

**TAG SYSTEMS**



*Smart Solutions*

**2011  
Sustainability  
Report**



Everyday a new future is born...

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## LETTER FROM THE PRESIDENT

To whom it may concern,

We are pleased to introduce you to the first TAG Systems' sustainability report, corresponding to the year 2011. This will be used as a presentation to all groups of interest, through the most significant data and activities related to the Corporate Social Responsibility of our company.

TAG Systems decided to adhere to the United Nations World Pact Project in 2011, as a declaration of respect and accomplishment with its ten principles, also with a clear compromise to support them and spread them. This means, and also proves, that our company is addressing its activity towards a more sustainable model of management, which is in turn more respectful with human rights.

Among the actions performed by TAG Systems in 2011, the most remarkable are the 14001 ISO certification, which means our company has successfully integrated both sustainable development and media protection criteria in its production activity; on the other hand, the OHSAS 18001 certification grants the health and security of our most valuable asset: our employees.

The implementation of the policies derived of the acceptance of the above mentioned ten principles results in a permanent auto evaluation exercise of our company's management method, therefore, we manifest our compromise to keep improving year after year their accomplishment degree.

Yours faithfully,

Joaquim Miró Castillo  
President



**Our company**

## OUR COMPANY

The first premises of the group were created in the Principality of Andorra in 1999, starting our activity as a plastic card producer with the aim of commercializing cards in Europe as well as worldwide.

The 3000 m<sup>2</sup> industrial plant of the company, placed in Andorra la Vella, is equipped with state of the art machinery, counts with a high security environment and has a production capacity of more than 60 million cards per year.

Presently, TAG Systems is a smart card producer and distributor company group. Our service portfolio covers all our customers' demands. Our proven expertise has placed us among the first smart cards suppliers in Europe.



## Our subsidiary companies in the world

TAG Systems' shareholders are mainly Andorran, our headquarters are placed in the Principality of Andorra.

Currently we are immersed in an expansion process which has resulted in investments in new structures in Europe and South-America.

### PRODUCTION AND/OR PERSONALIZATION AND COMERCIALIZATION CENTRES

Andorra (Andorra la Vella)  
Spain (Madrid)  
Finland (Helsinki)  
Poland (Warsaw)  
Latvia (Riga)  
Colombia (Medellín)

