



MUC Consulting Group

Communication on Progress 2011

Statement of Continued Support

This is our third Communication on Progress in order to report our continued support to the ten principles of United Nation Global Compact. We do our best to increase the implementation of the ten principles in our daily business activities, which in the end hopefully will help us to be a good corporate citizen in Indonesia.

Since 2011, we have moved into our own building, MUC Building. By moving into our own building we can add some more programs that never been conducted before, especially related to the environment.

Hereby our Communication on Progress of year 2011 that will describe detail information about our policy, strategy and program in implementing the principles along with the progress.

Warm regards,

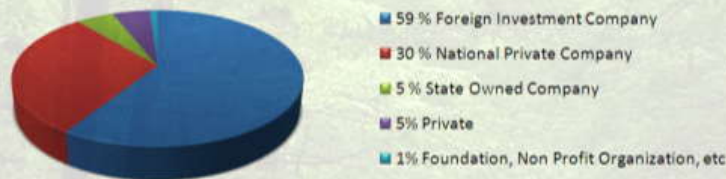


Sugianto
Managing Partner

About MUC Consulting Group



MUC Consulting Group is a business consulting firm which is supported by more than 200 professionals in Jakarta, Surabaya and Balikpapan. Our professionals come from various field of expertise with majority in taxation and accounting. Since its establishment, MUC has handled more than 300 clients with the following composition:



MUC Consulting Group commenced its business in 1999 by only providing tax consultancy service. As the company grows, MUC provides various services such as accounting, Customs, Legal, and Research services, and collaborate with a Public Accountant Firm. Since 2010, MUC has collaborated with KAP Razikun Tarkosunaryo as to replace the preceding Public Accountant Firm.

Our History

In brief, the history of MUC Consulting Group is described as below:

- 1999 Establishing a Company engaging in Tax Consultancy
- 2000 Establishing a Training and Publication company
- 2001 Providing Business and Tax Regulation Database software
- 2002 Providing Audit and Accounting Services
- 2003 Providing Customs Services
- 2004 Providing Legal Services
- 2005 Providing Marketing Research and Business Intelligence Services
- 2007 Providing Good Governance and Risk Management Consultant
- 2008 Launching two branch offices in two major cities in Indonesia (Balikpapan and Surabaya)
- 2010 Moving to MUC's own building



About MUC Consulting Group

Values

- We embrace a spirit of excellence through our professionalism, outstanding service, and our qualified and competent personnel;
- We have created a reputable company by endorsing trust, personal values and reliable service;
- We believe that employee cohesiveness is essential in achieving a sense of solidarity, security, and co-operation which will lead to employees' satisfaction in the drive to make a better future;
- We take seriously our responsibility to manage our firm as a learning organization which continuously improves and develops the knowledge of our staff to enhance the professionalism of this company.

Vision & Mission

VISION

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

MISSION

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

Result of Survey issued by International Body

Based on survey conducted by International Tax Review and published by Euromoney Publication in the World Tax Book, MUC Registered Tax Consultants is listed as one of world's leading tax firm in Indonesia with international standard of quality.

This world's acknowledgement is published in the Comprehensive Guide to the World Leading Tax Firms; World Tax book 2009, 2010, and 2011. And now, according to survey in 2011 and as published in the book of World Tax 2012, MUC is listed in tier-3 of World's Leading Tax Firm in Indonesia.

In performing the survey, the International Tax Review researchers and journalists interviewed corporate tax directors and advisers by phone, e-mail and face-to-face to compile the tiers of leading firms and write the commentaries for 56 jurisdictions in World Tax 2012. The corporate interviewees were chosen from a representative sample of clients of leading firms in the market. The objective of interviewing both practitioners and tax executives was to get an opinion of tax advisers from their peers and their clients. Tax directors have their own view of the market while practitioners have a broader view of practice.



WORLD TAX 2012



World's Leading Tax Firms in Indonesia



CSR for MUC

Participation in Indonesia Business Link

MUC's vision is to be leading consultants in Indonesia by enhancing ethical values in doing business. To be in line with that vision, MUC actively participates in "Indonesian Business Links", a non-profit organization that promotes ethical business practices in Indonesia <http://www.ibl.or.id>.

