



**SUSTAINABILITY
REPORT
2018**

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1. Letter from the Chairman

Welcome,

It is a pleasure to present Tag Systems' Sustainability Report 2018, the second as per Global Reporting Initiative Standards, the result of a new analysis and reflection where we underline our commitment and development in the social, environmental, economic and ethical areas. For us, it is an exercise of transparency that enables us to move closer towards the heart and soul of the company. Once again, we renew our commitment to the United National Global Compact, demonstrating our willingness to consolidate, develop and implement good practices that are aligned with our activity and that help us to be more sustainable.

We create values by working hard every day to deliver the best quality and customer service in our industry, we value our people, encourage their development and reward their performance.

Quality and constant commitment to offering the latest trends in products and services, with the major efficiency, enable us to respond to different customer profiles.

Continuously, we are researching the maximum sustainability of our products and our production system, helped closely by our stakeholders. This premise leads the way. From the essence of our activity and with the willingness of those of us who are part of Tag Systems, we contribute to the different goals defined in the Sustainable Development Goals (SDG).

Our performance -year after year- ensures our ability to face the challenges of the world today and customers' expectations without compromising our professionalism, quality and trust.

We build relationship that makes a difference for our customers. We are willing to develop and adapt products and services to customers and end-users' new habits, whilst remaining sustainable. We guarantee maximum quality and security of all our products and services. We want them to be completely satisfied and to see us as a trustworthy and competitive supplier in terms of quality, price and sustainability.

With our suppliers, we are moving forward to make them participants in our commitment with society and the environment.

TAG Systems is evolving the way the payment industry moves. We are aware of the important challenges that await us over the next few years, but we shall know how to face them with determination, responsibility and success.

Understanding payment innovation and monitoring the trends are key points for our sector.

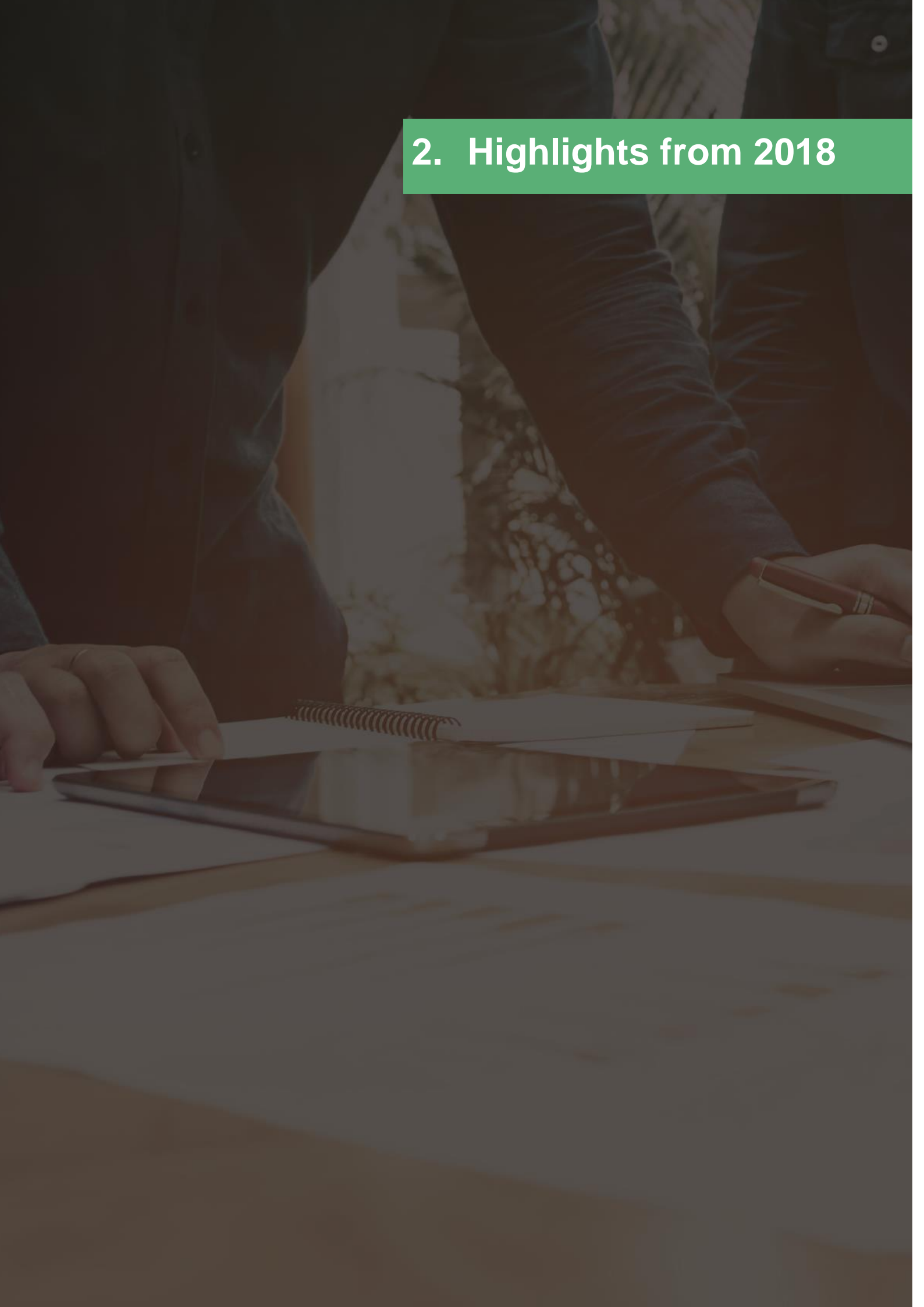
This will help us to be prepared for the future, to establish strategic alliances and to develop new products and services, being our commitment to sustainability in the first page of our roadmap.

I wish you find this Sustainability Report of interest.

Joaquim Miró Castillo

Chairman

2. Highlights from 2018





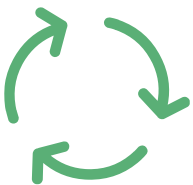
We publish the **Sustainability Report** and as signatories to the United Nations Global Compact, we are also committed to meeting the **Sustainable Development Goals 2030**, the priorities being 5, 8, 9, 12, 13 and 17.



121 workers, 100% with permanent and full-time contracts.

69% female workers and **67%** in positions of responsibility.

46% increase in the investment for training compared to 2017.



10% reduction in the consumption of paper in our offices.

Reduction of plastic waste items thanks to the commitment of the workforce.

3. Tag Systems at a glance

3.1. Our raison d'être

3.2. Our history

3.3. Tag Systems in the world

3.4. The governance structure

3.5. Combining forces with strategic alliances

3.1. Our raison d'être

Tag Systems SA is a private company that aims to provide payment products and solutions that meet customers' needs, focusing on quality and security to guarantee compliance with the highest standards. Professionalism, trust and flexibility are the foundations to the services we provide.

Our values define who we are and how we do things. **Tag Systems'** General Management Team and other managerial roles ensure all workers are aware of the importance of acting with these values in mind.

3.2. Our history

Tag Systems began its activity in 1999 in Andorra la Vella, and since then has expanded with the opening of new branches and subsidiaries in Europe and South America. This has allowed us to integrate innovative solutions in our portfolio and better service thanks to the proximity with our customers. A trajectory marked by responsible management and an international vision that has enabled favourable positioning in a highly competitive market.

