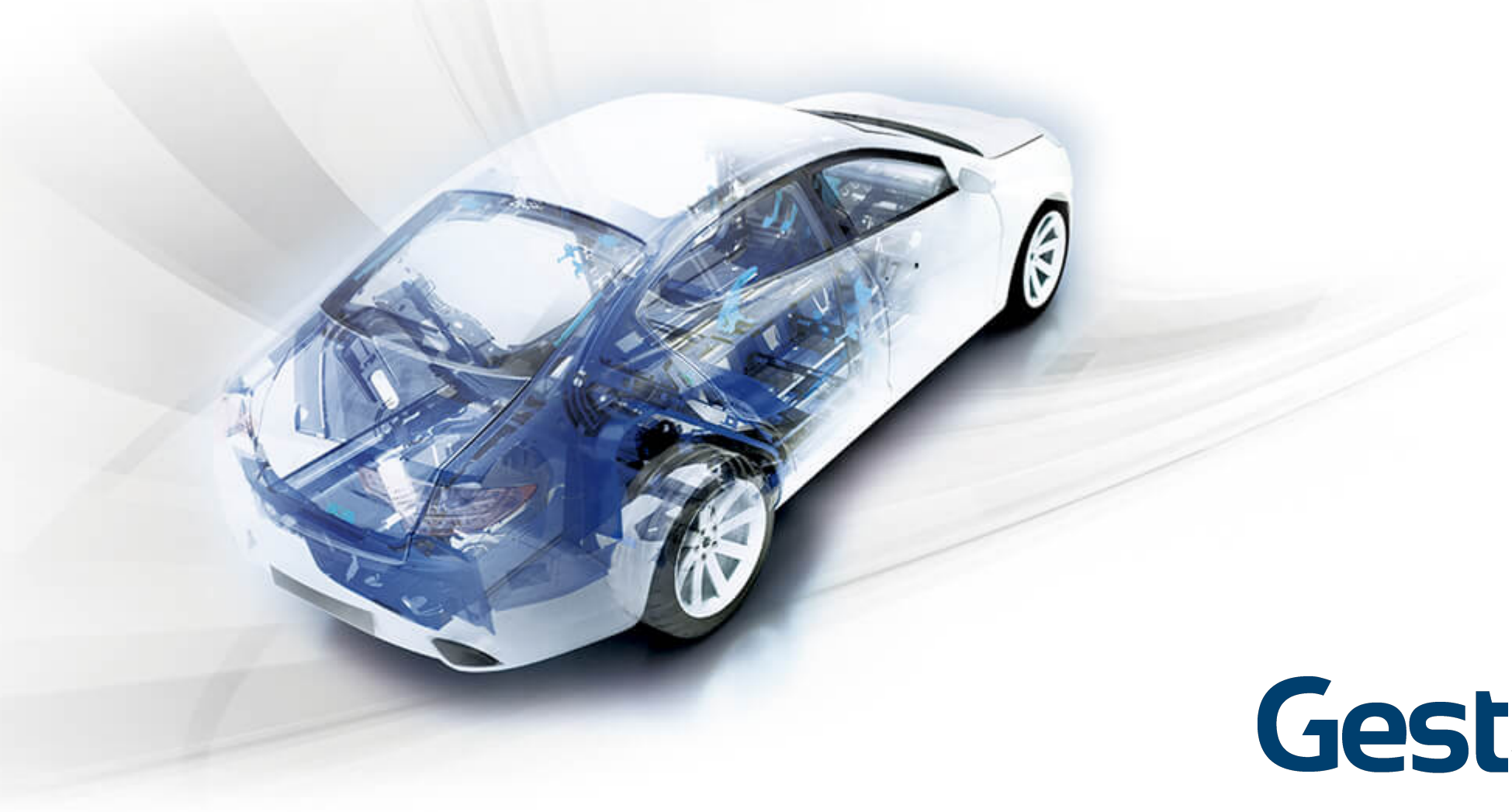


Gestamp

Audit management

DEFINITIONS

Audit

Systematic, independent and documented process to obtain objective evidence and evaluate them in an objective way in order to determine the degree of compliance of the audit criteria

Audit plan

Description of the agreed activities and details of an audit

Audit programme

Set of one or more audits planned for a determined period of time and aimed to a particular purpose

Self-assessment

A self-assessment is an audit that does not respect the impartiality concept. In a self-assessment, the person performing the assessment is generally part of the process/area being assessed.

