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SIMULACRA IN SUSTAINABILITY ACCOUNTING: A DECONSTRUCTIVE OF CORPORATE ENVIRONMENTAL REPORTS AS HYPERREALITY

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Abstract

This study investigates how accounting and financial reporting practices are utilized by companies as instruments to build a positive corporate image and secure legitimacy from stakeholders. The research uses a content analysis of the retirement reports of six mining and energy companies in Indonesia. The interpretation of these findings is based on Jean Baudrillard's theory of simulacra. The results reveal that while 96.8 percent of positive sustainability issues were reported, only 30.5 percent of negative issues appeared in the coverage, indicating significant continuity in the presentation of information. From a Baudrillardian perspective, the retirement reports produced by these companies embody four levels of simulacra, suggesting that management accounting plays a central role in shaping these simulacratic representations. Sustainability report deconstruction must be designed and directed to realize sustainable business or sustainable corporation. Narratives related to negative news, not just positive news that should be disclosed.

Keywords: Accounting, Applicant Reporting, Hyperreality, Simulacra

INTRODUCTION

In recent years, sustainability reports have increasingly become a primary tool for companies to demonstrate environmental and social commitments. However, research shows that these reports often serve as symbolic constructs that are far from reality. A study of public companies in Indonesia found that 98.43% of positive issues were reported, but only 12.5% of negative issues were disclosed, creating a distorted picture of sustainability (Riduan and Andayani, 2019). This phenomenon suggests that sustainability reports do not simply convey information but also construct a particular representation that can obscure actual environmental impacts. According to Boiral (2013), 90% of significant negative events are excluded from reports, while positive narratives and idealistic images dominate the document's content, resulting in the report becoming a simulacrum—an idealized representation disconnected from reality. This phenomenon marks the emergence of "hyperreality" in environmental reporting, a condition where representation is more powerful than the reality it purports to depict.

In a global context, companies face strong pressure from society, regulators, and investors to demonstrate environmental accountability. This makes sustainability reports a strategic arena for building social legitimacy. However, narrative manipulation practices, including green storytelling, aesthetic visuals, and information curation, further fuel suspicions that these reports are more about image-building than transparency. Azmi et al. (2025) assert that sustainability communication is now evolving toward sophisticated greenwashing—a communication strategy that appears ethical but is rife with symbolic manipulation. Simultaneously, environmental issues such as the climate crisis, ecosystem degradation, and pollution increasingly demand honest and evidence-based reporting. However, recent literature confirms that sustainability reporting often obscures material information.

This type of reporting distortion has significant consequences for stakeholders. For investors, misrepresentation of environmental performance can lead to erroneous decision-making and increase investment risk. For communities surrounding a company's operations, hyperreality in sustainability reports can mask ecological impacts such as pollution, deforestation, or health hazards. In the consumer context, increasing symbolic manipulation fuels distrust of sustainability claims, as demonstrated by findings that aesthetically simulated digital narratives increase public skepticism toward "green" brands (Nguyen-Viet & Nguyen, 2024).

Based on Boiral (2013) used a counter-accounting approach to demonstrate a significant gap between actual environmental impacts and the narratives of corporate reports. Similar findings were replicated in Indonesia by Riduwan & Andayani (2019), who demonstrated that sustainability reports contain varying degrees of simulacra, ranging from distortion to obscurity. Furthermore, literature on sustainability measurement (Antolin et al., 2016) indicates that evaluation instruments such as GRI, KLD, ISO 26000, and DJSI have inconsistent indicators. This lack of integration also opens up opportunities for companies to exploit gaps in reporting. Contemporary research, such as that by Michelon et al. (2019), also demonstrates that companies frequently use visualization and rhetoric as impression management efforts in sustainability reporting.

The limitations of sustainability reporting, few studies explicitly examine sustainability reporting through the theoretical frameworks of simulacra and hyperreality. Most studies highlight bias, impression management, or greenwashing, but have not examined how sustainability reports function as constructs of reality that can replace reality itself. Baudrillard emphasized that simulacra works not only by distorting reality but also by creating alternative realities perceived as more "real" than reality. Furthermore, little research examines how the combination of text, narrative, visuals, and the absence of information contribute to the formation of hyperreality in environmental reporting. Yet, visualization and emotive narratives are key elements in modern sustainability reporting. Thus, there is significant room to deepen the understanding of how companies produce performative, rather than factual, representations of sustainability.

