework in which the processes can be found according to different levels of detail, all following a logical flow and in end-to-end consideration. They are interlinked and coordinated via interfaces.

Processes are created and implemented taking into consideration and addressing regulatory requirements and risks. Processes are controlled using process indicators and process goals in the long term in accordance with the "Guidelines for collecting process indicators." Activities in the process are clearly assigned (roles, OUs, committees) and input-output relationships at interfaces are defined.

The detailed organization of process management, including roles as well as the design and handling of processes, are described in Corporate Policy Organizational Development: Processes, Structure and Committees U_025.

1.2.14 Internal Audit

1.2.14.1 Objectives

Internal Audit provides independent and objective auditing and consulting services aimed at creating added value and improving business processes. It supports the organization in achieving its goals by using a systematic and targeted approach to evaluating the effectiveness of risk management, controls, and management and monitoring processes as well as to helping improve them. In its activities, Internal Audit orients itself to the binding guidelines of the IIA and DIIR "International Standards for the Professional Practice of Internal Audit, including the Fundamental Principles, Definition and Code of Ethics."

The objective of Internal Audit is to support the Board of Management and the responsible managers at AUDI AG in their monitoring function. To this end, it examines and monitors the:

- Conformity of the implementation of objectives with the company's mission statement and values (monitoring of strategic goals).
- Effectiveness and efficiency of business processes (monitoring of operational goals)
- Reliability of internal and external financial reporting (monitoring of reporting targets)
- Compliance with applicable laws and other external and internal regulations (monitoring of compliance targets)

1.2.14.2 Implementation

» Integration in the company

Internal Audit is functionally and organizationally independent of the audited entities and the business and operational processes; it does not assume any operative tasks. It is independent of instructions in the performance of its auditing activities (including with regard to the determination of the scope of the audit and the reporting of audit results) and the evaluation of its audit results. The Risk Management System (RMS) and the Internal Control System (ICS) at AUDI AG follow the so-called “Three Lines” approach. The Third Line of Defence is formed by Internal Audit.

» Audit program

Internal Audit prepares an annual risk-oriented audit program that is approved by the Chairman of the Board of Management of AUDI AG and agreed with the Head of Group Audit Volkswagen.

» Quality assurance

In order to ensure the quality and effectiveness of Internal Audit work, continuous internal quality assurance work is carried out based on DIIR Standard No. 3 “Auditing of Internal Audit Systems (Quality Assessments).” This includes, among other things, audit planning, execution and reporting. The Head of Internal Audit informs the Board of Management periodically about the results. In addition, audit-related activities are reviewed regularly for compliance with the regulations – at least once every five years – by a qualified independent external assessor within the framework of external quality assessments. The results of the internal audit in terms of effectiveness are reported by the Head of Internal Audit or Group Audit to the Audit Committee of the Supervisory Board, in addition to any periodic and ad hoc reporting.

Corporate Policy “Internal Audit U_052” outlines the Rules of Procedure for Internal Audit. It serves the purpose of fundamentally defining the goals, roles, areas of competence and responsibilities of Internal Audit, and of setting out the scope of its tasks. In addition, these rules regulate the binding obligations of managers and employees to cooperate in audits and for Internal Audit to work with external bodies.

1.2.15 Risk management

1.2.15.1 Objectives

Risks and opportunities are an integral part of business activities. The task of Corporate Risk Management is to ensure that risks are identified at an early stage and managed proactively.

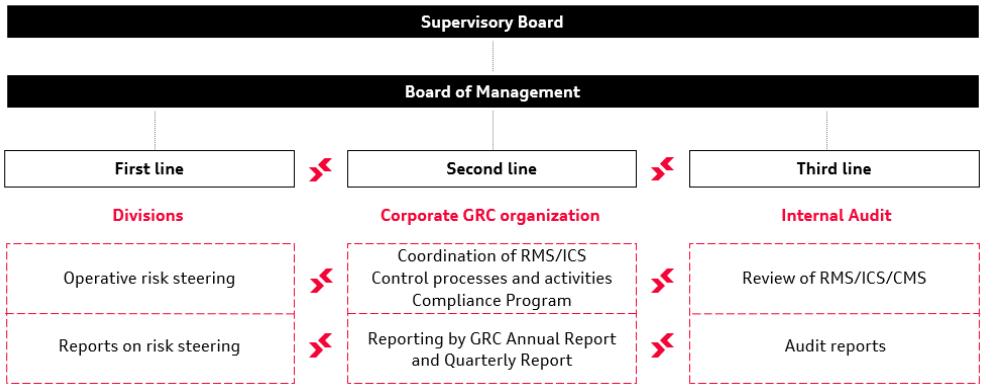
In accordance with Section 91, paragraph 2 AktG (German Stock Corporation Act), the Board of Management must take appropriate measures, specifically installing a monitoring system, to identify developments posing a danger to the going concern of the company at an early stage (risk early warning system). According to Section 107 AktG, the Supervisory Board is obliged to monitor, among other things, the effectiveness of Risk Management and the Internal Control System.

Risk Management at Audi not only has a legal mandate but must also meet entrepreneurial goals. Its task is to make risks apparent and improve their manageability.

1.2.15.2 Implementation

Risk Management is integrated as an inherent element of the AUDI AG organization. The Board of Management of AUDI AG is responsible for the implementation, operation and further development of an appropriate, functional and documented Risk Management System/Internal Control System. Audi Risk Management is organized according to the “Three Lines Model” established within the Volkswagen Group to systematically deal with risks.

Figure: The Three Lines Model



To do this, risk management tasks have been divided organizationally along three lines. The “First Line” (business units) is responsible for operative risk management. The “Second” Line (Central GRC Organization/Corporate Risk Management) coordinates the company-wide Risk Management System/Internal Control System, including the regular processes and activities. The “Third Line” (Internal Audit) reviews the functionality of the Risk Management System/Internal Control System.

The design and mode of operation of Audi Risk Management, its organizational implementation, the minimum requirements for the Risk Management System and an overview of existing regular processes and activities are defined in Corporate Policy “Risk Management U_006.”

1.3 HR process

1.3.1 Objectives

Audi HR regards itself as a strategic partner and pursues the goal of making the company into a place of fulfilling, good work, advising, qualifying and bringing the employees into the right position at the right time. Audi HR thus promotes the transformation of Audi into a provider of innovative premium mobility and shapes the world of work to make Audi into an attractive employer.
Moreover, “People & Culture” is one of the fundamental elements of the “Vorsprung 2030” corporate strategy and, together with the Audi HR vision “We are the HRtbeat that moves Audi,” the close interlinking of the Audi HR Strategy with the corporate strategy becomes clear. Audi HR has eight performance promises, which can be broken down into defined goals, each with their respective KPIs and therefore represents a measurable and transparent strategy. Integrity and compliance with laws and regulations are the basis of corporate activity and always have the highest priority.

1.3.2 Implementation

The HR process is based on the “Employee Life Cycle,” which reflects all phases that employees undergo during the course of their company service: beginning with personnel address/communication, personnel selection and hiring onto personnel support, re-qualification through to leaving the company. The rights of co-determination of the Works Council are protected.

During the phases of the “Employee Life Cycle,” defined processes - within the Division S process house - are used that are aligned to the customers (applicants, employees, managers, etc.). The relevant processes are described as the process standard and made known in the company. The process standards comply with the requirements, ensure compliance and integrity and regulate binding collaboration models between the process participants.
The Audi HR processes are basically underpinned by measured values that are continuously verified and developed further (CIP). There are clearly defined roles and responsibilities for safeguarding these. The process owner in particular ensures achievement of the process goals and the further development of the processes.

1.4 Data collection and data evaluation

1.4.1 Objectives

» Comparison of target/actual status of the conformity for all aspects of the QM system and the corresponding verification.

» Comparison of target/actual status of the conformity of the processes and products and the corresponding verification.

» Determination of the adequate and applicable root cause analyses as well as the corresponding corrective actions by the affected areas.

» As part of standard business processes, key figures and data are systematically ascertained according to defined procedures and evaluated by appropriate committees. In the event of deviations, the appropriate root cause analyses are made and corrective action is taken

» Implementation of requirements for managing documented information (regulations→, requirements and records→, verification documentation) for all processes within the QM system.

