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Examining the Reliability of Sustainability Reports in ESG (Environment, Social, and Governance) Practices (A Study of Oil and Gas Companies in Indonesia)

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Abstract

Growing scrutiny of environmental, social, and governance (ESG) performance has increased the importance of reliable sustainability reporting, particularly in Indonesia's oil and gas industry, where operations involve substantial ESG risks. This study aimed to understand how ESG actors interpret and construct the reliability of sustainability reports within Indonesian oil and gas companies. A qualitative design employing Interpretative Phenomenological Analysis (IPA) was used. Six informants were purposively selected based on their involvement in and at least three years of experience with ESG implementation and sustainability reporting. Data were collected through semi-structured interviews, focus group discussions, observations, and document analysis and were subsequently analyzed through bracketing, horizonalization, meaning clustering, textural and structural descriptions, and synthesis of the experiential essence. The analysis of 297 statements generated eight themes concerning accountability, regulatory pressure, ESG data management and representation, public transparency, structural and cultural barriers, organizational legitimacy, operational-reporting tensions, and the synergy between internal validation and independent assurance. The findings demonstrate that sustainability report reliability extends beyond technical accuracy, indicator completeness, and regulatory compliance; rather, it is constructed through negotiations, stakeholder expectations, operational realities, and control mechanisms. The study concludes that companies should integrate ESG considerations into corporate strategy, strengthen governance-related disclosures and ESG data systems, and expand the use of independent assurance to improve reporting credibility and reduce the risks associated with selective disclosure.

INTRODUCTION

Attention to sustainability in business practices has grown as awareness of the environmental and social impacts of corporate activities has increased. A company's performance is no longer understood solely in terms of economic achievements but also in terms of how it manages environmental, social, and governance (ESG) impacts. These developments encourage companies not only to implement various sustainability initiatives but also to communicate their implementation to stakeholders through sustainability reports (SRs). The development of these practices has been accompanied by the increasing diversity of sustainability reporting standards and frameworks, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the International Sustainability Standards Board (ISSB), reflecting the growing need for sustainability information that is not only available but also understandable and useful to stakeholders (GRI, 2023).

In Indonesia, ESG implementation has received increasing attention through various regulations, including Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance. However, the challenges associated with ESG implementation are not equally distributed across industrial sectors. The oil and gas sector faces particularly high levels of complexity because of its operational characteristics, which involve the exploration and exploitation of natural resources, the use of high-risk technologies, greenhouse gas emissions, hazardous waste generation, and the potential for social conflict. The significant ESG risks associated with this sector are reflected in various environmental and social cases that have occurred in Indonesia, as presented in Table 1.

Table 1. ESG Cases and Incidents in the Oil and Gas Sector in Indonesia

Yes	Year	Location/Event	Indications of Violations	Verified Sources
1	2016	Indramayu, West Java	Oil pipeline explosion/fire	Tempo, Seconds
2	2016	Cepu Block / Central Java–East Java	Gas/oil leakage from oil and gas facilities	Local/national media coverage, statements by local officials
3	2018 (March–April)	Balikpapan Bay, East Kalimantan	Large-scale oil spills	CNBC, BBC
4	2018 (early March)	Bintan & Batam, Riau Islands	Black oil waste spill (sludge oil)	Batamnews
5	2023 (March 3)	Pertamina Plumpang Fuel Depot, North Jakarta	Oil and gas downstream facility fire	BBC Indonesia, Kompas, CNN Indonesia; official statement by Pertamina & Jakarta Provincial Government
6	2025 (December)	Cepu Block	Pipe leakage in ECML for four days; production drop of about 600 thousand barrels	Energy World

Source: Processed researcher (2026)

These events not only cause environmental damage and economic losses but also affect corporate legitimacy, public trust, and the reputation of the industry as a whole. This situation makes the reliability of information disclosed through sustainability reports (SRs) increasingly relevant because the mere existence of such reports does not guarantee that the information presented fully reflects a company's actual ESG conditions. In preparing SRs, companies may face various constraints, including the availability and quality of ESG data, differences in recording systems across organizational units, limited understanding of sustainability indicators, cross-functional coordination requirements, time pressures, regulatory demands, and investor and public expectations. These issues are also related to concerns about greenwashing, a practice in which communications regarding sustainability performance present a more favorable image than is supported by actual conditions or practices.

