

AUDIT COMMITTEE REPORT

Audit Committee is formed to assist the Board of Commissioners in performing supervisory duties and functions and providing advice in Company internal control and audit and to ensure that the Company is managed with healthy management consistently according to GCG principles inspired by Company ethics and values.

Audit Committee reports to the Board of Commissioners by performing independent supervision on financial statements, analyzing the effectiveness of the Company's internal control and risk management, ensuring compliance with laws and regulations, performing supervision on significant legal cases and ensuring adequacy of independent audit and internal audit in accordance with Audit Committee Charter.

To assist the performance of the roles and responsibilities of the Board of Commissioners, Audit Committee monitors and supervises the performance of Company's management responsibilities for company internal control and consolidated financial statement and the performance of independent auditor's responsibilities for Company's annual consolidated financial statement audit which is prepared based on generally accepted accounting standards in Indonesia in order to publish a statement containing opinion on the financial statement.

As a part of the supervisory process, the Audit Committee meets periodically with the Management, Independent Auditor, Internal Auditor, and preparing reports to the Company's Board of Commissioners.

Audit Committee Composition

The composition of the Company's Audit Committee refers to the Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan*) No. 55/POJK.04/2015 on Audit Committee Formation and Work Execution Guide which states that members of Audit Committee are appointed and dismissed by the Board of Commissioners and Audit Committee consists of at least 3 (three) members from Independent Commissioner and parties outside of Issuer or Public Company and Audit Committee is chaired by Independent Commissioner.

In 2018 changes of Audit Committee members have taken place. The Audit Committee composition is as follows:

Name	Position
Angky Utarya Tisnadisastra	Chief (Independent Commissioner)
Juliani Eliza Syaftari	Member (Independent party)
Ratna Wardhani	Member (Independent party)

Audit Committee Charter

Organization, membership, responsibility, authority and reporting of the Audit Committee are explained in the Audit Committee Charter. The current version of Audit Committee Charter was issued on 29 January 2014 and can be viewed on the Company's website.

Audit Committee Independency

In performing its duties and responsibilities, the Audit Committee is an independent entity. To ensure independency and objectivity of the Audit Committee, the Chief of the Audit Committee shall be one of the Company's Independent Commissioners, while two other members shall be independent external parties. The following are criteria and independency fulfillment of chief and members of the Company's Audit Committee based on POJK No. 55/POJK.04/2015 on Audit Committee Formation and Work Execution Guide.

Audit Committee Meetings

According to the Charter, Audit Committee shall hold four meetings in a year, and hold additional meetings whenever necessary. Audit Committee meetings are also attended by the Company's Finance Director, Company Secretary, Audit Group Manager, and external auditors. In 2018, the Audit Committee has held 8 (eight) meetings with the Management, Internal Auditor, and External Auditor, to execute 2018 Audit Committee work program. Besides those meetings, the Audit Committee also paid two field visits to company plantation sites. Attendance level of all members of the Audit Committee was 100%.

IMPLEMENTATION OF DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE

During 2018, the implementation of the roles and responsibilities of the Audit Committee are conducted in accordance with the Charter of the Audit Committee as follows:

1. Analysis of Financial Information and Financial Performance

To encourage accurate, reliable, and trustworthy financial information for presentation and publication by the Company, the Audit Committee has carried out analyses and discussions with the management on the consolidated financial statement and other financial information.

2. Supervision of External Auditor's Work

In performing the supervision of auditor's work function, the Audit Committee has carried out several activities, namely:

- a. Analyzing and discussing with the Company's external auditors about audit plans and their implementations;
- b. Monitoring the financial reporting process by discussing the results of the audit on the Company's Consolidated Financial Statement;
- c. Analyzing important findings by the external auditor and monitor the implementation of audit result recommendations;
- d. Ensuring that the Company Financial Statement can be published in a timely manner;

3. Evaluation of the effectiveness of internal controls and implementation of Internal Audit functions

The Audit Committee evaluates the effectiveness of internal controls and implementation of main duties and functions of internal auditors through the following activities:

- a. Analyzing and discussing with the Company's Internal Auditor about audit activities in 2018 and Internal Audit plans for 2019;
- b. Evaluating the implementation of an Internal Audit, analyzing important findings reported by the internal auditor, and monitor the implementation of audit result recommendations;
- c. The Audit Committee together with Internal Auditor made visits to several company plantation sites to get a more in-depth understanding of business processes that are useful in carrying out Audit Committee's activities in analyzing the effectiveness of internal controls;

4. Analysis of Risk Management

The Audit Committee has also periodically monitored risks and their mitigations. It carried out in-depth analyses and discussions with the Management about major risks faced by the Company and what risk mitigation strategies can be employed by the Company.

5. Compliance with Laws and Regulations

The Audit Committee performed analyses and supervision of the Company's compliance to laws and regulations, including monitoring of laws and regulations related to the Company's lines of business and cases/ disputes related to the Company and business activities of the Company.

In carrying out its activities and implementation of roles and responsibilities, the Audit Committee expresses its appreciation for all explanations and responses provided by the Management during those activities and Management's capability to take follow-up actions on the audit recommendations.

This report is made and signed by the Audit Committee of PT Astra Agro Lestari Tbk.

Jakarta,
31 December 2018

Angky Utarya Tisnadisastra
Chief

Juliani Eliza Syaftari
Member

Ratna Wardhani
Member