

# The Effect Of Good Corporate Governance, Leverage, And Company Size On Environmental Disclosure At Sharia Commercial Banks In Indonesia During The 2020–2024 Period

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## Abstract

This study aims to analyze the effect of Good Corporate Governance, leverage, and company size on Environmental Disclosure at Sharia commercial banks in Indonesia for the period 2020-2024. This study uses quantitative methods with secondary data obtained from the annual reports of Islamic commercial banks. Sampling technique using purposive sampling with a sample of 9 Islamic commercial banks for five years of observation. The data analysis method used is panel data regression with the help of EViews 13 and the selected model is Fixed Effect Model. The results showed that Good Corporate Governance has a positive but not significant effect on Environmental Disclosure. Leverage also has a positive but insignificant effect on Environmental Disclosure. Meanwhile, company size has a positive and significant effect on Environmental Disclosure. Simultaneously, Good Corporate Governance, leverage, and company size have a significant effect on Environmental Disclosure. The results of this study indicate that the size of the company is a major factor in improving environmental disclosure in Islamic commercial banks in Indonesia.

**Keywords:** Good Corporate Governance, Leverage, Company Size, Environmental Disclosure, Sharia Commercial Banks

## 1. Introduction

Environmental issues have become a major concern in global economic dynamics over the past few decades, particularly as the threats of climate change, natural resource degradation, and ecological crises—which directly impact economic stability—have intensified. The financial sector is now undergoing a paradigm shift from a purely profit-oriented approach toward the integration of sustainability considerations. The Environmental, Social, and Governance (ESG) framework has

become a crucial tool for evaluating corporate performance holistically. Global trends indicate that investors are increasingly factoring environmental considerations into their investment decisions (Irianto et al., 2025). This underscores that environmental issues are no longer merely a moral responsibility, but have become a strategic necessity in the modern financial system.

On a global scale, various international financial institutions and multilateral organizations are promoting the adoption of sustainable finance through more transparent policies and reporting standards. In this context, Environmental, Social, and Governance (ESG) disclosures have become a vital tool for enhancing corporate accountability regarding the environmental impacts they generate. Such transparency not only serves to convey information to investors but also helps companies gain the trust and acceptance of a public that is increasingly concerned about environmental issues. Therefore, environmental disclosure has now become an essential component of corporate governance (Manulang & Soeratin, 2024). Thus, the disclosure of environmental information has become an integral part of modern corporate governance. In the Indonesian context, the commitment to sustainable finance is demonstrated through various policies issued by the Financial Services Authority (OJK), including a sustainable finance roadmap and the requirement for public companies to prepare sustainability reports since 2020. These policies emphasize that companies are required to be more transparent in disclosing information regarding environmental impacts. Hadorima and Sugianto assert that these regulations encourage companies to improve the quality of their sustainability reporting as a form of accountability to stakeholders (Hadorima et al., 2026).

Research conducted by Prihandono and Yuniarti indicates that the implementation of sustainability reporting in Indonesia still faces various challenges, particularly regarding the consistency and depth of environmental disclosures. This suggests that, although regulations are in place, practices on the ground remain suboptimal. This situation presents an opportunity for further research into the factors influencing the quality of environmental disclosures in Indonesia (Prihandono & Yuniarti, 2023). As an intermediary institution, the banking sector plays a strategic role in supporting sustainable development through financing and investment policies. In this context, Islamic banking has a normative advantage because it is grounded in principles of ethics, justice, and balance that align with the concept of sustainability. The principle of *maqashid shariah* emphasizes the importance of maintaining a balance between economic, social, and environmental aspects (Alfiansyah & Nisa, 2024). Therefore, Islamic banking holds great potential for supporting the implementation of ESG. However, the implementation of sustainability principles in Islamic banking still faces various challenges, particularly regarding transparency and environmental disclosure. Wati and Fasa state that environmental disclosure is a key indicator in assessing a company's commitment to sustainability. This disclosure serves as a means of communication between the company and its stakeholders regarding the environmental responsibilities it undertakes (Wati & Fasa, 2025).

