

A photograph of a lightbulb lying on its side on a bed of dark, dry twigs and leaves. Inside the lightbulb, there is a small amount of dark brown soil with a small green plant with two leaves growing out of it. The background is blurred, showing more of the natural debris.

Communication On Progress

2017

MUC Consulting Group

www.mucglobal.com

Communication on Progress 2017

MUC CONSULTING GROUP



We, MUC Consulting Group, hereby reconfirm our commitment to support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption within our corporate activities. We are pleased to continue our support and to implement the principles in our policies, procedures, and work culture of our company. This report will describe our efforts for the period of January-December 2017.

Sincerely yours,

Sugianto
Managing Director

PROFILE



Tax Consultant
| Customs Consultant |
Attorneys at Law | IT Consultant |
Marketing Research | GCG and Risk Management
Consultant | Publishing and Seminar | Public Accountant



PROFILE

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

Our professionals come from variety fields 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.

GLOBAL RECOGNITION

Below are some awards achieved by MUC Consulting Group in 2017 according to surveys by international institutions:



World Tax 2018: "Leading Tax Firm in Indonesia" grouped in Tier III, issued by International Tax Review;



World Transfer Pricing 2018: "Leading Transfer Pricing Firm" grouped in Tier II, issued by International Tax Review;



Leading Tax Adviser of the Year, Indonesia" based on survey by Acquisition International Magazine

OUR VISION, MISSION AND VALUES

VISION

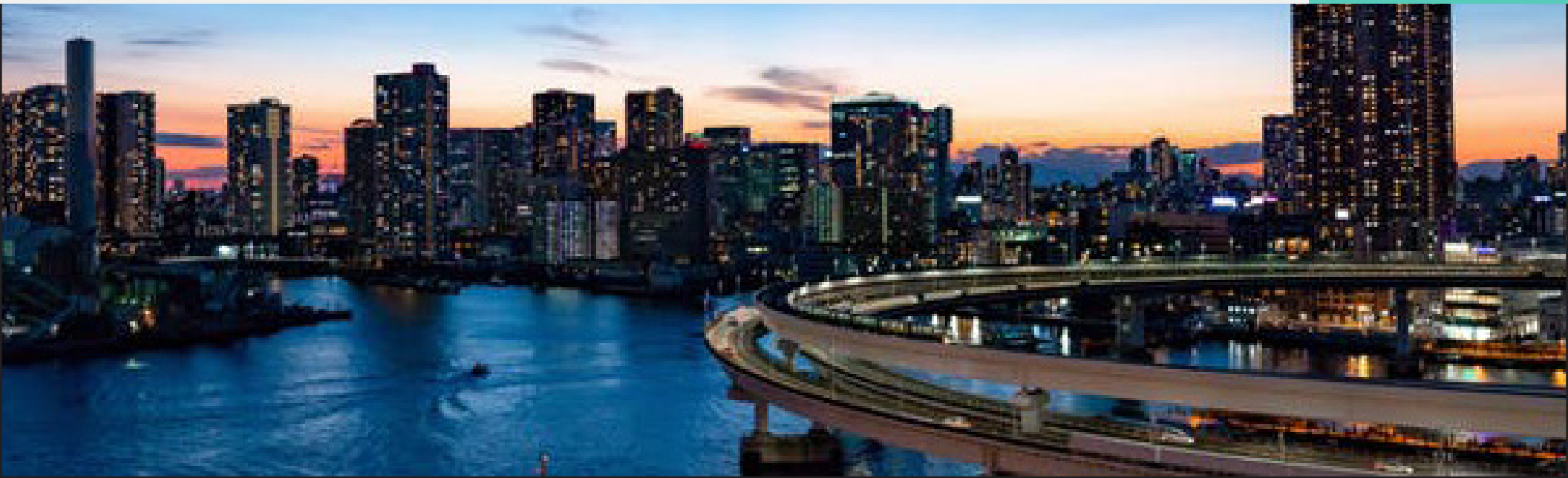
We envision ourselves becoming one of the leading business consulting firms in Indonesia by enhancing ethical values.

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.

VALUE

- 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.



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 the beginning.

To reach this vision, for years MUC has been supporting the Indonesian Business Links as a corporate partner.

Indonesia Business Links (IBL) is a not-for-profit foundation that was established in the wake of the Indonesian economic crisis. A major aim of the organization is to contribute towards the creation of sound and ethical business practices in Indonesia.



Further, MUC also consistently supports the ten principles on Human Right, Labour Standard, Environmental Protection, and Anti-Corruption under the UN Global Compact.

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:

Business 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 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.