1999	Tag Systems Andorra achieves certification to produce bank cards (MasterCard and Visa cards)	2009	Establishment of the subsidiary Tag Systems Smart Solutions SL in Madrid, Spain
2000			Tag Systems Andorra, together with the Colombian company CADENA, begins its expansion towards Latin America with the creation of Tag Cadena S.A.S in Medellín, Colombia
2002	Establishment of the first subsidiary abroad, Cardtag Espanya in Barcelona, Spain	2012	Tag Systems Andorra obtains the ISO 14001 and OHSAS 18001 certifications Tag Systems Finland Oy acquires the trade office of First Data Latvia in Riga, Latvia Tag Systems Andorra obtains certification to manufacture Discover cards
2003	Production facilities were equipped for chip embedding	2013	Tag Systems sells Tag Systems Finland Oy and its subsidiary in Latvia
2006	Tag Systems Andorra obtained the Card Quality Management (CQM) certificate from MasterCard	2015	Tag Systems completes AMEX certification Tag Systems acquires shares in the Spanish mobile payment solutions supplier, Seglan
2007	Establishment of the subsidiary Tag Systems Finland Oy in Helsinki, Finland Establishment of the subsidiary Tag Systems Poland sp. z o.o. in Warsaw, Poland Tag Systems obtains the ISO 9001 quality certificate	2016	Tag Systems partners with the Banking Division of the UK-based company Nitecrest, to establish Tagnitecrest Ltd.
2008	Tag Systems Andorra is recognised as a Diners Club International Approved Card Manufacturer		

3.3. Tag Systems in the world

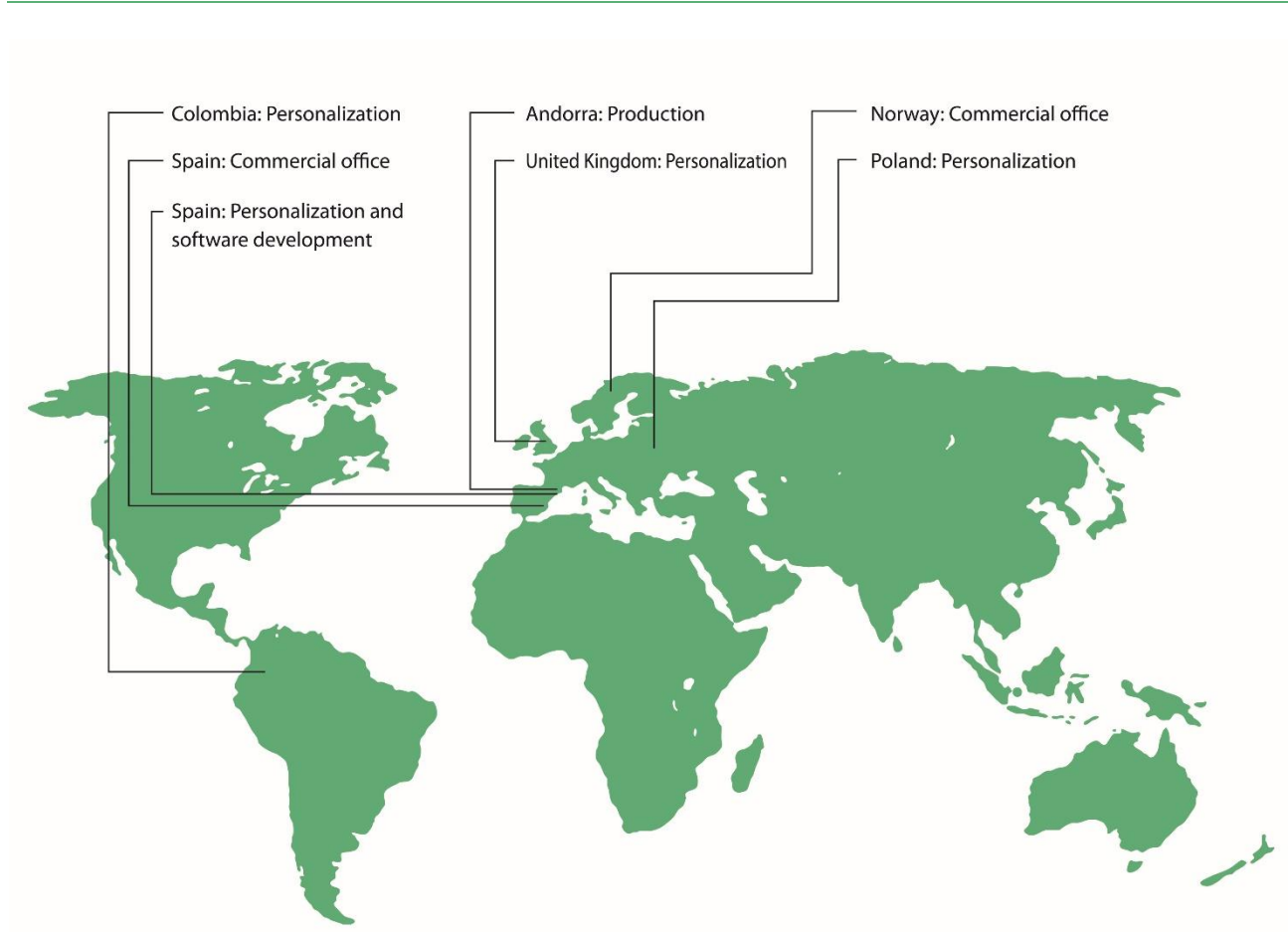
Tag Systems operates in various cities in Europe and South America, and our headquarters is located in Andorra la Vella.

Production and/or personalisation and marketing centres

- Andorra (Andorra la Vella) - Production
- Madrid (Spain) - Trade office, Software Development and Personalisation
- Warsaw (Poland) - Personalisation
- Medellín (Colombia) - Personalisation
- Leyland (United Kingdom) – Personalisation

Trade offices

- Mo i Rana (Norway) - Trade Office



In 2018 we have invested in new machinery and facilities to expand Tag Systems' production capacity.

3.4. Governance structure

Tag Systems' corporate governance structure guarantees satisfactory compliance with business management requirements, based on ethics and integrity to promote a responsible and transparent way of working.



Tag Systems has made progress in the formalisation of an internal Ethics Code which we will publish during 2019. We also wish to highlight that we have dual control mechanisms for daily operations via those responsible for the different processes.

3.5. Joining forces with strategic alliances

Tag Systems' alliances enable us to be part of various networks that enhance what we are and what we do as a company, as well as sharing experiences and knowledge of future challenges in our market and the economic and business context.



Tag Systems is part of **ICMA**. As the main international card manufacturers association, its mission is to promote the whole card industry, together with the value of its products and services, providing an independent forum for sharing knowledge and ideas.



Tag Systems is a member of **PIMEC**, a social agent in Catalonia, Spain that participates in work committees and panels with public administrations and representative social agents, as well as regularly giving opinions on legislative initiatives and public policies and making proposals to defend and represent the interests of SMEs and the self-employed.



Tag Systems is a member of **CEA**, a representative body of Andorran business associations which actively liaises with the Andorran business network, institutions and Andorran society in general.



Since 2012, **Tag Systems** has complied with the **Achilles** qualification system, which arose from the consumers' need to demand greater control over supply chains, not just from a business performance perspective, but also from ethical and environmental standards.

4. Sustainability leads the way

4.1. Sustainable and responsible management

4.2. Relevant sustainability topics

4.3. Commitment to the local community

SUSTAINABLE DEVELOPMENT GOALS INTEGRATED IN TAG SYSTEMS

The 17 Sustainable Development Goals (SDG) – global, inclusive and ambitious – are what guide the implementation of the 2030 Agenda for Sustainable Development of the United Nations. In the different sections of this Sustainability Report, we have included the SDG aligned with who we are and what we do at **Tag Systems**. As a result of the dialogue with the stakeholders set out in this chapter, the sustainability topics that are relevant to us have been validated. This shall enable strategic planning with greater awareness of our ability to generate positive impacts on people as well as the natural environment.