Environmental disclosure is defined as the disclosure of information related to a company's policies, activities, and environmental impacts. In the banking sector, this disclosure covers green financing, operational efficiency, and environmental risk management policies. According to Maulana et al., comprehensive disclosure can enhance a company's reputation and strengthen investor and public confidence (Maulana et al., 2025). Nevertheless, empirical evidence suggests that the level of environmental disclosure among Islamic banks in Indonesia remains inconsistent and tends to be low. Khomsatun et al. found that not all Islamic banks consistently disclose complete environmental information. This indicates a gap between regulations and their implementation in practice (Khomsatun et al., 2025). Other studies in Indonesia also indicate that ESG disclosure practices among financial institutions remain voluntary and have not yet been fully standardized (Widiastuti et al., 2021). This variation raises questions about the factors influencing the level of environmental disclosure, particularly in the Islamic banking sector (Wahyuningrum et al., 2022).

One factor believed to influence environmental disclosure is Good Corporate Governance (GCG). GCG serves as an oversight mechanism that ensures transparency and accountability in corporate

management. In the context of its relationship with environmental disclosure, GCG plays a role in encouraging management to disclose environmental information more comprehensively and with higher quality through internal control systems, the supervisory functions of the board of commissioners, and the effectiveness of the audit committee. These mechanisms increase institutional pressure on companies to meet stakeholder expectations, including those related to environmental responsibility. Furthermore, the application of transparency principles within GCG requires companies to disclose not only financial information but also non-financial information, such as environmental performance. Consequently, the better the implementation of GCG, the higher the likelihood that companies will engage in comprehensive environmental disclosure as a form of public accountability and social legitimacy (Sugiyarti & Rahmadhianti, 2024).

Hanifah and Dwiyantri found that the implementation of good corporate governance can improve the quality of ESG disclosures, including environmental aspects (Hanifah & Widiyantri, 2023). Previous studies have found that audit committees do not have a significant impact on ESG disclosure; meanwhile, the board of commissioners and the independent board of commissioners contribute significantly to ESG disclosure (Fujianti et al., 2024). Another study by Suprapti et al. found that good corporate governance proxied by the board of directors and board of commissioners does not affect environmental disclosure (Suprapti et al., 2019). Similar results were shown by Amelia and Trisnaningsih, who found that managerial ownership, independent commissioners, board size, and profitability do not affect environmental disclosure (Amelia & Trisnaningsih, 2021).

In addition, leverage is also an important factor in determining the level of environmental disclosure. Companies with high leverage tend to be under pressure from creditors to increase transparency. In the context of its relationship with environmental disclosure, leverage acts as both a driving and inhibiting factor in disclosing environmental information. On the one hand, companies with high levels of debt are encouraged to disclose environmental information more broadly as a form of accountability to creditors and to maintain the company's reputation in the eyes of stakeholders (Susilawati et al., 2022). On the other hand, limited resources due to debt burdens may hinder investment in environmental activities (Yunitasari et al., n.d.). This indicates that the relationship between leverage and environmental disclosure is not always linear. Several previous studies found that leverage does not affect environmental disclosure (Fitriani & Efendi, 2024). Similar results were also found by Saragih, who showed that leverage partially has no effect on environmental disclosure (Saragih, 2024). Meanwhile, research by Ayyas et al. found different results, namely that leverage partially has a significant effect on environmental disclosure (Ayyas et al., 2023).

The next factor is company size. Large companies generally have more adequate resources to implement sustainability practices and face greater public pressure. Verawati and Tjakrawala stated that large companies tend to disclose environmental information more broadly compared to small companies (Verawati & Tjakrawala, 2025). However, research results regarding the effect of company size on environmental disclosure still show inconsistencies. Research by Utami et al. found that company size has a positive effect on environmental disclosure. Similar findings were also found by Wahyuningrum and Amalia, whose research found that company size affects environmental disclosure (Wahyuningrum & Amalia, 2023). Different results were found by Maulana et al., who found that company size has no effect on environmental disclosure (A. Maulana et al., 2021). This indicates that there may be other factors moderating the relationship (Utami et al., 2022).

