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Effect of Green Finance, Zakat Performance Ratio, and Good Corporate Governance on SDGs in Islamic Commercial Banks

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Abstract

Purpose – This study aims to examine the impact of Green Finance, the Zakat Performance Ratio, and Good Corporate Governance on the achievement of Sustainable Development Goals in Indonesian Islamic commercial banks.

Methodology – The type of research employed in this study is quantitative research, as it is based on positivism for data collection and analysis, to test hypotheses. Samples in this study were obtained using purposive sampling. The criteria considered are Islamic banks that issue annual reports and Sustainability reports, as well as the issuance of zakat distribution reports. Based on the determination of these categories, 14 Islamic banks were selected as the sample of this study.

Findings – Based on the study's results, it was concluded that Green Finance has an impact on the Sustainable Development Goals, whereas Zakah Performance Ratio and Good Corporate Governance do not. Simultaneously, Green Finance, Zakat Performance Ratio, and Good Corporate Governance affect the Sustainable Development Goals.

Implications – This study may serve as a valuable guide for developing more sustainable business plans, regulations, and operational procedures, enabling Indonesia's Islamic banking industry to contribute more effectively to achieving the Sustainable Development Goals.

Originality – This study offers originality by simultaneously integrating Green Finance, Zakat Performance Ratio, and Good Corporate Governance as key variables that have not been studied together in the unique context of Islamic commercial banks in Indonesia, to measure their contribution to achieving the Sustainable Development Goals.

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1. Introduction

Environmental problems are not brand-new. Nowadays, practically every nation is giving considerable thought to the problem of ecological devastation. The environmental catastrophe brought on by the avaricious exploitation of natural resources and the environment is becoming increasingly severe and concerning on both a national and global scale. Numerous environmental catastrophes brought on by the crisis are extremely harmful and jeopardise the sustainability of human life, particularly (Hudha & Rahardjanto, 2018). Next are the Sustainable Development Goals (SDGs), which are now being discussed globally due to the failure of the previous agenda's Millennium Development Goals (MDGs) to be implemented as planned. In essence, the SDGs are an advancement of the MDGs.

On September 25, 2015, 193 heads of state signed the Sustainable Development Goals, a global plan for sustainable development with the theme "Transforming our world: the 2030 Agenda for Sustainable Development," at the UN headquarters. The agenda's 17 objectives include eradicating poverty, ending hunger, promoting health and well-being, ensuring universal access to clean water and sanitation, ensuring universal access to clean and affordable energy, promoting decent work and economic growth, infrastructure, industry, and innovation, reducing inequality, promoting sustainable cities and communities, addressing climate change, protecting marine and terrestrial ecosystems, fostering peace, justice, and strong institutions, and forming partnerships to achieve these goals (Maulana et al., 2022). Regardless of obstacles, the Sustainable Development Goals are intended to be accomplished by 2030 and place a strong emphasis on quality and measurable outcomes. The ethical practice of "meeting" current demands without compromising those of future generations is known as sustainable development (Ferawati, 2018). Environmental sustainability, social sustainability, and economic sustainability are the three primary pillars of sustainable development. Every one of these pillars depends on and supports the others. Development that satisfies current needs without jeopardising the ability to meet those of future generations is known as sustainable development. The quality of human life is presumed to be guaranteed by sustainable development, which does not surpass ecosystems' ability to sustain it.

The SDGs provide a clear framework for measuring the consequences that enterprises have on the economy, society, and environment. A sustainable business "adopts business strategies and activities that meet the needs of the company and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future" and "meets the needs of its direct and indirect stakeholders without compromising its ability to meet future stakeholder needs." The definition includes the concept of "Triple Bottom Line" introduced by Elkington (1998), which proposes the need for a balance between environmental, social and economic or known as 3P (People, Planet, Profit) which later evolved into 5P (People, Planet, Prosperity, Partnership, and Peace) this is in line with the concept of Sustainable Development Goals (SDGs). The Sustainable Development Goals (SDGs) seek to establish development that continuously improves the community's economic well-being, sustains the sustainability of people's social lives, protects the environment, ensures justice, and applies governance in a way that can sustain the improvement of the standard of living from one generation to the next (Firdaus, 2022). The 17 Sustainable Development Goals (SDGs) are organized into four primary pillars: governance, economic development, environmental development, and social development. The triple bottom line and the SDGs' pillars are compatible (Disemadi & Nababan, 2021).