SCOPE

Organization

- § Plant ✓
- § Region ✗
- § Division ✗
- § Corporate ✗
- § BU
  - Edscha ✗
  - Chasis ✗
  - TTE ✗

Geography

- § SED ✓
- § NED ✓
- § ASIA ✓
- § NAFTA ✓
- § MERCOSUR ✓

Project

- § New but not nominated ✓
- § New and nominated ✓
- § Existing (Serial production) ✓
- § Prototype production ✓

Note: All parts assembled in a vehicle to which the IATF 16.949 applies

The **purpose** is to **define the minimum requirements to manage in a holistic approach different types of audits**
An audit is a tool for improvement. They can be divided according to different criteria

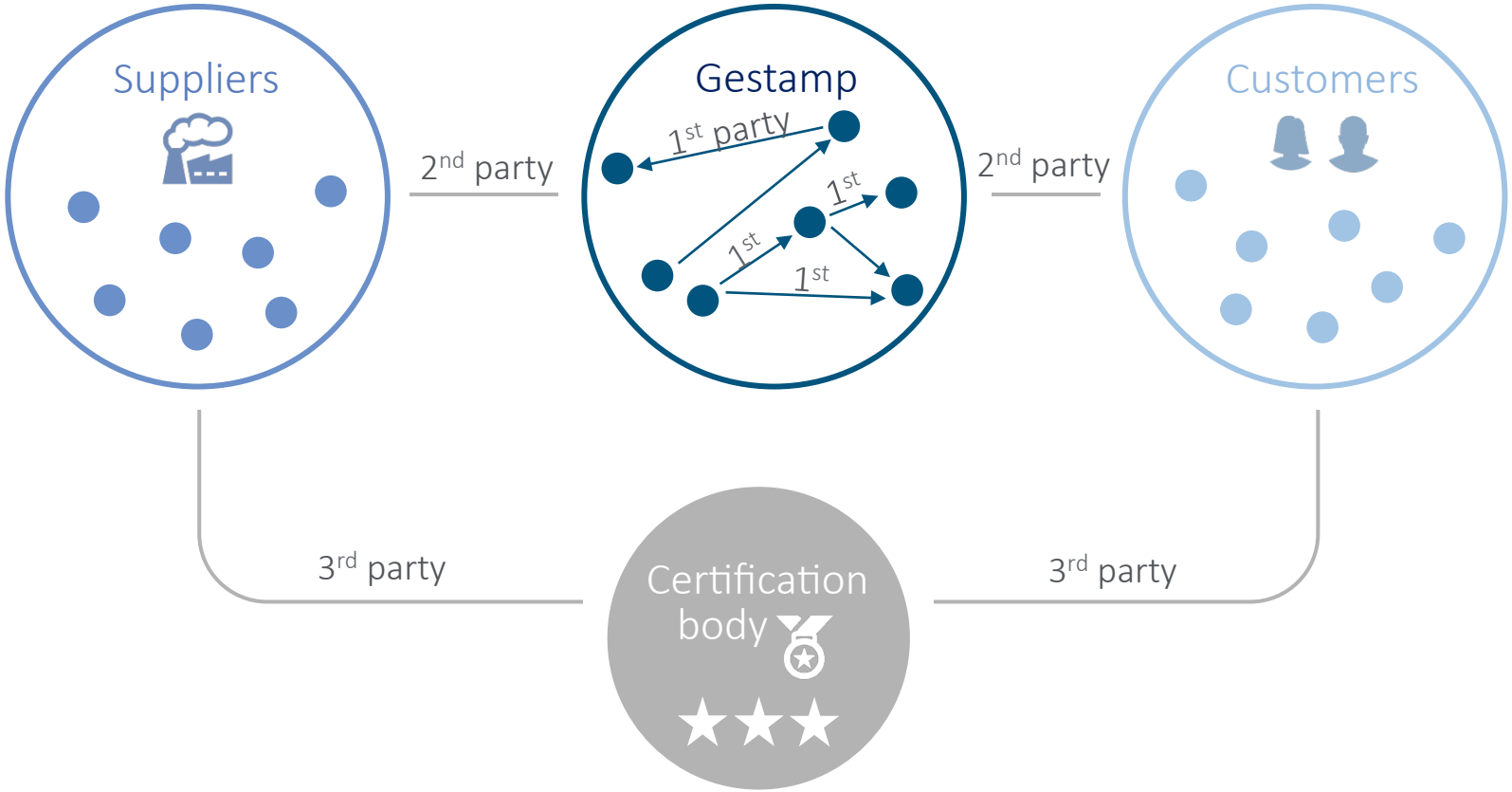
1. **Audit types**
   Different type of audits (tools for improvement) by auditor, purpose and referential
2. **Examples**
3. **Audit cycle**
   Different phases of the auditing process
4. **Special considerations for first party (internal) audits**
5. **Special considerations for third party (system) audits**
6. **Auditor competencies**
   Qualification and requirements that auditors should have to performance their role

