



communication  
on progress  
2009



WE SUPPORT

Prepared by:



## STATEMENT OF CONTINUED SUPPORT

Sugianto, Managing Partner



Being a Good Corporate Citizen has become the spirit of MUC since its conception. We believe that good corporate citizenship is a must for a company that wants to operate and survive in a long term period (sustainability).

Good corporate citizenship according to MUC is about growing in harmony with stakeholders by complying with applicable legal requirements, behave ethically and respect the environment and society. We believe that such commitment is not only a domination of leading-edge corporation.

That is why we join the Indonesia Business Link in 2006 and United Nation Global Compact (UNGC) in 2008 at the early age of our company while we are still in the phase of developing. We will continue supporting the UNGC ten principles by carry out the principles on our daily business activities.

Hereby our first Communication on Progress (COP) to UNGC which contain the summary of our daily business activities that reflecting the ten principles.

Please enjoy reading our 2009 COP.

A handwritten signature in black ink, appearing to be 'Sugianto', written in a cursive style.

## ABOUT MUC CONSULTING GROUP



**“We attribute our success to our clear focus on the ethical business value as giving the best of our service, expanding our business as well as making contribution to the community”**

MUC Consulting Group was founded in 1999 by providing only tax consulting service. During its development MUC has grown into a one-stop Business Consulting Service in Indonesia with more than 200 personnel in 3 major cities in Indonesia (Jakarta, Surabaya, Balikpapan). For two years in a row (2009 and 2010) MUC Consulting Group has been recognized as one of the world's leading tax firms in Indonesia, classified in Tier 4 (\*Survey conducted by International Tax Review).

We attribute our success to our clear focus on the ethical business value as giving the best of our service, expanding our business as well as making contribution to the community. Accordingly, we see Corporate Citizenship Responsibility as being of our primary importance.

As our concern with the ethical business practice, we join the Indonesia Business Link, a foundation that supports us in practising these values and applying the Good Corporate Governance. We also participate in the UN Global Compact that upholds the Ten Universally Accepted Principles of Human Rights, Labor Standards, Environmental Protection, and Anti Corruption.

## ABOUT MUC CONSULTING GROUP

### 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.

### 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.

### OUR HISTORY

#### 1999

Establishing Company engage in Tax Consultancy

#### 2000

Establishing Training and Publications company

#### 2001

Providing Business and Tax Regulations 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

## THE TEN PRINCIPLES OF UNITED GLOBAL COMPACT

Principle 1	We support and respect the protection of international human rights in our sphere of influence.
Principle 2	We make sure that MUC are not complicit in human rights abuses.
Principle 3	We uphold freedom of association and recognize the right to collective bargaining
Principle 4	We eliminate all forms of forced labor
Principle 5	We abolish child labor
Principle 6	We eliminate discrimination with respect to employment occupation
Principle 7	We support precautionary approach to environmental challenges
Principle 8	We undertake initiatives to promote greater environmental responsibility
Principle 9	We encourage the development and diffusion of environmentally friendly technologies
Principle 10	We work against all forms of corruption including extortion and bribery



## HUMAN RIGHTS

Principle 1	We support and respect the protection of international human rights in our sphere of influence.
Principle 2	We make sure that MUC are not complicit in human rights abuses.

We acknowledge the basic right of our employees to have equal treatment as God's creature, to perform religious activities based on their belief, to perform their right and obligation, and to defense in case of having unfair treatment from the company. We believes that every human has same basic rights that should be respected.

In the process of recruitment we carefully screening all candidate and never employ a child labor even though it is for non technical job such as housekeeping and other non-technical jobs.

We ensure that our policy in Human Resources is in compliance with the government policy Law No. 13 year 2003 concerning Manpower. Some policies even surpass the government standard such as: minimum wages for permanent employee in our company is more than 100% higher than Regional Minimum Wages (UMP), additional leave for employee involved in volunteering in the social activities (i.e. humanitarian workers, fund raisers for underdeveloped areas, etc), additional leave 1 day per month for woman, special permission given 1 day per month for employee who is absent because of illness without having letter from doctor, 1 day per month for employee whose member of family is ill without having letter from doctor, etc.selecting vendors as well as selecting clients.

We support working mother by providing special room for baby and nursery room at office. In this room, working mother can nursing their baby and invite her baby-sitter to the office to taking care of the baby while she is working.

