



Communication On Progress 2020



A decorative graphic consisting of two overlapping squares, one orange and one green.

Statement of Continued Support

Dear Stakeholders,

Most of Indonesian companies faced challenging time in 2020—MUC Consulting was no exception. The announcement of the first Coronavirus Disease 2019 (Covid-19) case in Indonesia started it all.

Taking account of public health and our employees' safety, MUC Consulting took several preventive acts. One of them was to implement the Work from Home (WFH) scheme. The policy was aimed at minimizing physical interaction and mobility of the employees, while at the same time maximizing the utilization of technology to support daily working activities, e.g. by using Office 365 and virtual meeting applications to replace the conventional offline meeting. This is in line with MUC Consulting's plan to make WFH a working scheme option to boost the employees' working effectivity rate, even before the Covid-19.

Amidst the pandemic, however, MUC Consulting still firmly commits to supporting the Ten Principles of the UNGC, including Human Rights, Labour Standard, Environmental Protection, and Anti-corruption, and applying them in our daily business activities.

Sincerely yours,

A handwritten signature in blue ink, appearing to be "Sugianto".

Sugianto
Managing Director



Profile

Tax Consultant | Customs Consultant | Attorneys at Law
| IT Consultant | Marketing Research | GCG and Risk
Management Consultant | Publishing and Seminar |





Foreword

MUC Consulting (MUC) started to operate in 1999 with a clear vision of the founders to be a leading business consulting firm in Indonesia that enhances ethical value. This ethical value, translated into good business practice principles and embedded in MUC's policies and procedures, is proven to be the foundation to its success nowadays.

MUC, as a group, currently has more than 200 experts, representing a unique synergy of legal, accounting, tax and customs professionals. This combination enables us to perceive clients' issues from a multi-perspective that generates extensive and applicable solutions accordingly.

MUC's team is amplified by consultants who have professional licenses and certifications, among others:

- Tax Consultant Certification issued by Indonesian Tax Consultant Association (Ikatan Konsultan Pajak Indonesia/IKPI) as a requirement to obtain a tax consultant license from the Ministry of Finance of the Republic of Indonesia;
- Tax Proxy License to represent taxpayers in the Tax Court;
- Transfer Pricing Certificate from Chartered Institute of Taxation, United Kingdom (CIOT, UK);
- International Tax Certificate from CIOT, UK;
- Advance Diploma in International Taxation from CIOT, UK;
- Certified Management Accountant (CMA) from Institute of Chartered Management Accountants (ICMA) Australia;
- Certified Public Accountant from Indonesian Institute of Certified Public Accountants (Institut Akuntan Publik Indonesia/IAPI), and
- Chartered Accountant from Chartered Accountants Indonesia (Ikatan Akuntan Indonesia/IAI).

With offices in Jakarta and Surabaya, MUC Consulting assists more than 500 clients, 65% of which are well-known multi-national companies. Further, as most of our clients are multi-national companies, we recognize the importance of required knowledge not only the detailed local laws, tax systems, regulations and customs, but also the experience, skills and resources to support our clients' business activities on a global scale. That is why since 2010, MUC Consulting has become a member firm of MSI Global Alliances, a leading international association of independent legal and accounting firms with over 250 selected members in more than 100 countries covering the Americas, Asia Pacific, Europe, Middle East and Africa. This association enables us to have global reach and better cooperation with other MSI member firms' advisers around the world.

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Vision, Mission and Values

Vision

We envision ourselves becoming one of the leading business consulting firms in Indonesia by enhancing ethical value.

Mission

- To provide one-stop business consulting service to international standards of quality.
- To deliver the best service to clients through the use of highly professional and ethical consultants, and innovative process.
- To offer the best value to the stakeholders.

Values

- We embrace the spirit for excellence through our professionalism, excellent service, qualified and competent personnel.
- We do our utmost to be a humane company by endorsing trust, personal values, and comfortable services, as well as employee cohesiveness to achieve a sense of solidarity, security, and co-operation, which will lead to employee's satisfaction in the drive to make a better future.
- We take seriously our responsibility to manage our firm as a learning organization that continuously improves and develops knowledge for corporate competencies.