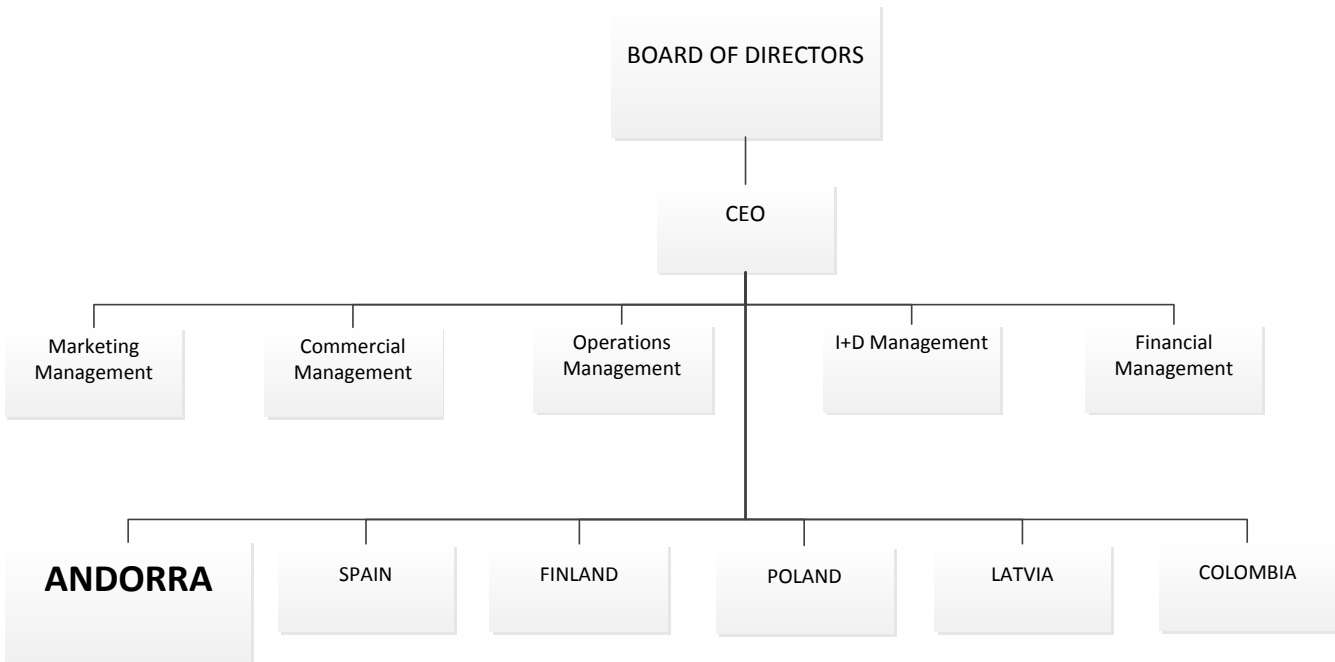
### COMMERCIAL OFFICES

Spain (Barcelona)  
Norway (Mo & Rana)  
Turkey (Istanbul)



## Organizational structure

TAG Systems holds an organizational structure at international level, apart from local management centres at every one of its subsidiaries, being the main management and production plant placed in the Principality of Andorra.



## TAG Systems Andorra Departamental distribution





## Certifications

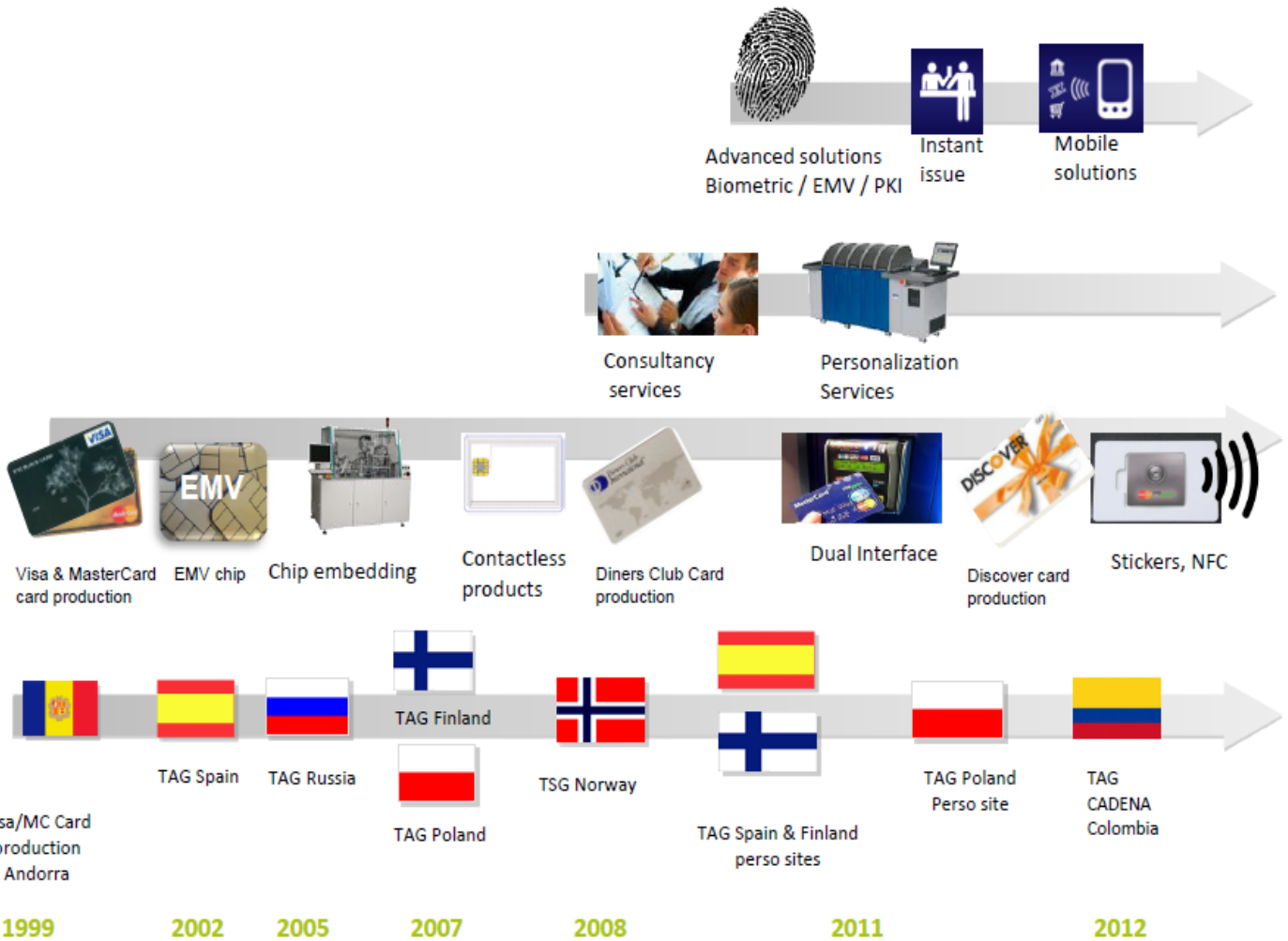
Currently, TAG Systems Andorra owns the following certifications:

- **VISA:** Certification for Visa manufacturing and pre-personalization.
- **MASTERCARD:** Certification for MasterCard card manufacturing.
- **DINERSCLUB:** Certification for DinersClub card manufacturing.
- **CQM:** Quality certification in banking cards manufacturing.
- **ISO 9001:2008:** Quality management certification.
- **ISO 14001:2004:** Environmental Management System Certification.
- **OHSAS 18001:2007:** Labour Hazards Prevention System Certification.



## Products and markets

TAG Systems Andorra offers its customers a great range of products and services related with payment media, identification and other associated services. We are continuously innovating to be able to offer the highest quality products.

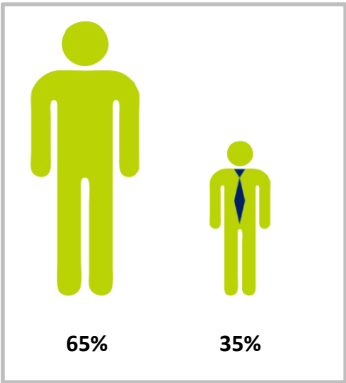
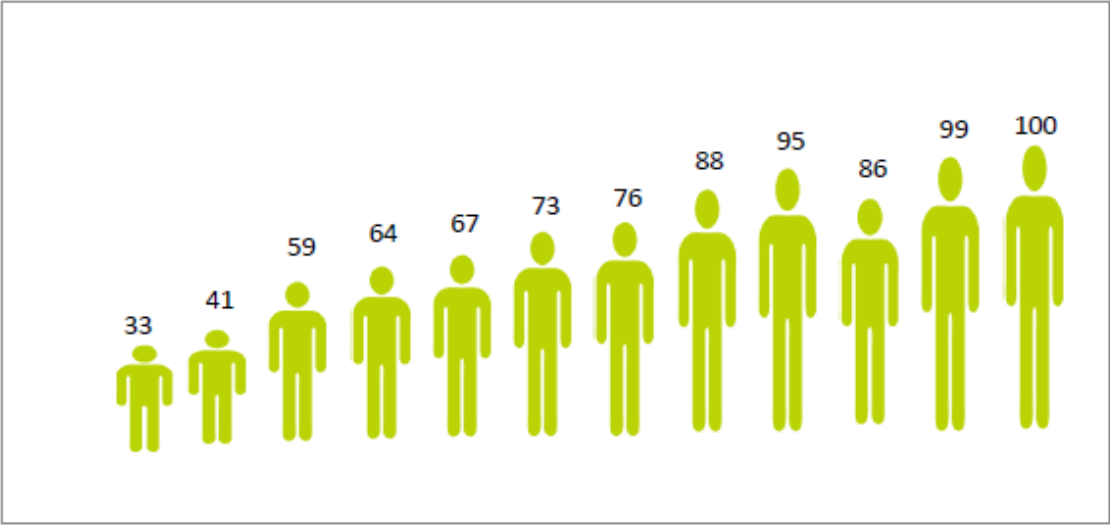