Islamic commercial banks play a crucial role in supporting an inclusive and sustainable economy, serving as a vital component of the Islamic financial system. However, facing global challenges such as climate change and the environmental crisis, there is an urgent need for financial institutions, including Islamic commercial banks, to adopt the concept of sustainability in every aspect of their operations (Agustia et al., 2023). Sustainability is a program that possesses the strength or ability to carry out activities or services to achieve its goals and functions as a healthy financial institution, enabling it to continue operating as a financial institution that contributes to the progress of development.

This is directly supported by Bank Syariah Indonesia's (BSI) commitment to implementing sustainable finance, as evidenced by the launch of the BSI Sustainable Movement. This Program is a BSI invitation for all Indonesian people to contribute positively to environmental sustainability. The BSI sustainable movement encompasses three main activity points: the withdrawal of plastic waste through the provision of automatic vending machines or digital plastic bottle drop-off machines, which will then be recycled into various versatile products produced by MSMEs, thereby saving trees and conserving hatchlings for maintenance. In its implementation, the company collaborated with Plasticpay to install 50 Reverse Vending Machines (RVMs) in Bali and the

Jabodetabek area. Through this innovation, people can exchange plastic bottles for money. Furthermore, plastic bottles that have been collected can be recycled into versatile products produced by Indonesian MSMEs. Through this process, we aim to ensure that the application of the 3P principles (People, Planet, Profit) in sustainable finance is implemented effectively. Thus, this activity is carried out in order to invite the community to be more concerned about the environment, as well as to introduce sustainable finance to the community (Cahyani, 2024).

Meanwhile, BCAS interprets the value of sustainability as a continuous effort to align banking activities with aspects of ESG and maqashid syariah to achieve the vision of sustainability. The effort is realised through three policy pillars, namely (1) sustainable Islamic Banking, (2) contributive and responsible institutions, and (3) qualified and prosperous human resources (HR) (Sustainability Report 2023, PT BCAS). BCAS refined the selection process for distributing financing as a form of risk management for implementing Sustainable Finance, preparing Environmental and Social Risk Assessments (ESRAs) for financing customers in stages. ESRA guidelines will be implemented gradually, starting in 2024, and will become a reference for analyzing the distribution of financing to the industrial sector through ESG risk analysis.

Through this phenomenon, sustainability has become an increasingly important factor in every financial sector decision regarding financing and investment. Nevertheless, a coordinated and integrated collaborative effort is needed among market participants and broader stakeholders. One of the main objectives of the sustainable finance policy is to ensure that the entire financial services sector and stakeholders use uniform and transparent terms related to sustainable finance (Azis, 2022). This makes a tangible contribution to supporting other sustainable initiatives while helping to develop key terminology and definitions in the field of sustainable finance (Muhammad Wali et al., 2023).

Sustainable finance programs are designed not only to increase the share of financing but also to strengthen the resilience and competitiveness of financial institutions. Rokhmah et al. (2022) emphasise that the priority of developing sustainable finance programs is based on the view that this program is both a challenge and an opportunity. Financial services institutions can leverage sustainable finance programs to foster more stable growth and development. With this approach, financial institutions can face market dynamics more adaptively and maintain long-term sustainability through better risk management and optimisation of their resources.

The implementation of environmental and social performance by a bank can be seen in its support for environmental sustainability, one of which is the application of the concept of green finance. The concept of green finance acts as a financial service that supports environmental sustainability, climate change mitigation, and the efficient use of energy. Green finance serves as a container that helps businesses that have a concern for the environment by providing financing or credit (Putri et al., 2023). Through this concept, the financial sector can play an active role in encouraging more environmentally friendly and sustainable business practices (Haerunnisa et al., 2023). Green finance regulates the flow of capital towards projects that care for the environment, and will ultimately result in an increase in the production of an enterprise based on environmentally friendly activities, such as renewable energy, energy efficiency, waste management, and projects that contribute to climate change mitigation and sustainable development (Adhitya et al., 2022).