1.4.2 Implementation

1.4.2.1 Audits

Internal audits (system, product and process audits) are used to determine the extent to which the requirements of the QM system have been met and thus serve to monitor its effectiveness. The audit types (system, process and product audits), which are independent and can be applied separately, have overlaps and complement each other in an overall assessment of the QM system and the capability of our company to deliver quality. If the results of the audits reveal the need for root cause analyses and corrective actions, follow-up audits can be conducted at the organizational units to demonstrate the effectiveness of the analyses and corrective actions taken.

1.4.2.1.1 System audit

Internal system audits provide a basis for monitoring the implementation, further development and effectiveness of a QM system and contribute to its continuous improvement. Every organization that maintains a QM system must conduct internal system audits at scheduled intervals. The system audit refers to the basic stipulations and requirements for the Quality Management System (external and internal requirements) and its practical application. It takes into account aspects of structure and function and, to a decisive degree, considers the interaction of cross-sectional functions and cross-sectional tasks. The completeness, consistency and effectiveness of the installed QM system are monitored during audits (→ Section 1.1.8.2 System audits).

1.4.2.1.2 Process audit

Process audits serve to assess and evaluate individual processes and are carried out in accordance with Group regulations based on VDA 6.3. The purpose of conducting the process audit is to review and repeatedly approve the processes in the manufacturing areas of the sites.

What is compared and evaluated is the conformity of the process quality with the documents, quality records and data of the process.

1.4.2.1.3 Product audit

Product audits assess quality capability by comparing the product quality of a specified number of end products, assemblies, and/or parts with the specified quality targets for those things.

Product audits are conducted on a regular basis at the plants. Benchmarking is performed by Corporate Quality Audi.

1.4.2.1.4 Regulatory authority audit

In regulatory authority audits, AUDI AG production or manufacturing sites are inspected and evaluated by the respective state authorities themselves, or by commissioned certification companies with regard to the country-specific, statutory requirements.

During these audits, a production site must provide verification as part of a plant inspection

» that the approved products meet the type-approved characteristics and specifications or the country-specific legal requirements

» that the required documentation verification is also available

» and that the requirements for the Quality Management System are met.

China, Japan, Thailand as well as Russia or Belarus are examples of countries that carry out these audits. The frequency of audits is country-specific. European countries usually dispense with additional audits because they recognize certificates according to ISO 9001:2015 (Quality Management Systems – Requirements) as sufficient verification.

The audit covers cross-specialist area requirements from the QM system subject areas, conformity of production (CoP), homologation, vehicle production, procurement, quality assurance, testing and measuring equipment, controlling defective products, market monitoring, etc.

After passing the audit, the plant is authorized to import vehicles into the country for a certain period of time. If the audit is not passed, the plant/manufacturer may be banned from importing into the respective country.

1.5 Economic efficiency

1.5.1 Objectives

The “Economic efficiency” action area pursues the following objective:

» Capital market/value-oriented translation of the long-term corporate strategy into long- to medium-term corporate planning/steering as well as short-term budget planning/steering.

» Achievement of strategic and financial targets to safeguard the Audi Group’s profitability on a sustained basis in conjunction with significantly improved ratings and market capitalization

» Targeted information from management with information relevant to steering

1.5.2 Implementation

The “Economic efficiency” action area consists of the following task areas:

» Fact-based profit pool analysis, (de-) prioritization and initial allocation of resources

» Preparation and execution of Strategic Planning incl. details of key performance indicators/sub-plans for the next 10 years as well as structured derivation of five-year targets

» Preparation and execution of Operative Planning incl. details of key performance indicators/sub-plans as well as setting binding financial targets for the next five years

» Planning and steering of targets/budgets/measures incl. setting targets for business units/companies/sub-plan managers and tracking of all opportunities/risks

» Monitoring the implementation of strategic measures and, if necessary, making adjustments as well as linking with new strategy initiatives and deriving inputs for the next strategy process round

As a basis for management decisions for e.g. product/non-product projects or other relevant decision-making procedures, the appropriate management decision-making tools must be used to examine the projects in terms of their necessity, cost-effectiveness, appropriateness, alternatives, etc. before they are implemented. Detailed estimates or information on the cost, revenue and capital commitment flows associated with a given measure are required as a basis for these economic feasibility calculations.

As part of annually recurring planning rounds, the Audi Group carries out planning taking into account a variety of planning assumptions such as cycle plans, sales planning, production planning, plant occupancy/site alternatives, capacity planning, personnel planning, target values/targets for investment planning, etc., and prepares the budgets (e.g. for investments and costs) for the subsequent year in question.

The adoption/approval of the planning is carried out by the Board of Management or the Supervisory Board of AUDI AG. This approval provides the Board of Management with a framework for future business decisions.

The main key performance indicators in controlling are derived from the income statement, the balance sheet and financing. The income statement is focused on control variables such as sales, profit contribution and fixed costs. The target figure “Operating profit/return on sales” (RoS) is then derived based on these. The Audi Group is steered on the basis of the operating result. Fixed assets, current assets, and borrowed capital and equity are the key performance indicators in the balance sheet. The return on investment (RoI) is used as the target value here. The return on investment is used within the Audi Group within the meaning of value-oriented corporate governance.

In the case of financing, KPIs include gross cash flow, working capital, capital investment and net liquidity. Liquidity is the basis for refinancing on the capital market.

The requirements for the organizational and process-related implementation of the Controlling function at AUDI AG can be found in Corporate Policy “Controlling U_023.”

1.6 Improvement process

1.6.1 Objectives

» Ensuring continuous improvement of the effectiveness of the QM system and its processes

» Improving all company processes and overall procedures by using methods in order to ensure the achievement of company goals with regard to quality, costs and deadlines, with the goal of increasing customer satisfaction

- Minimizing risks and reducing undesirable effects through targeted root cause analyses and sustainable corrective actions
- Determining appropriate methods for eliminating the sources of faults and verifying the effectiveness of corrective actions taken
- Ensuring the deployment of qualified and authorized personnel (→ Section 1.8 Resources management and knowledge management) to carry out the corrective actions and associated methods

1.6.2 Implementation

1.6.2.1 PDCA cycle

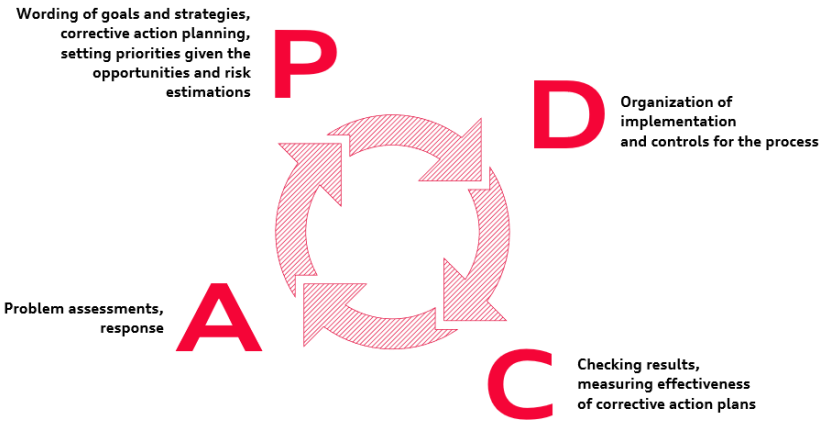
The requirements-based regulations (e.g. process standards) serve to improve and thus minimize the risks of all company processes within the scope of the QM system.

The application of different methods and tools ensures that corporate goals are achieved and thus contributes to increasing customer satisfaction. The risks of errors and repeated errors are identified in advance, in-depth root cause analyses are carried out and adequate, suitable corrective action is initiated with the goal of eliminating the source of the error over the long term. By creating and implementing a team-oriented work process organization in the entire company, we create the prerequisites for including all employees in the continuous improvement process. We use the knowledge and ideas potential of all employees, where everyone questions and analyzes the existing, points out improvements, tests them with regard to their effectiveness and introduces them as a new standard.

