

SMC GLOBAL POWER HOLDINGS CORP.

INTERNAL AUDIT CHARTER

I. POLICY

It is the policy of SMC Global Power Holdings Corp. (the "Company") to maintain an Internal Auditing activity (the "SMCGP Group Audit"), to provide independent and objective assurance and consulting services designed to add value and improve the operations of the Company and its Subsidiaries.

II. ROLE

SMCGP Group Audit shall assist the Company in accomplishing its goals and objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of the Company's risk management, control, and governance processes.

III. AUTHORITY

SMCGP Group Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized and granted full, free and unrestricted access to any and all of the Company's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist SMCGP Group Audit in fulfilling its roles and responsibilities. SMCGP Group Audit will also have free and unrestricted access to the Board.

IV. INDEPENDENCE AND OBJECTIVITY

SMCGP Group Audit will remain free from interference on matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors report to the Internal Auditor Manager ("IA Manager"), who will report functionally to the Audit and Risk Oversight Committee, and administratively to the President and Chief Operating Officer.

The IA Manager will confirm to the Board, at least annually, the organizational independence of the internal audit activity.

V. RESPONSIBILITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

The SMCGP Group Audit shall perform the following responsibilities and functions, among others:

- (a) provide an independent risk-based assurance service to the Board, Audit and Risk Oversight Committee and Senior Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Senior Management;
- (b) perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;
- (c) perform consulting and advisory services related to governance and control as appropriate for the organization;
- (d) perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- (e) review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;
- (f) evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- (g) evaluate specific operations at the request of the Board or Senior Management, as appropriate;
- (h) monitor and evaluate governance processes;
- (i) evaluate the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
- (j) evaluate the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization;
- (k) evaluate the means of safeguarding assets and, as appropriate, verifying the existence of such assets, including the effectiveness and efficiency with which resources are employed;
- (l) evaluate the operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- (m) monitor and evaluate the effectiveness of the organization's risk management and governance processes;
- (n) perform consulting and advisory services related to governance, risk management and control as appropriate for the organization;
- (o) report periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
- (p) report significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board or Senior Management;

- (q) assist in, or independently carry out validation of suspected fraudulent activities within the Company and notify the Senior Management and the Audit and Risk Oversight Committee of the results;
- (r) provide optimal audit coverage at a reasonable overall cost, considering the scope of work of the external auditors, regulators, and/or internal Company functions, as appropriate;
- (s) maintain professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter; and
- (t) evaluate specific operations at the request of the Board and/or Senior Management, as appropriate.

The IA Manager shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider. The following are the responsibilities of IA Manager, among others:

- (i) periodically review the Internal Audit Charter and present it to Senior Management and the Audit and Risk Oversight Committee for approval;
- (ii) establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- (iii) communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to Senior Management and the Audit and Risk Oversight Committee for review and approval;
- (iv) spearhead the performance of the internal audit activity to ensure it adds value to the organization;
- (v) report periodically to the Audit and Risk Oversight Committee on the internal audit activity's performance relative to its plan;
- (vi) present findings and recommendations to the Audit and Risk Oversight Committee and give advice to senior Management and the Board on how to improve internal processes;
- (vii) submit to the Audit and Risk Oversight Committee and Senior Management an annual report on the Internal Audit Group's activities, responsibilities and performance, relative to the audit plans and strategies approved by the Audit and Risk Oversight Committee. The annual report shall include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Senior Management. The IA Manager should certify that it conducts its activities in accordance with the International Standards on the Professional Practice of Internal Auditing; otherwise, the External Auditor shall disclose to the Board and Senior Management the reasons for its non-compliance.

VI. STANDARDS OF PROFESSIONAL PRACTICE

SMCGP Group Audit will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the "Standards"). The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, SMCGP Group Audit will adhere to the Company's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

VII. INTERNAL AUDIT PLAN

At least annually, the IA Manager will submit to Senior Management and the Audit and Risk Oversight Committee, which Committee shall endorse to the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management and the Board. The IA Manager will review and adjust the plan, as necessary, in response to changes in the Company's business, risks, operations, programs, systems and controls. Any significant deviation from the approved audit plan will be communicated to Senior Management and the Audit and Risk Oversight Committee through periodic activity reports.

VIII. REPORTING AND MONITORING

A written report will be prepared and issued by the IA Manager following the conclusion of each internal audit engagement and will be distributed as appropriate. Significant internal audit results will also be communicated to the Audit and Risk Oversight Committee.

SMCGP Group Audit will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The IA Manager will periodically report to Senior Management and the Audit and Risk Oversight Committee on the internal audit activity's purpose, authority and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Senior Management and/or the Board.

IX. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

SMCGP Group Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The IA Manager will communicate to Senior Management and the Audit and Risk Oversight Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments, and external assessments conducted at least every five years.

(Signature page follows)

Certified correct:



RAMON S. ANG
Chairman and Chief Executive Officer
and President and Chief Operating Officer



FERDINAND K. CONSTANTINO
Vice Chairman



AURORA T. CALDERON
Director



VIRGILIO S. JACINTO
Director, Corporate Secretary
and Compliance Officer



JACK G. ARROYO, JR.
Independent Director



CONSUELO M. YNARES-SANTIAGO
Independent Director