DESCRIPTION (1/23) Purpose & Audit Types

The **purpose** is to **define the minimum requirements to manage in a holistic approach different types of audits**
An audit is a tool for improvement. They can be divided according to different criteria

A. Classification by auditor

In this case, the audit types will be classified in first, second and third party audits. The differences between these three audit types can be seen in the figure below.



A. Classification by auditor

1st party audit

A first party audit is generally known as internal audit. Someone from Gestamp will perform an audit to make sure the sure audited complies with the standards. The person performing the audit can either work for Gestamp or be hired by the company to perform the internal audit (such as an external consultant). In both cases, the auditor is acting on behalf of Gestamp rather than a customer or certification body.

2nd party audit

A second party audit in the case of Gestamp are **two different audits** as showed in Fig. 1 Visual representation of 1st, 2nd and 3rd party audits. On one hand, **whenever Gestamp is audited by a customer**, this activity is considered a second party audit. On the other hand those **audits performed by Gestamp to a supplier** are also second party audits.

3rd party audit

Third party audits are those **performed not by a customer, nor Gestamp and therefore, typically by certification bodies or registrars**. They verify that the audited company is conform to a standard (e.g. ISO 9001, IATF 16949, OHSAS 18001…) and provide a certification if the audit is successful. This certification can be used to give customers confidence on Gestamp.

B. Classification by system

These type of audits aim to check the conformance to the requirements (e.g. time, accuracy, temperature, pressure…) **as well as to examine the resources used to transform inputs in output** (e.g. equipment, material, workers, instructions…) **and the controls** to determine the process performance and the product conformity to requirements

System Audit

A system audit is an audit conducted on a management system. It is a documented activity performed to verify and evaluate the objective evidence proving that the elements of the system are appropriate and effective.

Process Audit

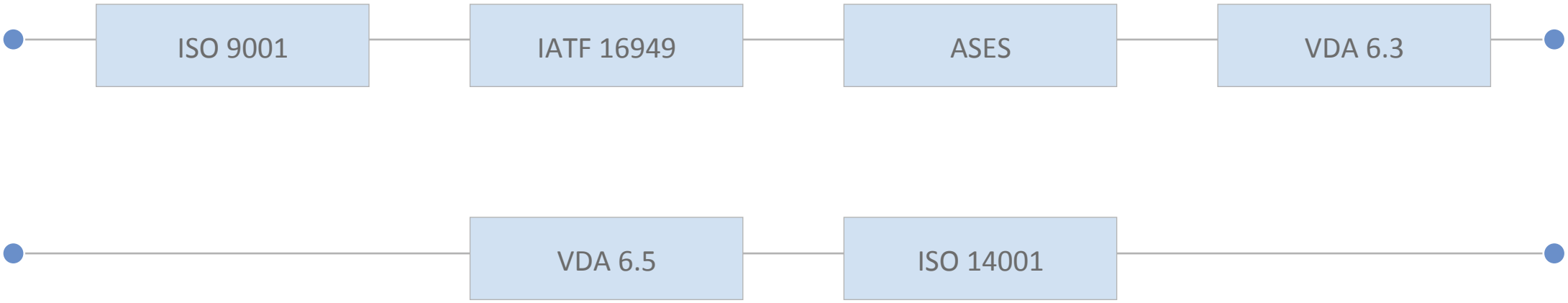
A process audit verifies that the manufacturing processes are working within the established limits. It compares the operation with the instructions or standard to evaluate its compliance and the effectiveness of the instructions.

Product Audit

A product audit verifies the output of the process to evaluate if it conforms to the requirements.