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Good Corporate Citizenship

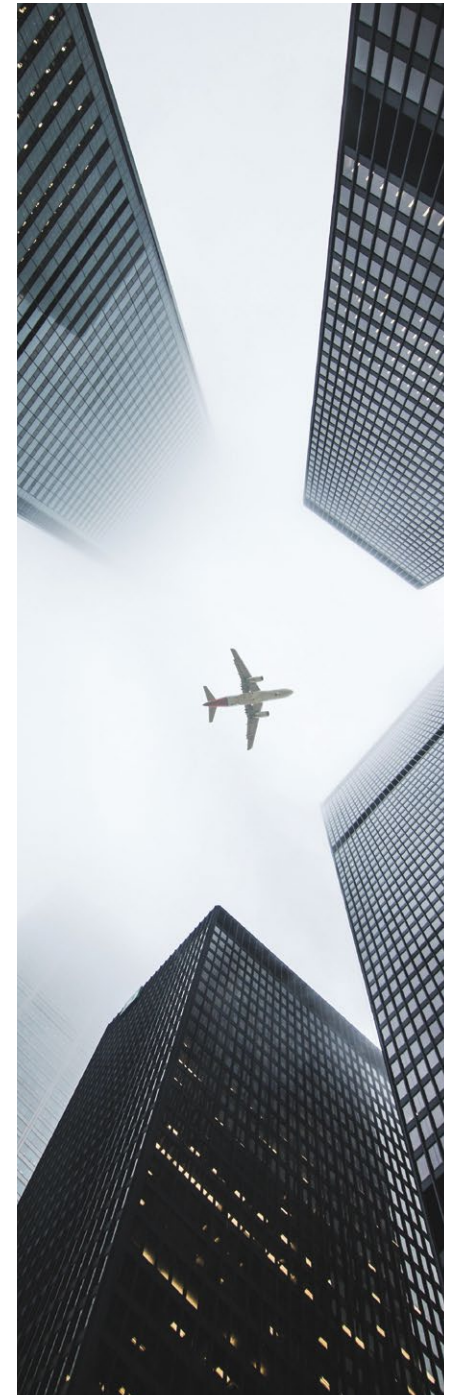
MUC Consulting's vision is to be a leading consulting firm in Indonesia by enhancing ethical values in doing business.

Indonesia Business Links
Resource Centre for Corporate Citizenship



In line with that vision, since 2004, MUC Consulting has been actively supporting Indonesia Business Links, a non-profit organization that promotes ethical business practices in Indonesia as a corporate partner (official site: <http://www.ibl.or.id>).

In addition, since 2008, MUC Consulting has been a signatory of UNGC, an international organization under the United Nations that supports the Ten Principles of human rights, labour standards, environmental protection, and anti-corruption (official site: <http://www.unglobalcompact.org/>).





Global Recognition

The following are some awards achieved by MUC Consulting according to surveys by international institutions:

World Tax 2020: “Leading Tax Firm in Indonesia” grouped in Tier II, issued by International Tax Review.

World Transfer Pricing 2020: “Leading Transfer Pricing Firm” grouped in Tier II, issued by International Tax Review.



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The Ten Principles of Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