# Human Resources

# OUR STAFF

Since our beginnings in 2000, our company has constantly increased the number of employees, from 33 in 2000 to over 100 today. Our future prospects are to continue growing.



65% of our staff works at the production department, whereas the rest takes part in clerical, commercial and management tasks.

Our staff is stable and attached to the company. At the end of 2011, 86% of the staff had indefinite term agreements. Prospects for 2012 are that the 14% left will transform their working contracts into indefinite.

This fostering of workers' loyalty is proven by the fact that year after year the permanence average of our staff increases considerably.

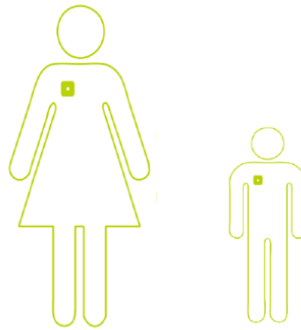


\*Average seniority of the last 4 years

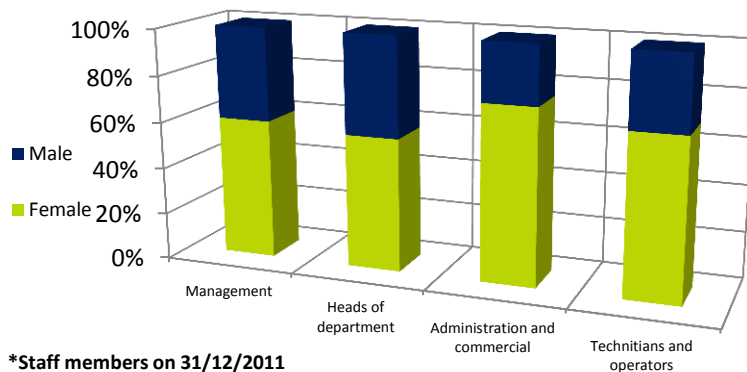
## EQUAL OPPORTUNITIES

TAG Systems Andorra grants equal opportunities and no discrimination for any reasons of sex, nationality, gender, age or others. This is evidenced by the composition of our member staff.

Our staff is composed by a 71% of female employees. Currently, over half the responsibility positions are performed by women. Retributions are attached to the posts, independent of the gender, thus granting internal equality and equity in retribution policies.



**\*Total TAG Systems member staff**  
71% female      29% male



With regard to our staff age rank, in spite of the fact that we are a young company with a 35 age average, we equally value all our staff members independently of their age. Our workers range from 17 to 65 years old.

TAG Systems Group has employees in Norway, Finland, Poland, Spain, Latvia, Colombia, Turkey and Andorra. In our headquarters in Andorra we have staff from 8 different nationalities.

## HEALTH AND SAFETY

It is one of TAG Systems' main concerns to grant the health and safety of all our employees and consequently, our company is aiming to provide a safer and healthier work environment.