4.1. Sustainable and responsible management

With the goal of generating solid growth of **Tag Systems**, we base our actions on responsible criteria that reinforce our links with stakeholders, ensure our competitiveness and promote the creation of long-term value.

Our commitment to sustainability is present in all departments and activities: from product marketing to our employees' wellbeing, via responsible purchasing of raw materials from suppliers and environmentally efficient production processes.

Commitment to the United National Global Compact

In 2011, **Tag Systems** made a commitment to the 10 Principles of the United Nations Global Compact regarding human rights, labour, the environment and anti-corruption.



Human rights

Tag Systems respects human rights in each of its activities and positively values its partners, suppliers and customers' support of the Global Compact or other declarations respecting this principle.



Labour

Tag Systems respects all national and international principles and regulations relating to labour rights.

Non-discrimination labour policies of all kinds are applicable to **Tag Systems**, all kinds of forced labour are rejected, as well as any kind of work that puts any human or labour right in danger.



Environment

We assess the environmental impact of our company and manage the prevention of environmental risks.



Anti-corruption

Tag Systems rejects all activities with signs of corruption, such as extortion and bribery.

Since 2015, the Sustainable Development Goals (SDG) guide the implementation of the 2030 Agenda for Sustainable Development of the United Nations. The 17 Goals of this ambitious Agenda guide many business actions, particularly when the activity not only generates local impacts but also global ones.

The consolidation of **Tag Systems** in the international market and future plans demand we deeply reflect on the role we shall have to positively contribute to achieving the SDG. In this sense, throughout this document we have indicated the SDG to which we contribute through our activity.

Our stakeholders

Each of our stakeholders has an important role in the goals we set. We aim to maintain relationships of trust with each of them to find solutions to common challenges. Aware of the intrinsic value of each of our stakeholders, we establish channels of communication through which we exchange impressions on any aspect related with our activity.

Dialogue with stakeholders is key to detecting improvements in the strategic design of the business, as well as in the design of specific actions that may provide solutions to the expectations of the different groups.

Main channels of communication

Stakeholders	Meetings	E-mail	Suggestion box	Noticeboard	Website	Seminar, talks, workshops, and exhibitions	Newsletter and press releases
Employees	√	√	√	√			
Customers	√	√			√	√	√
Suppliers	√	√			√	√	√
Administration	√	√			√		√
Business Associations	√	√				√	√
Board of Directors	√	√					
Community					√	√	√

4.2. Material sustainability topics

The initial identification of the potentially material sustainability topics for **Tag Systems** was based on the following information sources:

- GRI Standards of the Global Reporting Initiative
- Sustainability Topics for Sectors: What do stakeholders want to know? of the GRI (Software and Service; Technology Hardware and Equipment)
- Sustainability Accounting Standards Board (SASB)
- RobecoSAM regarding IT & Software Services
- European Non-Financial Information Directive
- Sectorial benchmarking

Later, we carried out an exercise to identify and prioritise the material sustainability topics for our stakeholders (indirect external analysis through a consultancy of senior and middle managers who are in contact with different stakeholders) and those that are significant due to their impact on the business (direct internal analysis in a participatory session with the Management Team).

During the participatory session with the Management Team, each of the potentially material topics was reflected and agreed upon bearing in mind three factors: Boundary, identifying whether the impact is produced inside and/or outside **Tag Systems**; involvement, to identify whether **Tag Systems** is the direct or indirect cause of the impact (through its business relationships); and the level of importance.

For indirect prioritisation by the corresponding people, first they were sent a questionnaire and information on all the material topics. Afterwards, a meeting was held with them all to comment and discuss the scope of each topic and the result of their answers.

Material sustainability topics

Economy and strategy	Environment	Social
Economic performance	Materials	Employment
Anti-corruption	Emissions	Occupational Health and safety
	Environmental compliance	Training and education
		Diversity and equal opportunities / Non-discrimination
		Socioeconomic compliance
		Customer Health and Safety
		Customer privacy
		Customer communication, satisfaction and Quality

The social scope covers many material topics linked to employees and customers. This vision, shared by the Management Team as well as the stakeholders, emphasises the relationship of Tag Systems with people.

4.3. Commitment to the local community

Tag Systems' actions in the local community are carried out through initiatives that enable the projection of corporate values, such as teamwork, or which allow it to be an active participant in contributing solutions to local challenges. In 2018, we have sponsored individual and team sports through, for example, the participation of a **Tag Systems** team in races around the country (AnyósPark Fun Run and Andorra Ultra Trail Vallnord) and we have made direct donations to Andorran NGO.



We also have collaboration agreements with the University of Andorra and professional training centres in the country through which they offer work experience so students can complete their training and improve their marks before their subsequent incorporation into the labour market.

Tag Systems became an inclusive company, a necessary commitment to offer employment opportunities to a sector of the population that often has additional difficulties to show their value.

5. Quality, the basis of trust

- 5.1. Guaranteed quality and security
- 5.2. Our products and services
- 5.3. Our markets
- 5.4. Commitment to customers
- 5.5. The importance of suppliers

SUSTAINABLE DEVELOPMENT GOALS INTEGRATED IN TAG SYSTEMS



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. At Tag Systems, we adopt environmentally-friendly and clean industrial processes and technologies.



Ensure sustainable production and consumption patterns. At Tag Systems, we make efficient use of energy and natural resources, we choose raw materials bearing in mind their environmental impact and incorporate environmental criteria when choosing suppliers.

5.1. Guaranteed quality and security

We integrate excellence at all levels through efficient tools and management systems that guarantee continuous improvement and performance. Excellence is an essential part of our way of working and of our value proposition, focussed on competitiveness, productivity, quality and security.

We guarantee to offer maximum quality in all our products and services. In this sense, we take special care in all processes, from conceptual development, the selection of raw materials and production, to the presentation of the product and its delivery to the customer.

We put all our effort into implementing protocols, standards and certificates that ensure strict compliance of the quality and security standards. The quality management system ensures that our products and services meet the applicable legal requirements, whilst aiming for customer satisfaction.

Tag Systems manufactures cards and develops software in Europe. This allows us to monitor all the development and production process stages assuring customers that our products are in line with European quality standards. We integrate various control points in the production process based on different regulations and standards that define the requirements for manufacturing plastic cards.

We hold certificates that reaffirm our commitment to offering quality products and solutions:

- **ISO 9001**. Certified quality management system, designed by the International Standardization Organization.
- **Card Quality Management (CQM) by MasterCard**. Certification that is part of the MasterCard approval process and refers to quality and security criteria of the product. All cards manufactured by Tag Systems (banking and commercial) meet this certification (416-1).



Card Quality Managent (CQM)

5.2. Our products and services

Quality and constant commitment to offering the latest trends in products and services enable us to respond to different customer profiles. We are willing to develop and adapt products and services to customers and end-users' new habits whilst remaining competitive. Our performance year after year is a guarantee for the future that ensures our ability to face the challenges of the world today and customers' expectations without compromising our professionalism, quality and trust.



Payment, cards and design

Design. Cards are much more than just a mean of payment. They are an additional marketing tool that help to send the right message to each customer segment with a unique card design for each of them. **Tag Systems** manufactures cards with unique features using our knowledge of printing techniques and manufacturing expertise; we always deliver cards that meet the highest quality standards and international payment scheme specifications.

