

COMMUNICATION ON PROGRESS 2014



MUC CONSULTING GROUP

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MUC Consulting Group

Communication on Progress 2014

STATEMENT OF CONTINUED SUPPORT

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.

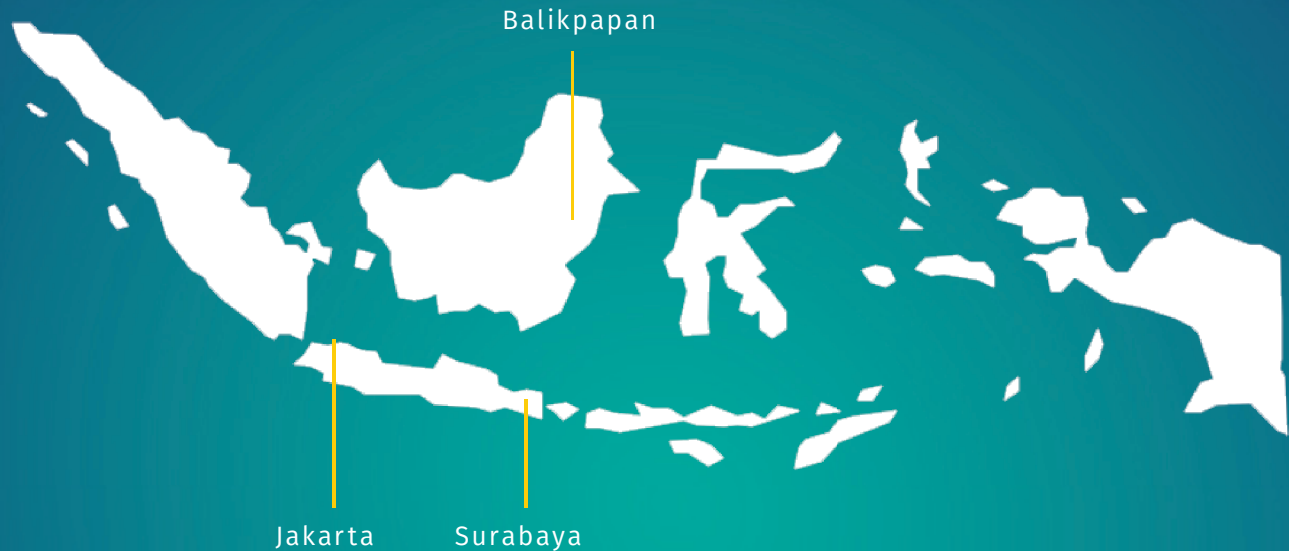
This Communication on Progress (COP) addresses our efforts in the areas of Human Rights, Labour, Environment and Anti-Corruption to implement the Ten Principles of Global Compact within our daily corporate activities. We wish that this report will encourage all of our stakeholders to develop even more effective efforts in the future to implement the Ten Principles.

Yours sincerely,



Sugianto

Managing Director



TAX CONSULTANT | CUSTOMS CONSULTANT | ATTORNEYS AT LAW | MARKETING RESEARCH | GC
AGEMENT CONSULTANT | PUBLISHING AND SEMINAR | PUBLIC ACCOUNTANT

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

30%
National Private
Company

59%
Foreign Invesment
Company

1%
Fondation,
non profit
organization,
etc.

5%
Private

5%
State Owned
Company

Our professionals come from various fields of expertise with majority in taxation and accounting. Since its establishment, MUC has handled more than 300 clients with the above composition.

Commencing its business in 1999, MUC Consulting Group provided only tax consultancy service. As the company grows, MUC provides various services such as Accounting, Customs, Legal, and Research services, and collaborates with Public Accountant Firm.

Result of Survey issued by International Institutions



MUC is listed as one of the World's leading Tax Firm in Indonesia since 2009 up to now, and the World's Transfer Pricing Firm in Indonesia since 2014 based on annual survey conducted by Euromoney Publication.

MUC Consulting Group is awarded as Business Advisory Firm of the Year in the 2014 Business Excellence Awards ,and Leading Consultants of the Year – Indonesia in 2014 M&A Awards by Acquisition International.

Articles in International Publications

- Source of information for International Tax Review journal for Indonesia's jurisdiction
- MUC as contributor in Bloomberg BNA, a monthly publication that focuses on tax and transfer pricing issues in the Asia Pacific region
- MUC as contributor in Global Trader magazine, published by British Chamber of Commerce.
- MUC as contributor (national expert) for Transfer Pricing in Indonesia, article in Law Business Research in cooperation with Jason M Osborn from Mayer Brown LLP.



GETTING THE
DEAL THROUGH

National expert

Indonesia Business Links Resource Centre for Corporate Citizenship

Participation in Indonesia Business Link

Becoming a leading consulting firm by enhancing ethical values in conducting business has become MUC's vision since more than 15 years ago. To endorse the values, MUC supports Indonesian Business Links, a non-profit organization promoting ethical business practices in Indonesia, as a corporate partner.