The inconsistency of previous research results indicates a research gap that needs to be further investigated. Siregar and Kusumawardhani emphasized that differences in research results may be caused by variations in methods, research periods, and sample characteristics (Siregar & Kusumawardhani, 2023). In addition, research specifically focusing on Islamic banks is still relatively limited (Juwita & Fitranita, 2023). The period 2020–2024 is relevant to study because it includes the post-COVID-19 pandemic era, which brought significant changes in the financial sector, including the

acceleration of ESG adoption. Rahmawati and Sarwono stated that the pandemic has increased corporate awareness of the importance of sustainability and transparency (Rahmawati & Sarwono, 2025). Based on the description above, this study aims to analyze the effect of Good Corporate Governance (GCG), leverage, and company size on environmental disclosure in Islamic commercial banks in Indonesia during the 2020–2024 period. This study is expected to provide empirical contributions in enriching the literature related to ESG and Islamic banking, as well as serve as a reference for regulators and practitioners in improving the quality of environmental disclosure.

## 2. Literature Review

### a. Teori Legitimasi

Legitimacy theory explains that organizations continuously operate within the boundaries and values accepted by society around the company in an effort to gain legitimacy. The process of obtaining legitimacy is related to the social contract established by the company with various parties in society. Company performance is not only measured by the profits generated by the company, but also by other performance measures related to various stakeholders. To obtain legitimacy, companies have incentives to carry out social activities expected by the communities surrounding the company's operational activities (Ponny Harsanti, n.d.).

### b. Teori Stakeholder

Stakeholder Theory states that companies are not only responsible to shareholders, but also to all stakeholders, including employees, customers, suppliers, government, and society. This theory emphasizes the importance for companies to consider and balance the interests of various parties in running their operations (R. Edward Freeman, 1984).

In this study, Good Corporate Governance (X1) is viewed as a transparent and accountable corporate management system that helps companies meet stakeholder expectations, including improving environmental disclosure (Y). Good GCG implementation encourages companies to be more open in conveying environmental information as a form of responsibility to stakeholders. Leverage (X2) reflects the level of debt usage that may create pressure from creditors as a stakeholder. Companies with high leverage tend to be more encouraged to increase environmental disclosure to maintain the trust of external parties. Meanwhile, company size (X3) indicates that larger companies receive greater public attention and thus face greater stakeholder pressure to disclose environmental information more broadly. Therefore, environmental disclosure (Y) is a form of corporate response to stakeholder demands influenced by corporate governance, funding structure, and company size.

### c. Environmental Disclosure

Environmental disclosure is information disclosure related to the environment contained in a company's annual report (Suratno, 2006). Through environmental disclosure in annual reports, the public can observe activities carried out by the company. The purpose of such disclosure is to provide information among companies, society, and investors for making economic, social, and political decisions.

Environmental disclosure has been regulated in Financial Services Authority Regulation (OJK) No. 51/POJK.03/2017 concerning the implementation of sustainable finance for financial service institutions, issuers, and public companies. The standard generally used by companies in preparing environmental disclosure is the standard developed by the Global

Reporting Initiative (GRI). GRI is an international non-profit organization with a mission to make sustainability reporting a standardized practice.

**3. Research Methods**

The type of data used in this study is descriptive quantitative in the form of secondary data taken from annual reports downloaded from the websites of each Islamic Commercial Bank to obtain data on Good Corporate Governance, Leverage, and Company Size. The nature of this research is explanatory research, which aims to analyze relationships between variables or how one variable affects another variable (Sugiyono, 2022). The population in this study consists of all Islamic Commercial Banks in Indonesia registered with the Financial Services Authority (OJK) from 2020 to 2024. The sampling method used in this study is purposive sampling. The criteria for Islamic banks selected as samples in this study are as follows:

**Table 1. Sampling Criteria**

| No | Description  | Amount |
|----|--|--------|
| 1. | Islamic Commercial Banks in Indonesia registered with OJK during 2020–2024             | 14     |
| 2. | Islamic Commercial Banks reporting annual financial statements for 5 consecutive years | 11     |
| 3. | Islamic Commercial Banks not reporting Corporate Social Responsibility                 | 2      |
| 4. | Final Sample   | 9      |