Research on sustainability reporting and ESG has expanded considerably over the past two decades but has generally approached both from a measurement perspective, focusing on

disclosure levels, report quality, financial performance, firm value, and organizational reputation through ESG scores, disclosure indexes, and regression analyses (Breedt et al., 2019; Kocmanová & Dočekalová, 2012; Lucia & Pazienza, 2020). However, this approach provides limited insight into how the reliability of SRs is constructed through the processes and lived experiences of organizational actors, thereby indicating a methodological gap. In addition, previous ESG studies have largely focused on publicly listed companies in general or on the manufacturing and banking sectors, while research specifically examining how ESG actors in Indonesia's oil and gas sector interpret the reliability of SRs remains relatively limited (Kwarto, Nurafiah, Suharman, & Dahlan, 2022), thereby indicating a contextual gap. Based on these gaps, this study employs a phenomenological approach to understand the lived experiences of ESG actors in interpreting and constructing the reliability of SRs in Indonesian oil and gas companies.

The phenomenon examined in this study concerns the experiences of ESG actors in oil and gas companies as they encounter various pressures and tensions during the sustainability reporting process. ESG actors are required not only to comply with reporting standards and regulatory requirements but also to respond to stakeholder demands and organizational needs to maintain legitimacy and reputation. Limitations and variations in data quality, fragmented information systems, differences in interests across organizational units, and demands for transparency require ESG actors to interpret, coordinate, negotiate, and exercise judgment regarding the information to be disclosed. Therefore, the reliability of SRs is understood not only in terms of compliance with standards or the completeness of disclosures but also through the experiences and meanings constructed by ESG actors as they manage, validate, and represent sustainability information.

Problem Formulation

Based on the background and phenomenon of the research, the formulation of the problems in this study is: (1) how ESG actors interpret the reliability of sustainability reports; (2) how the experience of ESG actors in the process of preparing sustainability reports; (3) how ESG actors face the tension between operational realities and ESG reporting demands; and (4) how ESG actors interpret the process of constructing sustainability report reliability in their organizational experience.

Research Objectives

In line with the research problem, this study aims to: (1) understand the meaning of sustainability report reliability according to ESG actors in Indonesian oil and gas companies; (2) explore the experiences of ESG actors in the process of preparing sustainability reports; (3) understand the experiences of ESG actors in addressing tensions between companies' operational realities and ESG reporting demands; and (4) understand how ESG actors interpret the process through which sustainability report reliability is constructed within their organizational experiences.

A sustainability report is a communication medium used by organizations to explain their policies, programs, performance, and responsibilities related to sustainability to stakeholders. Sustainability reporting requirements can enhance corporate transparency and provide added value for companies that are able to adequately disclose sustainability information to the market and the public (Farhana & Adelina, 2019). However, the implementation of sustainability reporting in Indonesia continues to face various challenges. Data from the Financial Services

Authority indicate that, among hundreds of registered issuers, only a proportion consistently implement ESG disclosures with reference to international standards and frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) (Setyaningrum & Hasanah, 2025). Environmental, social, and governance (ESG) is a framework used to assess a company's sustainability performance across three main dimensions, and its application has been associated with various organizational outcomes, ranging from profitability (Bayu, Jaya, & Martadinata, 2024) and investment value (Breedt et al., 2019) to the financial performance of publicly listed companies (Clement, Robinot, & Trespeuch, 2022; Lucia & Pazienza, 2020). Factors influencing ESG disclosure and sustainability reporting have also been extensively examined, including determinants of disclosure (Badawi & Nugroho, 2019; Hahn & Kuhnen, 2013) and ESG-related economic indicators (Kocmanová & Dočekalová, 2012).

The reliability of sustainability reports is generally understood as a technical characteristic associated with data accuracy, indicator completeness, consistency of presentation, and compliance with reporting standards. Effective ESG disclosure is regarded as a means of supporting sustainable business practices (Purnomo, Kusuma, & Amelia, 2023); however, several studies indicate that the availability of comprehensive information does not necessarily reflect a company's actual commitment to or actions regarding environmental issues (Purwanti & Lestari, 2021; Rahmah, Wardani, & Ayuning, 2024). A systematic literature review of global upstream oil and gas companies identified potential bias in sustainability reporting (Kwarto et al., 2022), while a phenomenological study of corporate social responsibility (CSR) practices in Indonesia's upstream oil and gas industry also identified potential biases affecting report reliability (Kwarto, 2022). These findings suggest that the reliability of sustainability reports cannot be understood solely as a technical attribute but must also be examined through the organizational processes and experiences of the actors involved in their preparation, including the risks of greenwashing and the ethical role of the accounting profession in mitigating such risks (Setyaningrum & Hasanah, 2025).