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.

OUR VISION, MISSION AND VALUES

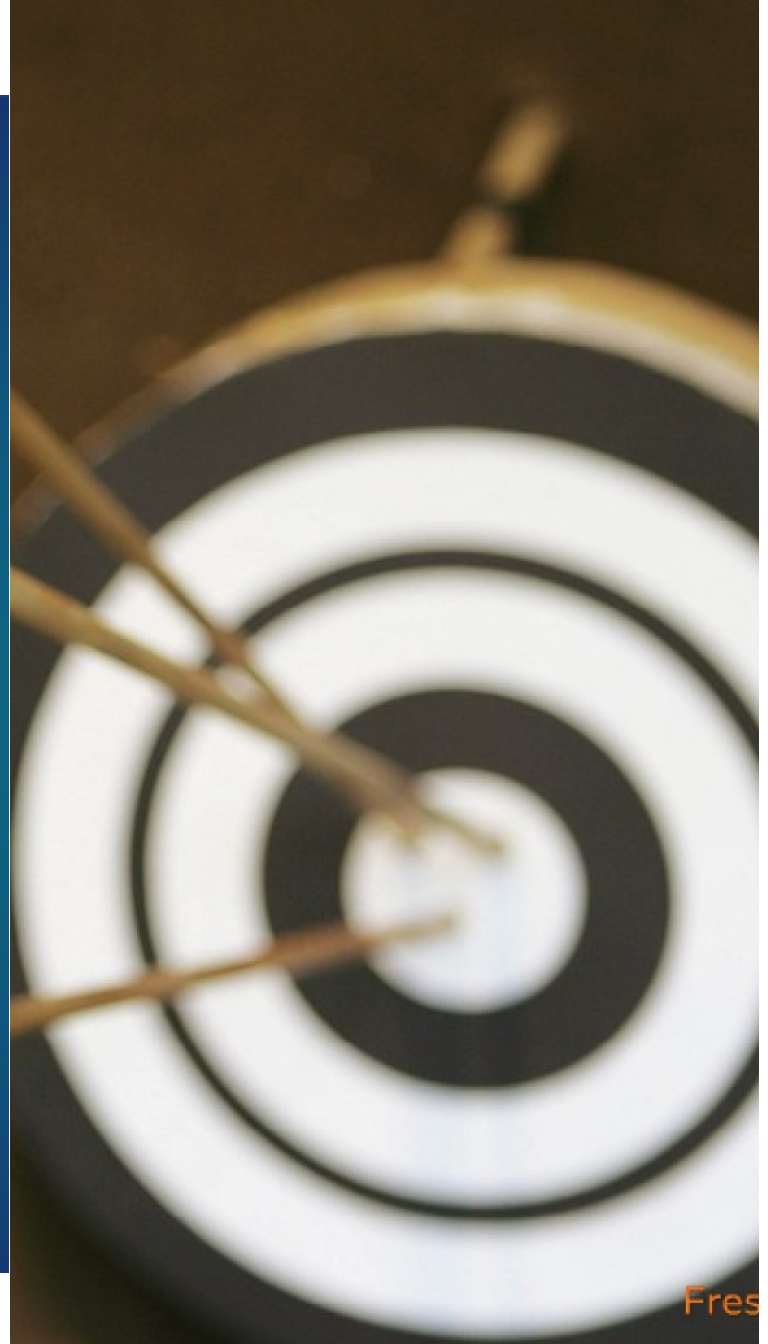


Vision

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

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

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure not complicit in human rights abuses.

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

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

MUC respects and maintain the equal rights of all employees in regards to the Global Compact principles on Labour, in term of uphold freedom of association and collective bargaining, 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 Law. MUC respects the right of all employees to be treated equal in getting promotion and provides a chance to them to negotiate their expected monthly salary, even though the amount offered by MUC has surpassed the government standard.

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 months 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 for 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 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 the Indonesia Manpower Law no. 13 year 2003.

MUC supports the principle to abolish child labour 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 2014 is as follows:

Age	2013		2014	
	Management	Staff	Management	Staff
18-20	-	3	-	6
20-30	-	75	-	82
30-40	9	23	13	19
40-50	12	5	12	3
60	-	1	-	1

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 their competency.

The composition of male and female employees in 2013 and 2014 is as follows:

Age	2013		2014	
	Management	Staff	Management	Staff
FEMALE	4	52	8	57
MALE	17	55	18	54
	21	107	26	111

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 the number of clients MUC provides services to is always increasing each year, document management has been one of MUC's focus to maintain. For this reason, since 2007, MUC has been developing an internal information system called MUCNet. Initially, the software was intended only for clients' confidential information storage as support to Marketing Division. Now, it has been developed into an integrated system that connects every division in MUC, and

has become a massive computerized data and document repository. Through this system, MUC can store numerous computerized files every year from many resources and various purposes of the company. The system also supports green environment as many paper-based activities can be cut, such as leave request, daily task report, overtime request, and etc, that used to be done in physical forms (using paper forms).