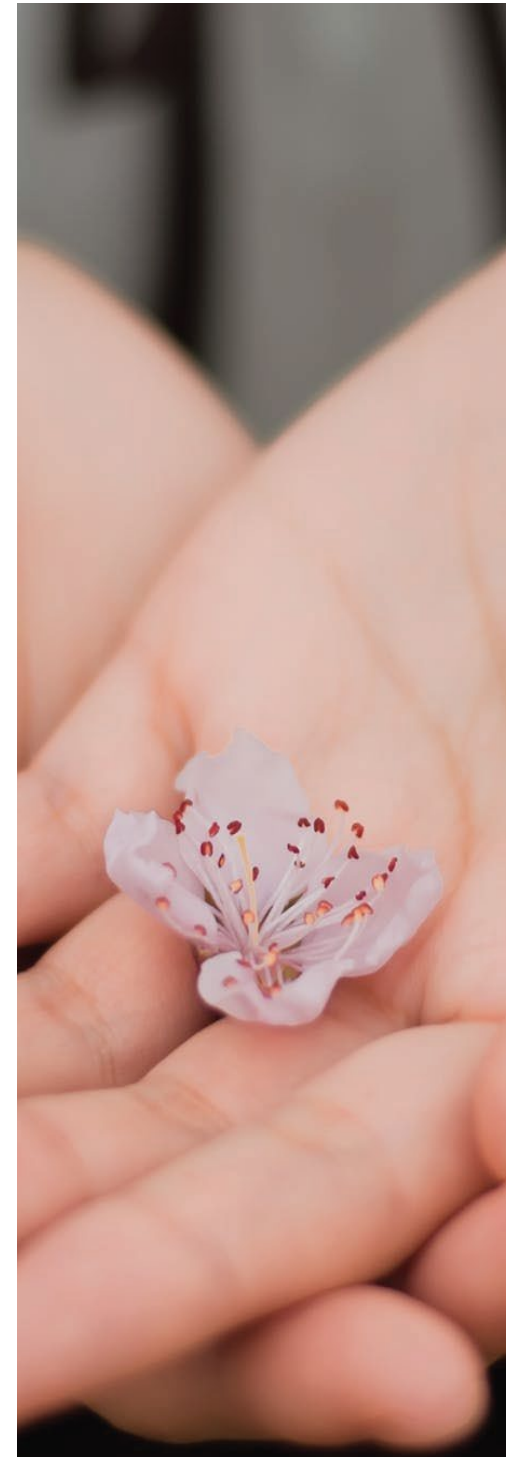
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.





Human Rights

The Principles of the UN Global Compact

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

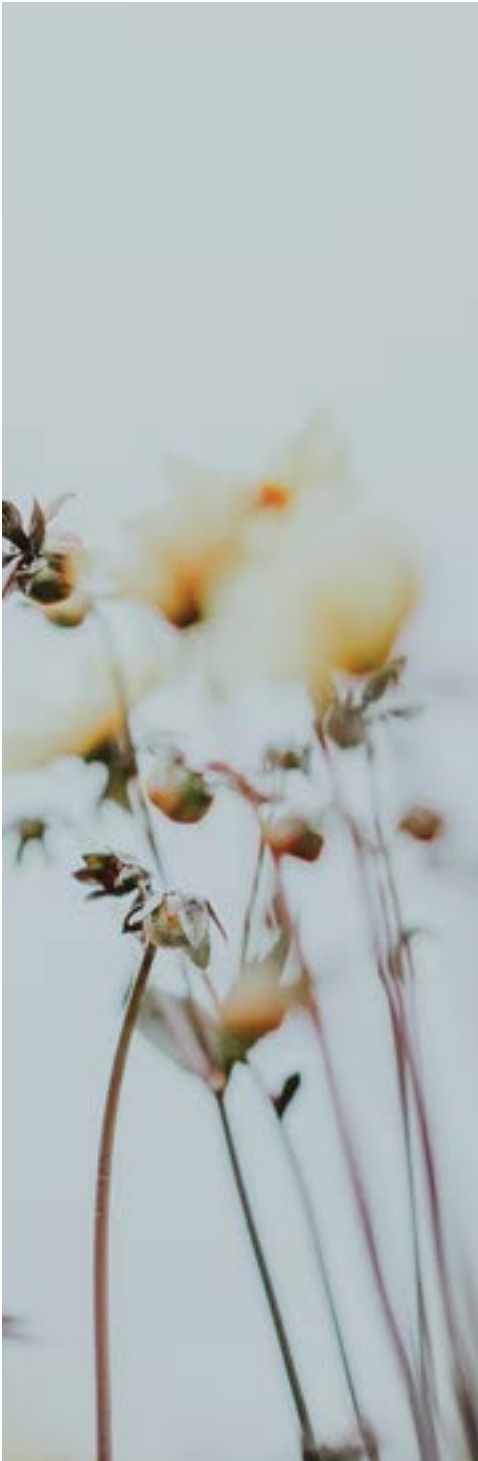
Principle 2:

Make sure not complicit in human rights abuses.

MUC Consulting continually supports and respects the protection of internationally proclaimed human rights as stated in the 1948 Universal Declaration of Human Rights (UDHR) that all human beings are born free and equal in dignity and rights.

MUC Consulting believes that everyone has the same rights for life and security, personal freedom, as well as economic, social and cultural freedoms. Therefore, MUC Consulting ensures that business activities must not be complicit in human rights abuses.