C. Classification by referential

There is a great variety of different referentials that can be used to audit. The most typical ones being the following



An audit is a combination of the three types mentioned above. The following examples illustrate this situation:

EXAMPLE A

Customer audit to Gestamp according VDA 6.3:

1. Second party audit
2. Process audit
3. VDA 6.3

EXAMPLE B

Gestamp performs a process audit to one of its suppliers according to VDA 6.3:

1. Second party audit
2. Process audit
3. VDA 6.3

EXAMPLE C

A third party audits Gestamp system according to IATF 16949:

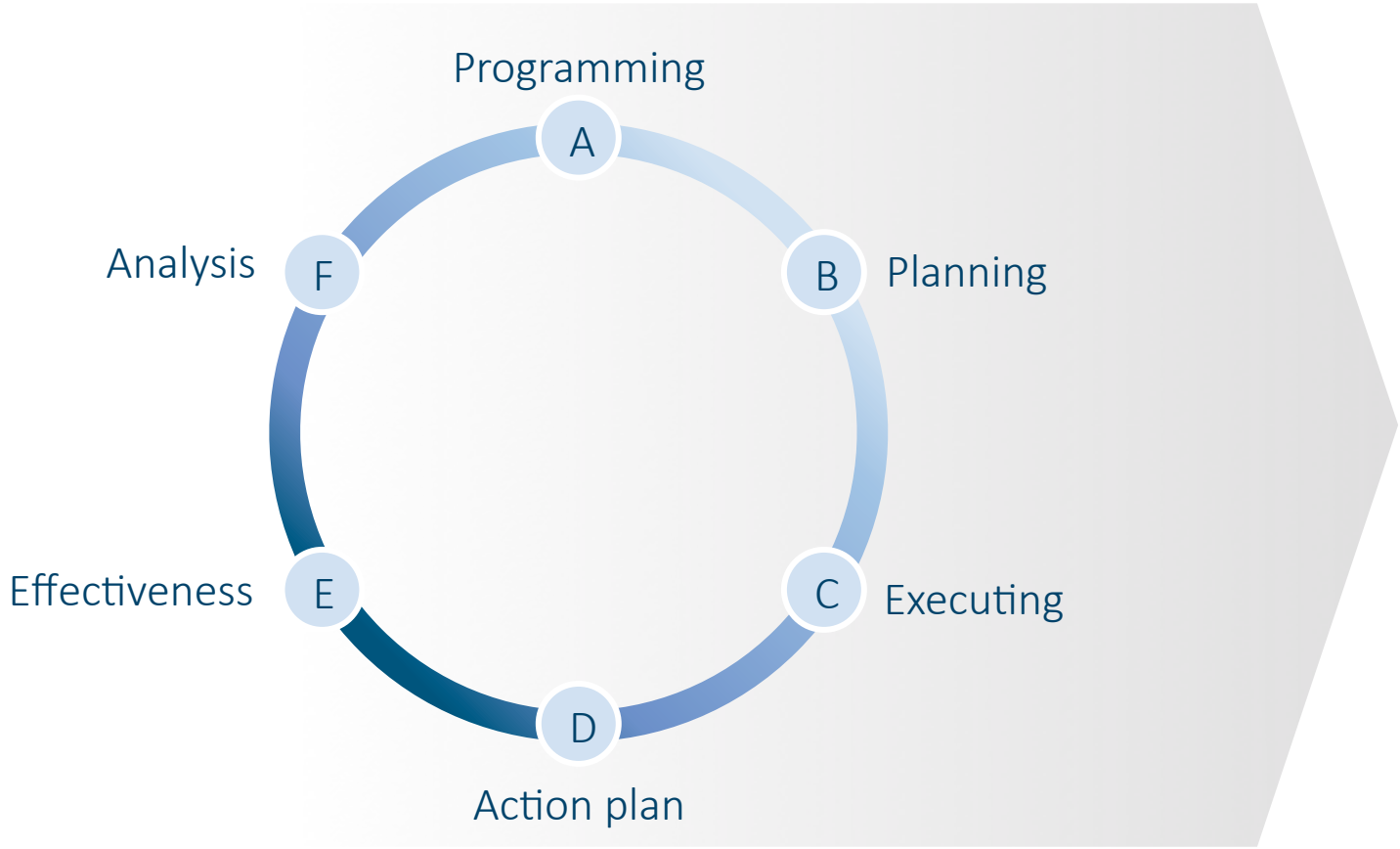
First party audit

System audit

IATF 16949 + ISO 9001

Auditor	Purpose	Referential
First party audit	Process audit	Free format VDA 6.3 FIEV Layered process audit (LPA) Control plan audits Skill matrix
	Product audit	Free format VDA 6.5
	System audit	Free format ISO 9001 IATF 16949
	Other audits	MMOG (logistics) Energy efficiency TLD …
Second party audit	Supplier audit	Gestamp audit format for suppliers – including process, systems, environment, sustainability and product safety See related document *Gestamp supplier audit* format
	Customer audit	VDA 6.3, 6.5 Formel Q (VW) ASES (Renault) BIQs (GM) QSB+ (PSA, Fiat) CQIs FIEV Other customer templates (e.g. Toyota…) TLD Technical Review of Suppliers (VW)
Third party audit	System audit	ISO 9001 IATF 16949 ISO 45001 ISO 14001 ISO 15001

The audit cycle starts when a need to perform an audit is detected or the customer informs Gestamp of an audit and is finished when the effectiveness of the actions implemented is confirmed. Phases:



Depending on the type of the audit, Gestamp can be responsible for different stages of the audit cycle. *For example, in a 3rd certification body certification audit, Gestamp is not responsible for the planning although must collaborate with the certification body. In a supplier audit, the action plan definition is not responsibility of Gestamp.*

A. Programming

An **audit programme** is a **schedule of all planned audits in the year**. The audit programme must include at least system, process and product audits.

These audits will conform the general audit programme. It is recommended to add also the customer and third party audits to this schedule when known.

A general audit programme prioritizing the audits is created although this programme is updated whenever a new need for an audit comes up. The **possible reasons why the programme shall be modified** either by adding a new audit, by changing the priorities of the existing ones or by changing the frequency are listed below:

- Internal and external non-conformities, customer claims and/or quality concerns
- Process change

The programme could also be modified due to:

- Change in the risk
- Internal and external performance trends
- Criticality of the processes
- Organizational change
- Start of a new project
- New technology
- New supplier

A. Programming

