

MUC Consulting Group

Communication on Progress

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Statement of Continued Support

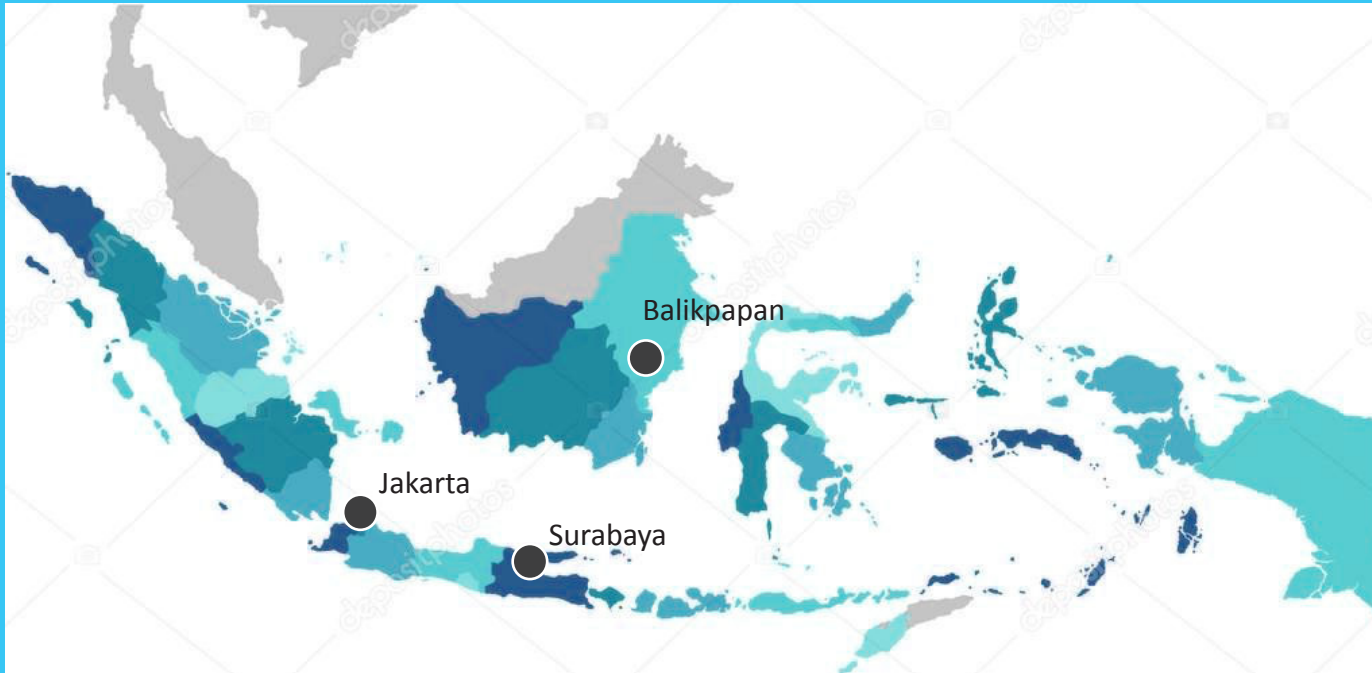


We, MUC Consulting Group, hereby declare our support to the Ten Principles of the United Nations Global Compact. This Communication on Progress (COP) demonstrates our efforts in the areas of Human Rights, Labour, Environment and Anti-Corruption to uphold the implementation of the Ten Principles of Global Compact in our corporate activities.

This report is expected to give contribution to the future implementation of the Ten Principles by our stakeholders in any level, thus, the implementation will become more effective and efficient.

Sincerely yours,

Sugianto
Managing Director



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

Our professionals come from various field of expertise with majority in taxation and accounting. Since its establishment, MUC has handled more than 400 clients that comprise of 38% local companies, and 62% multinational companies. To be able to provide global range services, MUC is a member firm of MSI Global Alliance, a global association of independent

legal and accounting firms that comprise of more than 250 independent legal and accounting firms in more than 100 countries. This is to meet our clients' expectation that mainly are multinational companies.

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

Below are some awards achieved by MUC Consulting Group in 2016 according to surveys by international institutions:

World Tax 2017: “Leading Tax Firm in Indonesia” grouped in Tier III, issued by International Tax Review;



World Transfer Pricing 2017: “Leading Transfer Pricing Firm” grouped in Tier II, issued by International Tax Review

APAC Insider Business Awards 2016: “Best Business Consulting Firm - Indonesia & Excellence Award for Tax Consultancy



Global Awards 2016: “Indonesia - Transfer Pricing Advisory Firm of The Year For A Consecutive Year, MUC” issued by ACQ5



Finance Awards 2017: “Transfer Pricing Advisor of the Year – Indonesia” given by Corporate live Wire



Articles in International Publications



**GETTING THE
DEAL THROUGH** 

National expert



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.