Cards. Tag Systems' EMV (Europay MasterCard VISA) chip portfolio ranges from basic chip products to those based on Java global platforms specifications. A variety of possibilities to cover all needs.

Tag Systems is currently evaluating more environmentally-friendly materials, such as degradable PVC, and analysing the possibility of incorporating them without compromising the quality of the end product.



Security solutions

Taginstant. This is a fast, comfortable, secure and cost-effective solution for the instant issue of cards at bank branches. Customers immediately receive a completely personalised EMV card that can be activated and used without delay. **TagInstant** can personalise contact and dual interface cards from the main payment schemes.

Tagpin. This is an innovative solution that gives card issuers a new, secure and environmentally-friendly channel for PIN distribution. With TagPin solution, PIN code is delivered to customers via SMS, improving the service and increasing their satisfaction with the immediate issuance of a PIN at any time, in any place.

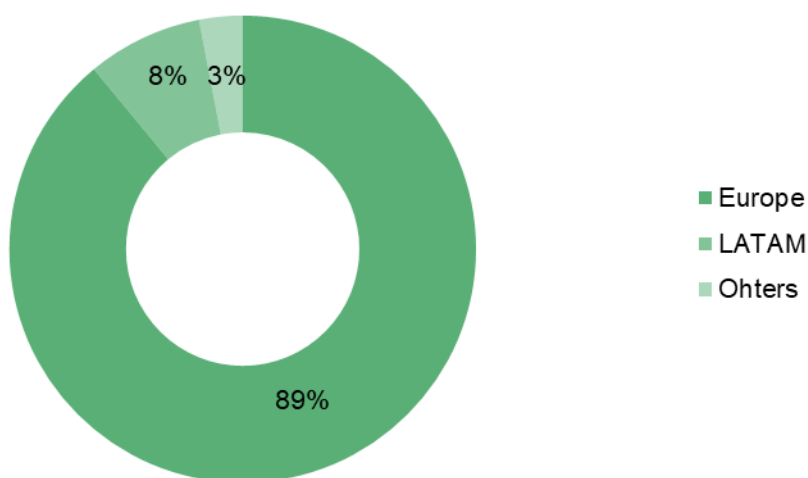
Services

Personalisation services. Tag Systems' personalisation centres provide services to card issuers in state-of-the-art facilities, which comply with all the security standards of the main international payment brands. Data confidentiality and security is guaranteed by strict internal processes.

Consultancy. Our team of expert engineers and specialists in different areas guides customers through the opportunities arising in the continuously evolving payments sector. It provides support throughout the initial stages, helping with planning through to implementation of the project.

5.3. Markets where we operate

Our products and services are mainly provided in the European and Latin American markets. The sectors supplied in these markets include banking and commercial activities.



5.4. Commitment to customers

We are committed to meet our customers' needs and expectations regarding our products and services. To do this, we have mechanisms in place aimed at establishing actions for improvement and ensuring their fulfilment. Our customers are:

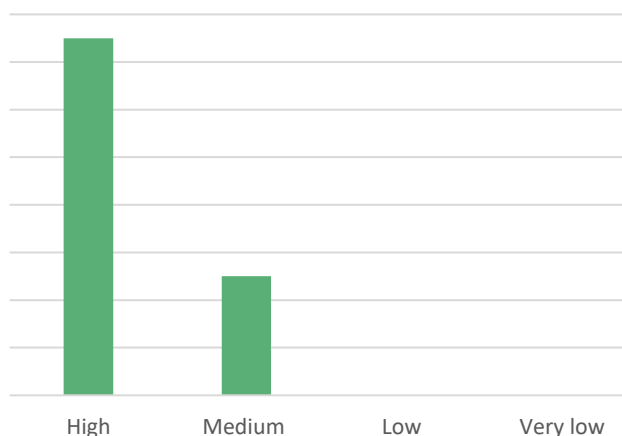
- Financial institutions
- Distributors
- Governments and local administrations
- Retailers
- Service stations
- Sports clubs and associations
- Hotel chains

At **Tag Systems**, we assume responsibility for providing customers with clear information through appropriate dialogue and communications channels. In this sense, we establish long-term relationships of trust and transparency bearing in mind the strong technological and security components of our products. With the signing of confidentiality agreements, we guarantee that the transfer of technological knowledge and sensitive data is done within a protected, transparent and confidential framework. Furthermore, we comply with the industry data security standards through PCI DSS certification (*Payment Card Industry Data Security Standard*).

Every year we carry out surveys to assess customers' level of satisfaction with our products and services. We focus on knowing the opinions

relating to aspects such as the quality of the service received throughout the order, quality of the product or solution and the usefulness of the information received, among others. The survey results enable us to detect areas for improvement to continue offering quality products and services that meet the expectations of current and future customers.

Customers' level of satisfaction 2018 Quality level of Tag Systems' products



The results of the 2018 satisfaction survey have been very positive: 75% of customers surveyed consider the quality of our products as high. 92% know of our solutions, 83% consider our ability to resolve any incidents as extremely satisfactory, and 100% would recommend us.

In accordance with our international vocation, we are greatly committed to cultural, social and religious diversity. For this reason, in our external communication materials, we create contents that respects this diversity.

In 2018, **Tag Systems** participated in two leading technology conferences: Trustech and the Mobile World Congress. Both enable us to remain up-to-date with the latest innovations and solutions, as well as to get to know the trends to integrate them in our strategic planning and continue offering the best products and services to our customers.



5.5. Suppliers, a key factor

At **Tag Systems**, we know that to guarantee the correct development of our activity and quality products and services, it is essential to have suppliers from diverse spheres of activity and categories with whom we maintain long-term relationships of trust. (103-2, 103-3) This means not just having suppliers with a high technical and quality performance, but who also comply and are aligned with the criteria we have defined, among them environmental and social criteria; for example, the provision of a certified environmental management system. We periodically update our supplier database to incorporate compliance with new environmental, quality and occupational safety certificates.

The criteria defined when choosing suppliers are:

- Provision of certificates and/or systems for quality, environment and occupational health and safety
- Prioritisation of local suppliers
- Environmentally-friendly products
- Technical adaptability of the product

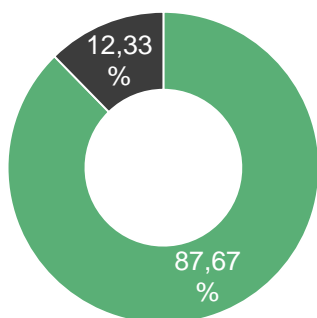
The activities for which **Tag Systems** is supplied with products and services are: raw materials for production, machinery maintenance services, transport services, installations, IT services, consultancy and cleaning services.

Regarding the materials used in the manufacture of our cards, we are aware of their importance, so we choose the best raw materials via a strict approval protocol.

Almost all our raw materials come from European countries and, regarding services, we give priority to local suppliers, from Andorra.

Every year the Purchasing Department is commissioned with monitoring the suppliers who directly impact the quality of the end product. Monitoring is done via the control of external supply, as per the protocol described in the purchasing protocols policy. In parallel, the Quality Department monitors the arrival of materials where any imperfection or incorrect supply of material is detected, thus avoiding future problems during production. If any defect is discovered, the Quality Department opens a “Quality Non-conformity” file for the supplier, information that is later used in the monitoring. Finally, suppliers are periodically informed of the results obtained from the assessment.