In Indonesia, the implementation of green financing by banks has gained momentum in recent years. The Indonesian government has actively supported sustainable development initiatives, including green financing, as part of its national efforts (Omar & Sembiring, 2019). There's even a study (Avivah & Muharrami, 2023) demonstrating the bank's proactive role in supporting green finance, with Avivah highlighting their commitment to sustainability and Nasution discussing the bank's responsibility in funding environmentally sound projects. However, the study (Hasanah & Hariyono, 2022) found that the implementation of green finance has not had a positive impact on the profitability of Islamic banks, thus indicating the need for further research and development in this area. More Alfarizi et al. (2023) underscoring the importance of Sharia leadership and commitment in driving the sustainable performance of Islamic banks through green finance. These studies collectively highlight the potential of Islamic banking in advancing green finance in Indonesia, while demonstrating the need for sustained efforts to increase its impact.

This study offers significant novelty by comprehensively integrating and examining the simultaneous effects of Green Finance, Zakat Performance Ratio, and Good Corporate Governance on achieving the Sustainable Development Goals (SDGs) in the context of Sharia-compliant banks in Indonesia. Although previous studies have explored each variable separately or in limited combinations, there has been no study that explicitly blends all three within a holistic framework to measure the Islamic banking sector's specific contribution to the global sustainability agenda. This uniqueness lies in the emphasis on the dual role of Islamic banks as both profit-oriented business entities and institutions based on Sharia principles with social and environmental obligations. The Zakah Performance Ratio is a unique proxy that reflects these dimensions and has not been extensively analysed in relation to the SDGs. Based on the above background, this study aims to investigate the influence of Green Finance, Zakat Performance Ratio, and Good Corporate Governance on the development of Sustainable Development Goals in Sharia commercial banks in Indonesia.

2. Literature Review

2.1 Theory of Sustainability Maturity Models

The grand theory in this study, the Sustainability Maturity Model theory, was first proposed by Baumgartner and Ebner (2010). In 2010, this aligns with the concept of sustainability in addressing sustainability challenges that become their challenges, and in advancing a sustainability perspective that must take sustainability into account. The Sustainability Maturity Model is an approach that organisations can use to identify sustainability issues, develop sustainability strategies, explore new business models, and adopt the circular economy. This concept aims to narrow the gap by developing specific aspect profiles for sustainable capability strategies that are aligned with the characteristics of sustainability strategies. It therefore establishes the key issues of sustainability as long-term values that must be implemented in order to efficiently achieve the sustainability objectives that have been set.

The linkage between Sustainability Maturity Models, Green Finance, Zakat Performance Ratio, and Good Corporate Governance (GCG) to the achievement of Sustainable Development Goals (SDGs) in Islamic commercial banks (BUS) in Indonesia is a holistic construction that reflects the commitment of Islamic banks to multidimensional sustainability. Sustainability Maturity Models provide a framework for businesses to assess and improve the level of integration of sustainable practices in their operations, from the initial stage to becoming a sustainability leader. This increased maturity will encourage the adoption of Green Finance, where BUS proactively disburses financing for environmentally friendly and sustainable projects, in line with Sharia principles that maintain the balance of nature and the environment. Furthermore, the Zakat Performance Ratio demonstrates BUS's social commitment to distributing zakat, Infaq, and Sadaqah, which directly contribute to alleviating poverty and inequality (SDG 1 and SDG 10). All of these efforts are reinforced by the implementation of strong Good Corporate Governance, ensuring transparency, accountability, fairness, and sharia compliance in every aspect of the bank's operations, thus creating a solid foundation for BUS to not only achieve financial benefits, but also make a significant positive impact on the SDGs goals as a whole, reflecting its role as an agent of change and sustainable development.

2.2 Green Finance

Green finance pertains to the allocation of capital resources or investment activities that emphasise environmental protection, the mitigation of climate change, the development of environmentally friendly energy sources, and responsible management across diverse sectors. (Urban & Wójcik, 2019). The concept aims to integrate environmental awareness into financial decision-making to create a sustainable, positive impact. When the United Nations Conference on Environment and Development (UNCED) issued a global accord in 1992 to raise awareness of the importance of sustainable development, that marked the beginning of the history of green financing, this agreement emphasizes the need to maintain environmental balance and sustainability, so that all activities, including economic activities, are directed to minimize negative impacts on the environment while encouraging collective responsibility for a better future.