The frequency of the audits shall be reviewed and, where appropriate**, adjusted** based on the occurrence of process changes, internal and external nonconformities, and/or customer complaints.

The programme shall include the frequency of the audits, the expected date of each audit, the duration and the auditor(s) that will perform the audit at least as a draft version that can be fine-tuned during the planning phase of each audit.

It is recommended that the audit programme is stored in a central location and granting read access to other plants, division and corporate to help the coordination between Gestamp members.

For example, if an audit is performed by a plant to a supplier delivering to more than one Gestamp location, it would be a good idea to inform the other concerned plants in advance so that they can request any specific verification and avoid performing another audit themselves. It would also be interesting to share the results of the audit to make a more efficient use of the Gestamp resources.

B. Planning

An audit plan is a sequence of processes or topics to be audited, by whom, when and where. In order to define the audit plan, a preparation phase can be needed.

The auditor(s) shall collect all the needed information to perform the audit. This information can include but is not limited to:

- General information including: plant name, division, audit type and date, auditor team, number of employees, working shifts (for system audits), address, support location and product design if any, certification scope, manufacturing processes, customers (or Gestamp plants served if supplier audit) and CSRs, new projects, safety parts if any and parts produced or materials delivered for supplier audits.
- Relation between the processes being audited and the applicable norm in each case (for system audits)
- Relevant KPI's
- Information from the customer portals (e.g. customer, DUNS number and KPIs or other information)
- Customer claims or Gestamp claim for supplier audits
- Special status if applicable
- Auditee certification (ISO/TS or IATF 16949, ISO 9001…)
- Previous audits' results (e.g. 3rd party)
- Customer satisfaction (e.g. any related KPIs)
- Internal audits' plan (e.g. system, process, product)
- Management review report
- Audit agenda

B. Planning

The audit plan **must be communicated to the auditee in advance.**
The **lead auditor is responsible for the management of the audit** including the audit planning and report.

The audit plan complexity depends on the type of the audit. For example, for a product audit, it could only include when the audit is going to be performed and not much more. For a 3rd party audit for IATF 16949 with two external auditors, it can be very complex.

Depending on the trigger for the audit and the information collected, the scope and the critical points to be audited will be defined.

An audit plan will be generated for the audit including day, time, responsible auditor, process, process owner and site (if several), needs for an expert…

The IATF rules on audit duration shall be followed for GM second-party audits.