The responsibility of each employee is to initiate the necessary steps or provide information to the responsible specialist areas that have been identified as originators of the problem in question. This information is to be recorded in the triggering unit (as documented information → records).

The continuous improvement of all processes and products is carried out according to the PDCA cycle, e.g. using risk analysis and risk assessment of the processes through reviews, internal audits (→ Section 1.4 Data collection and data evaluation), etc.

Figure: PDCA cycle



1.6.2.2 Audi Ideas Program

The Audi Ideas Program is a management, motivation and participation tool for promoting the commitment of individuals and groups. Activating and utilizing the knowledge, experience or ideas potential of all members of the workforce helps to support the central corporate goals. By improving existing processes and products and by increasing quality, productivity and job satisfaction we enhance competitiveness, provide secure employment and generate benefits for the company.

The “Ideas Agency” organizational unit supports, advises and informs all employees and managers on all matters relating to the processes of the Ideas Program and to the promotion of employee creativity, idea generation and idea processing. The technical basis of the Ideas Program is a software tool that can be used by the specialist areas to submit, process and finalize ideas. The central management tool for all organizational units is formed by defined KPIs that are confirmed annually by the Board of Management and tracked by the Ideas Agency. Achievement of the defined KPIs must be ensured by the respective OU.

1.7 Communication and information

1.7.1 Objectives

» Ensuring optimal information flow supported by the appropriate integration of hardware and software as well as the timely involvement of all internal and external interested parties

1.7.2 Implementation

1.7.2.1 Internal communication

The internal communication process within the company is based, among other things, on ideas management, informational events and other information media. All methods and tools for ensuring internal communication support the process, keep information available in a structured manner and promote targeted open communication.

The social media at AUDI AG, the internal file storage and information/exchange platforms additionally account for a large share of the information flow. Data protection and security aspects are taken into account by means of appropriate regulations and procedures (→ AUDI AG Corporate Regulations U_001 and Data Protection – Protecting Personal Data U_016). Access to selected information for external interested parties (customers, supplier companies and service providers) can also be provided in a suitable manner.

The disclosure of information can also be made using:

» Information/group pages

» Notice boards

» Team/department meetings

» Employee meetings, telephone and video conferences, etc.

The effectiveness of the QM system is continuously evaluated and communicated with those responsible (→ Section 1.1.8 Monitoring the effectiveness of the QMS). Further important monitoring methods also include product, process and system audits (→ Section 1.4 Data collection and data evaluation). Through regular reporting and meetings with process owners at all levels, these results are highlighted, processed, tracked and verified.

1.7.2.2 Communication with “interested parties”

The clear and unambiguous interaction of roles and individual processes within the QM system enables top management and individual hierarchical levels to determine and define the most important communication channels and interested parties (partners) for the QM system.

The interested parties within and outside the scope of the QM system typically make important demands on the company independently of each other and/or have expectations of the company and its QM system, which are recorded by responsible departments in the company and analyzed and processed in a targeted manner (→ Section 1.1.3 Context of the QMS).

Description of responsibility for external communications of the company towards external interested parties is defined by the responsible bodies within the company, which maintain the contact to the above-mentioned interested parties. The responsible areas or bodies within the QM system determine the interested parties for the various parties concerned.

The internal communication departments of the company are generally responsible for communicating the coordinated regulations and decisions of the company to employees, both within and outside the scope of the QM system.

Individual areas are allowed to communicate with external partners (external interested parties) as long as it concerns technical topics that are within the scope of their described authority and tasks (e.g. procurement→ suppliers, sales →dealer organizations, QM →certification companies, etc.). The confidentiality of documents and data must always be ensured.

Within the company and the QM system, areas (“internal interested parties”) can communicate without restriction within the scope of their authorities.

1.8 Resources management and knowledge management

1.8.1 Objectives

» Ensuring that the resources needed to meet QM requirements (both statutory and regulatory requirements) are made available.

» Ensuring the methodology is in place in the form of tools and resources to maintain the company's knowledge (with its QM system as the carrier)

» Ensuring that lessons learned are considered and evaluated as the QM system evolves to enable the transfer of knowledge and minimize risks for new projects

1.8.2 Implementation

1.8.2.1 Resources Management

Within the QM system, the PDCA (Plan-Do-Check-Act) method can be used for process recording (→ Section 1.6 Improvement). Demand-oriented handling of resources is part of all phases here. Top management is responsible for providing the required resources as well as for planning their availability. (→ Section 1.1 Management responsibility and corporate strategy)

This responsibility extends to all phases and levels of the QM system, its maintenance, modification and further development. It is a cross-sectional function through all direct and indirect (supporting) areas within the QM system. This includes, among others, the following:

» Personnel resources to ensure the effective maintenance of the QM system (personnel resources for QM functions, roles, auditors, central areas and central functions, etc.)

» Infrastructure and a working environment to carry out the defined processes and to ensure the conformity of products and services

» Resources for measuring and monitoring in order to provide verification of product conformity according to defined requirements (→ Section 3.4 Inspection and corrective action plans)

» Retaining regulations and records as verification of resource suitability

Top management continuously evaluates the suitability of the available resources (→ Section 1.1 Management responsibility and corporate strategy)

1.8.2.2 Knowledge Management

The knowledge required to carry out production and service processes in accordance with specifications is recorded, evaluated, communicated and maintained in order to minimize risks. It is then available to the required extent to all areas involved for the current processes and future projects.

In this context, technical solutions including hardware and software, information and communication technology, the storage of regulations and records, methods and formats for identifying and generating new knowledge, and for documenting and networking knowledge, etc. are provided by the company.

Knowledge is acquired from both internal (e.g., lessons learned, expert knowledge, sharing experiences) and external sources (e.g., laws, standards, collaborations, etc.).

Knowledge is documented as:

» Process standards, work instructions and/or test instructions

» Process flows, process data, feasibility studies

» Databases for product and/or process FMEAs

» Documentation of test results and field problems

» Product optimizations/manufacturing processes etc.

Those are then passed on and continuously developed via project- and topic-specific databases, specialist media, applications such as AUDI wiki and/or expert meetings, etc.

The Audi Akademie bundles all educational activities, from vocational training, dual-study programs, further training and competence development within AUDI AG, and works together with the specialist areas as well as the Works Council to define how those areas of competence are to be developed. It supports apprentices, students engaged in dual-study programs, employees, specialists and managers in developing their knowledge and skills in a targeted and sustainable manner, all with the help of numerous training programs. The goal is to safeguard the necessary future expertise within the company and to impart that in a targeted manner – individualized and accessible anywhere and at any time.

2 Operational planning processes

2.1 Development process

2.1.1 Technical Development

2.1.1.1 Objectives

- Developing vehicles/engines for a product that is ready for series production and which, through its competitive superiority, satisfies and delights the customer beyond their expectations. Indicators for this are provided by market analyses on customer satisfaction
- Fulfilling specified quality, safety, statutory and environmental requirements
- Complying with specified cost and schedule goals
- Minimizing product risks by applying systematic quality management methods
- Issuing product releases after carrying out product tests in the development and pre-series phases
- Innovative developments to safeguard existing markets and expand into new markets
- Further development of existing series products

2.1.1.2 Implementation

Development responsibility for AUDI AG products lies with the respective Technical Development (TE) locations. The development process in Technical Development covers the design and concept work, construction, integration and validation as well as release and homologation of the project.

Requirements for a new project at the beginning of development come through specifications from market research, functional requirements, binding obligations such as laws (vehicle technical regulations), experiences from past projects, risk and quality management, etc.

Requirements are recorded, specified and defined as development specifications and then confirmed by the responsible decision-making committees. In the event of deviations from development specifications, the decision-making committees determine and approve subsequent procedures.

The collaboration models (primarily for TD tasks) for vehicle and platform development are described in cross-divisional process standards. The PEP (product emergence process) dictates the TD action level for TD. This in turn forms the basis for the procedures in the Technical Development specialist areas and their OUs.

The processes in the specialist areas are regulated in detail by process standards and work instructions, insofar as these are not already specified by superordinate regulations. The tasks and responsibilities with the interface partners are bindingly regulated in process standards.

