



**SUSTAINABILITY  
REPORT  
2019**

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# 1. Letter from the Chairman

Welcome,

It is a pleasure to present Tag Systems' Sustainability Report 2019, the second drafted as per the Global Reporting Initiative Standards, showing the conclusions of a new analysis and thoughts where we would like to underline our commitment and development in the social, environmental, economic, and ethical areas.

It has been a good exercise and we closed it with an exciting business novelty: AustriaCard GmbH and TAG Systems did a merger; which will allow us to expand further, serving our valued customers on a world-wide level, walking together with a company also fully committed with the sustainability in all aspects. We completely trust that this value will continue leading the way.

Once again, we renew our commitment to the United National Global Compact as shown with this report, demonstrating our willingness to consolidate, develop and implement good practices that are aligned with our activity and that help us to be more sustainable.

But in our day-to-day operation we do not just want to respond to the needs we have as a company, but also to the global environmental and social agenda set out by the Sustainable Development Goals (SDG). 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 this ambitious agenda.

TAG Systems is evolving the way the payment industry moves, building strong relationships with our partners, across borders, establishing future strategic lines with the capacity to meet the expectations of all those with whom we work.

As mentioned above, sustainability leads the way, but it is the excellence that defines how we must move forward. At Tag Systems, we promote initiatives of added value throughout our value chain. With our employees, we are committed to their continuous improvement through training, professional development and offering them a safe working environment. With customers, 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.

We are challenged by the uncertainties due to the situation caused by the Covid-19 pandemic. We take our compromise to minimize the impacts of that in front of our customers, employees, and the society in general, and to follow strictly the health and prevention recommendations done by the authorities. We will face these extraordinary times with determination and responsibility.

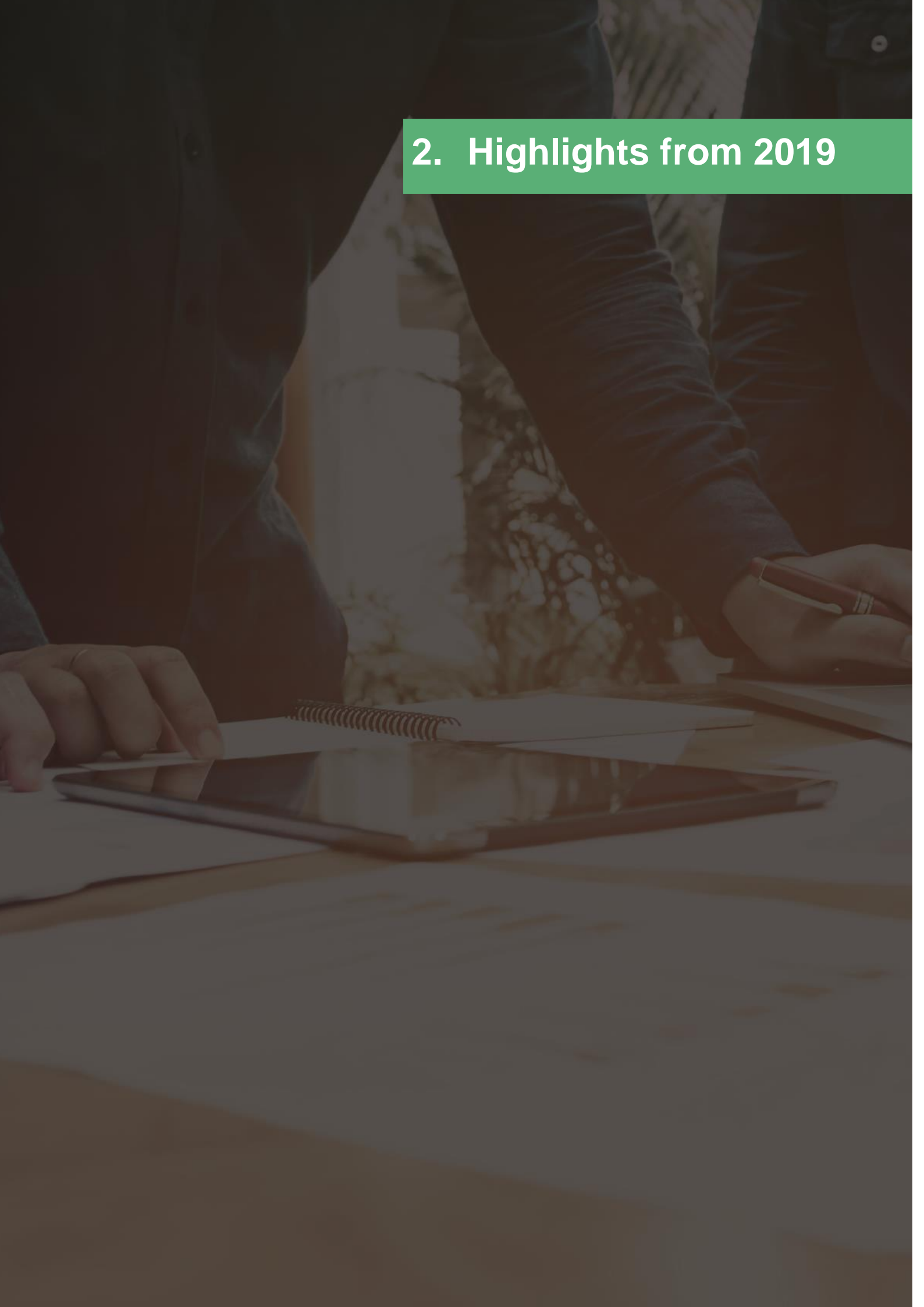
I hope you find this Sustainability Report of interest.