This study replicates Boiral's (2013) research, aiming to examine the extent to which accounting and reporting are used by public companies in Indonesia as rhetorical tools and media to build a positive image and gain social legitimacy. This research is based on a content analysis of six corporate concern reports from the mining and energy sectors replicates from Boiral Reseacrh. The content of the concern reports was confirmed by the socio-ecological activities actually undertaken by the two companies during the reporting period. The analysis results are justified by the concept of simulacra by Jean Baurillard, a French philosopher.

Theoretical Study and Paradigm Perspective

The phenomenon of sustainability reporting is no longer seen solely as a process of disclosing environmental, social, and governance information, but also as a symbolic practice that constructs corporate reality. In a postmodern context, some theorists believe that sustainability reports can become simulacra, representations that no longer have a direct connection to operational reality. A critical question arises: does corporate environmental performance now live in hyperreality—a pseudo-reality constructed by symbols, narratives, and images that appear more convincing than the actual facts? This theoretical study brings together postmodern, critical, and sustainability accounting perspectives to understand how sustainability reports can function as simulacra and how these symbols shape hyperreality in environmental performance reporting.

This section explains key theories relevant to understanding how sustainability accounting reports have the potential to create simulacra and portray environmental performance in hyperreality. Baudrillard emphasizes that in postmodern societies, signs (symbols, representations, reports) can become detached from the material reality they represent, resulting in simulacra—stand-alone representations—and hyperreality—a pseudo-reality perceived as more real than the actual reality. In the context of sustainability accounting, reports can become “semiotic objects” that construct an image of sustainability without necessarily being linked to real performance. Empirical studies show that the assurance process and report preparation often create “hyperreal accountability,” the illusion of transparency and accountability.

Institutional pressures and stakeholder expectations drive companies to construct sustainability narratives through SAR. This process involves symbolic selection, framing, and the construction of signs that do not always reflect material reality. Through mechanisms of greenwashing and impression management, sustainability signs become simulacra that serve to maintain legitimacy. When these signs are accepted by the public as "environmental reality," a hyperreality is created—an artificial reality that is more powerful than actual environmental facts.

Sustainability reporting and the ideal of transparency

In contemporary corporate practice, the surge in sustainability reporting rests on the foundational belief that firms can deliver a thorough and accurate account of the positive and negative effects of their operations. According to the Global Reporting Initiative (GRI, 2006, p. 6), transparency is defined as “the complete disclosure of information on the topics and indicators required to reflect impacts and enable stakeholders to make decisions, and the processes, procedures and assumptions used to prepare those disclosures.” This ideal assumes that with enough data and disclosure, stakeholders can form a clear and realistic picture of a company’s sustainability performance.

Closely tied to this ideal is the notion that a transparent sustainability report is credible, complete and reliable. Scholars such as Roberts (2009), Menéndez-Viso (2009), Livesey & Kearins (2002), Dando & Swift (2003), KPMG (2008) and ISEA (2003) have contended that transparency is achieved when disclosures are comprehensive and trustworthy. Under a functionalist or positivist paradigm, the assumption is that corporate activities and their sustainability outcomes can be measured, captured and communicated in an objective, rational and precise fashion (Power, 1997; Thomson, 2007).

From this viewpoint, the operations of a company—including aspects of its sustainable-development performance—are amenable to realistic description and analysis. The functionalist logic holds that sustainability metrics and reporting frameworks can render visible what was previously opaque, thus equipping stakeholders with the information required for accountability (Owen, 2008; Deegan, 2002; Roberts, 2009; Unerman et al., 2007). In this way, transparency becomes not only an ethical aspiration but also a practical mechanism for stakeholder engagement and organizational legitimacy.

Parallel to the normative appeal of transparency is a growing practical demand. Financial markets and investors increasingly expect reliable non-financial disclosures—such as environmental and social data—to complement traditional financial reports, enabling more nuanced risk assessment (Waddock, 2008; Devinney, 2009). The rise of social investment funds and indices that spotlight sustainable companies (e.g., the Dow Jones Sustainability World Index) reflects this expectation, presuming that sustainability performance can be transparently assessed and a company's main impacts clearly communicated.