Green Finance has a close and symbiotic relationship with the achievement of the Sustainable Development Goals (SDGs), particularly in the context of Islamic commercial banks in Indonesia. Green Finance, which includes all forms of financial instruments and policies that promote environmentally friendly and socially responsible investments and economic activities, serves as a crucial financing mechanism to realise the SDGs targets. Islamic commercial banks, with their Sharia principles of fairness, usefulness, and Prohibition of harmful activities (including damaging the environment), have inherent philosophical alignment with SDGs goals such as clean and affordable energy (SDG 7), Industry, Innovation, and infrastructure (SDG 9), sustainable cities and settlements (SDG 11), climate action (SDG 13), and life under water (SDG 14) and on land (SDG 15). By channelling financing to sustainable projects such as renewable energy, organic agriculture, and waste management, Islamic commercial banks not only fulfil their religious mission but also actively contribute to the achievement of Indonesia's sustainable development agenda.

2.3 Zakah Performance Ratio

Zakat Performance Ratio (ZPR) is measured by looking at how much corporate zakat is paid by Sharia commercial banks (BUS) to net assets or net worth owned by Sharia commercial banks (BUS) (Puspita & Mariana, 2023). The Zakat Performance Ratio (ZPR) was selected as a measure of the financial performance of Islamic commercial banks, given that zakat is one of the mandatory commandments in Islam (Afandi & Haryono, 2022).

The relationship between the Zakat Performance Ratio (ZPR) and the Sustainable Development Goals (SDGs) in Islamic commercial banks in Indonesia is close and mutually supportive. Although ZPR measures the effectiveness of zakat management by banks explicitly, the SDGs constitute a broader global development framework. The ZPR, which reflects how efficiently Islamic banks channel zakat from their net worth, directly contributes to the achievement of several SDGs goals, in particular SDG 1 (Zero Poverty) and SDG 2 (Zero Hunger), through the distribution of funds to needy groups. Furthermore, zakat funds distributed can also support SDG 3 (Good Health and welfare), SDG 4 (Quality Education), and SDG 8 (Decent Work and economic growth) by financing social programs, education, and economic empowerment of the poor, thereby strengthening the role of Islamic banks as agents of sustainable social and economic development under Sharia principles.

2.4 Good Corporate Governance

Good corporate governance constitutes an overarching framework that encompasses legal, cultural, and other institutional dimensions. This framework delineates what actions a company may undertake, identifies the controlling entities, elucidates the mechanisms of control, and specifies the allocation of risks and benefits associated with various activities (Sulfati, 2022). However, the application of Good Corporate Governance in the context of Islamic commercial banks must also make use of the Sharia system in compliance with Islamic law (Sharah & Haridhi, 2020). Islamic banks may struggle to establish a solid reputation, a vast network, and optimal performance if Sharia-compliant banks do not implement effective corporate governance. One of the most crucial cornerstones of Sharia commercial banks is good corporate governance and efficient customer service.

Good Corporate Governance (GCG) and the Sustainable Development Goals (SDGs) in Islamic commercial banks in Indonesia are closely intertwined and mutually symbiotic. GCG, which encompasses principles such as transparency, accountability, responsibility, independence, and fairness, is a crucial foundation for Islamic commercial banks to achieve not only operational sustainability but also to effectively integrate the SDG goals into their business strategies. Strong GCG implementation ensures that the bank's investment and operational decisions are aligned with Sharia principles that emphasise social justice and environmental sustainability, such as investment in the inclusive real sector or financing environmentally friendly projects. Thus, GCG not only prevents the risk of irregularities and increases stakeholder confidence, but also acts as a catalyst for Islamic commercial banks to contribute significantly to the achievement of the SDGs, especially on goals such as poverty alleviation (SDG 1), decent work and economic growth (SDG 8), as well as industry, innovation and infrastructure (SDG 9), while maintaining sharia principles in every aspect of its business activities.

2.5 Sustainable Development Goals

The Sustainable Development Goals (SDGs) are one of the programs of the United Nations (UN) aimed at achieving sustainable development by 2030, which is supported by many countries. In order to advance social, economic, and environmental development, new development agreements that support shifts towards sustainable development, founded on equality and human rights (Susiana, 2015). At the United Nations headquarters on September 25, 2015, world leaders formally endorsed the Sustainable Development Goals, also known as "Transforming our World: the 2030 Agenda for Sustainable Development." The Sustainable Development Goals (SDGs) aim to protect the environment and promote the well-being of a just and caring human society. 17 indicators describe the SDGs. In order to inform stakeholders about business practices that promote and contribute to sustainable development, firms started implementing the Sustainable Development Goals (Fitriani, 2024). SDGs are applied to companies as a form of their responsibility towards current environmental and social issues (Bayu Tri Cahya et al., 2022).