Health for all,

Joaquim Miró Castillo

Chairman

## 2. Highlights from 2019





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.



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

**68%** female workers and **46%** in positions of responsibility.

**13%** increase in the investment for training compared to 2018.



**14,5%** reduction in the electricity consumption in our production process.

## **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.

<b>1999 - 2000</b>	Tag Systems Andorra achieves certification to produce bank cards (MasterCard and Visa cards)	<b>2009</b>	Establishment of the subsidiary Tag Systems Smart Solutions SL in Madrid, Spain 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
<b>2002</b>	Establishment of the first subsidiary abroad, Cardtag Espanya in Barcelona, Spain	<b>2012</b>	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
<b>2003</b>	Production facilities were equipped for chip embedding	<b>2013</b>	Tag Systems sells Tag Systems Finland Oy and its subsidiary in Latvia
<b>2006</b>	Tag Systems Andorra obtained the Card Quality Management (CQM) certificate from MasterCard	<b>2015</b>	Tag Systems completes AMEX certification Tag Systems acquires shares in the Spanish mobile payment solutions supplier, Seglan
<b>2007</b>	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	<b>2016</b>	Tag Systems partners with the Banking Division of the UK-based company Nitecrest, to establish Tagnitecrest Ltd.
		<b>2019</b>	Austriacard & Tag Systems join forces
<b>2008</b>	Tag Systems Andorra is recognised as a Diners Club International Approved Card Manufacturer	<b>2019</b>	Tag Systems opens Tag Systems USA, Inc. Its second service bureau outside Europe

