



# Communication on Progress 2013



**MUC Consulting Group**



# Statement of Continued Support

## Communication on Progress 2013 MUC Consulting Group

On behalf of MUC Consulting Group, I am pleased to confirm that we continue our support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Our communication on Progress will picture our efforts to integrate the principles in our business policies among others in human resource strategy, human resource development, and improvement of working condition. In this annual report, we also describe some of our social contribution activities in education sector, and our efforts to save the environment.

Yours sincerely,

A handwritten signature in white ink, appearing to be 'Sugianto', written over a blue background.

**Sugianto**  
Managing Director



# Profile



MUC Consulting Group is a business consulting firm supported by more than 200 professionals in Jakarta, Surabaya, Balikpapan, and Bali.

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:



- 59 % Foreign Investment Company
- 30 % National Private Company
- 5 % State Owned Company
- 5% Private
- 1% Foundation, Non Profit Organization, etc

MUC Consulting Group commenced its business in 1999 by only providing tax consultancy service. With the growth of MUC, the range of services provided has extended, from Accounting, Customs, Legal, to Research services, along with the collaboration with a Public Accountant Firm.



# Profile

## Result of Survey issued by International Body

Below are some awards achieved by MUC Consulting Group in 2013 according to surveys by international institutions:



World's Leading Tax Firm  
in Indonesia 2013  
Researched by International Tax Review © economy publication

### World's Leading Tax Firm in Indonesia 2013 – researched by International Tax Review

MUC Registered Tax Consultants was listed as one of the world's leading tax firm in Indonesia with international standard of quality according to survey conducted by International Tax Review.



### Transfer Pricing Firm of the Year 2013 (Acquisition International)

According to survey by Acquisition International, MUC was acknowledged as the winner of M&A Award year 2012 for category of "Transfer Pricing Firm of the Year: Indonesia"



### Finance Awards Winner 2013 (Acquisition International)

In 2013, MUC achieved an award from Acquisition International as the winner for Finance Awards category.



# Profile

## Participation in Indonesia Business Link

MUC's vision is to be leading consultants in Indonesia by enhancing ethical values in doing business. 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 also supports the ten principles on Human Right, Labour Standard, Environmental Protection, and Anti-Corruption under the UN Global Compact. <http://www.unglobalcompact.org/>.



# Our Vision, Mission and Values

## 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.



# 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

**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.

MUC continually support and respect 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 believes that everyone has the same rights for life and security, personal freedom, economic, social and cultural freedoms. Therefore MUC ensure that the business activities must not complicit in human right abuses.

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



# 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.

To support the principle on Labor, MUC provides the same rights to all employees to have freedom of association, eliminate 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 are allowed to involve in associations as long as it doesn't harm the prevailing Laws. MUC respects the right of everyone to be treated equal to compete in getting a work position and provides a chance to them to negotiate their expected monthly salary, even though the amount offered by MUC has surpassed the government standard. Further, to support the principle of abolishing child labor, no candidate of employee is below 18 years old.

**MUC supports the principle that all forms of forced and compulsory labor should be eliminated and that employees have equal right in the workplace, such as for the followings:**

- The right to receive a written statement of terms of employment at the first employment date.
- The right for max. 2 times extension of work period for contract employee and decision on employment status at the end of period;
- The right for employment status for provision employee at the end of 3 months evaluation period; The right to be paid at least the national minimum wage;
- The right to be paid for overtime work hour;
- The right to be paid on national holiday;
- The right to time off for study or training;
- The right to be paid on 3 month maternity leaves, and unpaid maternity leaves for the subsequent month;
- The right to be paid for menstruation leave for female employee;
- The right to have annual, sick, or family matter leaves;
- The right to healthy and safe workplace;
- The right for medical benefit, including for the employee's spouse and children;
- The right for 1 hour break after 4 working hours, and 2 days break at weekend;
- The right not to be discriminated due to age, disability, gender, marriage, race, religion or belief, etc
- The right to perform religious activities (pray) at workplace and to get the Company's annual pilgrimage prize;
- The right to nurse or to breast-feed baby in a provided nursing room during working hours;
- The right to be appreciated or promoted based on periodic performance appraisal result; Other rights in compliance with Indonesia Manpower Law no. 13 year 2003.

MUC 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 based on their competency.

The composition of employees based on age in 2013 is as follows:

Age	Year 2013	
	Management	Staff
18-20	-	3
20-30	-	75
30-40	9	23
40-50	12	5
60	-	1

\*) Exclusive of branch employees

MUC 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 reach the required position based on the competency.

The composition of male and female employees in 2013 is as follows:

Gender	Year 2013	
	Management	Staff
Female	4	52
Male	17	55
	21	107

\*) Exclusive of branch employees



# 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.

As MUC provide services to more clients every year, document management requires more attention than before. For this reason since 2007 MUC has been developing an internal information system called MUCNet. In the beginning, this software was only intended to store vital information of clients to support Marketing Division activities. Currently MUCnet has been developed into an integrated system that connects every division in MUC, and turned into a massive computerized data and document repository. For example, by using this program, MUC could save thousands of paper sheets from employee leave requests only and store hundreds of computerized files every year.



