



Communication On Progress 2021



Statement of Continued Support

To our stakeholders,

I am pleased to confirm that MUC Consulting reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication on Progress, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly in the Sustainable Development Goals.

Sincerely yours,

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

Sugianto
President Director



Profile

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





Foreword

MUC Consulting 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 Consulting's policies and procedures, is proven to be the foundation to our success to date.

MUC Consulting, 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.

Furthermore, MUC Consulting is supported 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 1000 clients, 65% of which are well-known multinational companies. Thus, we recognize the importance of required knowledge not only detailed local tax and customs laws, systems, and regulations, but also experience, skills, and resources to support our clients' business activities on a global scale. Hence, since 2010, MUC Consulting has become a member 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.

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.

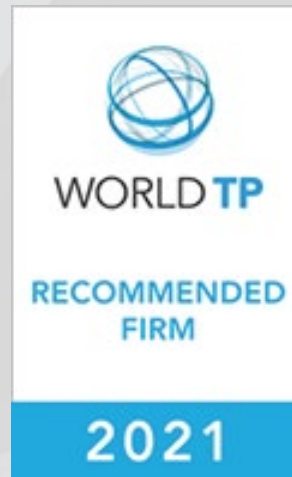


Global Recognition

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

World Tax 2021: "Leading Tax Firm in Indonesia" grouped in Tier II, issued by International Tax Review;

World Transfer Pricing 2021: "Leading Transfer Pricing Firm" grouped in Tier II, issued by International Tax Review;



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



WE SUPPORT

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 the United Nations Global Compact, a voluntary initiative based on CEO's commitments to implement universal sustainability principles and to take steps to support United Nations's goals in the areas of human rights, labour, environment and anti-corruption (official site: <http://www.unglobalcompact.org/>).

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.

MUC Consulting's policies in compliance with the International Covenant on Economic, Social and Cultural Rights are as follows:

1) **The right to work in just and favourable condition;**

In MUC Consulting, work safety and convenience are our priorities. For employees working over-time exceeding 21:00, we provide safe transportation facilities to return home.

In social restriction period due to the Coronavirus Disease 2019 (Covid-19) pandemic period, all employees may work from home. However, safe shuttle car facilities are provided when they must go to the office and need transport.

Female employees, besides given the same facilities and opportunities as employees in general, also obtain the following benefits:

- 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 menstrual leaves;
- The right to express breastmilk or breastfeed their baby in a provided nursing room during working hours; and
- The right to obtain protection from any sexual harassment possibilities in the workplace, by providing a direct reporting facility to the management and imposing termination sanction for any internal party proven to commit sexual harassment.

2) The right to social protection, to an adequate standard of living and to the highest attainable standards of physical and mental well-being

MUC Consulting respects the right of all employees to be treated equally in obtaining a promotion and in negotiating their expected monthly salary. All employees should receive salary above the government's standard.

MUC Consulting always prioritizes the employees' well-being by providing a healthy and safe workplace as well as medical benefits for employees and their spouse and children. In 2021, MUC Consulting also provided free Covid-19 vaccines for all employees through an independent vaccination program held in two phases. Moreover, this program was targeting not only the employees but also their family who have not received any vaccine from the government. This independent vaccination program was held in MUC Consulting's head office, MUC Building, and attended by 164 participants in both the first and second phases.

Despite the vaccination and the improving condition of Covid-19 outbreak in Indonesia, MUC Consulting is still implementing hybrid working scheme between work from home and work from office on a need basis to minimize the risk of Covid-19 exposure while commuting to work or in the office environment. The employees choosing to work in the office due to the need to access the documents only available in the office or to meet clients are obliged to fill out a work-from-office plan at least one day before in the WFO Plan system, an internal system specifically developed since the beginning of the pandemic. This system enables the related division handling Covid-19 cases to keep updated on the employees working from the office and to conduct tracing in case of any Covid-19 exposure in the workplace.