All employees in MUC Consulting have the same right to be treated equally. In line with MUC Consulting's vision to be a learning organization, all employees are encouraged to involve in various internal and external training delivered regularly. This effort is aimed at providing employees at all levels with the chance to continuously improve and develop their knowledge and professionalism.





Labour

The Principles of the UN Global Compact

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

MUC Consulting maintains a harmonious work relationship and provides fair working conditions for all our employees. We respect and maintain the equal rights of all employees in regard to the Global Compact principles on Labour, in terms of upholding freedom of association and collective bargaining, elimination of all forms of forced and compulsory labor, abolition of child labor, and elimination of discrimination in respect of employment and occupation.

In line with the principles, all employees can involve in associations as long as no prevailing Law is violated. Further, MUC Consulting respects the right of all employees to be treated equally in getting a promotion and in negotiating their expected monthly salary, even though in practice the amount offered by MUC Consulting has surpassed the government standard.



Labour

MUC Consulting supports the principle that all forms of forced and compulsory labor should be eliminated and that employees have equal rights in the workplace. Therefore, we perform employment duty in compliance with Laws and treat all employees equally with fairness and respect regardless of their gender, ethnicity, race, and group differences to ensure that each employee feels valued and fully supported in achieving their personal potential. Therefore, we provide our employees with the following:

- The right to receive a written statement of terms of employment at the first employment date;
- The right for a maximum extension of work period of two times for contract employee and decision on employment status at the end of the period;
- The right for employment status for probation employee at the end of a three month evaluation period;
- The right to be paid at least at the national minimum wage;
- The right to be paid for overtime work hours;
- The right to be paid on national holidays;
- The right to take time off for study or training;
- The right to be paid on three-month maternity leaves and unpaid maternity leaves for the subsequent month(s);
- The right to be paid for menstruation leave for female employees;
- The right to have annual, sick, or family matter leaves;
- The right for a healthy and safe workplace;
- The right for medical benefit, including for the employee's spouse and children;
- The right for one-hour break after four working hours, and two day break on the weekend;
- The right not to be discriminated against age, disability, gender, marriage, race, religion, belief, etc.;
- The right to perform religious activities (pray) at the workplace and to get MUC Consulting's annual pilgrimage prize;
- The right to express breastmilk or breastfeed a baby in a provided nursing room during working hours;
- The right to be appreciated or promoted based on periodic performance appraisal results;
- Other rights in compliance with Indonesian Manpower Law No. 13 Year 2003.



Labour

MUC Consulting supports the principle to abolish child labor and to eliminate discrimination in respect of employment and occupation. Male and female employees have the same right to achieve their career goals based on their competency.

The composition of employees* based on age in the last three years is as follows:

Age	Year 2018		Year 2019		Year 2020	
	Management	Staff	Management	Staff	Management	Staff
18-20	0	0	0	1	0	0
21-30	6	92	9	91	11	90
31-40	18	21	17	15	15	16
41-50	14	8	13	4	16	5
51-70	9	0	7	0	5	1
	47	121	46	111	47	112

**) Exclusive of branch employees*



Labour

MUC Consulting respects the right of all employees to work and to be promoted to certain positions without any gender discrimination. In other words, everyone has the same right to sit on the required position based on their competency.

The composition of male and female employees* in the last three years is as follows:

Gender	Year 2018		Year 2019		Year 2020	
	Management	Staff	Management	Staff	Management	Staff
Female	16	67	19	67	18	71
Male	31	54	27	44	29	41
	47	121	47	111	47	112

**) Exclusive of branch employees*



Labour



Since the first Covid-19 case in Indonesia, MUC Consulting has started to implement the WFH scheme for all employees in consultant divisions. For employees of supporting divisions—such as Finance, General Affairs, Human Capital, and Marketing Divisions—alternating Work from Office schedule applies. The policy constitutes MUC Consulting’s effort to protect the employees from the Covid-19 exposure. Moreover, MUC Consulting provides the employees with health facilities for those requiring PCR testing as well as additional food supplies for those infected.

Further, MUC Consulting has supported the government's efforts to handle the spread of the Covid-19 in Indonesia by distributing aid to a number of hospitals in the form of Personal Protective Equipment (PPE) to be used by medical personnel when carrying out their duties.