### 3.3. Tag Systems in the world

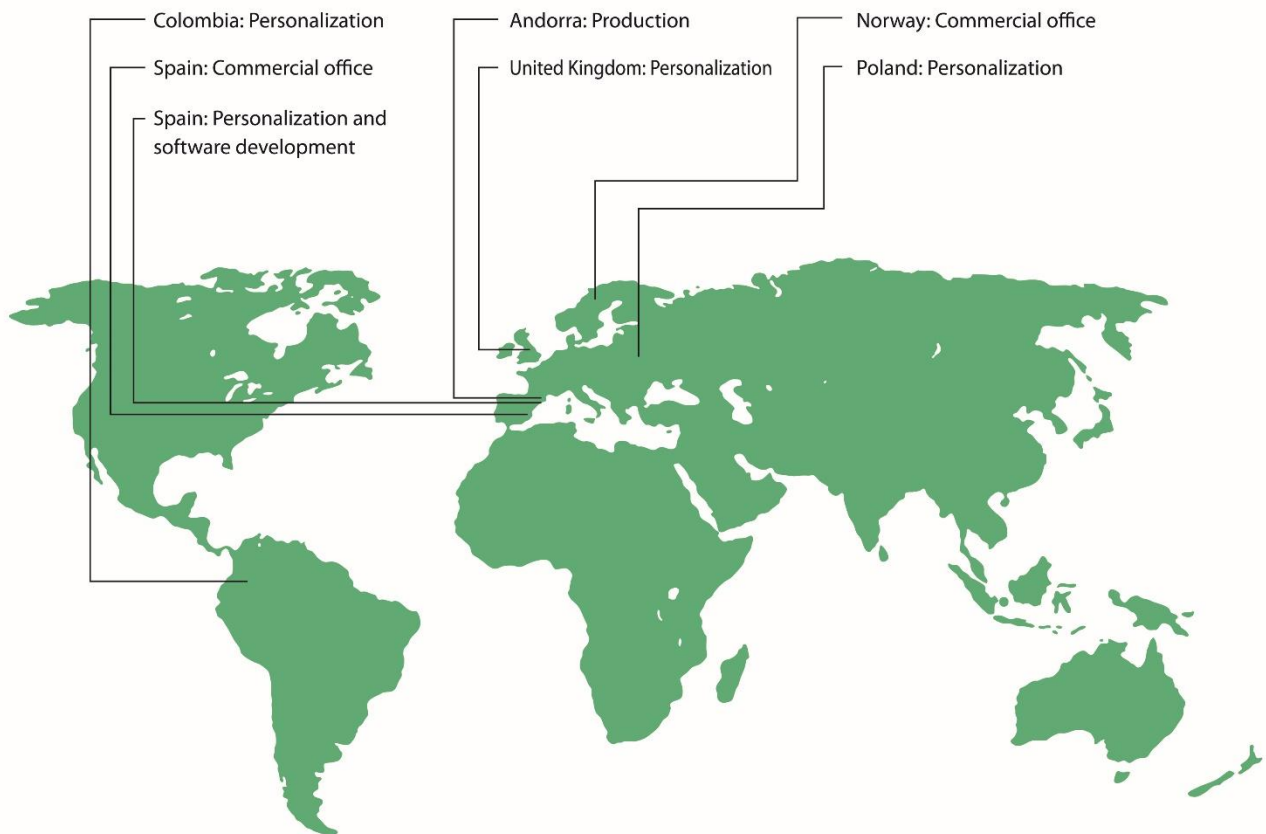
**Tag Systems** operates in various cities in Europe and South America, and our headquarters is located in Andorra la Vella.

#### 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 2019 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 has published in 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.



This year, **Tag Systems** has obtained the **Ecovadis** 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

<b>Economy and strategy</b>	<b>Environment</b>	<b>Social</b>
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 2019, we have sponsored individual and team sports through, for example, the participation of a **Tag Systems** team in the race UltraTrail Andorra or an intercompany football championship with other Andorran companies and we have made direct donations to some Andorran NGO.



Ultra trail 2019



Team Building 2019

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.

**In 2018, 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, this year the company has hired a new employee.**

## 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 has integrated degradable PVC and is currently evaluating other environmentally-friendly materials, such as Recycled PVC, Recycled PETG 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.

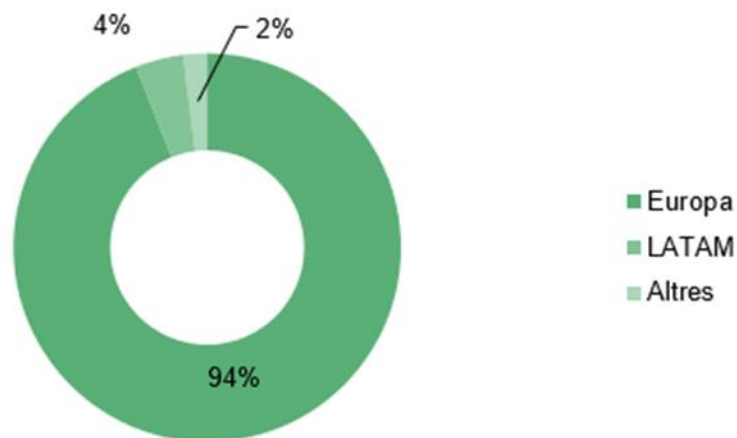
## Services

**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 for the continuous improvement and to ensure its fulfilment. Our customers are:

Financial institutions

Distributors

Governments and local administrations

Retailers

Service stations

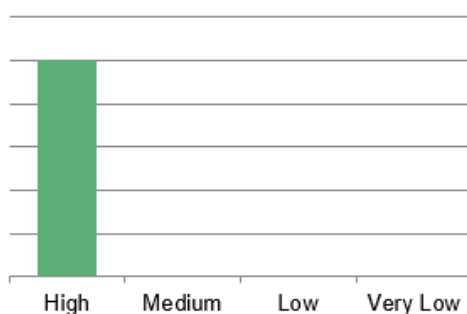
Sports clubs and associations

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.