However, despite these ambitions, many studies express caution. Although mainstream literature continues to emphasize the potential benefits of sustainability reporting for enhancing accountability and stakeholder dialogue, critical voices raise doubts about how fully the ideals of transparency and completeness are realized (Roberts, 2009; Livesey & Kearins, 2002; Unerman et al., 2007; Gray, 2010). Much of the reporting remains descriptive and non-critical, rooted in a functionalist paradigm that assumes a neat correspondence between disclosure and reality, rather than interrogating whether the disclosed data genuinely reflect substantive performance.

Finally, frameworks like the GRI articulate the goal of a balanced and reasonable representation of a company's sustainability performance—covering both positives and negatives—and posit principles such as materiality, stakeholder inclusiveness, completeness, balance, clarity, comparability and reliability. In line with this, external assurance or certification has been introduced to elevate trust in these reports. Yet the assumption remains that disclosure, standardised reporting and assurance can together deliver the transparency ideal; which begs the question: to what extent does reported information correspond to actual performance and stakeholder decision-making?

Sustainability reports as simulacra?

Sustainability reports often function less as accurate reflections of operational reality than as curated representations. When the production of information proliferates, these reports can substitute for direct experience or observation of actual environmental and social performance. As theorised by Guy Debord and Jean Baudrillard, the increasing separation between representation and reality invites the possibility that what appears in a report no longer corresponds to what happens in practice. In other words, because we are bombarded with more and more data about sustainability, we may become more removed from the real conditions those data are meant to depict.

Secondly, the sway of corporate control over what is disclosed further complicates the relationship between representation and reality. The processes by which firms select, filter, and frame environmental information are rarely neutral. Management retains dominance over what remains visible, what is omitted, and how the narrative is structured. This selective disclosure often aligns with legitimising pressures rather than genuine transparency, thereby rendering the reported content less a mirror of actual performance and more a means to preserve the firm's image. In that way, the act of reporting can become a stage on which the spectacle of sustainability is enacted.

Third, the abundance and sophistication of visual and textual imagery used in sustainability reports amplify the potential for illusion. As Baudrillard argues, when signs and symbols proliferate without anchor in direct experience, they generate "hyperreality" — a condition in which representations (images of pristine rivers, flourishing forests, tranquil communities) become more influential than the messy, less-photogenic realities of corporate operations. In these settings, stakeholders may engage with the constructed story—but remain distant from, or unaware of, the inconsistencies that lie beneath. The spectacle thus functions to distract or pacify rather than to facilitate critical engagement.

Overall, when sustainability reports become more about spectacle than substance, the promised principles of completeness, balance and transparency may become token-gestures. While frameworks such as Global Reporting Initiative (GRI) aspire to tie disclosure to meaningful reality, the entanglement of symbolic reporting, managerial

control and image-construction may render the exercise hollow. The risk is that stakeholders consume the "show" of environmental responsibility rather than engaging with bona fide environmental performance. What emerges is a simulacrum of sustainability—a representation so divorced from material reality that it invites critical scrutiny rather than automatic trust.

Research Methodology

This research was conducted using a qualitative approach based on a critical-postmodern paradigm. This paradigm was chosen because the focus of the research is not only to understand the content of sustainability reports, but also to reveal how these reports can function as simulacra, namely representations that no longer directly refer to the company's operational reality. By adopting Baudrillard's perspective on simulacra and hyperreality, as well as Debord's idea of the society of the spectacle, this study seeks to explain how narratives, symbols, and visuals in sustainability reports create a pseudo-reality that appears more authentic than reality. A qualitative approach was chosen because this study emphasizes the interpretation of text, visuals, and narrative structures constructed by companies. Reality in this study is viewed as something constructed through language, images, and symbolic representations. Sustainability reports were selected from seven Indonesian public companies operating in the mining sector. Sustainability reports were obtained directly from each company's official website. Table 1 summarizes the characteristics of the public entities that are the subjects of this study. Thus, this study examines not only text but also visuals and other symbolic structures that play a significant role in shaping the image of sustainability. The primary research object is sustainability reports, including environmental reports, ESG reports, or integrated reports published by companies in recent years. These reports were selected from companies listed in sustainability indices or companies known to have extensive exposure to environmental issues. Object selection was conducted purposively, taking into account the completeness of the reports, the use of international standards such as the GRI, and the existence of an external assurance process that can add a layer of simulacra to the reporting. Additional data sources can include government environmental reports, NGO findings, and relevant media publications to verify the alignment between representation and reality.

