

PT PEGADAIAN

MATERIALITY ANALYSIS DOCUMENT

1. Introduction

The Materiality Analysis of PT Pegadaian is a strategic process conducted to identify Environmental, Social, and Governance (ESG) topics that have the most significant effects on the company's enterprise value as well as its broader impacts on the environment, society, customers, and other external stakeholders.

The assessment was conducted through a structured double materiality process that includes internal analyses, division-level workshops, stakeholder surveys, and impact-based prioritization. The final determination of material topics was validated by the ESG Division through a company-wide Focus Group Discussion (FGD) on 31 January 2025, followed by external stakeholder engagement and technical refinement.

This document consolidates findings from:

- The 2025 Materiality FGD and worksheets
- The Stakeholder Materiality Survey
- Pegadaian's 2023-2024 Sustainability Report
- Internal impact and risk assessments
- Departmental interviews and division inputs

2. Methodology: Double Materiality Framework

Pegadaian adopts a double materiality approach aligned with GRI 2021 Standards, CSA requirements, and global best practices. Double materiality consists of:

- 1. Financial Materiality (Enterprise Value):**
How ESG issues influence the company's performance, revenue, costs, risk profile, operational continuity, and long-term value creation.
- 2. Impact Materiality (External Impact):**
How Pegadaian's activities, products, and services generate actual or potential impacts on the environment, society, customers, external workers, and human rights.



The following four steps were used in the 2025 materiality determination:

Step 1 — Understanding Context and Value Chain

Each business unit mapped its:

- Key activities
- Value chain exposure
- ESG risks & opportunities
- Stakeholders
- Regulatory drivers
- Operational characteristics
- Existing mitigations

The process involved around **30 divisions**, including Operations, Risk, Internal Audit, Human Capital, IT, Security, ESG, Treasury, Customer Experience, Legal, and Corporate Communications.

Step 2 — Identification of Actual and Potential Impacts

Each division assessed:

- Positive and negative impacts
- Actual vs. potential impacts
- Time horizon (short/medium/long term)
- Human rights implications
- Impacts arising from the company's operations, products, and supply chain

Sources included operational data, risk registers, compliance findings, audit results, and customer-facing risk documentation.

Step 3 — Assessment of Impact Significance

To determine the significance of each ESG impact, Pegadaian applied two sets of criteria:

Negative Impacts

- Severity
- Likelihood
- Scope
- Scale



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- Irremediability (where applicable)

Positive Impacts

- Scale of benefits
- Scope of beneficiaries
- Likelihood of sustained impact
- Strategic alignment

This step was conducted jointly with the Risk Management Division to ensure alignment with the Enterprise Risk Management (ERM) framework.

Step 4 — Prioritization and Validation

The prioritization process combined:

1. Internal scoring results from all divisions
2. External stakeholder survey responses
3. ESG & Risk management review
4. Final validation by the Head of ESG Division

The outcome was a refined list of issues, initially narrowed down to 12, then further consolidated into six final material topics that can be applied for the 2024–2025 period.

3. Stakeholder Engagement in the Materiality Process

Stakeholder engagement was carried out through:

- Internal workshops with business and support divisions
- External surveys capturing expectations from customers, media, suppliers, regulators, communities, and ESG experts

Internal stakeholders included:

- ESG and/or CSR
- Risk Management
- IT, Security, Digital Transformation
- Operations & Network
- Legal & Compliance
- Finance & Treasury
- Corporate Secretary



- Human Capital
- Product Divisions (Pawn, Gold, Fiduciary, Microfinance)

External stakeholders included:

- Customers
- Media representatives
- Local communities
- Regulators
- Government institutions
- Academics and ESG specialists
- Suppliers and external partners

The external survey captured the perceived significance of various ESG topics and provided important insights for final prioritization.

4. Final List of Material Topics

After consolidating internal assessments and external feedback, Pegadaian established six key material topics:

1. Financial Literacy

A top priority due to Pegadaian's essential role in financial inclusion and the risk of over-indebtedness among micro and vulnerable customers.

2. Anti-Corruption

Highly material due to regulatory exposure, reputational risk, and the nature of Pegadaian as a financial institution with public trust obligations.