**Customers' level of satisfaction 2019**  
**Quality level of Tag Systems' products**



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.

**The results of the 2019 customer satisfaction survey have been very positive: 100% of customers surveyed consider the quality of our products as high, 100% know our solutions, 86% consider our ability to resolve 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 2019 Tag Systems participated in Trustech conference. Which 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

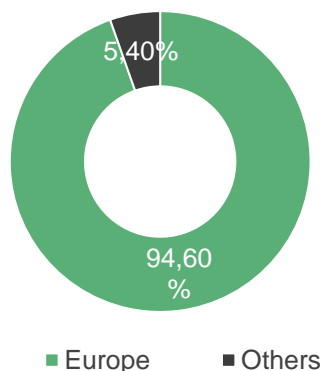
The activities for which Tag Systems is supplied with products and services are: raw materials for production, machinery maintenance services, transport services, installations, IT services, consultancy and cleaning services.

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 2019



## 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.



**150** | Workers (100% in-house staff)

**68%** | Female workers

**100%** | Workers with permanent and full-time contracts

**71%** | Workers between 30 and 50 years old

**80%** | Technical and manual workers

**44%** | New employee hired under 30 years old

### 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)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
<b>≤ 30 years</b>	15	11	22	18	13	33	15	14	22
Men	7	5	9	14	8	14	13	9	9
Women	8	6	13	4	5	19	2	5	13
<b>30-50 years</b>	85	91	107	17	20	37	23	16	20
Men	26	26	31	8	5	11	12	5	7
Women	59	65	76	9	15	26	11	11	13
<b>+50 years</b>	19	19	21	2	2	4	2	1	4
Men	9	8	8	2	0	1	2	0	1
Women	10	11	13	0	2	3	0	1	3
<b>Men</b>	42	39	48	24	13	26	27	14	17
<b>Women</b>	77	82	102	13	22	48	13	17	29
<b>Total</b>	119	121	150	37	35	74	40	31	46

**The rate of return to work after parental leave and the staff retention rate is 100%.**



During last three years, 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.
- **App for ask holidays**. With this App the employees can ask their holidays or any permission quickly.

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.

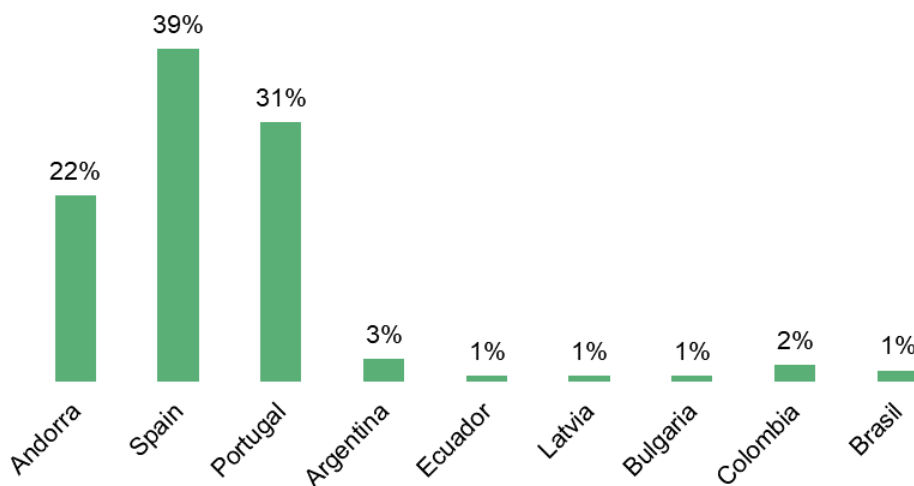
## 6.2. Inclusive work environment

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.