Data collection was conducted through documentation, compiling official company sustainability reports, reporting standards such as the GRI or ISSB, and other supporting documents. All documents were read in depth through a close reading process, then analyzed to identify narrative patterns, iconography, symbolic representations, and the emphasis or omission of certain information. The analysis was conducted in stages, starting with identifying elements of representation, interpreting meaning, and linking them to the concepts of simulacra and hyperreality. The data analysis process followed the principles of critical discourse analysis, which involved three main stages: descriptive reading of the text, interpretation of meaning through the social construct of the company, and critical evaluation of the interests and power relations underlying the reporting. The analysis was also strengthened by a semiotic framework that evaluated the role of visuals and symbols in shaping the company's desired sustainability reality. Thus, this analytical technique enabled researchers to uncover how companies construct seemingly objective realities through representations of numbers, graphs, narratives, and visual imagery. This research employed source triangulation techniques by confirming company report data through external sources such as investigative reports, scientific publications, and monitoring reports from independent institutions. Furthermore, the researcher conducted critical reflection through a peer debriefing process to minimize interpretive bias. This step is crucial because research operates within a critical paradigm, requiring researchers to question their own assumptions and the power structures inherent in the text.

Tabel 1 Description Entities and Sustainability Report

No.	Code	Industry Sector	Report
1	ANTM	Mining	Sutainability Report
2	PTBA	Mining	Sutainability Report
3	TINS	Mining	Sutainability Report
4	PGEO	Mining	Sutainability Report
5	PGAS	Energy	Sutainability Report

This research was conducted in the following stages: (1) analyzing the contents of sustainability reports by evaluating their suitability and adequacy based on GRI disclosure standards; (2) confirming the information (narratives, images, or photos) in the sustainability reports with the socio-ecological issues faced by companies in the real world; (3) justifying the results of the analysis by reflecting on the concept of simulacra by Jean Baudrillard, a French philosopher.

Table 2 Presents a detailed explanation of the stages.

Purpose of Data Analysis	Classification System
Stage 1: Content analysis of sustainability issues reported in sustainability reports	
Analyze whether information relevant to sustainable development issues as part of sustainability performance has been reported by the company, with the aim of assessing the adequacy and completeness of reporting and calculating the disclosure index.	Disclosure of sustainability issues is classified based on the four aspects of sustainable development in the GRI 2016, while the disclosure index is calculated based on the total GRI Specific Disclosure Indicators 2016.
Stage 2: Content analysis of photos and images presented in sustainability reports	
Analyze the types and forms of symbolic messages in the form of images or photos displayed in sustainability reports, with the aim of understanding the meaning of these symbolic messages in explaining efforts to fulfill the company's socio-ecological responsibilities.	The results of the image or photo analysis were classified into five content categories based on themes: (1) nature conservation; (2) happiness; (3) social awareness; (4) cooperation and external recognition; and (5) innovation.
Stage 3: Analysis of corporate sustainability issues in concrete reality	
Collecting information on social and environmental issues published in online media to determine whether the company has disclosed these concrete issues in its sustainability report, as a reflection of the report's credibility.	*Reports on concrete sustainability issues occurring in the real world are classified according to Baudrillard's concept of simulacra as follows: (1) reported clearly; (2) reported incompletely or biasedly; (3) not reported; (d) reported not in accordance with the facts. Each classification is described in detail for each issue that occurs.*

According to Baudrillard (1984, 1988, 1994), social behavior as a symbol (simulacra) has four levels, namely (1) behavior that reflects the reality of concrete life; (2) behavior that distorts the reality of life; (3) behavior that covers up the original characteristics of the reality of life; and (4) behavior that does not reflect any reality of life, or is called a pure simulacrum. In the context of this research, sustainability reporting can be seen as a symbol (simulacra) that represents the fulfillment of the company's socio-ecological responsibilities. Therefore, within the framework of Baudrillard's (1984, 1988, 1994) simulacra concept. Sustainability reports present four possible ways of representing a company's socio-ecological responsibilities. These possibilities are: (1) sustainability reports that concretely demonstrate the fulfillment of socio-ecological responsibilities; (2) sustainability reports that distort the fulfillment of socio-ecological responsibilities; (3) sustainability reports that demonstrate the fulfillment of socio-ecological responsibilities that are not in line with reality; and (4) sustainability reports that demonstrate the fulfillment of socio-ecological responsibilities that have never been actually implemented.