Legitimacy theory explains that organizations seek to gain and maintain social acceptance by aligning their activities with societal values and expectations. From this perspective, sustainability reports are viewed as instruments through which companies can build and maintain legitimacy by representing their sustainability performance in ways that are acceptable to stakeholders. Stakeholder theory explains that organizations need to manage the interests of various stakeholders, including regulators, investors, communities, and employees, to create long-term value and maintain sustainable relationships with their social environment. Meanwhile, institutional theory explains that sustainability reporting practices are influenced by coercive, normative, and mimetic pressures that encourage organizations to adapt their ESG practices to institutional expectations. These three theoretical perspectives are not used to determine whether ESG practices are right or wrong but rather as interpretive lenses for understanding the meanings embedded in the experiences conveyed by ESG actors during the sustainability reporting process, including their relationship with corporate governance in mitigating reporting fraud (Tanjaya & Kwarto, 2022) and strengthening financial management accountability (Jeriansyah & Mappanyukki, 2020).

The phenomenological approach is used to understand individuals' lived experiences of a phenomenon as they are experienced and interpreted in everyday life (Fiantika et al., 2022).

Within this approach, knowledge is not understood as singular and entirely objective but rather as constructed through individuals' subjective experiences and interactions between researchers and informants (Batubara, 2017). Interpretative Phenomenological Analysis (IPA), developed by Smith, Flowers, and Larkin, focuses on examining how individuals make sense of significant experiences in their lives and how researchers subsequently interpret these meanings through a double hermeneutic process. Moustakas's transcendental phenomenological approach to data analysis is also used to uncover the essence of lived experience through the stages of epoché, horizonalization, clustering of meanings, textural description, structural description, and synthesis of the essence of the experience, as adapted from Creswell's qualitative data analysis procedures.

METHOD

Approaches and Types of Research

This study employed a qualitative approach using Interpretative Phenomenological Analysis (IPA). This approach was selected to explore how ESG actors interpreted their experiences during the sustainability report preparation process, particularly in relation to the construction of report reliability, rather than to measure or test relationships between variables (McCusker & Gunaydin, 2015). An inductive approach was applied, allowing research themes to emerge from the informants' experiences and narratives during the interview process, consistent with the principle of double hermeneutics.

Paradigm and Philosophical Foundations of Research

This research is based on an interpretive paradigm that views social reality as something that is shaped and interpreted through individual experiences, interactions, and interpretations. Ontologically, the reality of ESG practices and SR reliability is understood as a reality that is subjective, contextual, and diverse according to the experience and position of each ESG actor. Epistemologically, knowledge is built through interaction between researchers and informants through in-depth interviews, observations, and supporting documentation, where the researcher plays the role of the main instrument in understanding the informant's experience (Batubara, 2017; Fiantika et al., 2022). Axiologically, this research upholds the principles of research ethics, such as maintaining the confidentiality of the informant's identity, obtaining consent before the interview, and being reflective of various perspectives that arise in the field without imposing the researcher's personal view on the phenomenon being studied.

Research Data Subjects, Objects, and Sources

The subjects of this study are ESG actors in oil and gas companies in Indonesia who were selected using purposive sampling techniques based on experience, knowledge, and direct involvement in ESG implementation and SR preparation. Informants are grouped into three categories as presented in Table 2, namely key informants, main informants, and supporting informants. The object of the research is the reliability of SR as interpreted and constructed by ESG actors in the sustainability reporting practices of oil and gas companies. The data sources used include primary data, namely the results of in-depth interviews and Focus Group Discussions (FGD) with ESG actors, as well as secondary data in the form of company documents, sustainability reports, ESG regulations, government agency publications, and related literature.

Table 2. Categories and Criteria of Research Informants

Categories	Position/Role	Function in Research
Key Informant	Head of Department/Operational Manager; Financial Manager; Head of Public Relations/CSR; Regulatory Representative (OJK, ENERGY AND MINERAL RESOURCES/SKK Migas)	Provide an overview of the company's ESG policies, strategies, and governance
Main Informant	Sustainability Manager; ESG Manager; Sustainability Report Preparation Team; ESG Specialist/Staff	The main source of lived experience in the process of drafting and implementing SR
Supporting Informant	ESG analysts/sustainable investors; sustainability consultants; community/local community representatives	Enriching interpretation through additional perspectives outside the organization

Source: Processed researcher (2026)

Informants in this study were selected based on criteria, including: serving as ESG Manager, Sustainability Manager, Sustainability Officer, or Reporting Officer involved in the preparation of SR; have at least three years of work experience in ESG implementation or sustainability reporting; be directly involved in data collection, report preparation, cross-unit coordination, and information validation processes; work for oil and gas companies that routinely issue SRs; and are willing to be research participants and participate in in-depth interviews.