Purchases as per supplier’s origin 2018



■ Europe ■ Others

6. The workforce, the driving force

- 6.1. Profile of the workforce and quality employment
- 6.2. Inclusive work environment
- 6.3. Training and professional development opportunities
- 6.4. Occupational Health and Safety

SUSTAINABLE DEVELOPMENT GOALS INTEGRATED IN TAG SYSTEMS

5 GENDER EQUALITY



Achieve gender equality. At Tag Systems, we incorporate the gender perspective and our business culture promotes equality and integration, and human rights.

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. At Tag Systems, we promote youth employment in the company through hiring and training programmes, and we also promote the value of cultural diversity.

6.1. Profile of the workforce and quality employment

The human resources management plays a fundamental role in meeting **Tag Systems'** global objectives. Beyond that, we have always thought of our people as the element that marks our difference and competitiveness. For this reason, we offer quality employment, encourage growth with training programmes, provide a safe and healthy work environment and guarantee equality and non-discrimination.



121 | Workers (100% in-house staff)

68% | Female workers

100% | Workers with permanent and full-time contracts

75% | Workers between 30 and 50 years old

76% | Technical and manual workers

37% | New employee hired under 30 years old

32% | Workforce turnover rate

Workforce, new employee hired and leaves of absence

	In-house staff (as of 31 December)			New employee hires (accrued over year)			Leaves of absence (accrued over year)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
≤ 30 years	17	15	11	10	18	13	5	15	14
Men	7	7	5	6	14	8	3	13	9
Women	10	8	6	4	4	5	2	2	5
30-50 years	92	85	91	11	17	20	16	23	16
Men	30	26	26	4	8	5	7	12	5
Women	62	59	65	7	9	15	9	11	11
+50 years	14	19	19	1	2	2	1	2	1
Men	8	9	8	0	2	0	1	2	0
Women	6	10	11	1	0	2	0	0	1
Men	45	42	39	10	24	13	11	27	14
Women	78	77	82	12	13	22	11	13	17
Total	123	119	121	22	37	35	22	40	31

The rate of return to work after parental leave and the staff retention rate is 67% (100% for men and 50% for women).

During 2017 & 2018, we have introduced some improvements and changes that show **Tag Systems'** commitment to guarantee quality employment.

- **Flexible working hours** in the offices.
- **Birthdays should be a special day**, so we have introduced a paid half-day off.
- **Breaks are important** so the break areas have been improved and now have free healthy snacks, such as water and teas, among other things.
- **Healthy Monday**. With this initiative, we offer a healthy breakfast on the first Monday of each month.
- **Casual Friday** dress code in the offices.

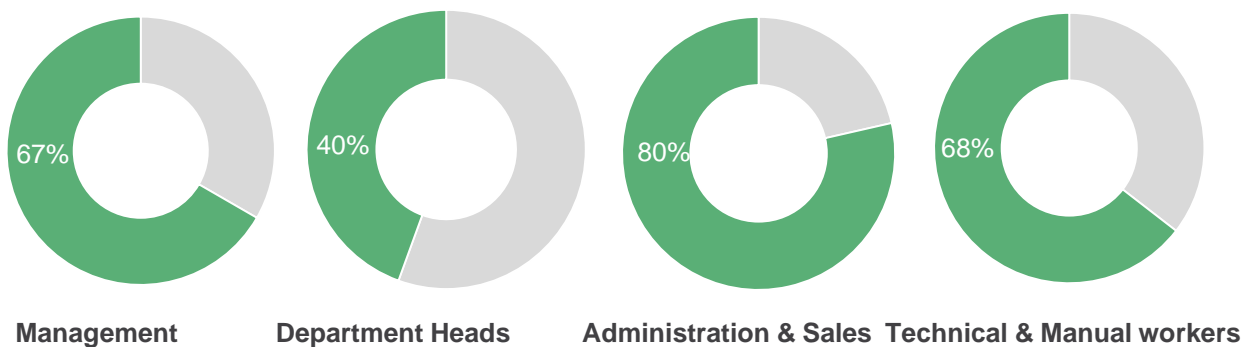
Furthermore, we introduced a work environment push button device to offer employees an additional channel to communicate their opinions to detect those areas of improvement that inspire new initiatives. All this is part of our commitment for responsible and more participatory management of our human resources.

6.2. Inclusive work environment

At **Tag Systems**, we respect local and international labour standards and the principles relating to employees' rights. In this sense, we have protocols and policies to guarantee non-discrimination for any reason together with the promotion of equal opportunities and recognition of the diversity of our workforce.

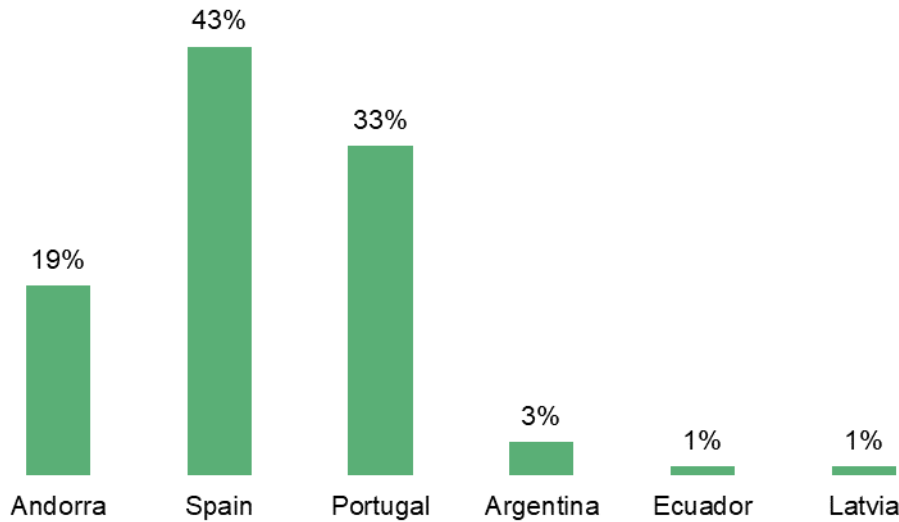
Human Resources department has attended specific training on equality and has started to apply actions such as the use of gender-neutral language in internal communications and job advertisements published in the press. Also has started to collect data and indicators separating them by gender.

Women by employment category



Tag Systems' workforce comprises people from 6 different nationalities, the main ones being Spanish, Andorran and Portuguese.

Workforce by nationality



6.3. Training and professional development opportunities

Every year at **Tag Systems** we allocate part of our budget for training for the different professional profiles to offer people the necessary knowledge to perform their daily tasks and to expand their skills and abilities adapted to the workplaces.

The training plan established at the beginning of the year is modified and adapted as needs arise. Furthermore, there is an internal protocol that enables people to request training they find interesting. Subsequently, the proposal is assessed and approved, if appropriate, or it is partially financed depending on the content. In general, the most relevant trainings for **Tag Systems** relate to the management and prevention of occupational hazards.