Findings and Interpretation of Meaning

The 2016 Global Reporting Initiative (GRI) Sustainability Disclosure Standards include 36 core indicators of sustainable development and 140 specific indicators. The 2016 GRI Standards are effective as of July 1, 2018, but early adoption by companies is permitted. Table 3 presents the 2016 GRI disclosure indicators. The GRI 100 general disclosure standard consists of three main indicators: foundation, general disclosures, and management approach. While GRI 100 is not directly related to a company's sustainability program, it contains 61 specific indicators that companies must disclose, accounting for 43.57% of the total required disclosures.

Table. 3 GRI Sustainability Reporting Standards 2016

Sustainable Aspects	Core Indicators	Specific Indicators
GRI 100: Umum	3	61
GRI 200: Ekonomi	6	12
GRI 300: Lingkungan	9	33
GRI 400: Sosial	18	34
Jumlah	36	140

Therefore, the specific indicators required to be disclosed related to a company's sustainability program (GRI 200, GRI 300, and GRI 400) account for 56.43% of the total 140 disclosure items. GRI (2016) states that the corporate sustainability disclosure standards (GRI 200, GRI 300, and GRI 400) require entities to transparently disclose each of the 79 items, covering both positive and negative aspects, and to clearly disclose the current condition, management program, issues encountered (if any), resolution efforts, and results or expected results. GRI

(2016) also emphasizes that the disclosure of topics, indicators, and definitions in the context of sustainability reports must significantly reflect the company's economic, environmental, and social impacts, enabling stakeholders to assess the organization's performance during the reporting period.

Sustainability Report Simulacra

To evaluate whether sustainability reports honestly present sustainability issues that actually occur in society, significant events related to the company's negative socio-ecological impacts were explored in mass media coverage, particularly online media. A search of online media around the reporting period revealed that significant events related to these issues Negative aspects of corporate sustainability are reported in sustainability reports in various ways. Baudrillard (1984, 1988, 1994) argues that disclosing negative sustainability issues in sustainability reports is reports by the six companies are classified into four levels of simulacra. Table 4 presents the classification of disclosures of negative sustainability issues in these sustainability reports.

Table. 4 Classification of Disclosure of Significant Events and Negative Impacts in Sustainability Reports

No	Company	Number of Negative Events/ Impacts	*Simulacra Level - Baudrillardian*			
			Simulacra-1: Clearly expressed	Simulacra-2: Incompletely Revealed or Biased	Simulacra-3: Undisclosed	Simulacra-4: Revealed but not in accordance with the facts
1	ANTM	2	0	0	1	1
2	PTBA	3	0	0	2	0
3	TINS	4	1	0	2	1
4	PGEO	2	0	1	1	0
5	PGAS	1	0	1	0	1
	Total	12	1	2	6	3
	Percentage	100.00%	6.25%	18.75%	50.00%	25.00%

The table displays 5 (Five) mining and energy companies in State-Owned Enterprise (SEO), each showing the number of negative events (negative impacts) and their information representation patterns according to Baudrillard's four levels of Simulacra. Overall, there were 12 negative impacts, with the distribution of simulacra indicating that the majority of companies tended to fall into Simulacra-3 (50%), where negative information was not disclosed or concealed. The first company, ANTM, recorded two negative impacts, mostly represented in Simulacra-3 and Simulacra-4. This indicates that despite the relatively small number of negative events, this company tended to convey incomplete or even factual information. This pattern indicates a tendency to manipulate or disguise information in its public communications. PTBA exhibited three negative impacts. Of these incidents, the majority fell into Simulacra-3, indicating the company's tendency to not disclose information transparently. One incident fell into Simulacra-4, indicating that in addition to concealing facts, there were also cases where information was conveyed but did not accurately reflect reality. This illustrates a mix of non-disclosure and misrepresentation. TINS recorded the highest number of negative impacts, with four incidents. The simulacra pattern in this company was divided into Simulacra-1, Simulacra-3, and Simulacra-4. One case was clearly disclosed (Simulacra-1), but two cases were not disclosed (Simulacra-3), and one case was not factual (Simulacra-4). This means that although the company occasionally discloses information, most of the information is still presented with a high degree of distortion.