We understand that everyone has the right to freedom of thought, conscience and religion. In practice we respect all religion and make no discriminations based on the religion including during the employee recruitment, selecting vendors as well as selecting clients.

We understand that everyone has the right to freedom of opinion and expression, we have a routine monthly HRD meeting and sharing day where employee can express their problems related with workplace condition or any others HR issues.



## HUMAN RIGHTS

Minimum once a year all employees and directors of MUC held a philanthropy program in the rural and under developed area around Jakarta to increase their quality of life. Some activities conducted in this program are:

- Providing sports equipment for elementary schools in some rural areas because sport teaches this students to be more competitive and fair. We hope by providing this we will create a better young generation
- Distributing milk and supplementary foods for children during the program. Because most of children in rural and under developed area don't have sufficient nutrition, this will impact to their health and intelligence.
- Providing free medical treatment for the society during the program as well as providing package of basic needs to the needed. This is the least that we can do to improve their quality of life

We realize the importance of work and life balance. Therefore, we provide special budget for employees to do exercise such as for indoor soccer, fitness, and tennis. Every year we provide leisure time for employees and employees' member of family in the form of family gathering and employee gathering. We also provide opportunity for employees to discuss about the Company's regulation, work-related issues, and even personal matters that may influence their work performance.



## LABOR

Principle 1	We uphold freedom of association and recognize the right to collective bargaining
Principle 2	We eliminate all forms of forced labor
Principle 3	We abolish child labor
Principle 4	We eliminate discrimination with respect to employment occupation

We believe that human resources are valuable asset for a company. Therefore, we always try the best to treat them fairly, develop, support, encourage, and acknowledge them to reach the highest work performance. We always try to maintain the work relationship with our employees as long as we can by considering our company's ability.

We also believe that conducive workplace both physically and emotionally will result in company's goals through employees' optimal performance. Therefore, since its establishment we always give our concern to the aspects of health, safety, and environment of workplace.

### Problems:

As a consultant, our employee occasionally catch a deadline to meet our clients need. Consequently, they will take an excessive overtime which is still in accordance with the prevailing government regulation

In practice all most employees are willing to take the overtime since it is paid more than the standard rate of the prevailing Law on Manpower.

As our concern to the safety of our employee, we provide save transportation (company's driver or taxi voucher) for employees working overtime above 9:00 PM in addition they also get a free meal plus supplement .





## LABOR

MUC support the freedom of association, but since we only have a small number of employees, our employees agreed that they need to have any official employee association. We do not give any restriction to all of our employee to be active in any of the organization, moreover if the organization is in line with MUC visions and values. We support them by providing extra hours to spend their time in other organization, for example some of our staff are working as a lecturer in a gathering shelter (a house or school for street children ), providing extra annual leave to our employee that works voluntarily in a disaster area etc.

We have never conduct all forms of forced labor. We are committed to perform recruitments based on mutually agreed condition; all responsibilities, roles, functions, job descriptions as well as payments and facilities are discussed before candidate of employee sign employment agreement with MUC.

Every six months we conduct employee assessment. In order to improve their performance and achievement, employees will be assessed by their key performance indicator. The assessments is conducted in two ways; not only from top down but also bottom up. In our HR policy, we do not make any discrimination such as age, sex, race, religion as well as time serves in our company, all promotions and reward will be based on this assessment. This create equal opportunity for all employee to compete.

MUC do not tolerate a child labor, in opening recruitment for employee we do not except candidate below 18. For staff our requirements is from university graduates while for housekeeping, driver and others our requirements is high school graduates.

The composition of our employees based on the age is

Employee Ratio	
Age	Percent
20-30	50%
30-40	39%
40-50	9%
50-60	1%
Total	100%

In the recruitment process as well as employee assessment and promotion we do not make any discrimination about gender, religion and ethnicity. All the assessment are conducted fairly and involving a third party.

However for certain job that requires a night shift we prefer to recruit man than woman.

The composition of man and woman employees are as follows:

### ■ Management

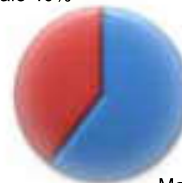
Female 17%



Male 83%

### ■ Employees

Female 40%



Male 60%

## ENVIRONMENTAL



Principle 1	We support precautionary approach to environmental challenges
Principle 2	We undertake initiatives to promote greater environmental responsibility
Principle 3	We encourage the development and diffusion of environmentally friendly technologies

As to preserve the environment, MUC implements environment friendly policy in running its business. In daily business activities our commitment is to reduce – reuse – and recycle, this is not only to save the environment but also to cut daily cost (efficiency).