C. Executing

Once all relevant information is collected and the audit is prepared, the execution can take place. An opening meeting is highly recommended where the scope and objective of the audit will be made clear for all the auditors and the auditees. The agenda can be reviewed, and a brief explanation of the dynamics of the audit can also help reach the objectives.

During the audit, the auditor must evaluate if the auditee complies with the referential and back up the evaluation with objective evidence that can be documented in the audit report.

When a difference between the standard and reality is found, a non-conformity is raised. However, other information can be produced during the audit, typically remarks, best practices or positive areas and opportunities for improvement. T**he non-conformities detected will be communicated immediately** in order to give the auditee the opportunity to ask for any needed clarification and find more evidence.
If deemed appropriate, a follow up audit might be planned.

A close up meeting, if applicable (e.g. product audits might not need a final meeting) **will be performed at the end of the audit** where the results of the later will be presented as well as the next steps to be followed (action plan, timing, follow up audit if any…)

A report of the audit shall be created with all details (scope of the audit, participants, auditor team, results and non-conformities detected). The report shall be signed by both auditor and auditee and reported to the relevant management. A timing shall be set to deliver the report but it should not be longer than a week.

If requested by the customer for self-assessment audits, **the report must be filled in the customer's format**.
The **audit programme** and reports of the audits performed must **be kept at least for 3 years**.

D. Action Plan

The treatment for each non-conformity raised is similar to an 8D for customer claims. Therefore, a containment action and a corrective action must be defined. The containment action is focused in the past and its aim is to decide what to do with the non-conformity. The rationale is similar to In-house non-conforming product and process directive except for the fact that in the non-conformities detected during system audits, not all the three options (scrap, rework, concession) always make sense. For example, if the non-conformity is that the management review does not cover all inputs requested in the standard, the only reasonable action is to rework, i.e. redo the management review including that input. But it doesn't make sense to review the previous ones since they add no value. In this case, the containment action is concession. Once the containment action is covered, we need to focus in the future, trying to find the root cause of the non-conformity and define an action that eliminates that cause so that the same non-conformity won't occur again, at least because of the same reason. In the case of major non-conformities, immediate actions must be taken.

The auditor and auditee must reach an agreement with the action plan prepared by the auditee although it is the responsibility of the later to follow up the effectiveness of the actions.

The auditor can also request a periodic follow up on the action plan as well as its final version with all actions implemented and effectiveness checked.

The typical deadlines are 2 weeks to prepare the action plan and 3 months to implement all actions although a different time limit can be agreed between auditor and auditee. Special attention has to be paid for 2nd and 3rd and party audit deadlines.

E. Effectiveness

The audit will be considered closed after the action plan is implemented with its effectiveness checked. All actions in the action plan must be proven effective by the responsible of the action implementation. See Corrective and preventive actions directive for more details.

The audit cycle cannot be closed until the agreed action plan and effectiveness of the actions implemented are checked.

F. Analysis

Once different audits had been performed we can analyze them, looking for common causes, repetitive causes, general trends…

The effectiveness of the audit programme shall be reviewed as a part of management review. Also, the trends in audit results shall be tracked and fed into the management review for analysis.

G. Monitoring and audit cycle

The **efficiency of the audit programming as well as the efficiency of the audits** can be measured with the following **two KPIs:**

- **Audits executed vs audits programmed per month:**

(Sum of audits executed per month)/(Sum of audits programmed per month)×100

- **Audits closed vs audits programmed per month:**

(Sum of audits closed per month)/(Sum of audits programmed per month)×100

System Audit

Process Audit

Product Audit

System audits must use the process approach to verify its compliance with the automotive standard. During the internal system audits, the plant must sample customer-specific quality management system requirements for effective implementation.

The organization shall audit all manufacturing processes over each three-year calendar period according to an annual programme. It is highly recommended to audit the whole management system yearly.

Some customers have specific requirements on system audits. These shall be verified by the plants to ensure compliance.

It is recommended to perform the internal system audit 3 months prior to the third-party audit.

System Audit

Process Audit

Product Audit

Process audits will be conducted according to the customer-specific requirements and their required approaches.

All manufacturing processes must be audited at least once every three years although it is recommended to do so on a yearly basis. Every manufacturing process must be audited on all shifts where they take place including the handover.

Also process risk analysis (typically PFMEA), control plan and other associated documents shall be included in the audits.