Participation in Indonesia Business Link

Indonesia Business Links Resource Centre for Corporate Citizenship

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 corporate partner.



Participation in United Nations Global Compact

MUC 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

- 1 We embrace a spirit of excellence through our professionalism, outstanding service, and our qualified and competent personnel;
- 2 We have created a reputable company by endorsing trust, personal values and reliable service;
- 3 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;
- 4 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;

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 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 rights 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.



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.

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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.

Labour



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 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 2015 and 2016 is as follows:

2015-2016

Age	Year 2015		Year 2016	
	Management	Staff	Management	Staff
18-20	0	4	0	0
20-30	0	83	4	70
30-40	12	22	15	16
40-50	13	4	13	4
60	1	1	2	0

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 2015 and 2016 is as follows:

2015-2016

Age	Year 2015		Year 2016	
	Management	Staff	Management	Staff
Male	8	58	12	46
Female	18	56	22	44
	26	114	34	90

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.
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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.
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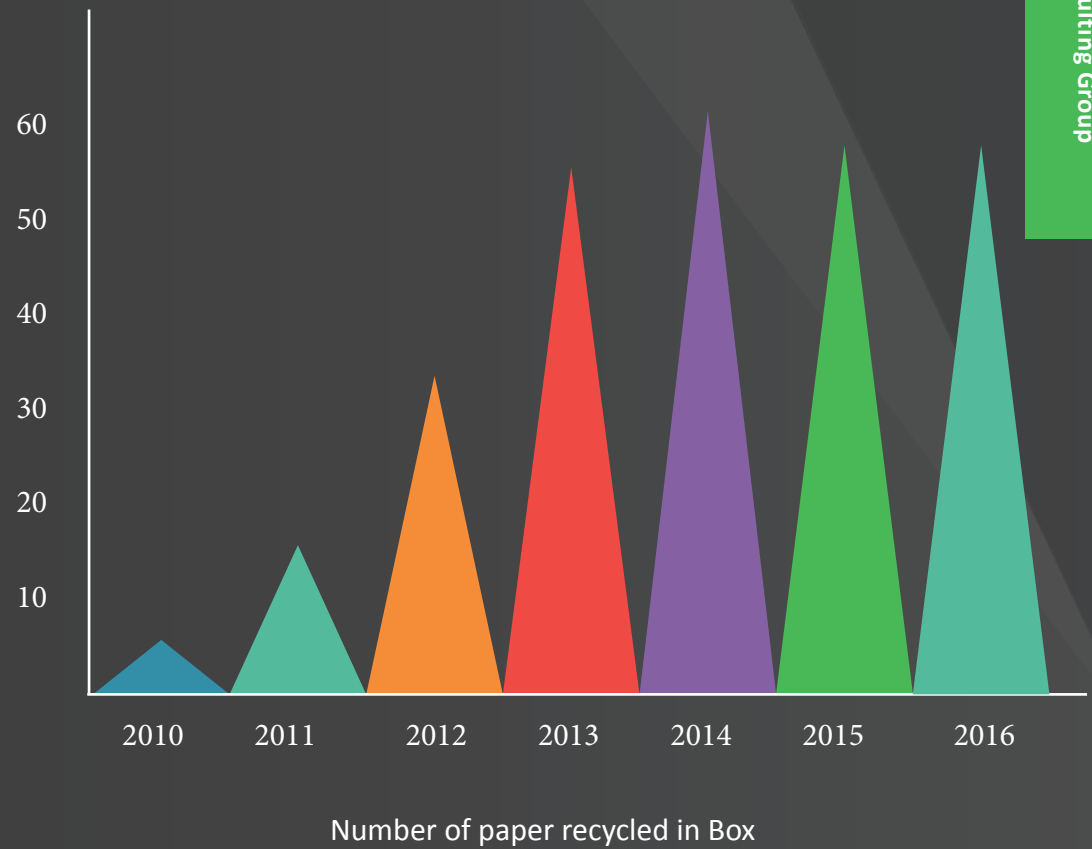
Recycle:

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 2015, 57 boxes of paper that comprise of 15 boxes of old archives and 43 boxes of used papers are recycled. As comparison, in 2016 we recycled 36 box of old archives and 23 box of used papers. The chart below will show the number of papers that successfully destroyed and recycled.