Many activities have been conducted to make this policy happen, among other by considering environment friendly policies in the construction of MUC's new building. This also covers energy saving, water saving, green space, and localized electricity management in the said building.

In brief, our commitment to the environment is reflected in these activities:

- Paperless Report. We developed online integrated information management program within MUC Consulting Group. Almost all information required in daily business activities of MUC is accessible by this user-friendly program. This can minimize the use of paper in daily activities, ex: clients reports, as signment progress, payments due, absence reports, annual leave etc. can be seen
- Utilize used paper for internal uses
- Prohibit smoking in the building
- Energy saving, by turning off air conditioned and computer when it is not used
- Water saving
- Green space for trees
- Replace PC with NoteBook which uses less electricity
- Waste management by providing different garbage can for wet and dry trash.

## ANTI-CORRUPTION



Principle 1 | We work against all forms of corruption including extortion and bribery

MUC Consulting Group's vision is to become one of the leading business consulting firms in Indonesia by enhancing ethical values. Since the beginning we already set this company to be a consultants that connecting all of its daily activities with ethical values. We have no room for corruptions including extortion and bribery.

Problems faced:

- Internally, we do not have a written code of conduct
- Externally, in one side taxation in Indonesia is closely connected with many cases of corruption especially those conducted by tax officers. While in the other side MUC Consulting Group is a consulting firm with core business of tax consulting. Therefore, it is a challenge for MUC to create a conducive environment as to return the society's trust in taxation sector.

We realize that our anti-corruption programs are far from being effective to reduce the corruption and bribery in Indonesia. But we wish that it could give contribution for a better environment both internally and externally.

In choosing a client, we focus on the same understanding between MUC and the clients regarding values. At the first meeting we always inform our prospect clients that MUC cannot assist them if the service required is not in compliance with the prevailing Law. We also cannot help the clients to give some money or goods in any name or form to Government Officers or other party before, during, or after the completion of the service.

In purchasing goods and services, we always invite more than two vendors and in order to get the best offer from all competitors in term of punctuality, quality of goods, pricing, and other aspects which is not violating the law. In order to prevent conflict of interest, purchase of goods/services and payment of goods/service are conducted by separate divisions. All purchasing of goods/service has to obtain approval from several related divisions.

Internally, we inform our employees not to misuse the company's facility or their position for personal purpose. Our employees are prohibited to accept or give money or goods in any form from vendor or other party having relation with goods/service procurement. No document, goods, facility, asset are allowed to be sold, lent, or leased by employees without MUC's official permission.

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## ANTI-CORRUPTION

In the last 5 years, GREAT Program have been conducted in various places from business centre, industrial zone, to some campus throughout Sumatera, Java and Kalimantan. Below are some of topics and places where GREAT Program conducted:

- The latest version of annual corporate tax return conduct ed at PP Plaza
- Let's Simulate the Tax Audit conducted at MM 2100, Cibitung
- Let's Simulate the Tax Audit conducted at Karawang International Industrial City (KIIC)
- Tax Audit: Why Should We Aware (Let's get benefit from simulating tax audit for our business) conducted at Function Room Cikarang Golf, Padang Golf Cikarang, Jababeka Industrial Zone
- Tax Audit: Why Should We Aware (Let's get benefit from simulating tax audit for our business) conducted at Hyundai City
- Tax Aspects on Company Restructuring conducted at Jakarta Stock Exchange
- Explore EXIM Transaction through the Customs and Taxation Aspects conducted at Sahid Jaya Hotel, Lippo Cikarang, Hyundai City
- New Tax Bill conducted at Karawang International Industrial City (KIIC)
- Customs Compliance Review conducted at Karawang International Industrial City (KIIC)
- Tax seminar conducted at Jakarta Serviced Offices (JSO)
- Tax Seminar at LTO Tax Office (Large Tax Office)
- Career orientation, motivational training, personal development, accounting and tax software trainings conducted in cooperation with some universities such as Faculty of Economics (FE) of Syahkuala University, Faculty of Social Science and Politics (FISIP) of Indonesia University, FE-Mulawarman University, Faculty of Social Science and Economics (FISE) of Yogyakarta State University, FE-Semarang State University, FE-Malang State University, FE-Airlangga University