As a result of Andorran Law 34/2008 recent implementation, TAG Systems has adopted all necessary measures to ensure our staff health protection by:

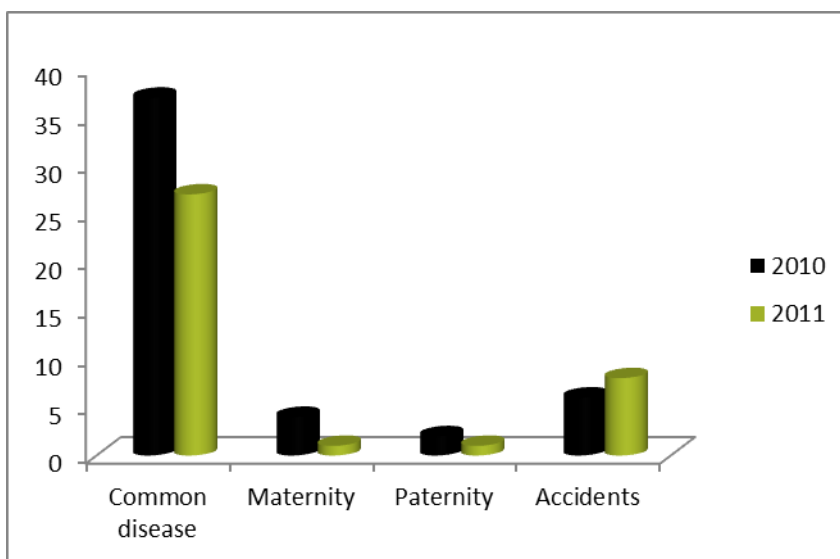
- ▣ Evaluating labour hazards of all positions
- ▣ Planning preventive and corrective measures to be applied
- ▣ Achieving OHSAS 18001 certification, as an improvement in the management of the health and safety protection of our staff.
- ▣ Labour Hazard Prevention Training (378 hours)
- ▣ Establishment and training of a First Intervention Team to act in case of an emergency.
- ▣ Investigation of labour accidents.
- ▣ ...

### Absenteeism from work

Over the course of 2011, 37 medical sick leaves were accounted, which adds up to 1658 days of labour absenteeism.

- 27 common sick leaves
- 1 maternity leave
- 1 paternity leave
- 8 accident leaves (2 in *itinere*)

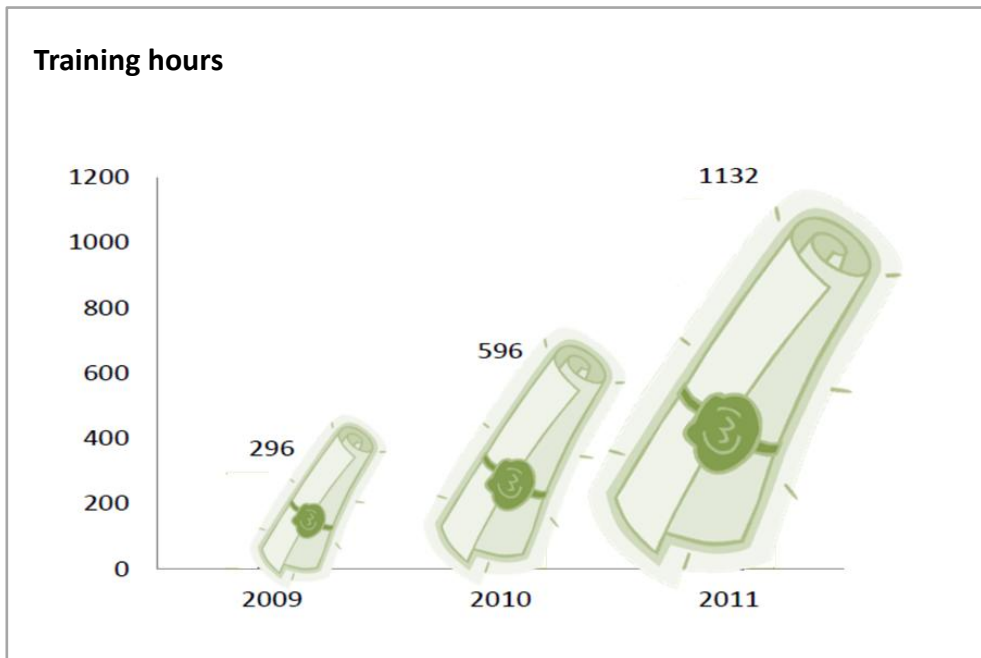
\* Neither of these accidents were serious nor implied any significant work delays.