The development result is validated and approved by virtual DMU (Digital Mock-Up), calculations, simulations and physical methods (trials, tests, laboratory tests, acceptance road tests). Changes are agreed to and approved by the responsible committees using change requests. Finally, homologation is performed in accordance with applicable legislation and other internal and external specifications.

Documentation is carried out in technical BOMs and in design data management systems, among other things. Results and changes are documented throughout the entire development process.

2.1.2 Product lines

2.1.2.1 Objectives

The goal of a product line is to manage AUDI AG vehicle projects in a targeted and efficient manner. Product Line Management is structured in the form of a matrix organization. This is intended to achieve a high degree of networking and promote teamwork between all specialist areas while making the best possible use of existing capacities. This organizational form helps identify conflicting goals at an early stage and find suitable solutions quickly.

2.1.2.2 Implementation

Corporate Policy “Product Line Management U_037” defines the basic responsibilities in the product line and its interface partners for achieving the goals in terms of technology, quality, deadlines and project budgets. In addition, binding sub-processes for cooperation and project work are documented.

2.1.3 FUSE

2.1.3.1 Objectives

Functional Orientation and Systems Engineering (FUSE) is a holistic and interdisciplinary approach to developing complex networked systems. It relies on consistent roles, responsibilities, processes and methods, all supported by IT tools. The central goal of Systems Engineering is the successful design and realization of complex products as well as the organization of the activities required for this.

2.1.3.2 Implementation

Systems Engineering describes the state-of-the-art procedure for systematically structuring and implementing the product process for complex technical systems. It specifies development methodologies for how/which processes are needed to systematically develop a vehicle.

Quality in this context means a system that conforms with the requirements for function, performance and good manufacturing

Quality assurance comprises the measures taken to establish the conformity of a system with the requirements

Quality management focuses on the procedural and organizational requirements for achieving the quality targets.

Quality assurance measures in the development phase include, in particular, ensuring quality on the side of both processes and development results.

In addition to company-wide risk management (→ Section 1.2.15 Risk management), Risk Management in Systems Engineering includes further aspects in dedicated risk identification at the beginning of the system life cycle and risk management in the development process.

Further information is available in the company-wide Systems Engineering portal at AUDI AG: *FUSE@Audi*

2.2 Planning process

2.2.1 Objectives

The goal of the planning process is to plan, implement and validate products and processes for pre-series and series production.

2.2.2 Implementation

Planning responsibility for vehicle and powertrain projects of the Audi brand is regulated between product planning, manufacturing planning and ramp-up management.

In addition to the management and support processes,

- production technology development
- requirements management
- product planning and product validation
- manufacturing planning and
- steering of ramp-up relevant activities at the plant

make up the core tasks of the planning process.

The procedure for developing and testing new production technology is defined. The necessary process materials are approved for this purpose. Implementation takes place in vehicle and powertrain projects leading to production readiness.

As part of requirements management, degrees of freedom in both manufacturing and production requirements are communicated to the specialist areas of Development in order to ensure technical feasibility from an economic point of view.

A further central core task of product planning is product design and product validation of all Audi models and products at Audi locations. Physical and digital prototypes as well as pre-series vehicles are used here to validate both product maturity and buildability of the products.

Manufacturing planning includes the definition of manufacturing technologies and the integration of all manufacturing processes required to make a product manufacturable. This creates effective and efficient manufacturing processes for the manufacture of premium automobiles of the highest quality.

Ramp-Up Management is responsible for ensuring from the plant perspective that vehicle production ramp-up is on time, to the required quality, and within budget (plant ramp-up costs, MI volume (market introduction volume) and deadline) and to steer the ramp-up-relevant activities at the plant. The supervision and management of the plant pilot production hall is also the task of Ramp-Up Steering.

3 Operational steering processes

3.1 Procurement process

3.1.1 Objectives

The procurement process regulates all measures and procedures relating to the procurement of products (production material and general purchasing material) as well as services with the aim of ensuring that they meet the required procurement requirements.

Procurement is responsible for the worldwide acquisition of all purchased parts, components and raw materials required for vehicle production. Procurement also ensures the general supply of operating materials, services and capital goods for the plants.

When awarding contracts for products and services, the aim is to identify the best supplier company in terms of innovation, development performance, project management, price (world price level), quality, deadlines and service while at the same time achieving internal targets (e.g. financial targets). Besides these goals, it is the task of Procurement to avoid errors in the sourcing process as well as to achieve product and process improvement with simultaneous fulfillment of customer expectations.

These goals apply to all specialist areas of AUDI AG that directly or indirectly influence the quality of procured products and services.

In partnership with our supplier companies, it is important to ensure the best price-performance ratio worldwide and thus provide the right parts, equipment, services and operating resources “on time,” in the required quantity and quality; and at the right place.

Through partnerships and forward-thinking cooperation with supplier companies, new procurement markets are opened up and existing ones optimized as well as jointly generating innovation. In order to build up local supply companies in a targeted manner and to create global competition, it is important to continuously work the procurement markets worldwide. Comprehensive management of procurement goods, procurement processes and the corresponding production process know-how therefore forms the basis of our purchasing activities.

The Procurement strategy has been aligned with the strategic goals of the Volkswagen Group and AUDI AG.

Within this framework, Procurement has defined five key goals:

» Availability, innovation and quality

» Costs

» Process efficiency and process organization

» Attractiveness and areas of competence

» Sustainability

In order to achieve the aforementioned goals, the areas of Procurement are divided into corresponding organizational units (see Procurement organizational charts), taking into account responsibilities and areas of competence.

3.1.2 Implementation

The processes valid in Procurement are described in process standards for use across all divisions. The process standards can be found in the VA/PS database in Audi social media. Detailed descriptions as well as supplementary documents and information are also available for all internal Procurement processes on the ONE-Portal. A glossary containing all procurement-related technical terms and abbreviations is available there, among other things.

The overarching framework here is Corporate Policy “Procurement Principles U_022.” In particular, the Corporate Policies “Commissioning Third-Party Services U_039” and “Management Consulting Services: Contract Award and Management U_004” must also be observed.

3.2 Supply Chain

3.2.1 Objectives

The Supply Chain Organization bundles logistics functions for vehicle production within the Audi brand. Standardized processes are used to design, optimize and steer the global logistics network. In crisis situations, this ensures minimal impact across all processes. The Supply Chain collaboration model comprises the following task areas and objectives:

» Supply Chain Steering manages the customer order process (COP) and the worldwide production network for all Audi manufacturing plants as well as the short and medium-term development of the Supply Chain area

- Supply Chain Planning, including steering, representation and implementation of all logistical planning projects worldwide as well as worldwide planning responsibility for SAP rollouts (S/4)Hana.
- Supply Chain Pre-Series with integrated steering of the logistics ramp-up of new vehicle projects, product modifications and Life Cycle Management (LCM) as well as the steering, planning and implementation of information and material flow concepts for pre-series logistics across locations and brands
- Supply Chain Inbound with the organization, planning, optimization and processing of all inbound material flows as well as the medium-term continued development of inbound processes at all AUDI locations.
- Supply Chain International with the cost-optimized and high-quality planning, optimization and steering of the Audi xKD business for supplying worldwide xKD production facilities SKD (Semi Knocked Down), MKD (Medium Knocked Down) and CKD (Completely Knocked Down) of AUDI AG with partially knocked down vehicles, individual parts, bodies as well as operating and production equipment
- Supply Chain Target Management with the operative and strategic planning and control of costs, goals and personnel as well as the implementation of QM and risk management.
- Supply Chain Plants with the demand-oriented and economic steering of logistics in the respective plant to safeguard long-term competitiveness within the framework of operative responsibility for costs, quality, program and delivery reliability.