# Environment

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

## Reuse:

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

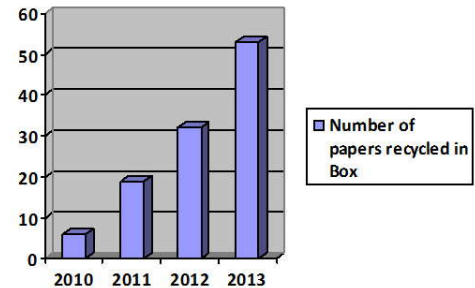
## Reduce:

- To reduce paper by printing double-sided or to re-use printed paper;
- To reduce print by making computer files, not paper files when possible;
- To reduce paper by using MUCnet, an internal information system;
- To reduce paper by using email instead of sending memos and faxing documents;
- To reduce storage by using reusable boxes.

## Recycle:

Recycle used papers in cooperation with a document management company. All expired documents are completely destroyed by this company and 100% of them are recycled and eventually made into other paper products such as for a napkin or paper towel. By this effort, MUC wishes to not only improve privacy and productivity, but also contribute positively to the environment.

The campaign to Reuse, Reduce, and Recycle is maintained among employees. As the result, more employees involved in the program and more papers are recycled. The chart below will show the number of papers in boxes successfully destroyed and recycled.





# Environment

## Energy Saving

MUC support the attempts to save energy in the work environment such as on the use of lighting, electrical equipments, papers, water, and refined fuel oil. Below are some actions to save the energy.

## Lighting

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



## Electrical Equipment

- Replace PC with energy efficient monitor or laptop;
- Switch computers off when not required;
- Purchase energy efficiency rated equipment when replacing items;
- Shutdown computer, fax or printer on overnight;
- Minimize the use of lift and use stairs if possible;
- Clean air conditioning system from dust regularly .

The comparison of electricity usage in year 2012 and 2013 can be seen below:

Month/Year	2012 (in kWh)	2013 (in kWh)
January	6718	13609
December	13099	18741
Total Electricity Consumption in a year	<b>6381</b>	<b>5132</b>

## Water

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

## Refined Fuel Oil

The use of fuels in industrial machinery and transportation may not only affect the economy, but also health and environment as it gives significant contribution to the air pollution. For this reason, MUC realizes the importance of minimizing the use of fuels for vehicle in daily business activities by formulating an online system namely "Plan of Trip". In this system, employees are obliged to input their upcoming plan of trip in MUCNet (an internal database) and the General Affairs Division (GA) will group those whose trips are to a same direction with the other employees. Further, GA will decide which company's car or taxi will take them to their destination in a group. By maximizing this method, MUC could save transportation costs and at the same time minimize the source of air pollution.



## Participation in the 2013 Voluntary Day of Indonesia Global Compact Network



In line with Global Compact principle on environment protection, MUC participated in Global Compact Voluntary Day to promote restoration of coral reefs in Pandeglang, Banten-Indonesia. This program was organized by Global Compact Network (IGCN) in collaboration with Pulau Umang Resort and Ujungkulon Conservation Society (UCS).

In this program, MUC took a part in planting one million coral reefs in Pulau Umang and attended the nomination of Coral Reef Ambassador of year 2013-2014 that involved 66 candidates from high school and university students. This program was expected to increase the society awareness to maintain the preservation of coral reefs especially in Indonesia.

## Anti-Corruption

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



Generating Real Excellence in the Area of Taxation (GREAT) is another program of MUC's Corporate Social Responsibility in the form of providing free seminars and training.

This program is divided into four categories:

- GREAT for Taxpayers;
- GREAT for Tax Officers;
- GREAT for Tax Consultants;
- GREAT for students.

In 2013, MUC held GREAT for students in Trisakti University and Airlangga University. In this program, MUC motivated students to be more optimistic in facing their future, as well as encouraged them to have the social graces, good personal habits, and to keep away from corruption acts.



# Anti-Corruption

**MUC prohibit any corruption acts in all its forms. Below are some policies against corruption:**

- In procurement process, MUC applies multi-layer approval system to control all expenditures. For purchasing with significant amount, a transparent tender process shall be performed and all tender participants are treated equally without discrimination. The winner is chosen based on certain criteria and scoring as informed to the vendors previously;
- As consultants, MUC shall not give or offer to give or authorize the giving or offering of anything of value to a tax officer, government official or any related parties who has direct or indirect relation with MUC for the purpose of influencing that person to misuse his or her official position for the purposes of obtaining or directing business. This prohibition also applies to payments to any person for the purpose obtaining or steering business.
- As consultants that provide services to clients, MUC shall not accept client's request to give or offer to give or authorize the giving or offering of anything of value to a tax officer, government official or any related parties who has direct or indirect relation with our clients for the purpose of influencing that person to misuse his or her official position for the clients' benefit.

## Community Care

MUC believes that the principle to support and respect the protection of proclaimed basic human rights such as the right for food, education, and health are not only applicable for employees, but also the society. For this reason, every year MUC holds social act in the form of donating basic necessities, children storybooks, clothes, and free medical check services to the society specifically to needy people. In 2013 MUC held this program in Galuga Village, West Java.

This social program includes the following activities:

- Donated 300 packages of basic necessities to the needy people;
- Donated book packages to 3 local elementary schools;
- Performed bazaar by selling clothes with very cheap prices and donated the money from this bazaar to the local leader to be used for the local society purpose;
- Provided free medical service to the local society; Performed interactive games and donated toys for local children.



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