Source: Processed by the author, 2026

**Table 2. List of Companies Selected as Samples**

| No | Company Code | Company Name              |
|----|--------------|---------------------------|
| 1  | BMI          | Bank Muamalat Indonesia   |
| 2  | BMS          | Bank Mega Syariah         |
| 3  | BAS          | Bank Aladin Syariah       |
| 4  | BVS          | Bank Victoria Syariah     |
| 5  | BPDS         | Bank Panin Dubai Syariah  |
| 6  | BSB          | Bank Syariah Bukopin      |
| 7  | BCAS         | Bank BCA Syariah          |
| 8  | BAS          | Bank Aceh Syariah         |
| 9  | BJBS         | Bank Jabar Banten Syariah |

Source: Data [www.ojk.go.id](http://www.ojk.go.id)

**4. Result and Discussion**

**Results**

**Table 3. Descriptive Analysis Results**

|           | ED (Y)   | GCG (X1) | LEV (X2) | CS (X3)  |
|-----------|----------|----------|----------|----------|
| Mean      | 0,801111 | 67,13333 | 0,178000 | 25,42222 |
| Median    | 0,850000 | 67,00000 | 0,170000 | 25,00000 |
| Maximum   | 1,000000 | 100,0000 | 0,480000 | 31,00000 |
| Minimum   | 0,500000 | 40,00000 | 0,040000 | 1,00000  |
| Std. Dev. | 0,175645 | 11,58683 | 0,089560 | 4,807612 |

|          |           |          |          |           |
|----------|-----------|----------|----------|-----------|
| Skewness | -0,416306 | 0,926864 | 0,921185 | -0,858924 |
| Kurtosis | 1,681281  | 5,803644 | 4,845206 | 3,163572  |

Source: data processed by EViews 12, 2026

Based on the results of the descriptive analysis, a general overview of the data characteristics of each research variable can be identified. The Environmental Disclosure (ED) variable shows an average value of 0.801111, a maximum value of 1.000000, and a minimum value of 0.500000. The Good Corporate Governance (GCG) variable has an average value of 67.13333, a maximum value of 100.0000, and a minimum value of 40.00000. The Leverage (LEV) variable has an average value of 0.178000, a maximum value of 0.480000, and a minimum value of 0.040000. The Company Size (CS) variable has an average value of 25.42222, a maximum value of 31.00000, and a minimum value of 13.00000.

**Model Significance Test**

**Table 4. Chow Test Results**

| Effects Test             | Statistic | d.f.   | Prob.  |
|--------------------------|-----------|--------|--------|
| Cross-section F          | 6,673244  | (8,33) | 0,0000 |
| Cross-section Chi-square | 43,304289 | 8      | 0,0000 |

Source: data processed by EViews 12, 2026

Based on the test results, a probability value of 0.0000 was obtained, which is below 0.05; therefore, it can be concluded that the Fixed Effects Model is the more appropriate model.

**Table 5. Hausman Test Results**

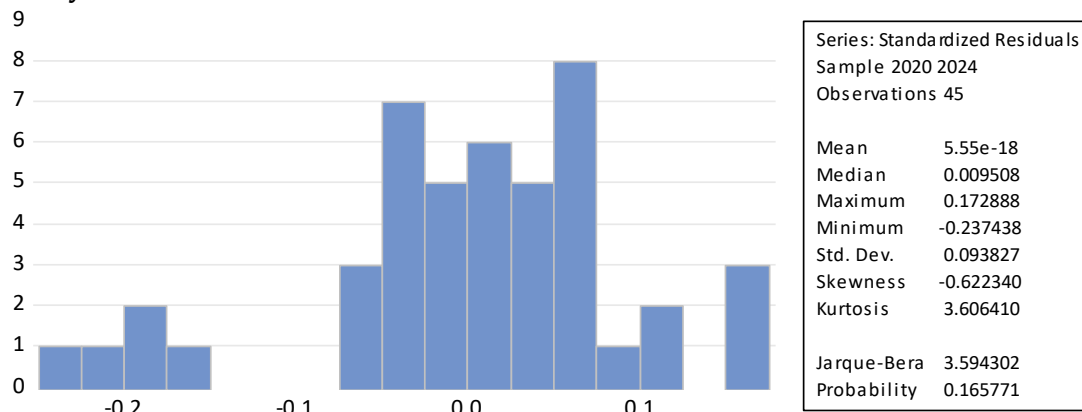
| Test Summary         | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob.  |
|----------------------|-------------------|--------------|--------|
| Cross-section random | 18,047180         | 3            | 0,0004 |