3.2.2 Implementation

Supply Chain (SC) Steering is responsible for short and medium-term program planning. Moreover, its range of tasks also includes order management and installation rate forecasting, planning and optimizing material requirements in the context of requirement/capacity management, worldwide supply management and the associated management of shortages, steering and optimization of the worldwide distribution network as well as carrying out vehicle transports in the target markets. Supply Chain Steering also carries out strategic tasks such as the further development of the distribution network and of the customer order process, coordination of the area environmental management system, development of the worldwide Supply Chain strategy, as well as structural and procedural organization, contributing to shaping the Audi production and Group logistics strategy, conducting benchmark projects for ensuring competitive logistics as well as area communication.

Supply Chain Planning is responsible for the worldwide planning and implementation of in-house logistics processes, structures and equipment, and supports the Supply Chain Plants in implementing and further developing standardized concepts. The area also represents the entirety of logistics interests in the vehicle projects and cross-divisional committees. Moreover, Supply Chain Planning is responsible for the consulting, planning and implementation of SAP rollouts (S/4 Hana) worldwide within the Supply Chain. Standardization, continuous improvements and further development of innovative logistics technologies and digital logistics planning tools ensure efficient, economically sustainable and resource-saving logistic processes.

Supply Chain Pre-Series carries out the logistics activities from -36 months before SOP to market introduction for vehicle projects at all Audi manufacturing plants. This includes the planning and validation of the pre-series program,
the validation of on-time supply of material requirements in the correct quantities, including materials planning, storage and commissioning at the part level as well as scheduling and cross-specialist area steering of technical changes in pre-series and series production.
Technical approvals for new ramp-ups and model updates are awarded within the context of the Technical Program Planning Committee (TPPA). TPPA thus forms the central link between the product emergence process (PEP) and the customer order process (COP) with respect to the Brand Program Committee (MPA).

Supply Chain Inbound is responsible for planning and optimizing materials transport services as well as procuring inbound and outbound transport services. All purchasing and invoicing functions for inbound freight are bundled and coordinated. An integral part of this is data management for materials and vehicles with the provision of vehicle information for Production, Procurement, Logistics and external suppliers**,** the formation of VINs (Vehicle Identification Number) as well as the provision of logistical data for requirements calculation. Also among the focal points are the standardization and optimization of inbound processes as well as the coordination and definition of uniform requirements for implementing digitalization projects to increase efficiency and compliance with corporate goals.

Supply Chain International manages the xKD process, from order planning to worldwide delivery to xKD customers. For this purpose, it plans and optimizes the delivery, packaging and shipping programs as well as their operative implementation for all xKD vehicle production facilities of AUDI AG. In addition, it monitors the maintenance of all legal and quality requirements in the xKD network and is responsible for invoicing any packaging services. In the event of a crisis, it is responsible for the overall management of all xKD processes. The ultimate goal is to optimize Audi's profit by continuously reducing xKD costs and maximizing xKD revenues by negotiating logistics prices with xKD customers.

Supply Chain Target Management is responsible for planning and controlling cost targets while taking into account the overall optimum for Audi. Strategic approaches are used to determine the cost targets necessary for sustainable profitability, and these are managed with the help of cost reduction initiatives within Audi and the Group. Costs, targets, quality and risk management are all taken into consideration holistically to achieve these goals. This forms the central interface to the Finance and Quality departments within Audi and the Group and ensures networking at all Audi locations.

Supply Chain Plants is standardized across all plants and is mapped into inbound, in-house and outbound processes. Inbound Logistics ensures secure and efficient supply of series production at the various locations. In-House Logistics is responsible for the acceptance, storage and supply of materials for defined areas and processes. Outbound Logistics is responsible for both the management and the loading process for the FBUs (Fully Built Up) at the respective locations, Supply Chain Mexico is additionally responsible for FBU tracking in the network (ship and/or trains) incl. updating, up to the national border. In addition, Supply Chain Plants is involved in the implementation of new logistics processes, structures and equipment for logistically supplying series production and optimizing logistics and production flows. All logistical matters are represented by Supply Chain Plants to the plant management.

3.3 Production processes

3.3.1 Objectives

Ensuring demand-oriented and economical control of the production of compliant, mature goods using uniformly defined and steered processes and procedures to ensure compliant and validatable products. The permanent improvement and optimization of procedures is of significant relevance here. Fulfilling customer expectations and achieving customer satisfaction is an integral part of this process. Target attainment is supported by the commissioning of internal/external services.

3.3.2 Implementation

Based on the production calendar and on the development and definition of operational modes, production program planning represents the demand-oriented, overall economic planning for production quantities for the AUDI AG plants, taking into account sales requirements, economic aspects and production restrictions. Within the framework of operative vehicle control, the scheduled orders for each location are controlled and tracked from FU release (production overview) all the way to ZP8 (checkpoint 8).

The manufacturing process consists of a multitude of processes that are aligned along the entire value chain, from product planning to sales. Based on the Q Policy within the QM scope, our manufacturing philosophy is customer-oriented, i.e. an internal company cooperation according to the customer-supplier principle. Manufacturing processes can be divided into the following areas on a site-specific basis: Press Shop, Body Shop, Paint Shop, Assembly, Special Security and Special Vehicle Construction, and Module and System Manufacturing. These manufacturing processes are supplemented by the corresponding support processes for series production.

3.3.2.1 Production processes

Press Shop	all Audi press plants are centrally steered. Central steering ensures optimum capacity utilization and the best possible supply of sheet metal parts for all Audi production sites and Group partners.
Body Shop	is a customer of the Press Shop. It produces bodies in white for transfer to the Paint Shop as well as modules for the Group.
Paint Shop	is a customer of the Body Shop. Processes here include KTL (cathodic dip coating), sealing, filling, painting, cavity preservation and decorating of the bodies with subsequent transfer to assembly
Assembly	is a customer of the Paint Shop. Completion, testing and finishing of vehicles before handover to Sales
Module and system production **Vehicle construction**	delivery of modules and systems to the Group and in-house delivery (e.g. wheels, powertrains, etc.)
Special security vehicle construction	construction and completion of special security and special-purpose vehicles
Special vehicle construction	specific vehicle preparation for the sales, trade fairs and the media areas

3.3.2.2 Supporting processes for series production

» **Maintenance and servicing**

Defined process parameters are monitored, disruptions are rectified and regular preventative maintenance and servicing work is carried out.

» **Inspection status**

The inspection status is clearly indicated by appropriate marking of the product throughout the entire production phase. After completion of all tests: Quality feedback loop (QRK), checkpoints (ZP), gates with compliant results, vehicle attains the status for customer release (ZP8).

» **Marking and traceability**

of materials, products and assemblies (ZSB) ensures clear assignment to the associated execution documents, test status and documentation of results and measures in all production phases. A build status documentation (BZD) is carried out to secure, record and forward the assembly specified and to be documented in the TLD (Technical Guideline for Documentation) for the vehicle class to be built.

» **Industrial Engineering**

Analysis and optimization of production processes, advice to the manufacturing area and active management in achieving productivity and ergonomic targets as well as execution of labor requirements planning for the entire direct area in the plant.

» **CIP and Training Center**

Promotion and steering of the uniform implementation of operational excellence methods and systematics (production system) in the plant, taking into account the requirements of digitalization as well as supporting manufacturing with training offers. (→ Section 1.6 Improvement and Section 1.8 Resources management and knowledge management)

» **Fault elimination process (FAP)**

Using the fault elimination process for the buildability and manufacturability of products in the series process, an established procedure is used for accelerated and effective fault elimination in the field and in plants. The focus within the scope analyzing complaints with problem causes in a product, component, process or plant – taking into account the agreed quality targets from 0-series to EOP (End of Production) – lies in finding fast and sustainable solutions as well as in securing the implementation of measures with process partners (e.g. operators, Planning, Quality Assurance, Development). (→ Section 3.4. Inspection and corrective action plans)

The affected processes and methods within production are defined in more detail in the process standards and other regulations of the respective organizational units.

3.4 Inspections and corrective action plans

3.4.1 Objectives

» The inspection of processes and products using suitable methods and test equipment and, if necessary, the initiation of suitable corrective and preventative action plans (in the sense of risk assessment for continuous process and product improvement)

» Providing verification of process and product quality in the context of given specifications and statutory requirements

» Constantly reviewing and thus continuously optimizing the company's processes by applying various methods

3.4.2 Implementation

3.4.2.1 Inspections and approvals

An "inspection" (or "approval", if applicable) basically has the following criteria:

» Target specifications (according to test plan, drawing, test instruction, specification, etc.)