► **Energy Saving**

MUC supports any attempts to save energy in the work environment such as on the use of lighting, electrical equipment, 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.

► 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.



► Energy Saving

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. In 2016, we continue to apply and develop our “Plan of Trip” system as our effort to maintain the environment.

Principle 10:

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



Anti Corruption

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.





Great

Program

MUC continues the cooperation with several universities through the program of Generating Real Excellence in the Area of Taxation (GREAT Program), which is one of the forms of MUC's Corporate Social Responsibility in education sector. Some universities have participated in this event, namely: Universitas Indonesia, Universitas Mulawarman, Universitas Airlangga, Universitas Brawijaya, Universitas Negeri Yogyakarta, Universitas Negeri Semarang, Universitas Trisakti, and Universitas Atma Jaya.

The following activities were conducted in the GREAT Program in 2016:

Public Lecture of Tax Opinion and Financial Statements Drafting

As a form of cooperation between MUC Consulting Group (MUC) and Faculty of Administration Universitas Indonesia (FIA UI), MUC became the speaker in the Public Lecture by discussing tax and accounting topic on 24 November 2016. On this occasion, MUC presents 6 (six) tax consultants from Tax Service Division and Accounting Service Division as well as 2 (two) support team.

The participants were divided into 2 (two) classes that each class obtains tax and accounting material consecutively. Besides the theory presentation of tax opinion and financial statements drafting, the participants were requested to discuss these issues in small groups and present tax opinion that they had composed. Approximately 60 (sixty) participants attended this occasion. FIA UI through its representative welcomed this occasion and wished to hold the similar occasion in the future.



Company Visit & Tax Court Simulation of Trisakti's Students in MUC Consulting Group

MUC Building, 9 November 2016

On 9 November 2016, MUC welcomed a visit from D'Generation of Tax which is one of student affair organization of Diploma III Tax Accounting of Universitas Trisakti. The title of this activity is "D'Gtax Goes to MUC" for the purpose of giving the overview of professional world in consultant and tax court simulation field to the participants.

On this occasion, the students were requested to observe working situation and interact directly with consultants from some divisions as well as obtain explanation related to job description of consultants of some divisions in MUC, such as Tax Dispute, Tax Compliance, Transfer Pricing, and Quality Assurance Division. The activity was followed with the presentation of tax case study and Tax Court Simulation in the main meeting room of MUC Consulting Group. In this session, the participants were requested to demonstrate the tax court and act as judge, plaintiff and defendant.



GREAT, A Cooperation Program of MUC and Universitas Trisakti

Universitas Trisakti, 13 October 2016



On Thursday, 13 October 2016, located in Auditorium S Building 8th Floor of Universitas Trisakti, MUC came to share experience and taxation material in an event called 'Pembekalan bagi Wisudawan/Wisudawati Program Diploma III Akuntansi Perpajakan' ('Preparation for the Graduates of Diploma III Program of Tax Accountancy'). The HRD Manager of MUC Consulting Group became a keynote speaker addressing a topic regarding preparation in encountering work life. Besides, tax consultant team of MUC gave a discourse about e-taxation. MUC's presence as speakers signified a cooperation between MUC and Universitas Trisakti that has long been maintained for 6 years under GREAT program.

UI Career & Scholarship Expo XXI



MUC Consulting Group participated in UI Career & Scholarship Expo XXI held in Balairung of Universitas Indonesia in 18-20 February 2016. Unlike other companies' booth, MUC's booth provided a session of Free Coaching Clinic for job seekers. Besides, MUC also provided information regarding the working opportunity in PT Multi Utama Consultindo, PT Multi Indojasa, and KAP Razikun Tarkosunaryo.

The Coaching Clinic was presented by Mrs. Erry Tri Merryta, an Executive Coach and Manager of Human Resource and Development Division of PT Multi Utama Consultindo. The free Coaching Clinic was expected to assist job seekers in cultivating their potentials and ensuring the carrier choice they made.

Company Visit of **Unika Atma Jaya**



MUC Consulting Group was welcoming the Accounting students of Unika Atma Jaya visit on 28 January 2016 to have Tax Training. In this event, the students participated in a simulation of tax dispute resolution in the Tax Office and a lecture about Transfer Pricing delivered by Tax Consultants of PT Multi Utama Consultindo. In the experience sharing section, the students were given the idea of being an accounting consultants by some speakers from Accounting Division of MUC.

Manager of Human Resource and Development, Manager of Marketing Division, Tax Consultants, Accounting Consultants, Transfer Pricing Consultants and representatives of each consultant division of MUC attended the event to explain job description of each division.



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