Participation in the United Nations Global Compact

In addition, MUC supports the ten principles on Human Right, Labour Standard, Environmental Protection, and Anti-Corruption under the UN Global Compact. <http://www.unglobalcompact.org/>.

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.

CSR Report

Policy for human resources strategy

Recruitment is performed based on the request from the user, in this case the team leader, with approval from the management. HR Division will announce the job vacancy in reputable campuses to get the best fresh graduate as well as to announce it in website and newspapers. New employees can be fresh graduates and mid career level professionals based on requirements from the user. All applications will be selected through written tests and interviews. MUC does not differentiate gender in finding the best candidate. Composition of MUC's male and female employees in 2011 is shown in the figure above

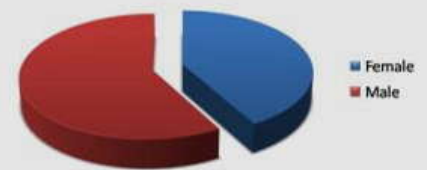
In order to support the principle of eliminating all forms of forced labor, MUC respects the basic rights of all employees. MUC always ensures that its human resource policy is in compliance with Law No 13 year 2003 concerning Manpower. Recruitment, for example, is performed based on mutually agreed condition. Therefore, prior to signing employment agreement, MUC provides opportunities to the candidate to negotiate monthly salary even though the amount offered by MUC has surpassed the government standard.

To support the principle of abolishing child labor, no candidate is below 18 years old. MUC's requirements for staff are mostly university graduates while for office boys, drivers, and messengers are high school graduates.

The composition of MUC's employees in 2011 based on age is as follows:

Age	Management (%)	Staff (%)
10-20	0%	0%
20-30	0%	60.5 %
30-40	42.8%	31.6 %
40-50	52.4%	7.9 %
60-60	4.8%	0 %

MUC's male and female



Policy for human resource development

In order to update employees' knowledge, MUC provides 1 (one) full day every week for internal training program. Various topics are presented based on list of topic prepared by HR Division. Taxation, Customs, Accounting are some of topics presented by internal speakers. Not only team leaders, supervisors, and managers get a turn to be a speaker in this training, but also the Board of Directors who share their knowledge to all participants. Meanwhile, other topics such as leadership, grooming, business ethic are presented by practitioners invited by MUC. MUC also gives an opportunity to employees to participate in external training both soft skills and technical skills as to improve their competency with recommendation from their managers.

Every semester, HR Division distributes Performance Appraisal form to all levels of employees. There are two kinds of form, i.e. for staff and for management. These forms enable employees to give comment, suggestion, and criticism with the method of bottom-up and vice versa. At the end, HR Division presents the result of these appraisals to the management to be further discussed.

Providing comfortable working conditions for employees

- Employee Health Management

MUC provides health facilities to all permanent employees from the position of staff to the Board of Directors. The methods used are reimbursement and cash in advance. In reimbursement method, MUC disburses health expense spent by the employees. The amount covered for this facility varies from the level of staff to the Board of Director. In emergency condition where employees need cash in large amount, the scheme of cash in advance is applied. The health facilities are also provided for the employees' spouse and children.

- Career counseling

HR Division welcomes the employees to discuss their problems related with their responsibility in the office or their interaction with other employees in order to help them in finding the best solution. In addition, periodically HR division also performs psychological tests to provide general description about employees' potentials for their improvement.

- Child care and nursing care support

In line with Indonesia Manpower Law, MUC provides a special nursery room in our office building to ease female employees to breast-feed her baby during working hours (Article 83). MUC also continues to provide special leave for female employees during their menstruation period (Article 81), and special leave for female employees giving birth (Article 82).

Social Contribution Activities

1. Community Care program

Every year MUC together with its employees conduct a social community program in rural areas by donating basic necessities, children storybooks, clothes, and free medical check service to needy people. In 23rd July 2011, this Program was conducted in Karawang, West Java.

This social program includes the following activities:

- Donation of 300 packages of basic necessities to the needy people
- Donation of 3 packages of books to 3 elementary schools in Karawang
- Bazaar of clothes with very cheap prices and the revenue was given to the local residential leader to be used for the surrounding community
- Free medical service to more than 200 people
- Interactive games for local children and donation of toys



2. Free seminar for Taxpayers (MUC Business Discussion)

MUC Business Discussion is a free training on taxation and accounting provided for clients and non clients of MUC. This program is a part of GREAT program (Generating Real Excellence in the Area of Taxation), a CSR activity of MUC dedicated to four main groups of Taxpayers, Students, Tax Officers, and Tax Consultants.