» Frequency (e.g. time interval) and, if applicable, test equipment

» Assigned personnel resources and their authority

» Documentation of results (actual values, inspection status) and storage according to archiving requirements

» Decision-making processes (e.g. approval, block, rework)

Inspections (releases) are defined in all business processes and implemented independently by the applicable organizational units on their own responsibility. Examples of this are: pre-series inspections, intermediate inspections, final inspections, final acceptances and conformity inspections.

Where deviations from target specifications occur, they are traced back to the point of origin with the aim of changing all causative processes in such a way that such errors do not occur again in the future.

The analyses are carried out using systems available for this purpose; cause-effect diagrams, Pareto analyses and statistical methods and quality assurance tools, for example.

3.4.2.2 Test process management and test equipment management

The test process management in all areas of AUDI AG is the basis for validating test results and assuring confidence in the correctness of the measurement results, thus contributing to conformity and to the decisions and measures derived based on them. Capable and controlled measurement and test processes form the basis for safeguarding a targeted and cost-effective procedure and for minimizing liability risks.
In order to ensure the reliability of measurement and test processes, the detailed procedures and responsibilities for risk-appropriate validation, test process planning, test equipment management, verification of suitability of measurement processes, taking into account measurement uncertainty and verification of the effectiveness of management, are regulated.
During the course of risk-appropriate validation, the determination, definition, tracking, documentation and archiving of "special features" (BM) must be carried out and require particular attention.
During test equipment management, seamless verification of metrological traceability to the next-higher connection must be provided (calibration chain verification). This is to be ensured by the corresponding approvals and verifications for external laboratories, or for laboratories offering services outside their own company. In this context, the requirements of DIN EN ISO/IEC 17025:2018 must be complied with.
The detailed procedures and responsibilities for the test process management and test equipment management are defined/described in the further referenced specification documents/regulations at AUDI AG.

3.4.2.3 Conformity of production (CoP)

As the approval holder, AUDI AG is obliged to provide verification of conformity of production. Conformity of production in this context means that the vehicles produced conform to the approved type of the respective type-approval country.

Relevant test characteristics as well as further stipulations are derived for the overall vehicle based on laws and company requirements and described in corresponding CoP test instructions. In this respect, both measuring and visual as well as process-integrated tests are carried out on the basis of the approved type.

The CoP test instructions for the measurement and visual tests form the basis for the planning, execution and monitoring of random CoP tests. The test results are evaluated, documented and subsequently archived using the principle of multiple-party verification.

Both the updating process for test instructions and the degree of fulfillment of the tests to be performed are regularly monitored and communicated by means of standardized reports. Where necessary, the introduction of the fault elimination process takes place in order to define and implement necessary corrective actions and, where applicable, initiate further follow-up processes.

Providing verification of the compliance of in-house and purchased parts and components is regulated using the “Technical Guideline for Documentation (TLD)” methodology and the associated processes. The characteristics subject to documentation obligations defined therein are monitored and steered by the Supplier Quality organization or by Plant Quality Assurance.

The resulting verifications of conformity serve in total as verification that the production of the approved type is compliant.

3.4.2.4 Control of non-compliant results

Products that do not meet requirements are marked and controlled to prevent their unintended use or delivery.

In general, all employees, specialist departments and divisions of AUDI AG are responsible for reporting non-compliant results of their own products as well as of products that pass through their area of responsibility.

Corporate Quality Audi exercises blocking authority in all basic processes. Particularly in the case of cross-divisional blocks, Corporate Quality assumes responsibility for the organization and communication of a product block.

At AUDI AG, the control of non-compliant results and the associated blocking of specifically marked product populations is always represented by a closed-loop system.

Within the framework of the feedback loops, affected products are marked, blocked, and analyzed (causes) at various levels, measures are initiated and their effectiveness is checked with the aid of process standards and IT systems before a block is lifted.

It is always the organizational unit that issued the block that is responsible for lifting it.

3.4.2.4.1 Fault elimination process, root cause analyses and corrective action plans

When faults and problems are identified, root cause analyses and corrective actions are initiated. The affected areas (responsible committees, if applicable) manage the root cause analysis within the framework of the valid regulations. All available data is used and evaluated for this purpose. Appropriate techniques and methods are used for root cause analyses.

The implementation of downstream corrective actions and measures to minimize risks (as defined in the risk assessment) is monitored to ensure that the measures are introduced in a manner appropriate to the cause – and are sustainably effective.

In the event of faults and problems with AUDI AG products, the plant fault elimination process is used as long as the products are still accessible in the plant. If it is determined or suspected that non-compliant products are present outside of plant access, the APS process (Product Safety Committee) is triggered.

The plant fault elimination process describes the responsibilities and accountability for root cause analyses as well as the definition of measures, implementation and effectiveness check on products within the plants of AUDI AG.

The field fault elimination process ensures the processing of technical focal points customer-facing. The goal of the process is the fast and sustainable solution for focal areas and to ensure that lessons learned are derived for follow-up projects.

The field fault elimination process describes the responsibilities and accountability for root cause analyses as well as definition of measures, implementation and effectiveness check for AUDI AG products that are already in the hands of the customer.

4 Processes after delivery

4.1 Marketing, Sales and After Sales

4.1.1 Objectives

The core goals of the entire division as well as the strategic goals of the company apply to all Sales areas in order to achieve the Audi Strategy "Vorsprung 2030."

This means that Sales offers customer-centric, automotive mobility solutions – from the private vehicle purchase through to complete fleet management. Customer centricity also requires a transformation of Sales.

This results in challenging targets for sales and product quality, which are reflected in the essential Sales goals:

- Result-orientated marketing of high-quality new and used vehicles, incl. fleet management through a worldwide, professional Sales organization from sales through to individual mobility in the individual markets.
- Results-oriented marketing of Audi Genuine Parts and Audi Genuine Accessories as well as providing the necessary After Sales processes, methods and tools for a worldwide, professional After Sales organization.
- Development of a digital Audi ecosystem that supports customers in every contact with the Audi brand.
- Transformation of Sales, taking into account all stakeholders in a modern omni-channel sales system.
- Participation in the corporate processes in order to integrate customer interests and market requirements into product emergence ("Representatives of the worldwide customers")
- Worldwide, comprehensive and premium customer support through the components of the omni-channel sales system.
- Assuming overall market responsibility for the reference market Germany

4.1.2 Implementation

Implementation of the goals takes place through the operationalization of the strategy which is steered by key performance indicators in various areas:

- Implementation of the Audi brand strategy for Sales, After Sales and for digital products in close consultation with the Group and other Group brands
- Creating framework conditions for all Sales areas to carry out their activities in a "future-proof" manner (structures, processes, guiding principles)
- Establishment and maintenance of a digital ecosystem, including all IT sales structures (e.g. the Sales and Service systems, IT-supported mobility offerings)
- Transformation through the targeted transition to electric mobility, implementation of an omni-channel sales model across various product groups, sales and communication channels, as well as countries, with performance-oriented management.
- Creating and maintaining the support services for customers with the goal of achieving long-term brand loyalty.
- Increasing customer satisfaction and sales performance through continuous market and customer analyses in order to efficiently align marketing and communication measures with customer needs and contact points
- Developing international product requirements based on these continuous market and customer analyses
- Comprehensive support of the entire German market in the European context, taking into account central special functions such as vehicle collection by the customer at the plant and support for special customer groups (public authorities, VIPs, etc.)

4.2 Product Safety

4.2.1 Objectives

» Timely initiation of any necessary and appropriate measures for products placed on the market, if knowledge is gained that the necessary product safety or regulatory conformity does not exist or that quality defects exist that have a significant impact on Audi's image.

» Clarifying reported incidents relevant to the APS (Product Safety Committee) with appropriate countermeasures (e.g. special investigations by business units or external service companies, requests for documents, statements, information, etc.)

» Coordinating communications with authorities and associations as well as any other external communication required in connection with APS-relevant incidents.