**Tag Systems' workforce comprises people from 9 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.

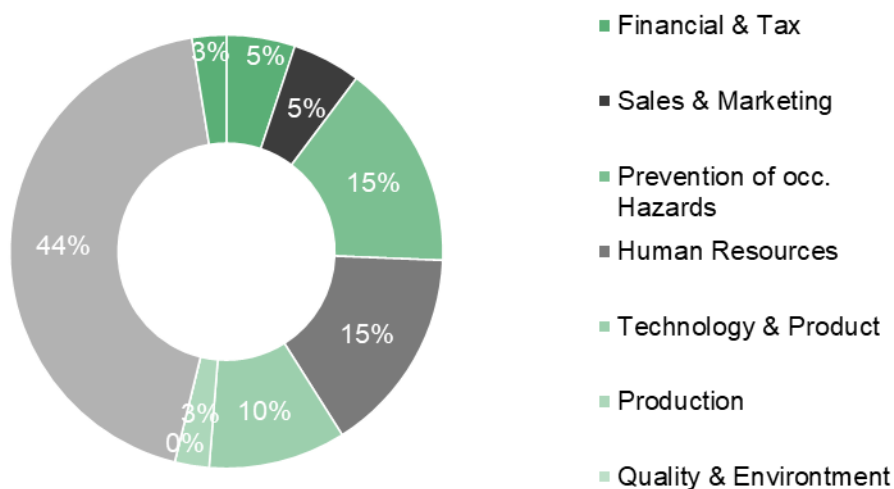
The training plan established at the beginning of the year is modified and adapted as needs arise. Furthermore, there is an internal protocol that enables people to request training they find interesting. Subsequently, the proposal is assessed and approved, if appropriate, or it is partially financed 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

**2,654** | Hours of training

**39** | Courses completed

### Type of training given 2019



## 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

	2017	2018	2019
Frequency rate <sup>1</sup>	20,93	18,53	24,16
Incidence rate <sup>2</sup>	4.237,29	3.252,03	4.210,53
Severity rate <sup>3</sup>	1,3	2,56	0,65
Absentee rate	1,3	0,26	0,06
Average duration of leaves of absence	60,80	139,50	26,83

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.

### Consumption of materials (kg)

	2017	2018	2019
Paper (offices)	804	722	756
Plastic	153,000	120,653	226,357

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

### Energy consumption (MWh)

	2017	2018	2019
Electricity	1,151.53	1,228.31	1,550.31
Diesel oil (heating)	80.89	50.56	80.89
<b>Total</b>	<b>1,232.42</b>	<b>1,278.87</b>	<b>1,631.20</b>

## 7.3. Minimisation of waste

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.

### Generation of waste

	2017	2018	2019
Paper & paperboard (kg)	1,318	1,731	2,136
Light packaging (kg)	1,438	1,904	2,426
Batteries (kg)	0	20	40
Toners (kg)	17	18,30	34
Fluorescents (units)	20	128	15
Rubbish (kg)	1,408	1,722	2,461
Plastic (kg)	106,329	101,734	135,241