Source: data processed by EViews 12, 2026

Based on the test results, a probability value of 0.0004 was obtained, which is less than 0.05. Therefore, it can be concluded that the Fixed Effects Model is the most appropriate model to use.

**Classical Assumption Test**

**Normality Test**



**Figure 1. Normality Test Results**

Source: data processed by EViews 12, 2026

Based on the results of the Jarque-Bera test, a probability value of 0.165771 was obtained, which is greater than 0.05. This indicates that the residuals in the regression model are normally distributed.

**Multicollinearity Test**

**Table 6. Multicollinearity Test Results**

| Variable | Variance | VIF      | VIF      |
|----------|----------|----------|----------|
| C        | 0,028592 | 52,08634 | NA       |
| GCG (X1) | 4,46E-06 | 37,42250 | 1,066178 |
| LEV (X2) | 0,078559 | 5,669941 | 1,133769 |
| CS (X3)  | 2,94E-05 | 35,95079 | 1,202928 |

Source: data processed by EViews 12, 2026

Based on the results of the Variance Inflation Factor (VIF) test, the VIF values for the GCG variable were 1.07, for the LEV variable 1.13, and for the CS variable 1.20. All of these VIF values are well below the general threshold of 10. This indicates that there is no evidence of multicollinearity among the independent variables.

**Heteroscedasticity Test**

**Table 7. Heteroscedasticity Test Result**

|                     |          |                     |        |
|---------------------|----------|---------------------|--------|
| F-statistic         | 2,190340 | Prob. F(3,41)       | 0,1037 |
| Obs*R-squared       | 6,215882 | Prob. Chi-Square(3) | 0,1016 |
| Scaled explained SS | 5,676542 | Prob. Chi-Square(3) | 0,1285 |

Source: data processed by EViews 12, 2026

The test results show that the F-statistic probability value is 0.1037, which is greater than the significance level of 0.05. This indicates that, taken together, the independent variables in the regression model do not exhibit heteroscedasticity. Thus, the residual variance can be considered constant (homoscedastic), meaning that the regression model satisfies the assumption of homoscedasticity.

**Autocorrelation Test**

**Table 8. Autocorrelation Test Results**

|               |          |                     |        |
|---------------|----------|---------------------|--------|
| F-statistic   | 2,162789 | Prob. F(2,39)       | 0,1286 |
| Obs*R-squared | 4,492750 | Prob. Chi-Square(2) | 0,1058 |

Source: data processed by EViews 12, 2026

Based on the results of the Serial Correlation LM Test, the F-statistic probability value was 0.1286 and the observed R-squared value was 0.1058, both of which are greater than the significance level of 0.05. These results indicate that the regression model does not contain autocorrelation.

**Analysis Of Panel Data Regression**

**Table 9. Analysis Of Panel Data Regression Results**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | -1,257633   | 0,858962   | -1,464130   | 0,1526 |
| GCG (X1) | 0,001358    | 0,001620   | 0,838250    | 0,4079 |

|                    |          |          |          |        |
|--------------------|----------|----------|----------|--------|
| LEV (X2)           | 0,138522 | 0,241453 | 0,573703 | 0,5701 |
| CS (X3)            | 0,076425 | 0,034795 | 2,196468 | 0,0352 |
| R-squared          | 0,714642 |          |          |        |
| Adjusted R-squared | 0,619522 |          |          |        |
| F-statistic        | 7,513095 |          |          |        |
| Prob (F-statistic) | 0,000003 |          |          |        |

Source: data processed by EViews 12, 2026

Based on the results of the estimation using the Fixed Effects Model (FEM), the following regression equation was obtained:

$$ED = -1\,2576 + 0\,001358\,GCG + 0\,138522\,LEV + 0\,076425\,CS$$

The regression results confirm that increases in GCG, leverage, and company size tend to increase environmental disclosure, assuming all other variables remain constant.