4.2.2 Implementation

In accordance with Corporate Policy "Product Safety and Product Conformity U_002," the Board of Management of AUDI AG delegates responsibility for the timely initiation of any necessary and appropriate measures to the Product Safety Committee (APS). The obligation to intervene for APS-relevant processes is regulated based on this. AUDI AG employees are thus provided with a process for involving the APS. The working procedure of the APS is defined in the APS Rules of Procedure. A semi-annual system audit continuously monitors the compliant processing of APS-relevant procedures. The head of the Product Safety Committee reports to the member of the Board of Management of AUDI AG responsible for supervising the Product Safety Committee regularly, as required by events and on request.

5 Annex

5.1 Further referenced documents

5.1.1 Steering the organization

Board of Management and AEC Audi Executive Committee Resolutions

Audi Code of Conduct

AUDI AG organizational charts
Audi committee landscape

AUDI AG Corporate Regulations:

Statements of Principle, Brand Group Policies, Corporate Policies

Process standards in the VA/PS database

Work instructions and test instructions

Approval-relevant requirements (GRA) of the German Federal Motor Transport Authority

Information on the procedure for ensuring conformity of production (CoP information of the German Federal Motor Transport Authority)

Works agreements and *wage agreements*

Agreements with suppliers, workshops, service providers

Standards (NOLIS)

Product liability law

Audi data protection

Integrated Strategy and Planning Processes Manual

Information Security Manual

AUDI AG Information Security Management System Guidelines

HR Knowledge World

5.1.2 Operational planning processes

AUDI AG Corporate Regulations:

Statements of Principle, Brand Group Policies, Corporate Policies

Process standards in the VA/PS database

Work instructions and test instructions

AUDI Master PEP

Technical parts list

5.1.3 Operational steering processes

AUDI AG Corporate Regulations:

Statements of Principle, Brand Group Policies, Corporate Policies

Process standards in the VA/PS database

Work instructions and test instructions

Production schedules

Formula Q – Concrete Quality Management Agreements between Volkswagen AG and its suppliers

Formula Q – Series publications

Specialist Area Regulation Group Quality Assurance for process audits in the Volkswagen Group

Quality Management Group Policy for vehicle audits

5.1.4 Processes after delivery

AUDI AG Corporate Regulations:

Statements of Principle, Brand Group Policies, Corporate Policies

Process standards in the VA/PS database

Work instructions and test instructions

Dealer and importer agreements

5.2 Comparison Table for the Structure of the QM Statement of Principle – ISO 9001:2015

No.	QM Statement of Principle	ISO 9001:2015
0.0	Preamble	0.1, 0.2, 1.0, 4.3, 4.4, 5.1-5.3, 7.3, 7.4, 7.5
0.1	Table of contents	0.4, 4.4
0.2	Scope and purpose	0.4, 4.3, 4.4
0.3	Approval, distribution, retention	5.2, 7.4, 7.1, 7.5
0.4	Change management	7.1, 7.5
1. Steering the organization		
1.1	Management responsibility and corporate strategy	0.2, 0.3, 0.4, 1.0, 4.1, 4.2, 5.1, 5.2, 5.3, 6.1-6.3, 7.1, 8.1, 8.3, 9.1-9.3
1.2	QM system and other systems	0.2, 0.3, 0.4, 1.0, 4.2, 4.4, 5.1, 5.3, 6.1-6.3, 5.2, 7.1, 7.3, 7.4, 7.5, 8.4, 9.3
1.3	HR process	7.1-7.3
1.4	Data collection and data evaluation	0.3, 1.0, 8.5, 9.1-9.3, 10.3
1.5	Economic efficiency	6.2, 9.1, 9.3
1.6	Improvement process	0.3, 1.0, 6.1, 6.3, 7.2, 9.1, 9.2, 10.1-10.3
1.7	Communication and information	4.2, 7.4
1.8	Resources management and knowledge management	0.3, 1.0, 7.1, 7.5, 9.1
2. Operational planning processes		
2.1	Development process	0.3, 1.0, 7.5, 8.1-8.3, 8.5, 9.1
2.2	Planning process	8.1-8.3, 8.5
3. Operational steering processes		
3.1	Procurement process	0.3, 1.0, 7.5, 8.1, 8.2, 8.4
3.2	Supply Chain	0.3, 8.1, 8.2, 8.5
3.3	Production processes	5.1, 7.2, 7.5, 8.1, 8.2, 8.5, 9.1, 10.2, 10.3
3.4	Inspection and corrective action plans	0.3, 1.0, 7.1, 8.2, 8.3, 8.6, 8.7, 9.1, 10.2, 10.3
4. Processes after delivery		
4.1	Marketing, Sales and After Sales	5.1, 8.2, 8.5, 9.1
4.2	Product Safety	8.2, 9.1, 10.2-10.3
5. Annex		
		0.4, 2

5.3 Comparison Table ISO 9001:2015 – Structure of the QM Statement of Principle

ISO 9001:2015	Standard section	Section of the QM Statement of Principle
0.1	General	Preamble
0.2	Principles of the QM system	Preamble, 1.1, 1.2
0.3	Process-oriented approach Risk, risk-based thinking	1.1, 1.2, 1.4, 1.6, 1.8, 2.1, 3.1, 3.2, 3.4
0.4	Relationship with other management system standards	0.1, 0.2, 1.1, 1.2, Annex
1	Scope Statutory/regulatory requirements – Customer satisfaction	Preamble,1.1, 1.2, 1.4, 1.6, 1.8, 2.1, 3.1, 3.3, 3.4
2	Normative references	Annex
3	Terms	n/a
4. Context of the organization		
4.1	Understanding the organization and its context	1.1
4.2	Understanding the needs and expectations of interested parties	1.1, 1.2, 1.7
4.3	Determining the scope of the QM system	Preamble
4.4	QM system and its processes	Preamble, 1.2
4.4.1		
4.4.2		
5. Leadership		
5.1	Leadership and Commitment	Preamble, 1.1, 1.2, 3.3, 4.1
5.1.1	General	
5.1.2	Customer focus	
5.2	Policy	Preamble, 1.1, 1.2
5.2.1	Establishing the Quality Policy	
5.2.2	Communicating the Quality Policy	
5.3	Organizational roles, responsibilities and authorities	Preamble, 1.1, 1.2
6. Planning		
6.1	Actions to address risks and opportunities	1.1, 1.2, 1.6
6.1.1		
6.1.2		
6.2	Quality objectives and planning to achieve them	1.1, 1.2, 1.5, 1.6
6.2.1		
6.2.2		
6.3	Planning of changes	1.1, 1.2, 1.6
7. Support		

7.1	Resources	1.1, 1.2, 1.3, 1.8
7.1.1	General	
7.1.2	People	
7.1.3	Infrastructure	1.8
7.1.4	Process environment	
7.1.5	Monitoring and measuring resources	1.1, 1.3, 3.4
7.1.5.1	General	
7.1.5.2	Measurement traceability	
7.1.6	Organizational knowledge	1.1, 1.2, 1.8
7.2	Competence	1.2, 1.3, 1.6, 3.3
7.3	Awareness	
7.4	Communication	1.2, 1.7
7.5	Documented information	Preamble, 1.2, 1.8, 2.1, 3.1, 3.3
7.5.1	General	
7.5.2	Creating and updating	
7.5.3	Control of documented information	
7.5.3.1		
7.5.3.2		
8. Operation		
8.1	Operational planning and control	1.1, 2.1, 2.2, 3.1, 3.2, 3.3
8.2	Requirements for products and services	2.1, 2.2, 3.1, 3.2, 3.3, 3.4, 4.1
8.2.1	Customer communication	
8.2.2	Determining the requirements for products and services – Statutory/regulatory requirements	
8.2.3	Review of the requirements for products and services	
8.2.3.1		
8.2.3.2		
8.2.4	Changes to requirements for products and services	
8.3	Development of products and services	1.1, 2.1, 2.2, 3.4
8.3.1	General	
8.3.2	Development planning	
8.3.3	Development inputs	
8.3.4	Development controls	
8.3.5	Development outputs	
8.3.6	Development changes	
8.4	Control of externally provided processes, products and services	1.2, 3.1
8.4.1	General	
8.4.2	Type and extent of control	