The table below will show the number of external trainings attended by our employees in the last 3 years:

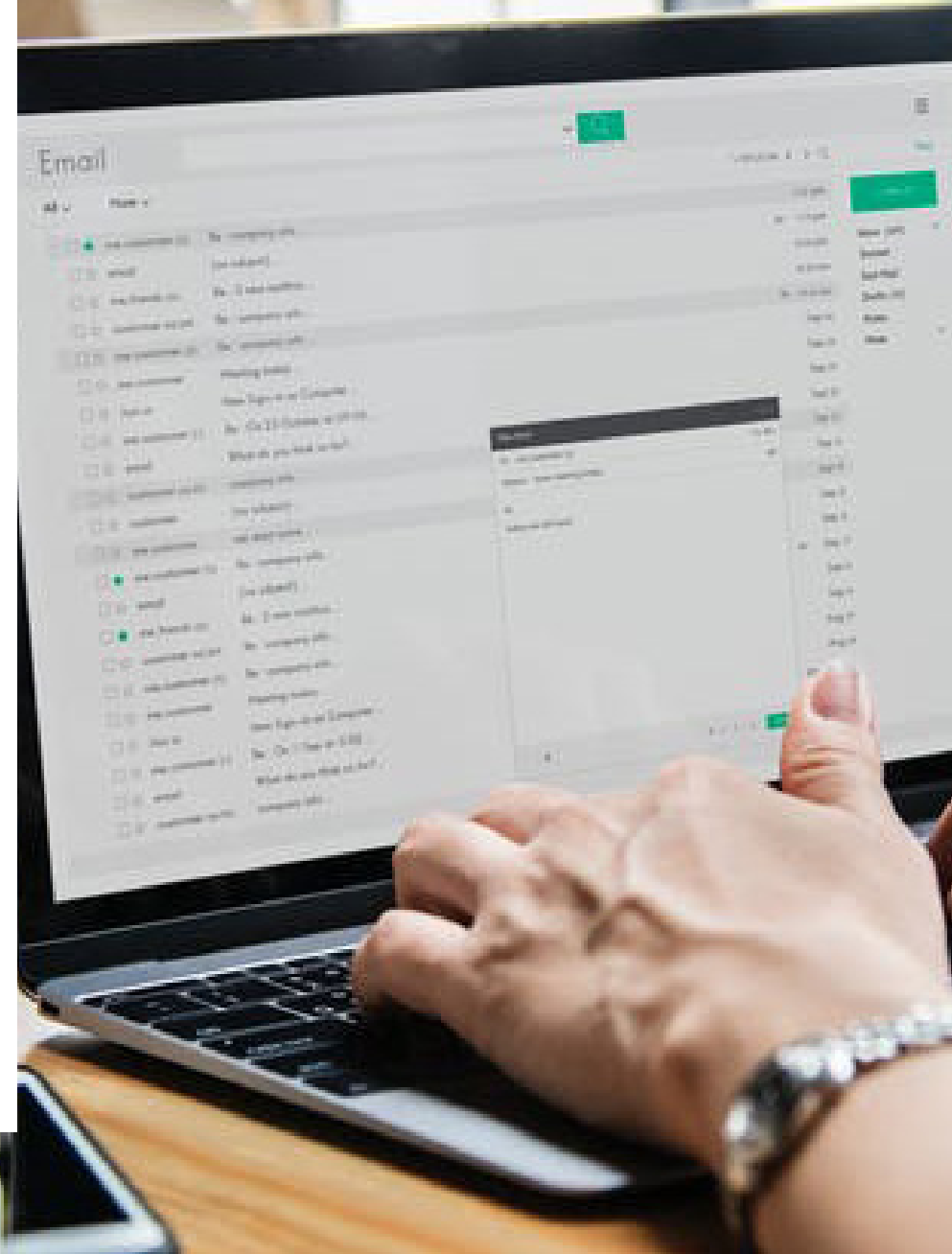
Year 2015	Year 2016	Year 2017
19	21	24

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. Further, MUC respects the right of all employees to be treated equal in getting promotion and in negotiating their expected monthly salary, even though in practice 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:

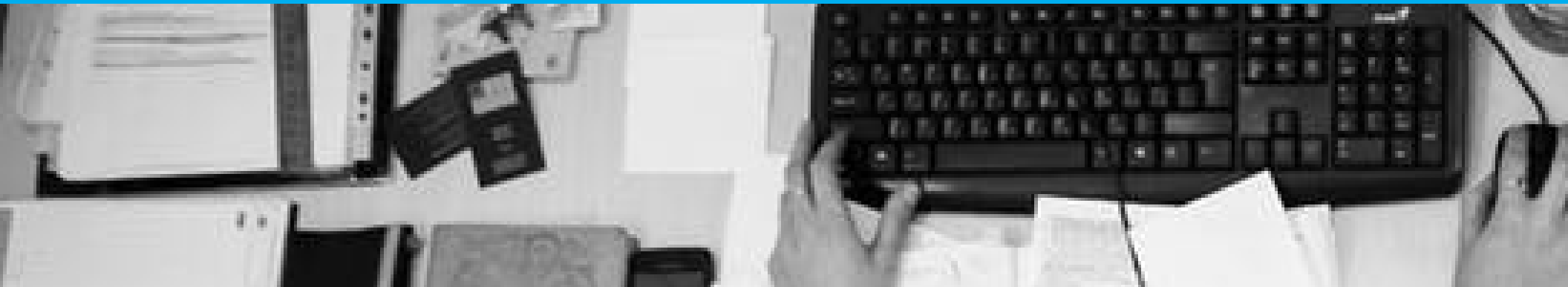
- The right to receive a written statement of terms of employment at the first employment date;
- The right for max. 2 times extension of work period for contract employee and decision on employment status at the end of period;
- The right for employment status for provision employee at the end of 3 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 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 the last 3 years is as follows:

Age	2015		2016		2017	
	Management	Staff	Management	Staff	Management	Staff
18-20	0	4	0	0	0	0
20-30	0	83	4	70	7	97
30-40	12	22	15	16	20	17
40-50	13	4	13	4	13	7
60	1	1	2	0	5	0

**) 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 their competency.

The composition of male and female employees in the last 3 years is as follows:

Gender	2015		2016		2017	
	Management	Staff	Management	Staff	Management	Staff
Male	8	58	12	46	16	67
Female	18	56	22	44	29	54

**) 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 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).



ENVIRONMENT

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.

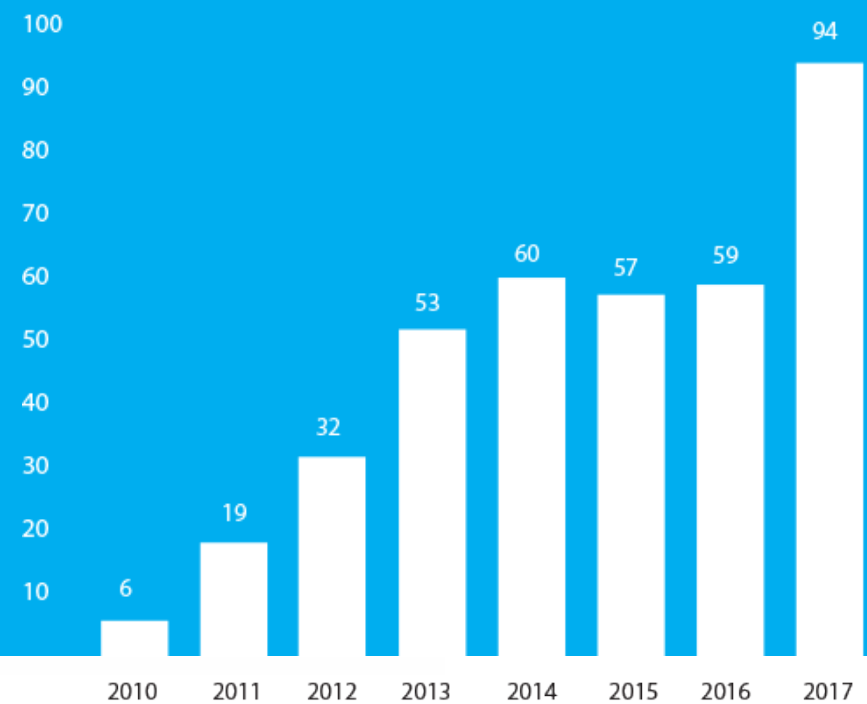
Recycle:

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.



In 2017, we maintain the campaign to reuse, reduce, and recycle of papers among employees. Supported with MUC-net system that accomodate dissemination of information by intranet basis, less paper are used. However, due to the change of our policy of documents disposal period from previously 10 years to 5 years, there are significant increase on the number of papers recycled within the year.

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.

ENVIRONMENT

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.



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. In 2017, we continue to apply and develop our "Plan of Trip" system as our effort to maintain the environment.

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.

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. In addition, MUC released taxation book and established a nonprofit institution to run educational missions.

The following are GREAT Program and some other CSR activities conducted by MUC in 2017:



MUC Book Release: KUP Comprehensive Guideline

MUC Consulting Group published another taxation book. This time, the title of the book is Panduan Komprehensif Ketentuan Umum Perpajakan (KUP Comprehensive Guideline). This book completes the collection of taxation books published earlier by MUC. The book was written by MUC's Senior Advisor, who is also the Professor of Faculty of Administrations Science, University of Indonesia, Prof. Dr. Gunadi M. Sc. Ak.. The book release took place at Hotel Santika TMII, Jakarta, Tuesday 24 January 2017, and was attended by tax academicians and practitioners, as well as the Board of Directors of MUC Consulting Group. In this 800-page book, Prof. Gunadi states his argumentation on taxation system in Indonesia comprehensively in accordance with the latest updates, thus, very relevant to the real practice. He expects that this book becomes the reference of government, academicians, and taxpayers in creating equitable taxation condition. In this opportunity MUC invite some universities to attend the release and to receive book donation for the university libraries.