Not only providing health facilities for employees in the form of medical facilities, MUC Consulting also reimburses the PCR test expense incurred by the employees exposed by the coronavirus and provides them with Covid-19 package containing healthy food and vitamins by delivering it directly through their home or the self-isolation location.

3) The right to education and the enjoyment of benefits of cultural freedom and scientific progress

All employees in MUC Consulting have the same right to be treated equally and not to be discriminated against their age, disability, gender, marital status, race, religion, belief, etc. All employees have the right to freedom of thought, conscience, and religion, including the freedom to manifest his religion or belief in teaching, practice, worship, and observance.

In line with MUC Consulting's vision to be a learning organization, all employees are encouraged to be involved in various internal and external training held regularly. This effort is aimed at providing employees at all levels with the chance to continuously improve and develop their knowledge and professionalism. In 2021, 125 external training and six internal training were held and participated by MUC Consulting's employees, the majority of which were online training. MUC Consulting also held several free webinars accessible for the public.

Furthermore, MUC Consulting provides scholarship for high-achieving employees and university students regardless of their age, gender, marital status, race, and religion. In 2021, two employees of MUC Consulting and three high-achieving students from Universitas Indonesia received the scholarship.



Saya
Sudah
Divaksin

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.



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 have annual, sick, or family matter leaves;
- The right for one-hour break after four working hours, and two-day break on the weekend;
- The right to be appreciated or promoted based on periodic performance appraisal results regardless the seniority, age, gender, marital status, race, religion etc.; and
- 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 2019		Year 2020		Year 2021	
	Management	Staff	Management	Staff	Management	Staff
18-20	0	1	0	0	0	0
21-30	9	91	11	90	13	87
31-40	17	15	15	16	14	15
41-50	13	4	16	5	17	4
51-70	7	0	5	1	4	1
	46	111	47	112	48	107

*) 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. Every employee 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 2019		Year 2020		Year 2021	
	Management	Staff	Management	Staff	Management	Staff
Female	19	67	18	71	22	63
Male	27	44	29	41	26	44
	46	111	47	112	48	107

**) Exclusive of branch employees*



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 to whom MUC Consulting provides services is always increasing each year, MUC Consulting consistently focuses on maintaining document management. 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 purposes;
- Reuse the back-side of 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

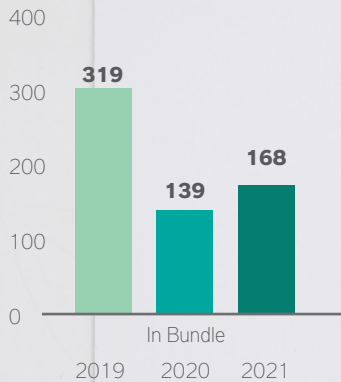
Recycle used papers in cooperation with a document management company. Not only all documents are destroyed by this company, but 100% of the materials are recycled and eventually made into other paper products such as napkins or paper towels. By this effort, we hope not only to improve confidentiality 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 Center Division to keep all documents in digital format, less paper is used.

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

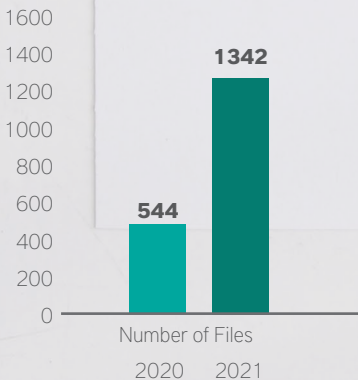
Number of Hardcopy Received by Document Center



In 2018, more than 600 bundles of printed documents were collected by the Document Center Division. The amount decreased almost in half in 2019 to 319 bundles, 139 bundles in 2020, and 168 bundles in 2021. The decrease in the printed documents received by the Document Center Division is in line with the company policy to organize files digitally.

To simplify MUC Consulting's employees in accessing printed documents digitally, the Document Center Division also attempts a digitalization process on copied files that are originally only available in hard copy to be converted into soft copy. These files are later uploaded into an internal system and may be accessed by the concerned employees after obtaining an approval from the partner in charge. The following diagram shows the number of files managed to be converted during 2020 and 2021.