2.6 Hypothesis

2.6.1 Impact of Green Finance on Sustainable Development Goals

In this context, the Sustainability Maturity Model provides a relevant framework for understanding how Islamic commercial banks can more effectively integrate green finance to achieve the SDGs. This model categorizes the maturity levels of an organisation's sustainability, ranging from basic compliance to transformational leadership. Islamic commercial banks that have reached a higher level of sustainability maturity tend to have more structured, scalable, and fully integrated green finance strategies that align with their business goals, rather than just regulatory compliance. Thus, increasing the bank's sustainability maturity level, reflected in a more in-depth and strategic implementation of green finance, will significantly accelerate their contribution to the SDGs. This research will explore how the shift from simply fulfilling obligations towards the adoption of proactive and innovative green finance can occur, alongside increasing the maturity of sustainability within Islamic commercial banks. Based on the results of previous research by (Selpiyanti & Fakhroni, 2020) and (Justita Dura & Riyanto Suharsono, 2022), which states that green disclosure has a positive and significant influence in supporting the achievement of the SDGs. So that a hypothesis can be formed:

H_1: Green Finance impacts the Sustainable Development Goals

2.6.2 Impact of Zakat Performance Ratio on Sustainable Development Goals

In the context of the Sustainability Maturity Model, Islamic banks at an early maturity level may view zakat as merely a means of sharia compliance, with reactive distribution and less integration with the company's strategic objectives. However, as the bank moves towards higher maturity levels, zakat disbursements will evolve into strategic social initiatives that align with business and sustainability goals, measuring their impact on the SDGs. For example, a bank that is mature in sustainability will channel zakat for education or skills training programs that not only raise the standard of living (SDG 4, SDG 8) but also create a sustainable business ecosystem. Therefore, a high ZPR for a bank with a higher sustainability maturity reflects not only the amount of funds disbursed but also the quality and long-term impact of such disbursements on the various pillars of the SDGs. In line with research Karuni (2020) that revealed a significant positive relationship between zakat and improving access to human development, or the SDGs. So the hypothesis taken is:

H_2: Zakat performance ratio affects Sustainable Development Goals

2.6.3 Impact of good Corporate Governance on Sustainable Development Goals

The effective implementation of Good Corporate Governance (GCG) is expected to have a positive and significant impact on achieving the Sustainable Development Goals (SDGs), and this relationship can be further explained through the lens of the Sustainability Maturity Model. In the early stages of a sustainability maturity model, an organisation may only meet minimal GCG requirements as a form of compliance. However, as sustainability matures, GCG is no longer just a compliance checklist, but is integrated as a strategic foundation that ensures transparency, accountability, fairness, and responsibility. Strategic decisions made by the board of directors and management, based on strong GCG principles, will inherently consider social and environmental impacts, thereby directly or indirectly contributing to SDG 8 (Decent Work and economic growth), SDG 9 (Industry, Innovation and infrastructure) and SDG 16 (Peace, Justice and resilient institutions). Based on research (García-Sánchez et al., 2022) that explains how good corporate governance has a positive effect on the disclosure of Sustainable Development Goals (SDGs). So that a hypothesis can be formed:

H_3: Good Corporate Governance affects Sustainable Development Goals

3. Research Methods

To determine how one variable influences another, this study employs a causal associative technique, a type of research. The purpose of this study was to investigate the impact of green finance, good corporate governance, and the Zakat performance ratio on the Sustainable Development Goals. In addition, the author also uses research that is Library (library research), namely research conducted using literature (literature), in the form of books, notes, and reports of previous research results. The type of research used in this study is quantitative research, as it is based on positivism for data collection and analysis, to test hypotheses. Quantitative methods can be defined as research methods based on the philosophy of positivism, used to research a particular population or sample, collecting data with research tools and analysing it quantitatively or statistically to test preexisting theories.