In every discussion, MUC welcomes 30-40 participants to attend this complimentary training. Not less than 60 companies from many business sectors have joined these events. Topics presented are various such as Transfer Pricing Documentation, Fiscal Reconciliation and Procedure for Filing Corporate Income Tax Return, and Current Update on Tax Audit. Speakers in this discussion are managers and partners of MUC Consulting Group.





3. GREAT Program for Students

MUC realizes that students are valuable assets for the future. Therefore, it is important to prepare them not only with technical skills but also soft skills. In GREAT Program, MUC motivates students to be more optimistic in facing their future, as well as to encourage them to have the social graces, and good personal habits. This program is also an effort to prevent students from corruption acts in the future. For these purposes, MUC invites motivators, psychologists, and KPK (the Corruption Eradication Commission) personnel to share their knowledge to the students. MUC also provides the students with technical skills such as how to operate taxation and accounting software. These skills in the end are expected to create a better business environment in the future. In 2011, MUC held GREAT Program in three universities: Trisakti University, Brawijaya University, and Malang State University.

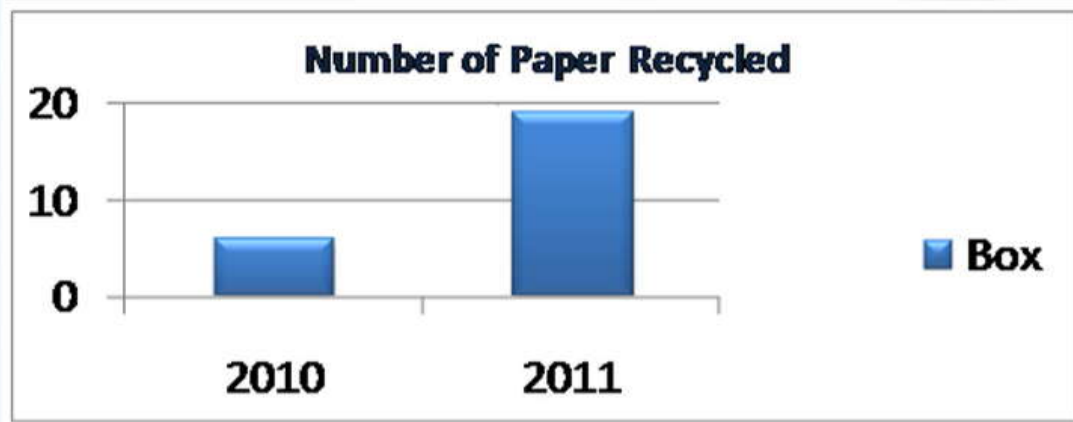
Environmental Activities Policies

- Paper Management

In MUC, paper management is handled by the Documentation Center Division. This division together with the Quality Assurance Division provides a special box in each building floor to drop used papers that have been printed on two sides. The mission is that no single piece of used paper is thrown onto the garbage bin. Regularly the papers are collected to be further recycled. There are three principles in this paper management: Reuse, Reduce, and Recycle.

- **Reuse:**
 - Reuse envelopes whenever possible for external or internal purpose
 - Reuse paper that is used on only one side
- **Reduce:**
 - Reduce new paper for photocopiers and printers
 - Reduce printed files by making soft copy files in computer, not paper files whenever possible.
 - Reduce storage by using old boxes.
- **Recycle:**
 - Recycle papers in cooperation with a document management company to be used as raw material for other paper products.





- **Save energy**

To save the energy, MUC uses low energy equipment for example by replacing high voltage computer monitor with LCD, and also replace CPU with laptops. The policy for saving energy is also applied on the use of work room and elevator. Employees are encouraged to use stairs rather than elevator if they want to go 1 (one) floor lower or higher from their floor. Those who take overtime alone in his/her floor are also encouraged to work in a provided meeting room or certain floor so that the high voltage electricity and central air conditioned in their rooms can be turned off and replaced by low voltage facilities in the other room or floor.

- **Save water campaign**

MUC encourages employees and tenants to save water by attaching save water campaign stickers in every rest room in all floors.

MUC Consulting Group

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MUC Building

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