## 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.

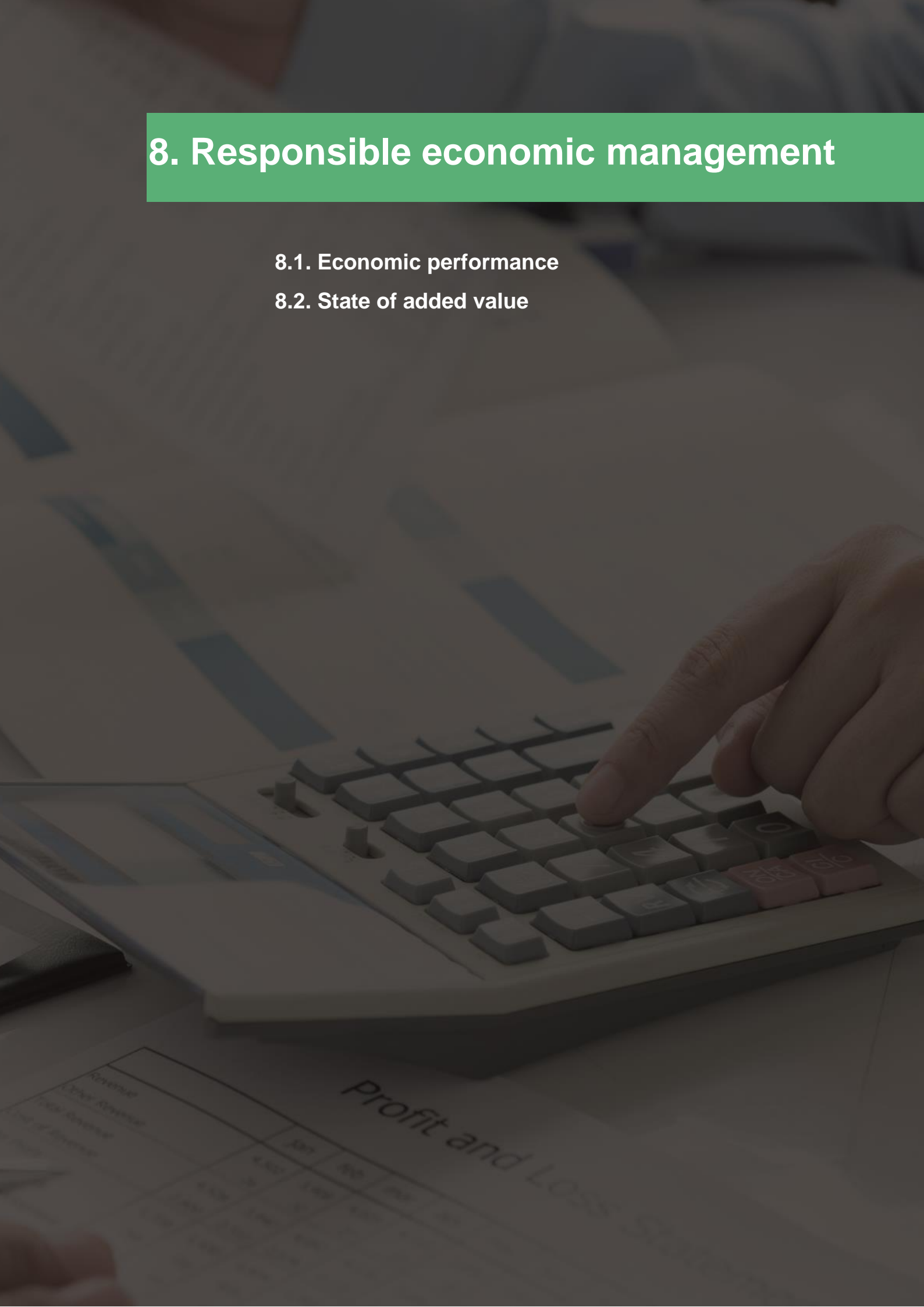
### Greenhouse gas emissions (t CO<sub>2</sub>)

	2017	2018	2019
Scope 1 (emissions from the consumption of diesel oil for heating)	21.39	13.36	21.39
Scope 2 (emissions from the consumption of electricity)	214.69	229.01	289.04
<b>Total</b>	<b>236.07</b>	<b>242.37</b>	<b>310.42</b>

# 8. Responsible economic management

8.1. Economic performance

8.2. State of added value





## 8.1. Economic performance

The result of the 2019 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.

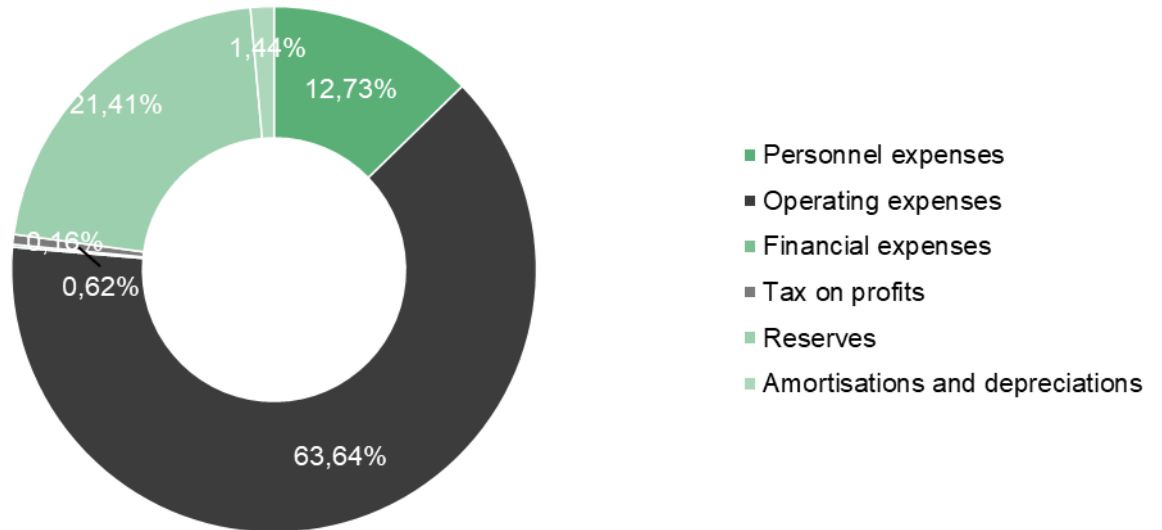
New important customers have been won within the Fintech sector and we have succeeded, with the effort of the entire organization, their loyalty.