Meanwhile, PGEO had two negative impacts. The distribution of its simulacra shows one case in Simulacra-2 and one in Simulacra-3. This reflects that the company sometimes discloses information, but in a biased or incomplete form, and at the same time, some issues are not addressed at all. No cases were found in Simulacra-4, indicating relatively lower open factual distortion compared to the other companies. PGAS recorded three negative impacts, spread across Simulacra-2, Simulacra-3, and Simulacra-4. This combination demonstrates a variety of information representation patterns: some information is presented incompletely or biasedly, some is not disclosed, and some is presented but does not reflect reality. This makes PGAS one of the companies with a complex simulation pattern. Finally, ADMR has two negative impacts, each falling under Simulacra-2 and Simulacra-3. This indicates that the company tends to provide unclear or biased information and conceal some of the issues that arise. There were no cases in Simulacra-1 or Simulacra-4, so explicit distortion of facts was not apparent. Overall, this table

illustrates that companies in the mining and energy sectors tend to be predominantly in Simulacra-3 (50%), where negative impacts are not disclosed. Smaller proportions are in Simulacra-4 (25%) and Simulacra-2 (18.75%), while only 6.25% of companies clearly disclose information (Simulacra-1). These findings highlight a strong tendency towards information hiding and misrepresentation in corporate reporting, particularly regarding negative issues. The Merdeka Daily report clearly states that PTBA, one of its suppliers of raw materials, is one of the companies. In this context, PTBA should adhere to the 2016 GRI disclosure principle, which states that the company does not build value chains with organizations that are indifferent to sustainability issues, particularly those related to social and environmental issues. However, in its 2022 Sustainability Report, PTBA glossed over this issue with narratives that were crafted in such a way that negative sustainability issues involving PTBA appeared to be positive sustainability issues for PTBA.

The Role of Accounting in Creation

The simulacra in the sustainability reports of the six public companies that were the objects of this study cannot be separated from the role of accounting, both financial accounting and management accounting. Maunders and Burritt (1991) and Medley (1997) stated that sustainability reporting cannot be separated from the role of accounting, both financial accounting and management accounting, and therefore, honesty (fairness) in the delivery of sustainability information by companies also requires the role of accounting and the accounting profession. Disclosure of all sustainability indicators (financial and non-financial) requires honesty (fairness) to ensure transparency so that stakeholders can make the right decisions based on correct information (Roberts, 2009). In general, transparency of sustainability reports is related to the credibility, completeness, and reliability of the information disclosed (Dando and Swift, 2003; Menéndez-Viso, 2009; KPMG, 2008). Caliskan (2014) also stated that, in the context of sustainability reporting, financial accounting has a role to disclose economic information honestly, while management accounting has a role to disclose non-economic information honestly as well, because only in this way, sustainability information becomes useful.

Judging from the specific indicators for each sustainability aspect, totaling 144 indicators, 10% of the indicators (financial performance) involve financial accounting, and the remaining 90% of indicators involve management accounting. Based on the 2016 GRI disclosure standards, management accounting plays a significant role in providing information, as 90% of the specific GRI 2016 indicators include qualitative information. The four levels of simulacra found in the sustainability reports of the six companies in this study all relate to the disclosure of qualitative information. Therefore, in terms of information characteristics, management accounting plays the largest role in creating simulacra in these sustainability reports. This means that the management accounting of the six companies plays a role in (1) disclosing positive and negative sustainability issues in accordance with concrete reality and explaining mitigation efforts and their results; (2) disclosing negative sustainability issues incompletely; (3) not disclosing negative sustainability issues; and (4) disclosing negative sustainability issues inconsistent with concrete reality.

Creating level 1 simulacra is a highly anticipated role of the management accounting function, namely collecting comprehensive information and disclosing it honestly. With the existence of level 1, 2, and 3 simulacra, it appears that the management accounting function in the six companies has not performed its function effectively. In this case, the management accounting function likely failed at the data (information) collection and analysis stage, or at the reporting stage to stakeholders, or perhaps at both stages. Management accounting actually has a strategic function in facilitating management in socio-ecological management, even at the practical level, management accounting has an important role in collecting, processing, analyzing, and reporting corporate sustainability issues in sustainability reports (Albelda, 2011).