A process audit should be performed before SOP.

Some customers have specific requirements on process audits. These shall be verified by the plants to ensure compliance.

System Audit

Process Audit

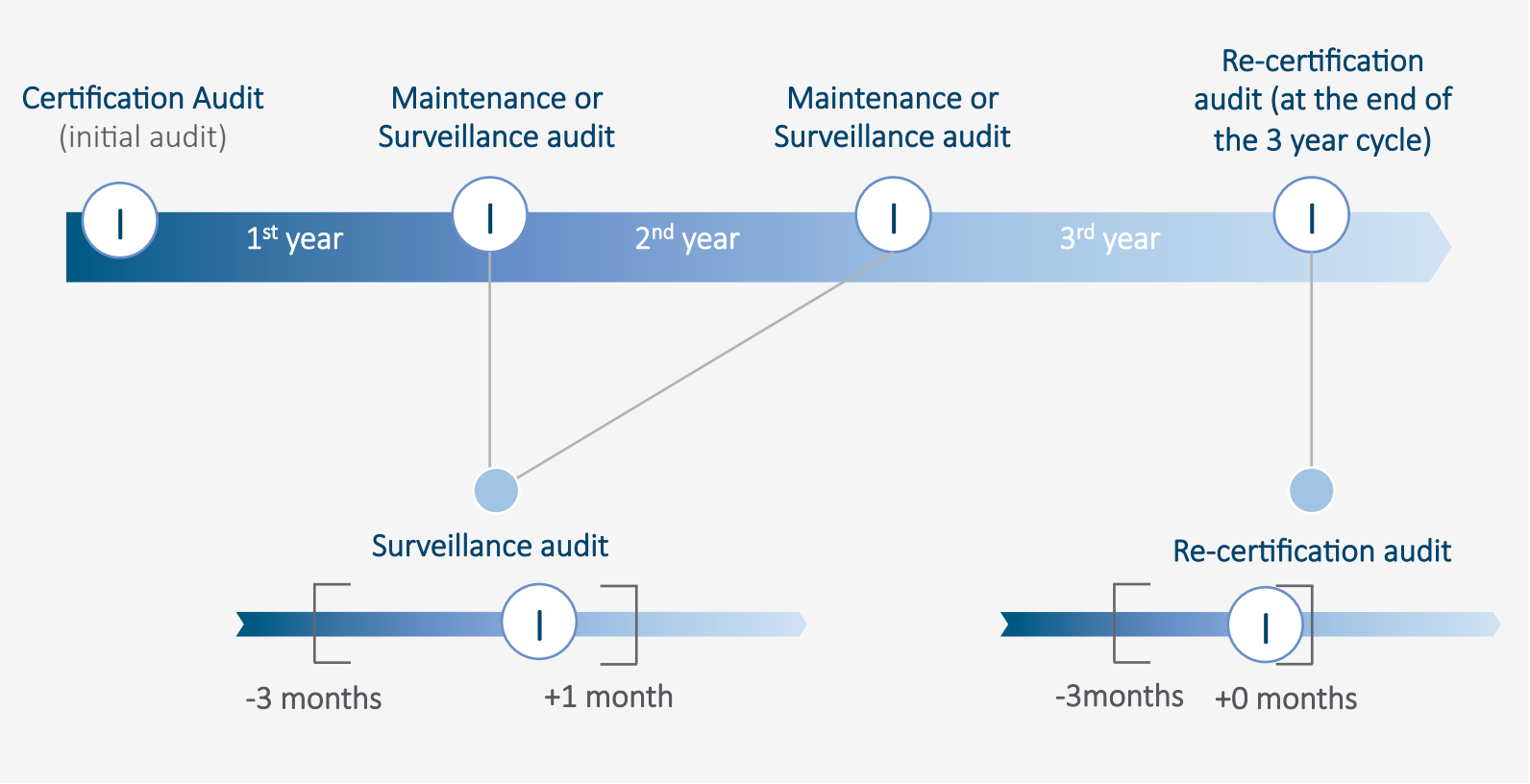
Product Audit

If the customer defines the extent and/or details to take into account for the product audits, these will be followed. When not described by the customer, a product audit shall pick some samples from the finished goods warehouse and perform a verification that typically includes the verifications: labelling, packaging, raw material, dimensions, functional analysis and laboratory results.

All different products shall be internally audited at least once every three years but it is highly recommended to reduce this to a yearly basis. Similar products can be audited by families of products.