**T-test**

**Table 10. T-test Result**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | -1,257633   | 0,858962   | -1,464130   | 0,1526 |
| GCG (X1) | 0,001358    | 0,001620   | 0,838250    | 0,4079 |
| LEV (X2) | 0,138522    | 0,241453   | 0,573703    | 0,5701 |
| CS (X3)  | 0,076425    | 0,034795   | 2,196468    | 0,0352 |

Source: data processed by EViews 12, 2026

The test results show that the Good Corporate Governance (GCG) variable has a positive coefficient of 0.001358 with a probability value of 0.4079. Since this probability value is greater than 0.05, it can be concluded that GCG has a positive but insignificant effect on environmental disclosure. Although the coefficient indicates a positive direction—meaning that an increase in GCG tends to be followed by an increase in environmental disclosure—the effect is not statistically significant. Therefore, H1 is not supported.

The Leverage (LEV) variable has a positive coefficient of 0.138522 with a p-value of 0.5701. Since this p-value is above 0.05, it can be concluded that leverage has a positive but insignificant effect on Environmental Disclosure. The positive direction of the coefficient indicates that an increase in leverage tends to be followed by an increase in Environmental Disclosure; however, this relationship is not statistically significant. Therefore, H2 is not supported.

The test results show that the Company Size (CS) variable has a coefficient of 0.076425 with a p-value of 0.0352. Since the p-value is less than 0.05, it can be concluded that Company Size has a positive and significant effect on Environmental Disclosure. Thus, H2 is supported.

**F-test**

**Table 11. F-test Result**

|                    |          |
|--------------------|----------|
| R-squared          | 0,714642 |
| Adjusted R-squared | 0,619522 |
| F-statistic        | 7,513095 |
| Prob (F-statistic) | 0,000003 |

Source: data processed by EViews 13, 2025

This test was conducted by comparing the F-statistic probability value with a significance level of 0.05. The test results show that the probability value of the F-statistic is 0.000003, which is smaller than 0.05. This indicates that the variables Good Corporate Governance (GCG), Leverage (LEV), and Company Size (CS) simultaneously have a significant effect on Environmental Disclosure.

## Discussion

### The Effect of Good Corporate Governance on Environmental Disclosure

Based on the results of the partial test (t-test), the Good Corporate Governance (GCG) variable indicates that GCG has a positive but insignificant effect on Environmental Disclosure. Although insignificant, the positive coefficient value indicates a tendency of a direct relationship; however, the effect is not statistically strong enough. This finding suggests that improving the quality of corporate governance does not necessarily lead to increased environmental information disclosure in Islamic Commercial Banks in Indonesia.

From the perspective of stakeholder theory, companies are expected to consider the interests of all stakeholders, including society and the environment. However, the research results indicate that the implementation of GCG is still more focused on internal interests and regulatory compliance. Meanwhile, according to legitimacy theory, companies disclose information to gain recognition from society. However, if social pressure regarding environmental issues remains low, such disclosure does not become a priority even though GCG has been properly implemented.

The results of this study are supported by research conducted by Suprapti et al., which found that several GCG mechanisms, such as the board of commissioners, do not affect environmental disclosure (Suprapti et al., 2019). Another study by Novita and Priambodo showed that GCG components do not significantly affect environmental disclosure (Nurvita & Priambodo, 2022). In contrast to these previous studies, research by Lawrence and Wafa found that GCG affects ESG disclosure, although the effect depends on certain indicators (Lawrence & Wafa, 2024).