## TRAINING

TAG Systems Andorra has made a strong bet for the training and professional development of our members, and therefore, every year we assign an important part of our budget to the training and qualification of our staff.

In 2011, a total number of 1132 hours were devoted to training courses, twice as much as in 2010. Part of this considerable increase is due to an investment by our company in trainings related to Labour Hazard Prevention, in which the whole of our staff actively participated.



Our company's objectives for 2012 is to follow this pattern and for this reason one of our objectives will be to increase our budget aimed at training.



# Environment



## ENVIRONMENTAL MANAGEMENT SYSTEM

TAG Systems Andorra considers the development of its activity must integrate sustainable development criteria which grant an adequate management of resources and environmental protection. For this reason, in 2011 the company certified its Andorra la Vella centre with 14001 ISO.

Our compromise with natural environmental respect goes beyond our legal obligations and for this reason our environmental management system is totally integrated in our activity by considering the following principles:

- Application of environmental and energy saving criteria in our processes, making rational use of natural resources and reducing residues and emissions.
- Fulfilment with environmental and energy laws, as well as other compromises voluntarily acquired.
- Training and providing for all the necessary resources for our partners to actively accomplish environmental objectives.
- Development of a continuous improvement effort in our integrated management system, which allows us to improve its performance and at the same time to be more efficient.



# INDICATORS OF RESOURCE CONSUMPTION AND RESIDUE MANAGEMENT

## Management of energy resources

All consumptions of energy resources have been reduced in 2011 in comparison to those in 2010. This is mainly due to the awareness of our staff towards their rational use and also to the technical investment in some of our installations, thus obtaining a significant decrease in their consumption.

### Electricity consumption



2010 \_\_\_\_\_ **666,79 MWh**  
2011 \_\_\_\_\_ **604,97MWh**

### Water consumption

2010 \_\_\_\_\_ **9.031 m3**  
2011 \_\_\_\_\_ **8.214 m3**



### Diesel consumption

#### Heating diesel

2010 \_\_\_\_\_ **17.525 litres**  
2011 \_\_\_\_\_ **13.143 litres**

\*In 2011 some technical improvements were practised at our diesel deposit which involved leaving it empty for a few days.

#### Automotive diesel

2010 \_\_\_\_\_ **12.514 litres**  
2011 \_\_\_\_\_ **10.392 litres**



## **Residue management**

TAG Systems Andorra is certified by the Environment Department of the Andorran Government as a producer of residues (PRP-0029/11). This grants that all waste materials produced by our company are correctly treated according to current legislation.

The main raw material consumed by TAG Systems is plastic, used in the card manufacturing process. However, throughout the production process, and also during other services offered by our company, other kinds of waste materials are produced, which in turn are also collected and treated properly.

### **Plastic and other production waste**

Plastic waste generated by TAG Systems Andorra is sent for recycling through an authorised residue dealer. This dealer collects our destroyed and selected waste material on a weekly basis.

Further to liquid waste, such as thinners , inks, alcohols and others, these are also collected by an authorised agent, which disposes of them through the Andorra Residue Treatment Centre.