MUC Tax Research Institute, Officially Published

MUC Tax Research Institute is officially announced on February 14, 2017 at Hotel Gran Melia, Jakarta. This nonprofit institution was established to run educational mission and to spread positive info related to taxation, through various activities like discussions, trainings and seminars. Besides, this institution is also actively conducting research and review on taxation, which will be documented in the form of journals and other publication materials. Despite its newly-establishment, the members of MUC Tax Research Institute comprise practitioners and academicians experienced and long involved in taxation. Their willingness to join was initiated by their same vision in creating a better tax environment in Indonesia.



MUC Consulting Group Goes to Campus FIA UI

MUC Consulting Group, in cooperation with Tax Administration Department, Faculty of Administration University of Indonesia (FIA UI), conducted workshop and open recruitment at FIA UI on 9-10 March 2017. The first day event was initiated by sharing session with Sigit Wibowo, S.E., Director of MUC who is also the lecturer of Tax Administration of Vocational Program UI. The next session was public lecture on future leader with the speaker Erry Tri Merryta, S.H., CEC, HRD Manager of MUC.

On the second day, MUC Consulting Group held tax workshop related to transfer pricing by inviting tax consultants from MUC Transfer Pricing & International Taxation Division. The tax workshop did not only interactively facilitate discussion between tax consultants and students but also gave a chance to the participants to learn to work in team to solve tax case samples related to transfer pricing. On the same day, MUC also conducted recruitment. From 130 (one hundred and thirty) participants involved in the two-day event, approximately 90 (ninety) participants applied for the position in MUC and some of them passed the test and HRD interview.



MUC's Preparation Training for the Graduates of Universitas Trisakti

MUC Consulting Group moderated preparation training for the graduates of Diploma III program of Taxation Accounting of Economy and Business Faculty of Universitas Trisakti on Thursday, 18 May 2017. The event held at the S Building Auditorium of Universitas Trisakti is a part of the company's commitment to participate in the development of Indonesian young generations. At the event, the HRD manager of MUC, Erry Tri Merryta, SH, CEC reminded the graduates to prepare themselves to deal with the tight competition in both current and future working world. According to her, academic proficiency and intelligence quotient are not enough to win the competition in a more competitive working world. Hence, it shall also be supported by emotional quotient, good spiritual intelligence, endurance toward difficulties, and creativity. In that opportunity, MUC Consulting Group also entrusted its young consultants to share their experience and insights on taxation, particularly regarding the tax audit procedure and transfer pricing documentation.



Great Program : Bank Secrecy Transparency under MUC and STPI's Attention

In maintaining company's commitment to development of human resources in taxation, MUC Consulting Group collaborated with Student Executive Board of Indonesian Taxation Institute (Sekolah Tinggi Perpajakan Indonesia/ STPI) through GREAT program. This time, GREAT Program was held on 6 July 2017 in the form of taxation seminar under the theme "Impacts of Bank Secrecy Transparency and Taxation Implication ", at STPI's campus. The seminar presenting speakers of MUC tax practitioners has received appreciation from Head of STPI Prof. Dr. Gunadi M.Sc., which is also Professor in Administrative Science Faculty of University of Indonesia. In his opening speech, Prof. Gunadi wished that his students could dig for taxation knowledge more deeply through that collaboration.



Trisakti University Students Visited MUC

Dozens of diploma students from Tax Accounting of Trisakti University visited MUC Consulting Group's office on Monday, 31 October 2017. Wearing alma mater varsity jacket, they entered office rooms of consultants in almost each floor, before it was closed by a long discussion. This visit of Trisakti University students was not for demonstration, but for digging information regarding taxation and understanding the dynamics of professional world that will be faced later by them. After the office tour, all students incorporated in the community of D'Generation of Tax (D'GTAX) were challenged to sharpen their knowledge on current taxation issues. The discussion led by MUC's two young professionals run interactively, so that it could stimulate active participation of almost all participants. This activity was the continuance of GREAT Program that was previously held on 5 October 2017 in Campus Diploma Degree of Tax Accounting of Trisakti University in the form of Briefing for Graduates of Even Semester 2016/2017. The theme brought at that time was "Future Leader", by presenting the speakers of HRD Manager and tax consultants from MUC Consulting Group, as well as Corruption Eradication Commission's officials.



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