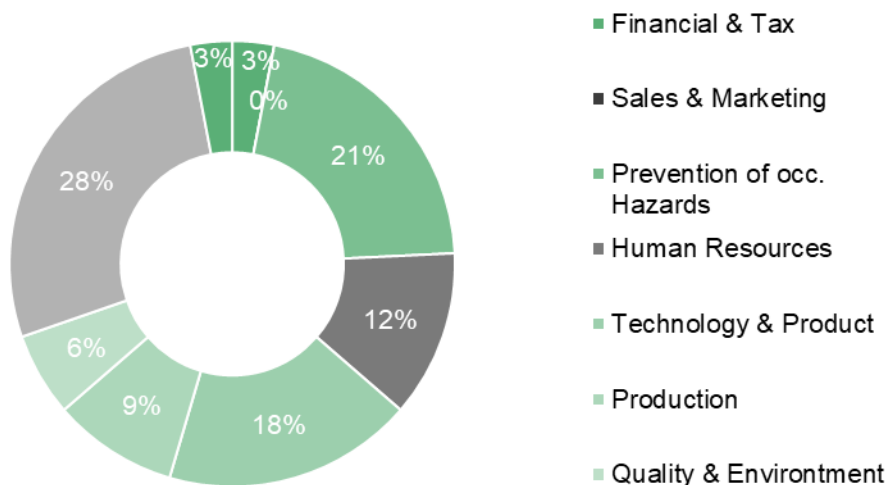
100% | Workers who have received training

3,022 | Hours of training

24 | Average hours training per employee

33 | Courses completed

Type of training given 2018



Average hours training per employee by gender and employment category (h/employee)

	2016	2017	2018
Men	12.46	12.83	54.21
Management	4.18	20.00	0.00
Department Heads	29.25	36.9	64.33
Administration and sales	19.25	8.00	6.67
Technical and manual workers	8.48	9.41	58.9
Women	11.47	8.25	11.08
Management	60.00	62.75	66.00
Administration and sales	16.70	21.55	19.46
Technical and manual workers	4.61	1.83	5.23

6.4. Occupational Health and Safety

One of our priorities is the health and safety of everyone who works at **Tag Systems**. For this reason, we focus on strengthening the occupational health and safety prevention and management culture, which is established via the OSHAS 18001 management system we have implemented and certified.

We have hired an External Prevention Service for all specialities relating to health and safety, including health monitoring. All the workplaces, teams and products are duly assessed and corrective actions planned.



Our occupational hazards prevention and safety policy contemplates guaranteeing safe and correctly equipped installations for the performance of the activity.

Tag Systems' Occupational Hazards Committee comprises 7 people from different Administration and Production departments. In addition, we have emergency teams comprising 14 people from different departments. These are strategically chosen to ensure that all shifts and departments are covered. All emergency team members receive first and second response training in firefighting, first aid and evacuation.

All in-house staff are represented on the Health and Safety Committee, comprising people from different departments.

Year after year, we promote actions to make the workforce aware of health and safety matters to reduce accidents at work. The Human Resources Department has a person who mainly deals with health and safety-related matters.

In-house staff safety and risk indicators

	2016	2017	2018
Frequency rate ¹	9.07	20.93	18.53
Incidence rate ²	1,626.02	4,237.29	3,252.03
Severity rate ³	0.12	1.30	2.56
Absentee rate	0.14	1.30	0.26
Average duration of leaves of absence	19.00	60.80	139.50

1 Represents the number of accidents per million hours worked

2 Represents the number of accidents with leave of absence per one thousand people exposed

3 Represents the number of days lost per thousand hours worked

7. Environment, an active commitment

- 7.1. Consolidated environmental management
- 7.2. Efficiency and optimisation of the resources
- 7.3. Minimisation of waste
- 7.4. Mitigation of the carbon footprint

SUSTAINABLE DEVELOPMENT GOALS INTEGRATED IN TAG SYSTEMS



Take urgent action to combat climate change and its impacts. **At Tag Systems, we have implemented an ISO 14001 certified environmental management system, we require environmental policies and certificates from suppliers and we work to minimise our environmental footprint optimising the consumption of resources and correctly managing waste.**

7.1. Consolidated environmental management

Respect for the environment is an unavoidable requirement for a company aiming to be sustainable, such as **Tag Systems**. In this sense, we assess the environmental impact and effects of our activity and manage the prevention of environmental risks, aspects that are set out in our policy and that also form part of our business strategy.



Since 2012, Tag Systems has implemented an ISO 14001 certified environmental management system.

Principles of action of the Tag Systems environmental policy:

- Application of environmental and energy efficiency criteria in production processes, through the rational use of natural resources and the reduction of generated waste and emissions.
- Compliance with environmental and energy legislation, as well as with other voluntary commitments.
- Provide training and allocate the necessary resources to promote employees' active participation in attaining the environmental objectives.
- Continuous improvement of the integrated management system.

We constantly invest to reduce energy consumption as much as possible and to improve waste management and processing. We are loyal to our principles and values and make sure that the agents who interact with us also respect them.

At **Tag Systems**, we ensure compliance with the applicable environmental legislation and, therefore, we have all the necessary licences for water discharge, atmospheric emissions and production of dangerous waste.

7.2. Efficiency and optimisation of resources

At **Tag Systems**, we make sure we use resources rationally and efficiently whilst trying to assess and recycle as many materials as possible. Specifically, we focus our efforts on the consumption of raw materials (paper and plastic), energy and water.

In 2018, we have managed to optimise plastic consumption in the production processes and have reduced it by 21%.

Consumption of materials (kg)

	2016	2017	2018
Paper (offices)	912	804	722
Plastic	150,000	153,000	120,653

Every year some production machines over 10 years old are replaced, and the new ones were acquired considering energy efficiency criteria.

Energy consumption (MWh)

	2016	2017	2018
Electricity	1,147.86	1,151.53	1,228.31
Diesel oil (heating)	50,56	80.89	50.56
Total	1,198.42	1,232.42	1,278.87

7.3. Minimisation of waste

In 2018, awareness, commitment to the environment, and people's efforts regarding selective collection of packaging, paper and cardboard, glass, batteries, waste, etc., have made it possible to reduce almost all the sections of waste we generate.

At **Tag Systems**, we have a waste producer licence PRP-0029/11, as well as an internal protocol for waste management. We record the waste generated, which is sent to the appropriate authorised waste manager. Most of the waste is recycled, except toners and plastic which are sent for energy assessment.

In 2018, plastic, the greatest amount of waste generated, has dropped more than 4% compared to the year before.

Generation of waste

	2016	2017	2018
Paper & paperboard (kg)	1,625	1,318	1,731
Light packaging (kg)	1,775	1,438	1,904
Batteries (kg)	0	0	20
Toners (kg)	31	17	18,30
Fluorescents (units)	6	20	128
Rubbish (kg)	1,458	1,408	1,722
Plastic (kg)	115,174	106,329	101,734

7.4. Mitigation of the carbon footprint

The main causes generating greenhouse gases at **Tag Systems** arise from the consumption of energy. For this reason, efforts made to optimise it has enabled us to reduce our carbon footprint.