A population is a category for generalisation composed of objects or individuals with characteristics that the researcher has selected to be studied and from which conclusions are subsequently drawn. The study's participants are Indonesian Islamic commercial banks that are registered with the Financial Services Authority (OJK). A subset of the population that is used as a data source and may be representative of the total population is known as research sampling. Purposive sampling was used to choose the study's sample. Sharia commercial banks that publish sustainability and annual reports, as well as reports on zakat distribution, are the criteria used. The 14 Islamic banks that comprised the study's sample were selected based on their classification.

Research variables encompass everything that the researcher sets out to study, with the aim of gathering information about it and then drawing conclusions.

Table 1. Variable Measurement

Variable	Scale	Sources
Green Finance	GF = Indicators used/Total indicators	(Anggara et al., 2025)
Zakat Performance Ratio	ZPR = Zakat/Net Asset × 100%	(Sari & Aisyah, 2022)
Good Corporate Governance	DKI = Σ Independent Board Of Commissioners /Σ Total board of Commissioners × 100%	(Deswara et al., 2021)
Sustainable Development Goals	SDGs = Indicators used/Total indicators	(Maharani & Prastiwi, 2024)

In quantitative research, data analysis is a stage that simplifies the process of analyzing data by describing the acquired data used to address the issue formulation. Tables, graphs, and diagrams are used to display the data analysis form. Multiple linear regression analysis was employed in this study to test all the hypotheses presented. This method is used to determine the extent to which independent factors (independent) influence dependent variables (dependent). To ensure the model is free of normality issues, it is essential to evaluate classical assumptions before conducting multiple regression analysis. The analysis model can be used if autocorrelation, heteroscedasticity, and multicollinearity are satisfied.

4. Results and Discussion

4.1 Classical Assumption Test

The classical assumption test is a set of statistical requirements that must be met in multiple linear regression analysis using the Ordinary Least Squares (OLS) method. The primary purpose of this test is to ensure that the resulting regression model is valid, unbiased, consistent, and efficient as an estimator. In short, a classic assumption test helps ensure the regression results you get are reliable.

Table 2. Classical Assumption Test

Normality Test	Heterocedasticity Test	Multicollinearity Test
Asymp. Sig. (2-tailed)	Sig	Centered VIF
0.200	GF 0.388 ZPR 0.345	GF 1.017 ZPR 1.016
	GCG 0.079	GCG 1.001

Based on the asymptotic significance (2-tailed) results or the probability value of the residual, Table 2 demonstrates that the research is typically distributed. In this study, a significance level of 0.05, or 5%, is applied. The test findings clearly showed that the value is more than 0.05, as evidenced by the significant p-value of the normality test (0.200). To be considered normally distributed, the study's data must have an asymptotic significance value greater than 0.05. The multicollinearity test results are presented in Table 2, where the VIF values are all less than 10. It is possible to conclude that the independent variables in this study did not show any signs of multicollinearity or a relationship. It can be inferred from Table 2 above that all independent variables are immune to heteroscedasticity, as the results of the heteroscedasticity test using the Glejser test show significant values for all independent variables above 0.05.

4.2 Estimation Result

With a positive computed t value of 2.148 and a significance level of 0.039, Table 6 indicates that the regression model coefficient has a constant value of 0.333. A constant of 0.333 means that the average Sustainable Development Goals (SDGs) are 0.333 if the independent variable remains constant. While Good Corporate Governance and Zakat Performance Ratio have no effect due to the significance value exceeding 0.05, the variable Green Finance has an impact on the variable Sustainable Development Goals.

Table 3. Partial significance Test (t-test)

Variables	t	Sig.
GF	2.893	0.006
GCG	-1.182	0.245
ZPR	-0.153	0.880
Constant	2.148	0.039

Source: Author processed (2025)

With a positive computed t value of 2.148 and a significance level of 0.039, Table 6 indicates that the regression model coefficient has a constant value of 0.333. A constant of 0.333 means that the average Sustainable Development Goals (SDGs) are 0.333 if the independent variable remains constant. While Good Corporate Governance and Zakat Performance Ratio have no effect due to the significance value exceeding 0.05, the variable Green Finance has a significant impact on the Sustainable Development Goals (SDGs).