### The Effect of Leverage on Environmental Disclosure

Furthermore, for the Leverage variable, the partial test results indicate that leverage has a positive but insignificant effect on Environmental Disclosure. This shows that the level of debt is not a determining factor in environmental information disclosure in Islamic Commercial Banks. Conceptually, leverage reflects the level of a company's dependence on debt in its capital structure. A high level of leverage usually increases pressure from creditors, thereby encouraging companies to provide broader information as a form of transparency, including environmental aspects. Therefore, leverage is expected to influence the level of environmental disclosure as an effort by the company to maintain creditor trust.

In stakeholder theory, creditors are one of the parties with an interest in the company. However, in practice, creditors are more focused on the company's ability to fulfill its financial obligations rather than environmental aspects. In legitimacy theory, leverage can be a reason for companies to increase disclosure. However, if external pressure regarding environmental issues is low, leverage does not become the main driver of such disclosure. Previous research by Fujianti et al. showed that financial structure factors do not always affect environmental disclosure (Fujianti et al., 2024). In addition, research by Sarnisa showed that stakeholder pressure is more dominant than leverage in encouraging Environmental Disclosure (Sarnisa et al., 2022).

### The Effect of Company Size on Environmental Disclosure

Meanwhile, the Company Size variable shows that company size has a positive and significant effect on Environmental Disclosure. This indicates that the larger the company, the higher the level of environmental information disclosure. Conceptually, company size reflects the scale of the company as

measured by total assets. Larger companies tend to have more complex operational activities and greater environmental impacts. Therefore, large companies have a greater need to disclose environmental information as a form of social responsibility and transparency to the public.

In legitimacy theory, large companies have a high level of visibility, which encourages them to disclose more information to maintain legitimacy in the eyes of society. Meanwhile, in stakeholder theory, large companies have more stakeholders, so the pressure to be transparent becomes greater. In addition, large companies have more adequate resources to carry out and report environmental activities. Previous research by Fitriani and Efendi is in line with the results of this study, showing that Company Size affects Environmental Disclosure (Fitriani & Efendi, 2024). Meanwhile, research by Melda and Indra showed different results, indicating that Company Size does not affect Environmental Disclosure (Siregar & Kusumawardhani, 2023).

### **The Simultaneous Effect of Good Corporate Governance, Leverage, and Company Size on Environmental Disclosure**

Based on the simultaneous test results, it shows that collectively the variables GCG, Leverage, and Company Size significantly affect Environmental Disclosure. These results indicate that although not all variables have a significant partial effect, collectively these three variables are able to explain variations in Environmental Disclosure. Conceptually, Good Corporate Governance (GCG), Leverage, and Company Size are internal corporate factors that can influence the level of information disclosure, including Environmental Disclosure. GCG plays a role in creating a transparent and accountable governance system. Leverage reflects the company's funding structure related to pressure from creditors. Meanwhile, Company Size indicates the scale of the company related to the level of public exposure and operational complexity. Together, these three variables are expected to encourage companies to improve environmental information disclosure as a form of responsibility to stakeholders.

From the stakeholder theory perspective, companies are not only responsible to one party but to all stakeholders. Therefore, the combination of corporate governance, financial condition, and company size collectively influences how companies respond to stakeholder demands, including environmental disclosure. Meanwhile, based on legitimacy theory, companies seek to obtain and maintain legitimacy from society through various means, one of which is by disclosing environmental information.

### **5. Conclusion**

Based on the results of this study regarding the effect of Good Corporate Governance, Leverage, and Company Size on Environmental Disclosure in Islamic Commercial Banks in Indonesia for the 2020–2024 period, it can be concluded that Good Corporate Governance has a positive but insignificant effect on Environmental Disclosure, indicating that improvements in governance quality have not been able to significantly increase environmental information disclosure. The leverage variable also has a positive but insignificant effect on Environmental Disclosure, meaning that the company's debt level is not a major factor in encouraging environmental disclosure. Meanwhile, Company Size has a positive and significant effect on Environmental Disclosure, meaning that the larger the company size, the higher the level of environmental information disclosure carried out. In addition, simultaneously, Good Corporate Governance, Leverage, and Company Size significantly affect Environmental Disclosure, indicating that these three variables together can explain variations in environmental disclosure in Islamic Commercial Banks in Indonesia.

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