Some customers have specific requirements on product audits. These shall be verified by the plants to ensure compliance.

There are three types of third party system audits that can be held in third party audits: certification audits, maintenance or surveillance audits and re-certification audits as described in the figure below.



The certification cycle is a three year cycle that comprises an initial certification audit to become certified, then at least 2 maintenance audits (the frequency could be increased to 3 or 5 surveillance audits) that not always include all processes and at the end of the cycle and a full re-certification audit to restart the cycle again.

The deadline for the surveillance audits as well as the recertification audit is measured from the last day of the initial audit. There is a timeframe in which the surveillance or re-certification audits can take place. If the surveillance audits take place every 12 months, they could be performed between 9 months and 14 months (-3 months; +1 month) from the last day of the initial audit.

A different timeframe is used for surveillance audits taking place each 9 months (-2 months; +1 month) or each 6 months (-1 month; +1 month)
If the surveillance audit timing exceeds the limit described above, the certification body will start the decertification process. If the recertification audit timing exceeds the 3 year limit, a new initial certification audit will need to take place.

A new three year certification cycle begins with the date of the certification decision. This decision must be made before the expiration date of the existing certificate. The expiration date of the certificate shall be a maximum of three years minus one day from the certification and/or recertification decision date.

Another type of audit could be performed by the certification body. It is known as special audit and it is done in between the programmed audits mentioned before. There are different reasons that can trigger a special audit such as major nonconformances during ISO TS or IATF audits, upon a customer request due to a critical situation, as a part of a customer escalation process or to verify the effective implementation of identified corrective actions for non-conformities considered open but 100% resolved

This applies to 1st and supplier auditors. It does not apply to 3rd or customer audits since they are outside Gestamp's control.

In general, for any type of audit, the auditor shall be impartial to avoid conflict of interests in the system, process or product audited. An auditor shall also have the language skills needed to be able to interact with the auditee or be accompanied by a translator.

If the customer requests any specific competencies in order to qualify as an auditor, these must be fulfilled. If not specified, the Gestamp rules detailed below apply.

In order to be able to perform an audit, the auditor shall have the corresponding qualification and comply with the applicable requirements as follows:

System Audit

- Understand the automotive process approach including risk-based thinking
- Understand the Customer Specific Requirements (CSR's)
- Understand the Gestamp Specific Requirements
- ISO 9001 related to the scope of the audit
- IATF 16949 related to the scope of the audit
- Core tools (as a minimum: FMEA, SPC and MSA) related to the scope of the audit
- Auditing experience

Process Audit

- Technical knowledge of the process being audited (or be accompanied by a technical expert)
- Understanding of PFMEA and Control Plan
- Understand the ISO 9001 related to the scope of the audit
- Understand IATF 16949 related to the scope of the audit
- Understand the Customer Specific Requirements (CSR's)
- Understand the Gestamp Specific Requirements
- Core tools (as a minimum: FMEA, SPC and MSA) related to the scope of the audit
- Auditing experience

Product Audit

- Technical knowledge of the product being audited (or be accompanied by a technical expert)
- Understand the product requirements
- Understand the ISO 9001 related to the scope of the audit
- Understand IATF 16949 related to the scope of the audit
- Understand the relevant measurement test equipment
- Understand the Customer Specific Requirements (CSR's)
- Understand the Gestamp Specific Requirements
- Auditing experience

- **In the case of second party audits (supplier audits) and if these apply to GM, the second party (e.g. Gestamp plant where the auditor is located) must be ISO TS 16949 or IATF 16949:2016 certified and not on probation or suspension.** Also, the second party must utilize a qualified ISO lead auditor or a qualified internal auditor with evidence of successful completion of training and a minimum of five internal ISO/TS 16949:2009 and/or IATF 16949:2016 audits under the supervision of a qualified lead auditor.
- **In the case of VW, the audits in the supply chain must be conducted by certified VDA 6.3 auditors.** This requirement is met with a qualification "Certified process auditor VDA 6.3".
- **Each plant shall keep an updated list of qualified auditors.** A recommended format for this list can be found in related documents ILUO matrix.
- **If a training was provided for any of the above requirements, the plant shall be able to demonstrate the trainer's competency with the requirements.**
- In order to maintain and improve the internal auditor competence, **a minimum of 1 audit per year must be performed.**

Gestamp

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