The aid came from various parties, delivered through MUC Consulting in a charity program organized by our employees. The funds collected from the program were then converted to PPE, such as hazmat suits as many as 155 pcs, 125 pcs of shoe cover, 10 boxes of gloves, 13 boxes of mask and 100 pcs of face shield.

The PPE has been handed over by MUC Consulting representatives to several hospitals in DKI Jakarta, such as Pasar Minggu Regional Public Hospital and Pasar Rebo Regional Public Hospital, on 17 April 2020.

MUC Consulting also supported and participated in a fundraising program for Covid-19 “Solidarity Funds” initiated by Indonesia Global Compact Network (IGCN)-doctorSHARE. In this program, IGCN-doctorSHARE was able to provide PPE for the safety of around 30,200 medical workers in fighting the Covid-19 in approximately 120 medical facilities across Indonesia.



Environment

The Principles of the UN Global Compact

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

MUC Consulting supports the principle of UNGC concerning the environment. Therefore, we concern ourselves about developing sustainable solutions for our business operations, among others, in the form of paper management and energy saving.

Paper Management

As the number of clients that MUC Consulting provides services to is always increasing each year, document management has been one of MUC Consulting's focuses to maintain. For this reason, since 2007, we have been developing an internal information system called MUCNet. Initially, the software was intended only for clients' confidential information storage as a support to the Marketing Division. Now, it has been developed into an integrated system that connects every division in MUC Consulting, and has become a massive computerized data and document repository. Through this system, we can store numerous computerized files every year from many resources and for various purposes of the company. The system also supports a green environment as many paper-based activities can be cut, such as leave requests, daily task reports, overtime requests, etc. that used to be made in physical forms (using paper).



Environment

There are three principles of paper management in MUC Consulting: Reuse, Reduce, and Recycle.

Reuse

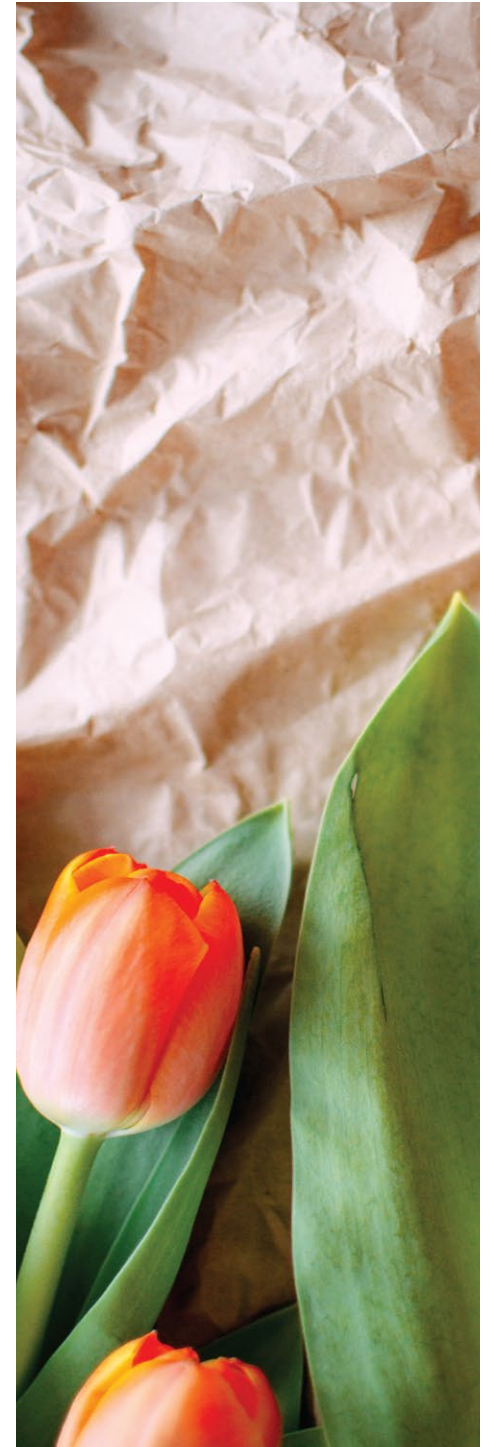
- Reuse envelopes whenever possible for external or internal purpose;
- Reuse back-sided paper for printing.