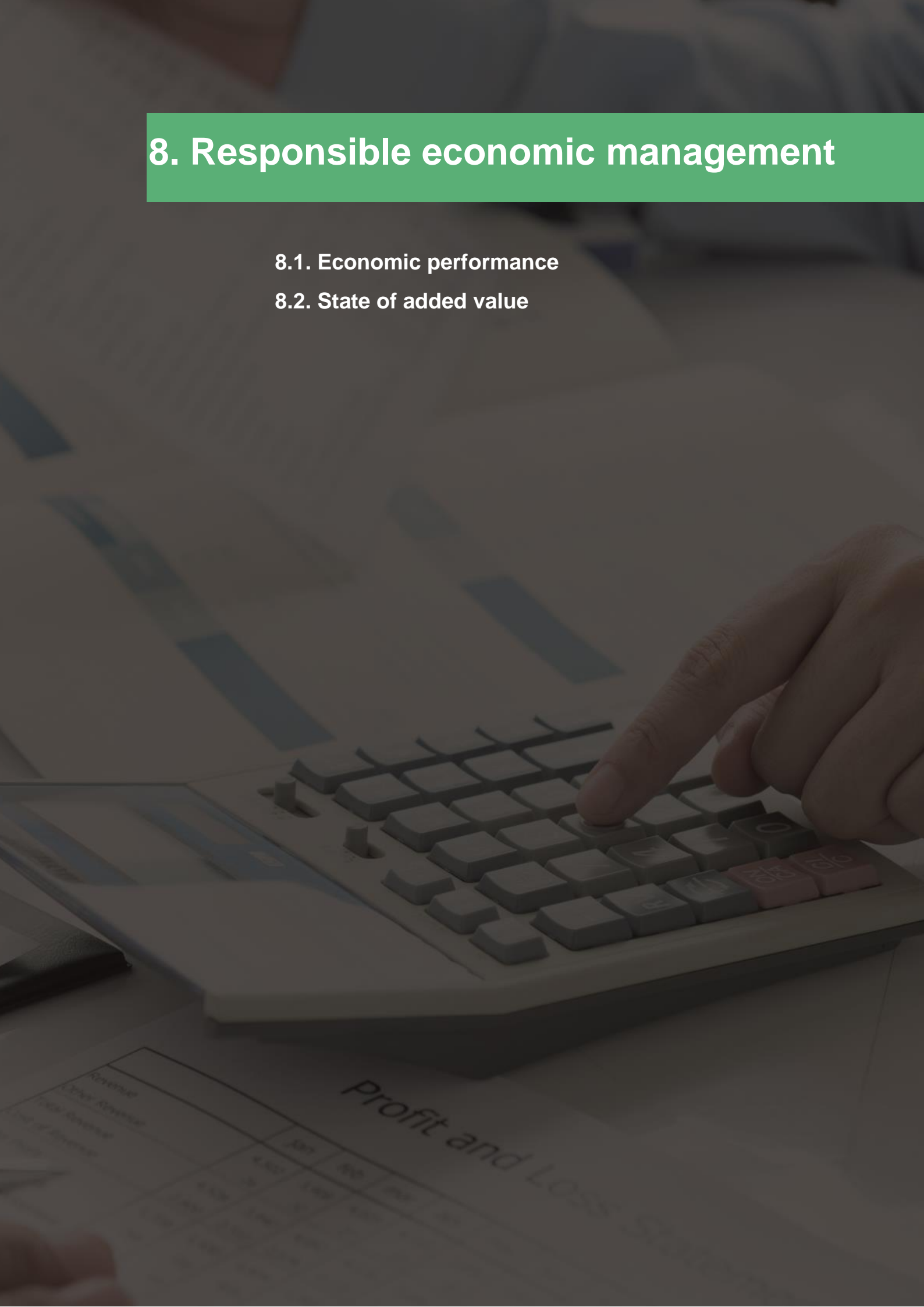
Greenhouse gas emissions (t CO₂)

	2016	2017	2018
Scope 1 (emissions from the consumption of diesel oil for heating)	13.38	21.38	
Scope 2 (emissions from the consumption of electricity)	203.17	214.69	
Total	216.55	236.07	

8. Responsible economic management

8.1. Economic performance

8.2. State of added value



8.1. Economic performance

The result of the 2018 economic management is considered very satisfactory for **Tag Systems**. This has been possible thanks to the improvement in income and in efficiency.

In terms of sales, improvement has occurred in the growth of some medium-sized customers and high added value sales, which has been possible thanks to the implementation and sale of Dual Interface cards in most markets where we operate.

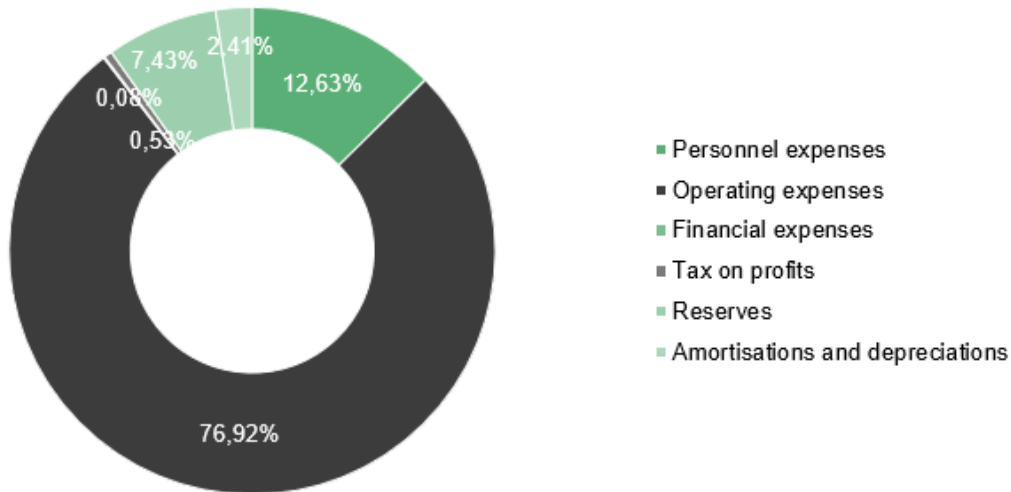
The efforts made in the reduction of costs is focused to: reduce the rate of purchasing the main raw materials, improve the efficiency in the production methodology and finally, reduce the rates of overheads (maintenance, supplies, human resources, etc.).

In 2018, we have continued the Productivity Improvement Project, together with an industrial engineering consultancy firm.

This year shows the consolidation of the new customers on the FinTech's market and the continuous increase in the intra-group turnover, which in turn gives more value to the Tag Systems Group.

8.2. We generate value

Our contribution to economic and social development is a result of the direct and indirect impacts of our operations. Business development entails the generation of an economic value that directly influences the system and is passed on to customers, employees, suppliers and society as a whole.



Note: Figure created from the profit and loss accounts of Tag Systems Andorra for the year ending 31 December 2018

9. GRI contents index

This is the first GRI sustainability report published by Tag Systems with the aim to inform about our social, environmental and economic performance. Through this document, we show our efforts and commitment to contributing to sustainable development.

The report covers the time between 1 January and 31 December 2018.

The information and data contained herein covers the Tag Systems activity in Andorra.

For further information relating to the report, please contact hseq@tagsystems.net (email).

The following table shows the index of general and specific disclosures of the Global Reporting Initiative (GRI) organisation as per GRI Standards for the “Compliance - Essential” option.

Foundation and general disclosures

GRI Standards Indicator	Page	Omissions	External assurance
GRI 102 General disclosures 2016			
Organisation profile			
102-1 Name of the organisation			
102-2 Activities, brands, products, and services			
102-3 Location of headquarters			
102-4 Location of operations			
102-5 Ownership and legal form			
102-6 Markets served			
102-7 Scale of the organisation			
102-8 Information of employees and other workers			
102-9 Supply chain			
102-10 Significant changes to the organisation and its supply chain			
102-11 Precautionary principle or approach			
102-12 External initiatives			
102-13 Membership of associations			
Strategy			
102-14 Statement from senior decision-maker			
Ethics and integrity			
102-16 Values, principles, standards and norms of behaviour			
Governance			