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

REUSE

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

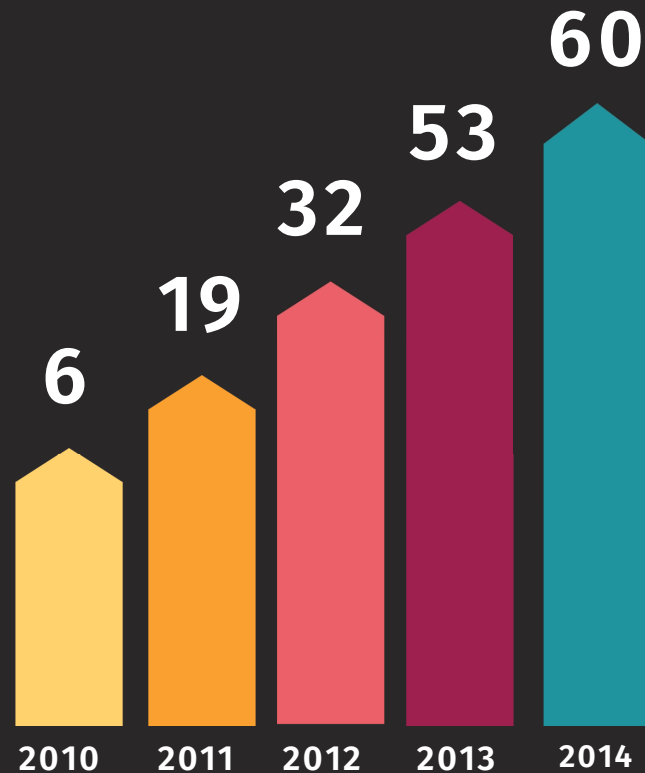
REDUCE

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

RECYCLE

Recycle used papers in cooperation with a document management company. Not only all documents are completely destroyed by this Company, but 100% of the materials are recycled and eventually made into other paper products such as for a napkin or paper towel. By this effort, MUC wishes not only to improve confidentiality 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. In 2014, 60 boxes of paper that comprise of 19 boxes of old archives and 41 boxes of used papers are recycled. The chart below will show the number of papers in box that successfully destroyed and recycled.



Number of papers recycled in Box

Energy Saving

MUC supports any 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 not only provides more pleasant light compared to the artificial one but 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 old tube;
- Switch off outside lights when it is not used.

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 conditioned from dust regularly.

The comparison of electricity usage in year 2012 -2014 can be seen below:

Month/Year	2012 (in kWh)	2013 (in kWh)	2014 (in kWh)
January	6718	13099	18741
December	13099	18741	24366
Total Electricity Consumption in a year	6381	5642	5625

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 Rooms.

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 the same direction with the other employees. Further, GA will decide which company's car or taxi will take them to their destinations in a group. By maximizing this method, MUC can save transportation costs and at the same time minimize the source of air pollution.

Participation in the 2014 Voluntary Day of Indonesia Global Compact Network

MUC participated again in Voluntary Day held by Indonesia Global Compact Network (IGCN). In this event IGCN collaborated with Griya Dunamis by carrying education program, e.g. love for the environment, PHBS (Clean and Healthy Life Habits) campaign as well as six PAUD building repair in Desa Pasir Angin, Gadag, West Java.

In this occasion, the volunteers were divided into 6 groups and spread to six locations, namely PAUD Al-Istiqomah, PAUD Al-Barokah, PAUD Al-Ikhlas, PAUD Al-Muflihah, PAUD Nurul Fikri, and PAUD Ceria. The participants of Voluntary Day shared experiences on their respective profession, gave inspiration to the PAUD students, and taught them about healthy life culture as well as love for the environment. In another session, the volunteers and the surrounding society worked together to fix PAUD building, starting from unloading and replacing the ceiling, painting the wall, and fixing the toilet. In this event, IGCN and the donors from several companies gave the aid in the form of stationary, cleaning equipment, cupboards, and other equipment to be used in PAUD.



Anti-Corruption

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

MUC prohibits 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 tender winning party 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 tax officers, government officials or any related parties who have direct or indirect relation with MUC for the purpose of influencing that person to misuse his or her official position for obtaining or directing business. This prohibition also applies to payments to any person for the purpose of 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 tax officers, government officials or any related parties who have direct or indirect relation with MUC's clients for the purpose of influencing that person to misuse his or her official position for the clients' benefit.

MUC Consulting Group

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(Hunting)