Reduce

- Reduce paper by printing double-sided or re-using paper;
- Reduce prints by making computer files, not paper files when possible;
- Reduce paper by using MUCNet, the internal information system;
- Reduce paper by using email instead of sending memos and faxing documents;
- Reduce storage by using old boxes; and

Recycle

Recycle used papers in cooperation with a document management company. Not only all documents are destroyed by this company, but 100% of the materials are recycled and eventually made into other paper products such as napkins or paper towels. By this effort, we hope not only to improve confidentiality and productivity but also contribute positively to the environment.



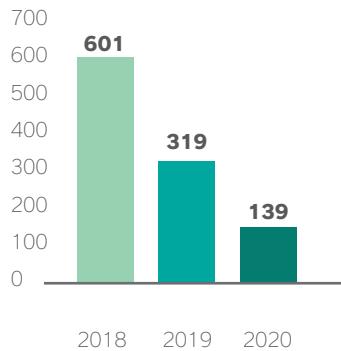


Environment

MUC Consulting has maintained the policy to reuse, reduce, and recycle papers among employees and encouraged employees not to print documents unless it is necessary. Supported by MUCNet system that accommodates dissemination of information by intranet basis, as well as archive policy of the Document Centre Division to keep all documents in digital format, less paper is used.

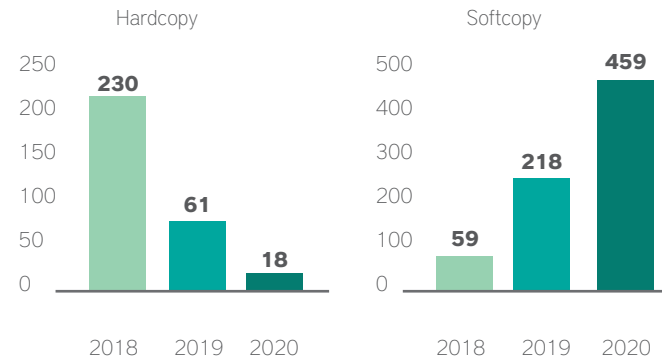
The following graphics show the comparison of files managed by the Document Centre Division in the last 3 years.

Number of Hardcopy Received by Document Centre



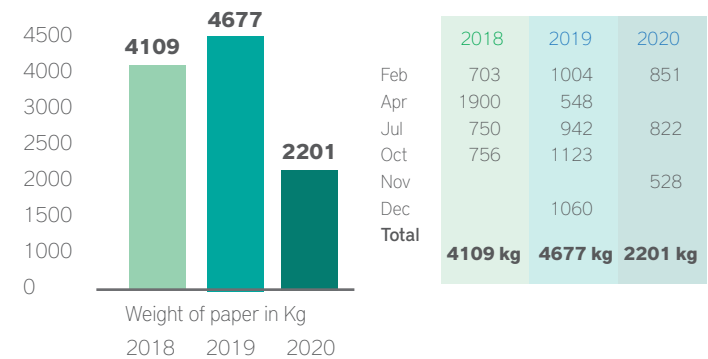
As seen on the graph, our Document Centre Division has received even fewer hardcopy files year over year, as a result of our policy to reduce the use of paper in storing documents. Most of the documents we sustain so far are stored in digital forms.

Employee Access Request for Hardcopy and Softcopy Files



The request for hardcopy documents also decreased significantly, as seen on the graph. On the contrary, the request for softcopy access was more than twice the previous year's number. The increase in softcopy requests was not only due to the WFH scheme in place, but also because most of the documents were available digitally.

Number of Papers Destroyed and Recycled



In 2020, the number of documents destroyed consisted of 544 items of digitalized hardcopies, equal to ±1,088 kg, and 1,113 kg of used papers. All destroyed papers were recycled by a paper management company into various products.



Energy Saving

MUC Consulting supports any attempts to save energy in the work environment such as on the use of lighting, electrical equipment, water, and refined fuel oil. The following are some actions MUC Consulting has taken to save energy.



Environment

Lighting

- Switch off lights in empty rooms;
- Open curtains and blinds during daylight hours as it not only provides more pleasant light compared to the artificial one but is also free;
- Only use required lights, for example, if an employee is working alone in his room, he may only require the row of lights above his desk or move to a bigger room to work with other employees;
- Use energy-efficient lighting and replace the old tubes; and
- Switch off outdoor lights when not used.