102-18 Governance structure

Stakeholder engagement

102-40 List of stakeholder groups

102-41 Collective bargaining agreements

102-42 Identifying and selecting stakeholders

102-43 Approach to stakeholder engagement

102-44 Key topics and concerns raised

Reporting practice

102-45 Entities included in the consolidated financial statements

102-46 Defining report content and topic Boundaries

102-47 List of material topics

102-48 Restatements of information

102-49 Changes in reporting

102-50 Reporting period

102-51 Date of most recent report

102-52 Reporting cycle

102-53 Contact point for questions regarding the report

102-54 Claims of reporting in accordance with the GRI Standards

102-55 GRI content index

102-56 External assurance

Material topics

GRI Standards Indicator	Page / Direct response	Omissions	External assurance									
Economic topics												
GRI 103: Management approach 2016												
Linked to GRI 201: Economic performance and GRI 205: Anti-corruption												
103-1 Explanation of the material topic and its Boundary	<table border="1"> <thead> <tr> <th>Material topic</th> <th>Boundary¹</th> <th>Involvement²</th> </tr> </thead> <tbody> <tr> <td>GRI 201: Economic performance</td> <td>Inside and outside</td> <td>Direct</td> </tr> <tr> <td>GRI 205: Anti-corruption</td> <td>Inside and outside</td> <td>Direct</td> </tr> </tbody> </table> <p>(1) Indicates where the impact occurs: inside the organisation, outside the organisation or both inside and outside the organisation.</p> <p>(2) Indicates the involvement of the organisation regarding the impact: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).</p>	Material topic	Boundary ¹	Involvement ²	GRI 201: Economic performance	Inside and outside	Direct	GRI 205: Anti-corruption	Inside and outside	Direct		
Material topic	Boundary ¹	Involvement ²										
GRI 201: Economic performance	Inside and outside	Direct										
GRI 205: Anti-corruption	Inside and outside	Direct										
103-2 The management approach and its components												
103-3 Evaluation of the management approach												
GRI 201: Economic performance												
201-1 Direct economic value generated and distributed												
GRI 205: Anti-corruption												
205-3 Confirmed incidents of corruption and action taken												

Environmental topics

GRI 103: Management approach 2016

Linked to GRI 301: Materials, GRI 305: Emissions and GRI 307: Environmental compliance

103-1 Explanation of the material topic and its Boundary	<table border="1"> <thead> <tr> <th data-bbox="400 405 655 439">Material topic</th> <th data-bbox="655 405 943 439">Boundary¹</th> <th data-bbox="943 405 1182 439">Involvement²</th> </tr> </thead> <tbody> <tr> <td data-bbox="400 465 655 499">GRI 301: Materials</td> <td data-bbox="655 465 943 499">Inside and outside</td> <td data-bbox="943 465 1182 499">Direct</td> </tr> <tr> <td data-bbox="400 517 655 551">GRI 305: Emissions</td> <td data-bbox="655 517 943 551">Inside and outside</td> <td data-bbox="943 517 1182 551">Direct</td> </tr> <tr> <td data-bbox="400 568 655 663">GRI 307: Environmental compliance</td> <td data-bbox="655 568 943 602">Inside and outside</td> <td data-bbox="943 568 1182 602">Direct</td> </tr> </tbody> </table> <p data-bbox="400 689 1150 745">(1) Indicates where the impact occurs: inside the organisation, outside the organisation or both inside and outside the organisation.</p> <p data-bbox="400 763 1150 842">(2) Indicates the involvement of the organisation regarding the impact: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).</p>	Material topic	Boundary ¹	Involvement ²	GRI 301: Materials	Inside and outside	Direct	GRI 305: Emissions	Inside and outside	Direct	GRI 307: Environmental compliance	Inside and outside	Direct
Material topic	Boundary ¹	Involvement ²											
GRI 301: Materials	Inside and outside	Direct											
GRI 305: Emissions	Inside and outside	Direct											
GRI 307: Environmental compliance	Inside and outside	Direct											
103-2 Management approach and its components													
103-3 Evaluation of the management approach													
GRI 301: Materials													
301-1 Materials used by weight or volume													
GRI 305: Emissions													
305-1 Direct (Scope 1) GHG emissions													
305-2 Energy indirect (Scope 2) GHG emissions													
GRI 307: Environmental compliance													
307-1 Non-compliance with environmental laws and regulations.	Tag Systems operates within the current legal framework, including applicable environmental legislation. To quickly and efficiently adapt to legislation and its changes, the existing systems are constantly under review. In 2018, Tag Systems has not received any fines or sanctions for non-compliance of environmental laws and regulations.												

Social topics

GRI 103: Management approach 2018

Linked to GRI 401: Employment, GRI 403: Occupational Health and Safety, GRI 404: Training and education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 416: Customer Health and Safety, GRI 418: Customer Privacy, GRI 419: Socioeconomic compliance and Customer communication, satisfaction and Quality

103-1 Explanation of the material topic and its Boundary

Material topic	Boundary ¹	Involvement ²
GRI 401: Employment	Inside	Direct
GRI 403: Occupational Health and Safety	Inside	Direct
GRI 404: Training and education	Inside	Direct
GRI 405: Diversity and Equal Opportunity	Inside	Direct
GRI 406: Non-discrimination	Inside	Direct
GRI 416: Customer Health and Safety	Inside and outside	Direct
GRI 418: Customer privacy	Inside and outside	Direct
GRI 419: Socioeconomic compliance	Inside and outside	Direct
Customer communication, satisfaction and Quality	Inside and outside	Direct

(1) Indicates where the impact occurs: inside the organisation, outside the organisation or both inside and outside the organisation.

(2) Indicates the involvement of the organisation regarding the impact: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).

103-2 Management approach and its components

103-3 Evaluation of the management approach

GRI 401: Employment

401-1 New employee hires and employee turnover

Turnover rate and type of terminations (accrued over year)	2016	2017	2018
Turnover rate	17.89%	32.35%	27,27%
Resignations *	17	32	22
Dismissals*	3	5	0
End of contract*	2	2	7
Others* (trial period not passed, death, etc.)	0	1	2

401-3 Parental leave

Parental leave	2016	2017	2018
People who have taken parental leave	9	3	0
Men	2	1	0
Women	4	2	0
People who have returned to their job after leave	6	2	NA
Men	2	1	NA
Women	4	1	NA
Return rate	100%	167%	NA
Men	100%	100%	NA
Women	100%	50%	NA
People who after returning, continue in the company 12 months later	7	5	2
Men	2	1	1
Women	5	4	1
Retention rate	70%	83%	67%
Men	67%	50%	100%
Women	71%	100%	50%

GRI 403: Occupational Health and Safety

403-1 Representation of workers on formal worker-company health and safety committees

403-2 Type of accidents and accident frequency rates, work-related illnesses, lost days, absenteeism and number of deaths from work-related accident or illness

GRI 404: Training and education

404-1 Average hours of training per year per employee

Average hours training per employee by gender and employment category (h/employee)	2016	2017	2018
Men	12.46	12.83	54.21
Management	4.18	20.00	0.00
Heads of departments	29.25	36.9	64.33
Administration & sales	19.25	8.00	6.67
Technical & manual workers	8.48	9.41	58.9
Women	11.47	8.25	11.08
Management	60.00	62.75	66.00
Heads of departments	65.5	40.75	52.00
Administration & sales	16.70	21.55	19.46
Technical & manual workers	4.61	1.83	5.23

GRI 405: Diversity and Equal opportunity

405-1 Diversity of governance bodies and employees

GRI 406: Non-discrimination

406-1 Incidents of discrimination and corrective actions taken

GRI 416: Customer Health and Safety

416-2 Assessment of the health and safety impacts of product and service categories

GRI 418: Customer privacy

418-1 Substantiated

claims concerning breaches of customer privacy and losses of customer data

GRI 419: Socioeconomic compliance

419-1 Non-compliance with laws and regulations in the social and economic area

In 2018, Tag Systems has not received any fines for non-compliance with laws and regulations in the social and economic area.

(102-3)

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