Number of Hardcopy Converted Into Softcopy Files

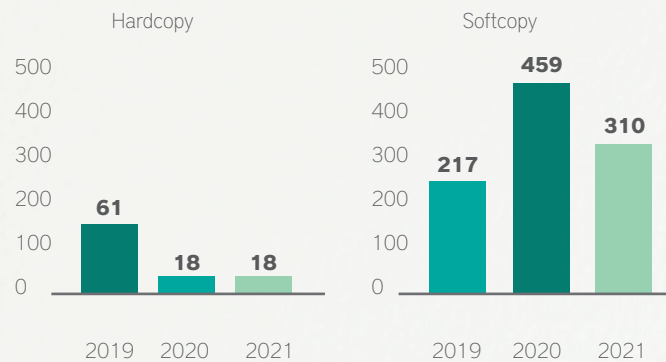


With the availability of digital files, the request for access right of hard copy files is decreasing annually. On the other hand, the request for digital files is increasing, prominently during the Covid-19 pandemic period when most employees are working from home. The file digitalization allows employees to access files easier anytime from anywhere.

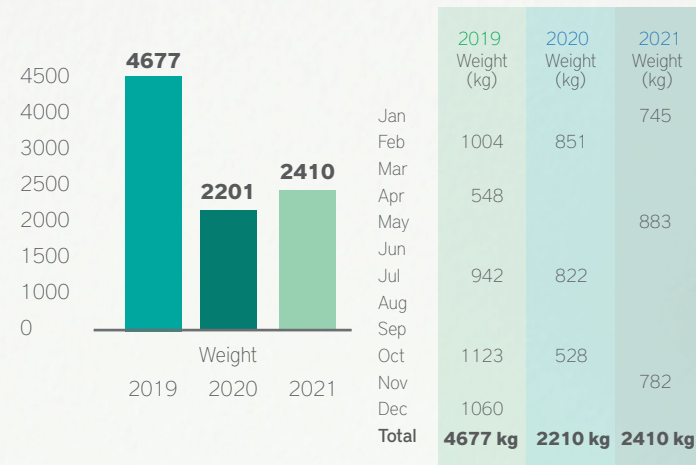
Environment

The following diagram shows the change of employees' behaviour in accessing files for the last three years.

Employee Access Request for Hardcopy and Softcopy Files



Amount of Papers Destroyed and Recycled



Files in the form of digitalized copies are then destroyed along with unused wastepaper. In 2021, the Document Center Division collected 72 boxes or equal to 2410 kg of document copies and wastepaper to be delivered to the providers of document and wastepaper management service to be made into recycled paper.

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.

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.



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.

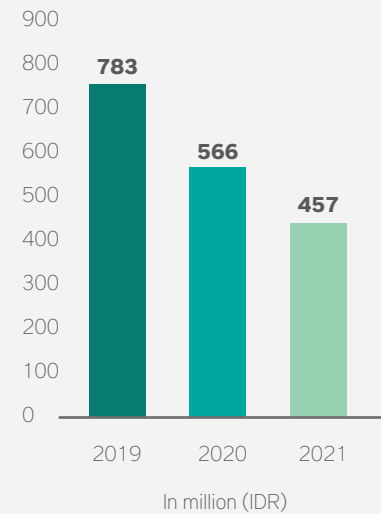
MUC Consulting's office is located at MUC Building, a seven-story building that is also occupied by a number of tenants. Due to the WFH scheme applied by MUC Consulting and several tenants, the electricity usage in MUC Building decreased significantly, which affects the electrical expenses.



Environment

The following table shows the comparison of MUC Building's electrical expenses for the last three years:

Comparison of Electricity Expenses



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.

In supporting the anti-corruption program, MUC Consulting also participates in a seminar held by one of the universities in Jakarta inviting a speaker from the Corruption Eradication Commission and entrepreneurs. In this occasion, MUC Consulting, representing the entrepreneurs, discussed a topic about the preparation in facing the working world.





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