4.3 Discussion

4.3.1 Impact of Green Finance on Sustainable Development Goals

According to the research findings, Green Finance has a significance level of 0.006. The variable Green Finance affects the Sustainable Development Goals, which can be clearly understood and concluded. The results of this study suggest a strong correlation between Green Finance practices and the success of supporting sustainable development goals. The Sustainability Maturity Model theory emphasizes the crucial role of transparency and a company's commitment to environmental sustainability, which not only enhances reputation but also fosters stronger relationships with stakeholders. Companies that implement Green Finance tend to be more transparent in providing financing that supports environmental sustainability, reduces carbon emissions, and promotes efficient waste management. This practice supports more than 12 of the 17 SDGs goals, including waste management and the use of environmentally friendly technologies, showing that companies are not only focused on preserving the environment but also contributing to the achievement of the SDGs.

Banks adopting Green Finance can enhance their social legitimacy and reputation by demonstrating a strong commitment to sustainability. By integrating Green Accounting, the company not only contributes to achieving the SDGs but also attracts the attention of investors and other stakeholders who increasingly prioritize sustainability. Banks need to continue managing environmental financing, carbon emission reduction, and resource efficiency in their annual and sustainability reports. This will boost long-term relationships with clients, investors, and the community while also enhancing stakeholder trust and the company's reputation. Additionally, the company's environmental performance can be improved, and the SDGs achieved in the long run by investing in more efficient waste management systems and eco-friendly technologies.

The link between Sustainability Maturity Models and Green Finance in influencing the achievement of Sustainable Development Goals (SDGs) is a progressive and mutually reinforcing relationship. The Sustainability Maturity Model provides a systematic framework for an entity, such as an Islamic Commercial Bank, to evaluate and improve the level of maturity in integrating sustainability practices throughout its operations. The higher the level of maturity of an organization in this model, the deeper and more comprehensive the commitment and implementation of its sustainability strategy. This increase in maturity will logically encourage organizations to be more proactive in developing and adopting Green Finance initiatives. This means that, as banks move toward higher levels of sustainability maturity, they will increasingly identify opportunities to channel funds into environmentally and socially sustainable projects, such as renewable energy, resource efficiency, or sustainable development initiatives.

The findings of this investigation corroborate those of earlier research Selpiyanti and Fakhroni (2020) and Justita and Riyanto (2022). It claimed that Green Accounting significantly and favourably contributes to the accomplishment of the SDGs. Nevertheless, this study's findings diverge from those of a survey by Abdullah and Amiruddin (2020), who concluded that Green Accounting does not affect the achievement of the SDGs. These findings reinforce the view that sustainability and corporate social responsibility can be obtained through transparency and policies that promote environmental concern.

4.3.2 Impact of Zakat Performance Ratio on Sustainable Development Goals

According to the research findings, the Zakat Performance Ratio has a significance level of 0.245. The variable Zakah Performance Ratio does not affect the Sustainable Development Goals, which can be inferred from this. Zakat is a crucial instrument that businesses can use to demonstrate that they meet stakeholder and community expectations, enhancing their legitimacy and reputation. By disclosing zakat distribution initiatives that promote the SDGs, like improving social welfare, Islamic banks in the study sample demonstrated a strong commitment to zakat.

Although this study states that the Zakah Performance Ratio does not affect the Sustainable Development Goals, meaning it does not indicate that zakat has a significant impact on the SDGs, the results of this study affirm that the importance of planning and implementing an effective Zakat program is not necessarily a goal of achieving the SDGs. Islamic banking ensures that Zakat programs are not just social activities but are also designed and implemented with a clear goal to support the achievement of the SDGs. In addition, companies must involve all stakeholders in developing and evaluating zakat programs to ensure their relevance and impact on pressing social issues. By implementing Zakat that focuses on sensitivity to the social environment and obligations in Islam, the company can not only improve its reputation and legitimacy but also strengthen long-term relationships with stakeholders, including investors and consumers who are increasingly concerned with social issues.

Although Sustainability Maturity Models emphasize the progressiveness of organizations in integrating sustainable practices, and the Sustainable Development Goals (SDGs) have become a global benchmark for sustainability, there is an argument that the Zakat Performance Ratio (ZPR) may not have a significant direct influence on achieving the SDGs. This can occur if the management and distribution of zakat, although internally efficient (high ZPR), have not been fully integrated into the broader sustainability strategy framework or if the impact of zakat programs has not been comprehensively measured against specific SDG indicators. In other words, the maturity of an organization in sustainability does not necessarily guarantee that philanthropic practices such as zakat, even well executed, automatically contribute to the achievement of SDGs targets, especially if the focus of zakat is still limited to short-term charitable assistance without accompanying long-term empowerment programs that are aligned with the Sustainable Development Goals.