Number of Informants and Data Saturation

The number of informants in this study is six people, determined based on the principle of data saturation, which is a condition when the data collection process no longer produces new information, themes, or meanings that are relevant to the focus of the research. In phenomenological research, the determination of the number of informants is not based on statistical representation, but on the depth of information (information richness) and the ability of the informant to reveal lived experience. The data saturation process began to be achieved in the fifth informant interview, when the themes that emerged showed a relatively consistent pattern, while the interview with the sixth informant was still conducted as a confirmatory interview to ensure the consistency of the findings. The primary data of the six informants was complemented by Focus Group Discussion (FGD) data involving ESG actors across organizations, regulators, and implementers of upstream oil and gas business activities.

Data Collection and Analysis Techniques

Data collection was carried out through semi-structured face-to-face and online interviews, Focus Group Discussions (FGDs), observations, and document studies. The researcher prepared 15 open-ended questions that were developed according to the needs of information mining, including the informant's general views on SR, reliability and realization of ESG practices, to oil and gas business process specifications and accountability mechanisms. All interviews were recorded and transcribed verbatim, equipped with field notes regarding the expression and context of the conversation. The research instruments used included the researcher as the main instrument, interview guidelines, recording tools, and NVivo software as a data management tool, not as an analysis method.

Data analysis follows the stages of Interpretative Phenomenological Analysis, namely: (1) epoche (bracketing), suspending the researcher's personal assumptions and views through reflective notes; (2) horizonalization, treating all significant statements with the same weight in the initial stage of analysis; (3) clustering of meaning, grouping significant statements into essential units of meaning and themes; (4) textural description, compiling a description of what the informant experienced; (5) structural description, explaining how the experience was formed, including the influence of regulatory pressures, investor expectations, and organizational culture; and (6) essence of experience, formulating the essence of experience that describes how ESG actors interpret and construct SR reliability. The interview transcript extraction stage resulted in 297 codifications of important statements with distribution as presented in Table 3.

Table 3. Distribution of Significant Statement Codification First Stage

Data Source	Number of Important Statements	Percentage (%)
Informant 4	81	27,3
Informant 1	52	17,5
Informant 3	46	15,5
Informant 5	38	12,8
Informant 2	30	10,1
Informant 6	28	9,4
Focus Group Discussion (FGD)	22	7,4
Total	297	100

Source: Processed by researchers via NVivo (2026)

Ethical Considerations

This study pays attention to the principles of research ethics which include voluntary participation, explanation and consent, anonymity and confidentiality of informant identity, minimization of potential psychological and social harm, and accurate and free communication of research results and free from plagiarism. The researcher obtained a research permit from Mercu Buana University and the consent of the informant before the interview was conducted, and emphasized that the results of the interview were only used for the purpose of scientific work.

RESULTS AND DISCUSSION

Based on the results of coding and grouping the meaning of 297 significant statements from six informants and FGDs, this study identifies eight main themes that describe how ESG actors interpret and construct the reliability of the Sustainability Report in oil and gas companies in Indonesia. A summary of the eight themes is presented in Table 4, before being described narratively based on the results of interviews and FGDs.

Table 4. Summary of the Eight Themes of Research Findings

Yes	Theme	The Core of Meaning
1	Interpreting SR as a Space for Organizational Accountability	SR is interpreted through three pillars: internal accountability, external accountability, and reporting ethics and ethos
2	Experiencing Regulatory Pressures in Sustainability Reporting Practices	Regulations (POJK, GRI Standards) are interpreted as directions, limitations, as well as legitimacy in the preparation of SR
3	Interpreting Reliability through ESG Data Management and Representation	Reliability is built through the collection, validation, and representation of ESG data across units
4	Interpreting Public Transparency and Accessibility as a Space for Organizational Accountability	Transparency is defined through data openness, public accessibility, and feedback mechanisms
5	Navigating Structural and Cultural Barriers in ESG	Barriers stem from limited resources, workload, and low internalization of ESG culture
6	ESG as a Strategic Demand and a Source of Organizational Legitimacy	ESG is interpreted as a source of competitive advantage and legitimacy, not just an administrative obligation
7	Confronting the Tension between Operational Reality and the Demands of ESG Reporting	There is a tension between the dynamics of field operations and the need for consistent reporting documentation
8	Constructing Reliability through Internal Validation Synergy and Independent Assessment	Reliability is formed from the relationship between internal control systems and third-party assurance

Source: Processed by researchers via NVivo (2026)

Theme 1: Interpreting Sustainability Report as a Space for Organizational Accountability

The first theme describes how informants interpret SR as a medium that not only serves to meet reporting needs, but also as a space for organizations to account for economic, social, and environmental performance to stakeholders. This theme is constructed through three pillars that complement each other. First, internal accountability, which illustrates that the preparation of SR starts from management's commitment to ESG, efforts to improve operational performance, and strengthening the integrity of company culture. Second, external accountability, which shows that SR is a means of organizational communication to stakeholders through transparency, response to global sustainability issues, and efforts to build public legitimacy. Third, the ethical dimension and reporting ethos, which emphasizes that the preparation of SR reflects the ethical values of the organization, including efforts to avoid greenwashing practices.