3. Economic Performance

Relevant for value creation, financial resilience, operational sustainability, and contribution to national economic activity.

4. Customer Privacy & Data Protection

Critical given Pegadaian’s expanding digital services, customer data handling, and cybersecurity risk landscape.

5. Energy Management

Material is due to the company’s nationwide operational footprint and the need for efficiency improvements and cost reductions.

6. Emissions (Environmental Impact)

Increasingly important due to regulatory expectations, national climate commitments, and stakeholder concerns over environmental performance.

These topics represent the highest combined scores for both enterprise value impact and external stakeholder impact.

5. Topics Not Considered Material (with Justification)

Following the assessment, several ESG topics were evaluated as non-material:

Topic	Reason Not Material
Public Policy Engagement	Pegadaian maintains strict political neutrality and does not engage in political contributions.
Market Presence	Compliance with minimum wage regulations across all territories, with low risk exposure.
Indirect Economic Impacts	Pegadaian’s TJSL programs already demonstrate measurable social outcomes with limited risk relevance.
Tax	Full compliance with tax obligations; minimal stakeholder concern and low enterprise risk.
Marketing and Labeling	Mitigated through strict internal regulations and SOPs.
Supplier Practices	Local sourcing and supplier governance already meet high compliance standards.

These topics were excluded due to low total impact score and low stakeholder relevance.



6. Double Materiality Matrix (Summary)

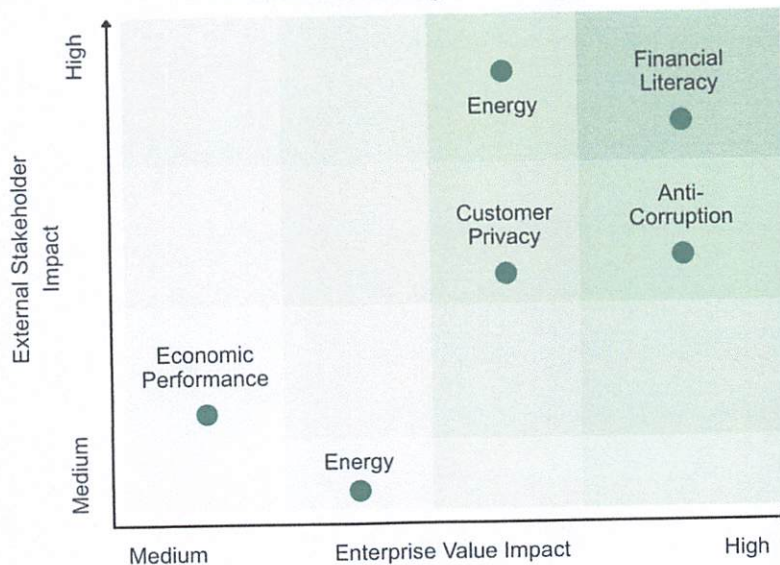
The final topics were positioned on a double materiality matrix that considers both:

- Impact on Pegadaian’s business and enterprise value, and
- Impact on external stakeholders and the environment

Topic	Enterprise Value Impact	External Stakeholder Impact
Financial Literacy	High	High
Anti-Corruption	Very High	High
Economic Performance	High	Medium
Customer Privacy	High	High
Energy	Medium	Medium
Emissions	Medium	Medium

7. Materiality Matrix Visualization

Materiality Matrix





8. Conclusion

The 2024–2025 Materiality Assessment demonstrates Pegadaian’s commitment to implementing a comprehensive, impact-driven, and transparent ESG governance process. The six material topics selected reflect the company’s strategic focus on protecting customers, maintaining ethical governance, ensuring financial resilience, and strengthening its environmental performance.

The materiality analysis will inform sustainability initiatives, risk mitigation, product development, reporting practices, and resource allocation for the upcoming reporting cycle.

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A large, stylized handwritten signature in black ink, written over the Pegadaian logo. The signature is a continuous, flowing line that starts from the left, loops around the logo, and extends upwards and to the right.

The Pegadaian logo, consisting of three overlapping circles (yellow, green, blue) with a white scale of justice icon inside the green circle, and the word "Pegadaian" in blue text below it.

Head of Environmental, Sustainability, and Governance Division
Rully Yusuf