This finding, which is consistent with research, Ridlo and Setyani (2020) explains how zakat has a significant impact on economic growth. This issue arises from the fact that not all Indonesians are Muslims; as a result, zakat monies have not been allocated fairly and appropriately in Indonesia, which does not affect economic expansion. But not in line with research. Karuni (2020) This demonstrated the strong, favourable correlation between zakat and enhancing access to human development. According to him, there are three reasons. The first is that zakat given to the mustahik can boost the economy. Zakah can help the mustahik receive a good education, which brings us to our second point. Third, zakat may be disbursed to improve the health of the mustahik.

4.3.3 Impact of good Corporate Governance on Sustainable Development Goals

Based on the research findings, the significance level of Good Corporate Governance is 0.880. It can be concluded that Good Corporate Governance does not have a statistically significant impact on the achievement of the Sustainable Development Goals. The findings indicate that the disclosure of sustainable development goals in Islamic banking, particularly within Islamic commercial banks, generally does not emphasize the disclosure of sustainability reports; rather, it primarily concentrates on the completion of assessments evaluating the quality of financial statements. Conversely, the principle of legitimacy is invoked when a firm discloses its Sustainable Development Goals (SDGs). Legitimacy theory is considered a strategic tool that organizations may utilize to ensure the continuity of their operations (Dowling & Pfeffer, 1975). A firm may possess the resources necessary to sustain its operations or may implement measures to obtain community acceptance and recognition. Strategies related to legitimacy may include disclosing the company's Sustainable Development Goals (SDGs) or Social Responsibility initiatives. Ultimately, several factors, including audit committees, managerial ownership, and independent commissioners, may influence the disclosure of SDGs.

While Sustainability Maturity Models often suggest that advancing a company's sustainability maturity correlates directly with improvements in governance, the assertion that Good Corporate Governance (GCG) does not influence the Sustainable Development Goals (SDGs) warrants critical examination. From the perspective of the Sustainability Maturity Model, higher organizational maturity in integrating sustainability aspects correlates with a more robust GCG framework. Effective GCG, grounded in principles of transparency, accountability, responsibility, independence, and fairness, should serve as a fundamental basis for guiding the company's strategic and operational activities towards alignment with the SDGs. Suppose GCG is presumed to have no impact. In that case, this may point to a disparity between documented governance policies and their actual implementation or indicate that the company's GCG efforts are currently confined to regulatory compliance and financial performance, without explicitly internalizing or measuring their impact on the environmental, social, and economic pillars of the SDGs.

Consistent with studies carried out by Idawati and Hanifah (2022), this research describes how sustainable reports incorporating the Sustainable Development Goals are negatively impacted by good corporate governance. This means that companies with an independent board of commissioners may not be able to compel corporations to disclose information in their sustainability reports. This study contradicts the findings of previous research (García-Sánchez et al., 2022). This clarifies how the disclosure of Sustainable Development Goals (SDGs) is positively impacted by good corporate governance. This clarifies how the company's board of commissioners can raise awareness about the need to publish sustainability reports.

5. Conclusion

The purpose of this study was to analyze the effect of green finance, zakat performance ratio, and good corporate governance on sustainable development goals (case study on Islamic commercial banks in Indonesia). The findings of this study indicate that Green Finance has an impact on the Sustainable Development Goals, while Zakat Performance Ratio and Good Corporate Governance do not. Then, Green Finance, Zakat Performance Ratio, and Good Corporate Governance simultaneously affect the Sustainable Development Goals.

Based on the study's findings, Sharia commercial banks should continue to increase their use of green finance, as it has been shown to significantly impact the attainment of the Sustainable Development Goals (SDGs). A more suitable strategic approach is required for both the zakat performance ratio and excellent corporate governance to make a substantial contribution to sustainability, as they have not yet demonstrated a significant influence. To ensure that the findings are more comprehensive and representative, a new study is advised to include more variables and broaden the scope of the data.

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