



Agenda

- About SM Retail, Inc. Profile, Industry Position and Retail Value Framework
- Our IA Challenges
- Technology Driven IA Process and Solution
- Benefits of an Agile Audit
- Our fulfilled IA Vision

Portfolio & Positioning

Who we are in the Retail Industry



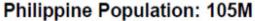
77 % Owned by SM Investments Corp

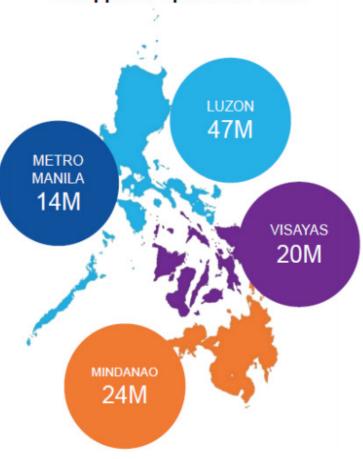
Php 336 Bn in Sales (2018)

FOOD
THE SM STORE
JOINT VENTURES
- SPECIALTY
RETAILERS

Stores – 2, 328
Metro Manila - 690
Luzon Ex NCR - 734
Visayas - 243
Mindanao – 135
Alfamart stores -526







Our Brands



SM Retail Inc. (SM Retail)

77% ownership

to SMIC's Net Income

Contribution



The country's leading retailer with a nationwide portfolio of department stores, supermarkets and specialty stores

Total Number of Stores

THE SM STORE SM Hypermarket 53 SM Supermarket 56 195 Savemore WalterMart 52 Alfamart 526 Specialty stores 1.383

Revenue

PHP335.6bn











































SMAC







Retail Value Chain

STRATEGIC PROCESSES

Market & Customer
Value Proposition

Merchandise Branding

Brand Service Concept
Business Development

OPERATING PROCESSES

•Merchandising, Marketing,
Logistics & Store Operations

Sourcing, Buying, Vendor Management

Merchandise Management

Logistics & Supply Chain Management

Marketing & Promotions Management

Retail & Selling Operations

Customer Service & Relations Management

Store Backroom & Stock Management

BOARD &

EXTERNAL RELATIONS MANAGEMENT

MANAGEMEN T SUPPORT PROCESSES **Human Resources & Organizational Development**

Financial Management

Facilities Management

Store Expansion & Construction

IT

Audit, Compliance, Legal, Quality, Risk, Security

Internal Audit Challenges

What keep us awake



Exponential Store Growth

Opened in 2018

4 SM Stores 32 Food 121 Specialty Stores 178 Alfamart 70 Miniso

(mostly provincial)



Risk Visibility of Entire Chain

No database to track all critical risks.
Absence of a Risk management function in Retail.



Currency & Versioning of Audit programs

Do we have the same version of the program? Are we able to update?



COSO Risk based Methodology

Have we map all the retail value chain core processes to the COSO framework?

Maintain a lean IA Organization - 32

Internal Audit Challenges

What keep us awake





Highly Automated Operation

Use of different ERP & legacy systems.
Continuous plan to upgrade to keep up with digitization.



Demand for higher Audit Coverage

Growth of stores does not equate to total stores audited in a year

Maintain a lean IA Organization - 32