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.).

The increase in the intra-group turnover has continued, growing in all Tag Systems companies, 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 2019

## 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 2019.

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](mailto: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
<b>GRI 102 General disclosures 2016</b>			
<b>Organisation profile</b>			
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			
<b>Strategy</b>			
102-14 Statement from senior decision-maker			
<b>Ethics and integrity</b>			
102-16 Values, principles, standards and norms of behaviour			
<b>Governance</b>			

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									
<b>Economic topics</b>												
<b>GRI 103: Management approach 2016</b>												
<b>Linked to GRI 201: Economic performance and GRI 205: Anti-corruption</b>												
103-1 Explanation of the material topic and its Boundary	<table border="1"> <thead> <tr> <th>Material topic</th> <th>Boundary<sup>1</sup></th> <th>Involvement<sup>2</sup></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 <sup>1</sup>	Involvement <sup>2</sup>	GRI 201: Economic performance	Inside and outside	Direct	GRI 205: Anti-corruption	Inside and outside	Direct		
Material topic	Boundary <sup>1</sup>	Involvement <sup>2</sup>										
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												
<b>GRI 201: Economic performance</b>												
201-1 Direct economic value generated and distributed												
<b>GRI 205: Anti-corruption</b>												
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">Boundary<sup>1</sup></th> <th data-bbox="943 405 1182 439">Involvement<sup>2</sup></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 1182 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 1182 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 <sup>1</sup>	Involvement <sup>2</sup>	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 <sup>1</sup>	Involvement <sup>2</sup>											
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													
<b>GRI 301: Materials</b>													
301-1 Materials used by weight or volume													
<b>GRI 305: Emissions</b>													
305-1 Direct (Scope 1) GHG emissions													
305-2 Energy indirect (Scope 2) GHG emissions													
<b>GRI 307: Environmental compliance</b>													
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 2019, Tag Systems has not received any fines or sanctions for non-compliance of environmental laws and regulations.												

Social topics

**GRI 103: Management approach 2019**

**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 <sup>1</sup>	Involvement <sup>2</sup>
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

<b>Turnover rate and type of terminations (accrued over year)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Turnover rate	32.35%	27.27%	40%
Resignations *	32	22	17
Dismissals*	5	0	3
End of contract*	2	7	13
Others* (trial period not passed, death, etc.)	1	2	13

401-3 Parental leave

<b>Parental leave</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>People who have taken parental leave</b>	<b>3</b>	<b>0</b>	<b>6</b>
Men	1	0	1
Women	2	0	5
<b>People who have returned to their job after leave</b>	<b>2</b>	<b>NA</b>	<b>6</b>
Men	1	NA	1
Women	1	NA	5
<b>Return rate</b>	<b>67%</b>	<b>NA</b>	<b>100%</b>
Men	100%	NA	100%
Women	50%	NA	100%
<b>People who after returning, continue in the company 12 months later</b>	<b>5</b>	<b>2</b>	<b>6</b>
Men	1	1	1
Women	4	1	5
<b>Retention rate</b>	<b>83%</b>	<b>67%</b>	<b>100%</b>
Men	50%	100%	100%
Women	100%	50%	100%

#### 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)	2017	2018	2019
<b>Men</b>	<b>12.83</b>	<b>54.21</b>	<b>29.14</b>
Management	20.00	0.00	0.00
Heads of departments	36.9	64.33	78.00
Administration & sales	8.00	6.67	20.50
Technical & manual workers	9.41	58.9	22.87
<b>Women</b>	<b>8.25</b>	<b>11.08</b>	<b>12.31</b>
Management	62.75	66.00	45.75
Heads of departments	40.75	52.00	35.38
Administration & sales	21.55	19.46	41.29
Technical & manual workers	1.83	5.23	5.43

**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 2019, Tag Systems has not received any fines for non-compliance with laws and regulations in the social and economic area.

(102-3)

**TAG SYSTEMS SA**

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