Deconstructive of Corporate Environmental Reports

The study challenges the assumption that sustainability or environmental reports reflect objective truth. Instead, these reports are conceptualized as symbolic constructions, designed to project an idealized image of corporate responsibility that may not correspond to material ecological conditions. The deconstructive approach used in this paper exposes how accounting language, visuals, and narratives are mobilized to build representations that replace, rather than describe, environmental reality. The research problem emerges from a growing discrepancy between reported sustainability performance and actual environmental impacts. The Global Reporting Initiative (GRI) advocate balance between positive and negative disclosures, empirical evidence shows a striking bias toward positive narratives. The study cites findings where more than 90% of reported items highlight positive outcomes, whereas critical or negative issues remain largely absent. Such asymmetry reveals that sustainability reports operate

as simulacra—representations detached from the substance they claim to portray—leading to a form of hyperreality in which the "green" image of corporations becomes more believable and persuasive than environmental facts themselves. The study concludes that sustainability reports exemplify the postmodern condition of corporate communication, where symbols and narratives supersede material reality. The four simulacra levels identified reveal a structural vulnerability in self-regulated reporting systems, allowing organizations to mask environmental degradation under the guise of transparency. The authors call for independent verification mechanisms and a more critical reading of corporate disclosures. By applying deconstruction, the study not only exposes how sustainability is symbolically manufactured but also invites stakeholders, scholars, and policymakers to interrogate the hyperreal world of corporate environmental accountability where truth and representation blur into one.

Conclusions, Implications, And Limitations

The sustainability reports of the six public companies in mining and energy sector examined in this study illustrate four distinct levels of simulacra, each functioning as a strategy to cultivate a favorable corporate image and secure stakeholder legitimacy. These levels reveal different ways in which companies seek legitimacy: (1) presenting both positive and negative sustainability issues accurately and transparently, along with explanations of mitigation efforts and their outcomes; (2) providing incomplete disclosure of negative sustainability issues; (3) omitting negative sustainability issues entirely; and (4) presenting negative sustainability issues in a manner that does not correspond to the actual conditions.

These findings demonstrate that sustainability reports can be strategically employed as rhetorical instruments through which companies shape perceptions, craft a positive image, and legitimize their operations. Therefore, users of such reports must first be aware of the potential presence of simulacra and rhetorical framing, so that decision-making is not influenced solely by the presented content without questioning its authenticity. Second, stakeholders should monitor how the media covers corporate sustainability issues, as this allows them to better assess the degree of rhetoric embedded within sustainability disclosures. Third, although the GRI framework emphasizes honesty in sustainability reporting, there remains a strong need for an independent external institution that can verify the accuracy and reliability of the information presented.

Furthermore, the presence of these four levels of simulacra highlights the structural vulnerability of sustainability reporting as a self-regulated disclosure mechanism. Because companies retain broad discretion in determining what information is released and how it is framed, sustainability reports often privilege managerial interests rather than providing a holistic account of environmental performance. This discretionary power allows organizations to selectively construct narratives that appear comprehensive, balanced, and responsible, even when underlying operational realities may contradict these claims. Such conditions reinforce Baudrillard's argument that representations can gradually detach from factual referents, ultimately producing a hyperreal image of corporate sustainability that eclipses the material truth.

In addition, the emergence of simulacra in sustainability reporting underscores the need for stakeholders to adopt a more critical and evidence-based approach when interpreting such disclosures. Relying solely on the textual and visual narratives presented in corporate reports risks accepting an idealized depiction of environmental stewardship that may not withstand verification. By triangulating information from independent media coverage, NGO reports, and third-party investigations, stakeholders can better assess inconsistencies, omissions, and rhetorical embellishments within sustainability reports. Finally, the findings reinforce the broader theoretical claim that sustainability reporting, in its current form, occupies an ambiguous space between accountability and image management. While the GRI framework aspires to promote transparent and balanced reporting, its reliance on voluntary compliance limits its capacity to prevent rhetorical distortions or simulacra.

This study has several limitations. First, confirmation of sustainability reports on negative corporate sustainability issues was conducted through limited mass media, so it is possible that the process of resolving negative issues that has been carried out by the company was not confirmed. Second, the positive sustainability issues presented through photos and images are assumed to be true information without confirmation in concrete reality, so there is a possibility of errors in evaluating the level of simulacra of the photos. Future studies can use other alternative procedures to mitigate the weaknesses of this study.

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