8.4.3	Information for external providers	
8.5	Production and service provision	
8.5.1	Control of production and service provision	2.1, 2.2, 3.2, 3.3
8.5.2	Identification and traceability	1.4, 3.2, 3.3, 4.1
8.5.3	Property belonging to customers or external providers	3.1, 3.2, 4.1
8.5.4	Preservation	3.2, 3.3
8.5.5	Post-delivery activities	4.1
8.5.6	Control of changes	1.4, 3.3
8.6	Release of products and services	3.4
8.7	Control of non-conforming outputs	3.4
8.7.1		
8.7.2		
9. Performance evaluation		
9.1	Monitoring, measurement, analysis and evaluation	1.1, 1.4, 1.5, 1.6, 1.8, 3.3, 3.4, 4.1
9.1.1	General	
9.1.2	Customer satisfaction	1.1, 1.4, 1.6, 2.1, 3,3, 3.4, 4.1
9.1.3	Analysis and evaluation	1.1, 1.4, 1.5, 1.6, 3.3, 3.4, 4.1
9.2	Internal audit	1.1, 1.4, 1.6
9.2.1		
9.2.2		
9.3	Management review	1.1, 1.2, 1.4, 1.5
9.3.1	General	
9.3.2	Management review inputs	
9.3.3	Management review outputs	
10. Improvement		
10.1	General	1.6
10.2	Nonconformity and corrective action	1.6, 3.3, 3.4, 4.2
10.2.1		
10.2.2		
10.3	Continual improvement	1.2, 1.4, 1.6, 3.3, 3.4, 4.2

5.4 Interaction of requirements ISO 9001:2015 – QM Statement of Principle

ISO 9001:2015	QM Statement of Principle
Commitment of management	Preamble, 1.1
Risk-based approach, risk-based thinking, risk management, risks	1.1, 1.2, 1.4, 1.6, 1.8, 2.1, 3.4
Strategic approach	Preamble, 1.1
Process-oriented approach, sequence and interactions of processes, input/output, entry and exit of process	Preamble, Q Policy, 1.2, 2.1, 3.1, 3.2
Context of the QM system (organization)	1.1
Statutory and regulatory requirements	Preamble, Q Policy 1.1, 1.2, 1.4, 1.8, 2.1, 3.4, 4.2
Scope (area of application)	Preamble, 0.2, 1.2
Interested parties	Q Policy, 1.1, 1.2, 1.7
Q Policy	1.1, 1.2
Goals, quality targets	Preamble, 1.1, 1.2, 1.5, 1.6
Opportunities	1.1, 1.6
PDCA cycle	1.1, 1.2, 1.4, 1.6, 1.8
Resources, persons (in QM)	1.1, 1.2, 1.3, 1.8, 3.4
Qualification, competences and awareness	Preamble, 1.1, 1.2, 1.3, 1.6, 1.8, 3.3
Communication (internal/external)	0.2, 0.3, 0.4, 1.1, 1.2, 1.7
Customer satisfaction, customer orientation	Q Policy, 1.1, 1.2, 1.4, 1.6, 2.1, 3.1, 3.3
Knowledge, knowledge management	1.1, 1.2, 1.8
Infrastructure, process environment	1.8
Documented information, regulations and records, documents	0.2, 0.3, 0.4, 1.1, 1.2, 2.1, 3.1, 3.3
Process standards, work instructions	0.2, 1.1, 1.2, 1.8, 3.1
QM monitoring, evaluation, reviews	1.1, 1.2, 1.4, 1.6, 1.8, 4.2
Inspections, releases	0.3, 1.1, 3.3, 3.4
Improvement (CIP) of the QM system	1.1, 1.2, 1.4, 1.6, 3.3, 4.2

5.5 Change history

Version	Date	Change	Responsible
03.00	June 2022	**Content revision of the QM Statement of Principle with the following focal points:** » Embedding the "Vorsprung 2030" strategy, incl. the targets pyramid *Section 1.1.2 The Quality Policy of AUDI AG* *Section 1.1.4 The Audi Strategy and the strategic approach of the QMS* » KBA matters/GRA expanded upon *Section 1.1.7.2 QMB* *Section 1.2 QM system and other systems* *Section 5.1 Further-referenced documents* » Embedding of new subsystem *Section. 1.2.5 Customs & Export Control Compliance Management System* » Realignment of QM system steering model *Section 1.2.1.2 Roles and responsibilities in the QMS* » Comparison of content with the updated U_076 (Version 3.0) *Section 1.2.3 Automotive Security Management System* » Embedding of integrity management as a CMS component, addition of qualification measures and management responsibility *Section 1.2.4 Compliance Management System* » Updating of terms for the "Three Lines Model" based on the current U_006 (Version 8.0), including the figure *Section 1.2.15 Risk Management* » Restructuring of the Human Resources and Organization division and alignment of the HR process with the "Employee Life Cycle" *Section 1.3 HR process* » Refinement of the responsibility for goal achievement and gender-appropriate formulations. *Section 1.6.2.2. Audi Ideas Program* » Addition of the dual-study program *Section 1.8.2.2 Knowledge management* » More precise formulation of the Supply Chain goals and implementation *Section 3.2 Supply Chain* » New requirements from VDA Volume 5, "Measurement and Inspection Processes, Capability, Planning and Management" in the 3rd, amended edition, July 2021 *Section 3.4.2.2 Test process management and test equipment management* » More precise formulation, reformulation and completion of the range of tasks *Section 2.2 Planning process* *Section 3.3 Production processes* *Section 4.1 Marketing, Sales and After Sales* » More precise formulation of providing verification of compliance of in-house/purchased parts and components	I/GQ-Z1

Section 3.4.2.3 Conformity of production (CoP)

» The following content has been removed:

Section 1.1.8.4_Quality-related costs

» Formal/editorial amendments:

Section 0.2 Scope and purpose *Section 0.3 Approval, distribution, retention management* *Section 0.4 Change management* *Section 1.1.3 Context of the QMS (opportunities and risks, interested parties)* *Section 1.1.6 Risk assessment in the QMS (a risk-based approach)*
Section 1.1.7.2 QMR *Section 1.2 QM system and other systems*
Section 1.2.1.3 Process-oriented approach
Section 1.2.1.4 Documentation of the QMS *Section 1.2.12 Product Compliance Management System* *Section 1.2.13 Process management*
Section 1.2.13~~4~~ Internal Audit
Section 1.4.2.1.4 Regulatory authority audit
Section 1.5 Economic efficiency
Section 1.6 Improvement process
Section 1.7 Communication and information
Section 1.8 Resources management and knowledge management
Section 2.1.1 Technical Development
Section 3.1 Procurement processes

02.00	May 2021	Fundamental revision of the content of the QM Statement of Principle in line with the VW Group QM Manual: » New definition of table of contents » Description of the defining role of the QM system and interfaces with other management and subsystems » Consideration of the holistic view of DIN EN ISO 9001:2015 requirements as well as the applicable statutory and regulatory requirements » The Quality Policy has been integrated into the Statement of Principle as a component without any changes to its content. » The following chapters largely contain the contents of the previous version supplemented by the new objective: › Preamble › Management responsibility and corporate strategy » Following section was added and revised: › 0.2 Scope and purpose › 0.3 Approval, distribution, retention › 0.4 Change management › 1.2 QM system and other systems › 1.3 HR process › 1.4 Data collection and data evaluation › 1.5 Economic efficiency › 1.6 Improvement process › 1.7 Communication and information › 1.8 Resources management and knowledge management › 2.1 Development process › 2.2 Planning process › 3.1 Procurement process › 3.2 Supply Chain › 3.3 Production processes › 3.4 Inspection and corrective action plans › 4.1 Marketing, Sales and After Sales	I/GQ-Z1

- 4.2 Product safety
- 5.0 Annex

» Transfer of the detailed content for roles and processes to the Corporate Policies “Quality Management System, Manager Folder and System Audits U_013” and “Organizational Development: Processes, Structure and Committees U_025”