Electrical Equipment

- Replace PCs with energy-efficient monitors or laptops;
- Switch computers off when not required;
- Purchase energy-efficient-rated equipment when replacing items;
- Shutdown computer, fax or printer overnight;
- Minimize the use of lift and use stairs if possible; and
- Clean air conditions from dust regularly.



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Environment

Water

- Avoid water running unnecessarily;
- Avoid tap dripping;
- Report to building management for dripping tap or leaking; and
- Attach stickers of Save Water Campaign in every Rest Room.

Transportation

- Develop a “Plan of Trip” online system;
- Encourage employees to plan their trip one day before to be further grouped by General Affair Division; and
- Group the trips to the same direction in one car to save transportation costs and minimize air pollution at the same time.

MUC Consulting's office is located at MUC Building, a seven-story building that is also occupied by a number of tenants. Due to the WFH scheme applied by MUC Consulting and several tenants, the electricity usage in MUC Building of year 2020 decreased more than 25% compared to the preceding year.



Anti-Corruption

The Principles of the UN Global Compact

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

MUC Consulting prohibits corruption acts in all its forms. The following are some policies against corruption acts taken by MUC Consulting:

- A multi-layer approval system shall be applied in the internal procurement process to control all expenditures. For purchases with a significant amount, a transparent tender process shall be performed, and all tender participants are treated equally without discrimination. The tender winning party is chosen based on certain criteria and scoring as informed to the vendors previously.
- Any MUC Consulting individual shall not directly or indirectly give or offer to give nor promise nor authorize the giving or offering of anything of value to tax officers, government officials, or any related parties who have direct or indirect relation with MUC Consulting for the purpose of influencing the person to misuse their official position for obtaining or retaining business, or directing business, or gaining any other improper advantages.
- As consultants that provide services to clients, any MUC Consulting individual shall not accept anything of value from clients or any third parties nor accept clients' or any third parties' request to give or offer to give nor authorize the giving or offering of anything of value to tax officers, government officials, or any related parties who have direct or indirect relation with MUC Consulting's clients for the purpose of influencing that person to misuse their official position for the clients' benefit.
- Any transaction or payment must be correctly recorded and described, both the amount and the written description, in MUC Consulting's bookkeeping to ensure that no improper nor illegal payment is made. The improper payment activity, including but not limited to sponsoring travel of government or government officials; direct and in-kind support for the government or government official; security support for public law enforcement; per diems for government officials; meals, gifts, and entertainment for government officials; charitable and cultural donations to the government or government officials; or to those parties affiliated with them, and political contributions.





GREAT Program

Generating Real Excellence in the Area of Taxation (GREAT Program) is one of MUC's Corporate Social Responsibility activities in the form of free seminars and training for students and taxpayers in general.

In 2020, most of the seminars were held virtually, both through Microsoft Teams and Zoom applications. MUC Consulting has successfully arranged a number of seminars and webinars for university students by collaborating with several universities. Besides, MUC Consulting also held a series of webinars for the public in collaboration with MUC Tax Research Institute. The series is also known as Bicara Pajak (BIJAK). The details are as follows:



GREAT Program

Date	Event
18 February 2020	Public Seminar on Omnibus Law , Batch I
20 February 2020	Public Seminar on Omnibus Law, Batch II
29 April 2020	Webinar: The Role of Tax in Handling Covid-19
5 May 2020	Webinar: Incentive of ITA 21 Borne by the Government for Taxpayers Affected by Covid-19
13 May 2020	Webinar: the Impact of Covid-19 to International Taxation Practices
20 May 2020	Webinar: Responses of Customs and Excises on Covid-19 Pandemic
16 June 2020	Webinar: Tips on Facing Objection and Appeal in the New Normal Era
17 June 2020	Webinar: Administrative sanctions in the form of Fines in the Customs sector
14 July 2020	Webinar: Royalti and Proceeds as Part of Customs Value
23 July 2020	Webinar: Booming Digital & Taxation Challenges in the New Normal Era
12 August 2020	Webinar: Understanding the General Procedures to Interpret the Harmonized System (KUMHS – Customs Tariff)
12 August 2020	Virtual Writing Class for University students



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