In 2011 our generated residues were :

PLASTIC .....	216,61 Tons
INKS .....	2,11 Tons
DEVELOPERS .....	1,46 Tons
OTHERS .....	0,62 Tons

## Selective collection

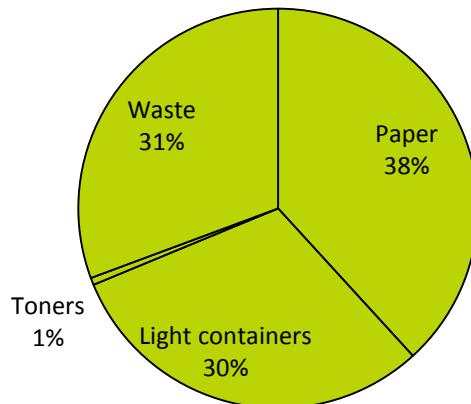
In June 2011, TAG Systems created an internal procedure for the selective collection of waste material, with the intention that all company workers participated actively.

Some collection points were distributed all through the factory in order to make the process easier.

The following waste materials were included in the process:

2011	
PAPER	658 kg
LIGHT CONTAINERS	526 kg
BATTERIES	No data available
TONERS	10 kg
FLUORESCENTS	No data available
WASTE	528 kg

## SELECTIVE COLLECTION 2011





# Relationships

## Customers

TAG Systems regards quality as a vital matter. To us, quality is not controlled, it is produced. For this reason, we have several control spots arranged all through the different production stages in order to ensure a maximum quality level during all the manufacturing process.

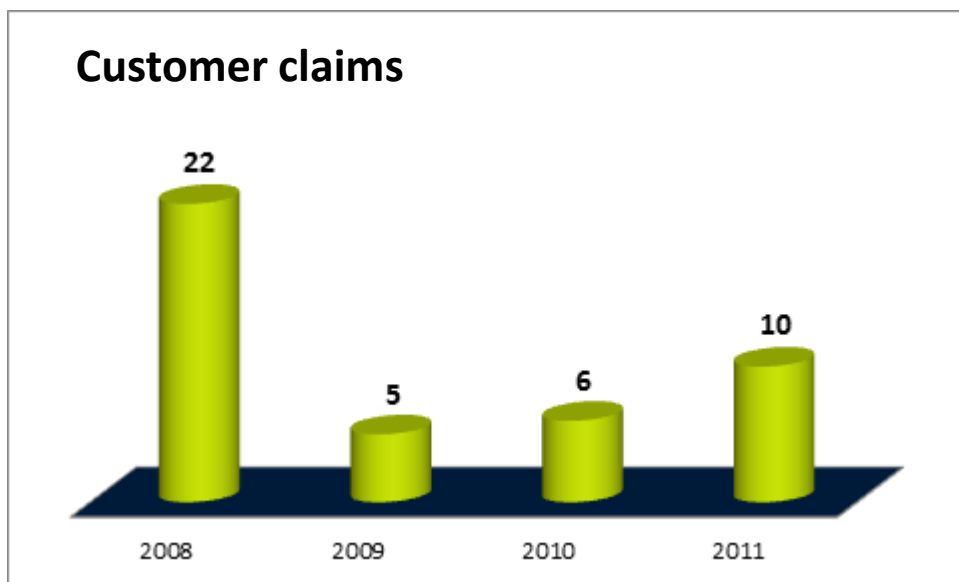
Control spots are based on different regulations and standards specifying the requirements for the plastic card manufacturing.

We base our performance on the CQM programme (Card Quality Management), which contemplates some of the following rules and regulations:

- ▣ ISO/IEC 7810
- ▣ ISO/IEC 7811-1, ISO/IEC 7811-2, ISO/IEC 7811-6
- ▣ ISO/IEC 7816-1, ISO/IEC 7816-2, ISO/IEC 7816-3
- ▣ ISO/IEC 10373-1, ISO/IEC 10373-2, ISO/IEC 10373-3
- ▣ Chip hardware functionality controls with terminals, according to EMV regulations.
- ▣ Design requirements according to Visa, MasterCard and DinersClub manuals.

Our Quality Control Department inspects all finished cards following our ISO AQL (Acceptance Quality Level) sample table.

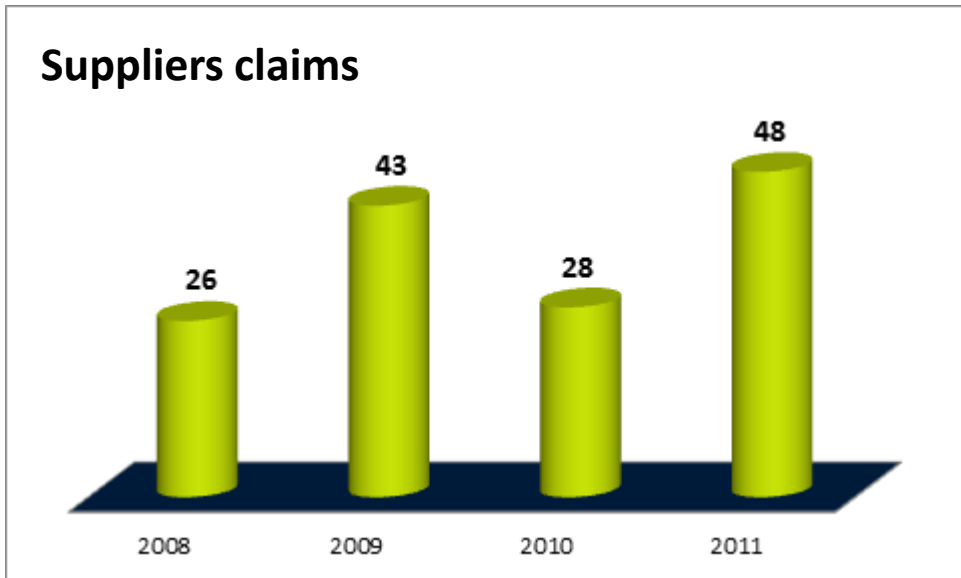
We aim for a constant search for improvement in order to satisfy our customers' needs. For this reason, whenever we receive a claim, a complete correcting process is engaged. All necessary actions are then undertaken and the incidence is totally solved in order to avoid it occurring again in the future.



## Suppliers

TAG Systems Andorra makes use of the best raw materials in card production. These materials undergo a strict homologation process before they are processed.

When raw materials reach our plant, they go through several checkpoints where their suitability is determined. Owing to these entry controls we have achieved a considerable increase on final product quality, due to the fact that when faulty raw materials are detected, these are automatically discarded, and therefore, potential production issues are avoided from the very beginning.



In addition to this, we do not only give priority to quality on purchased raw materials, but we also value positively those suppliers who incur in a smaller environmental impact. One of our main requirements at the time of evaluating new potential suppliers are their environmental management systems.



**Global Compact**



## SUPPORT TO GLOBAL COMPACT

TAG Systems' Corporate Social Responsibility Report describes the measures adopted on the basis of the Ten Principles of the UN World Pact, which we have been supporting since 2011.



DONEM SUPORT  
AL PACTE GLOBAL

### HUMAN RIGHTS

TAG Systems respects human rights in every one of its activities and values very positively the adherence to the World Pact or other similar declarations respecting this principle on its partners, suppliers and customers.

### LABOUR STANDARDS

TAG Systems respects all principles and regulations related to labour rights, both national and international. Policies for non labour discrimination of any kind are enforced and all kinds of forced labour rejected, as well as any other kinds of work which violate any human or labour right.

### ENVIRONMENT

Evaluation of the impact and the environmental effect of the environmental hazards prevention actions, being this of the key points on the company's policies.

### ANTICORRUPTION

TAG Systems rejects all those activities that might incur into any kind of corruption, including extortion and bribery.