This finding is in line with Farhana and Adelina (2019) who stated that sustainability reporting obligations can increase corporate transparency and provide added value for companies that are able to adequately provide sustainability information to the market and society. This condition shows that SR has an important role in building organizational legitimacy, as explained in the Legitimacy Theory, which is that companies seek to gain and maintain social acceptance through the conformity between organizational activities and societal values and expectations.

Theme 2: Experiencing Regulatory Pressures in Sustainability Reporting Practices

In the experience of the informants, regulations such as POJK and GRI Standards are understood as factors that shape the SR preparation process. One of the informants explained that each sustainability report attaches a special page that lists the GRI Standard and POJK 51 indicators as the main reference for the preparation of the report. Another informant emphasized that the preparation of SR follows the same provisions as the Annual Report, based on the GRI Index according to the OJK Circular. This experience shows that regulations are interpreted as not just a formal obligation, but part of the organizational environment that provides direction, legitimacy, and structure in sustainability reporting practices.

However, strong institutional pressures can also give rise to a tendency for organizations to be more oriented towards fulfilling reporting requirements rather than building a strategic understanding of sustainability. This condition is in line with Institutional Theory, which explains that organizations adjust to external pressures in the form of regulations, industry norms, and social expectations to gain and maintain legitimacy. This finding is also in line with Rahmah, Wardani, and Ayuning (2024) who show that some companies still face challenges in making SR an instrument of organizational change, not just a document for fulfilling obligations, as well as with the results of the audit of the Financial Audit Agency in the second semester of 2024 which shows that there are still recurring problems related to regulatory compliance and the effectiveness of internal controls in the entities being audited.

Theme 3: Interpreting Reliability through ESG Data Management and Representation

The informants explained that reliability was born from their experience when collecting data from various work units, validating information, adjusting reporting indicators, and ensuring that the information presented was able to adequately represent the condition of the organization. One of the informants assessed that the sustainability report of oil and gas companies in Indonesia has been classified as quite comprehensive in terms of completeness of data and the suitability of the topic with the oil and gas business sector, and has referred to applicable international standards. Another informant explained that the greenhouse gas (GHG) emission indicator is one of the aspects that is most managed by the data to stay within the target limit, and that the success of emission reduction can even be credited in the international carbon market.

These findings show that reliability is interpreted as the result of a sustainable process of data interpretation and representation, not just conformity to one specific indicator. OJK Regulation through POJK No. 51/POJK.03/2017 requires the preparation of sustainability reports, but this regulation still provides great flexibility regarding the depth of disclosure and does not explicitly require assurance or external audits, so the absence of independent verification has the potential to increase the risk of management bias and greenwashing practices.

Theme 4: Interpreting Public Transparency and Accessibility as a Space for Organizational Accountability

Transparency is understood not only as an obligation to disclose information to the public, but as a form of organizational accountability in conveying ESG performance in an open, honest, and accountable manner. One of the informants explained that the preparation of the SR coincides with the annual report and financial statements, so that all operational achievements and stakeholder commitments can be viewed openly through the company's website which can be downloaded directly without obstacles. Another informant, who

represents a public company (Tbk), emphasized that the status of issuers encourages the implementation of governance with transparency, ethics, and good compliance in accordance with applicable governance standards. One of the informants from the regulator also explained the commitment to open data disclosure, including negative data and its handling, the implementation of a layered internal reporting mechanism, and the provision of a feedback system for report readers.

These findings confirm that substantive transparency is achieved through alignment between financial and operational data, supported by the collective commitment of stakeholders, as well as barrier-free access to reports for the public, so that SR transforms from just an annual formality document to a strategic instrument that proves the business ethics of the organization.

Theme 5: Navigating Structural and Cultural Barriers in ESG

The results showed that the challenges in compiling SRs were not only derived from the availability of data, but also from managerial factors and organizational culture. One of the informants explained that operations spread across multiple locations with highly variable conditions made accurate and consistent data collection a major challenge, and that some stakeholder engagement reporting was still estimative because daily activities were not fully recorded systematically. Another informant highlighted that SR preparation is still often seen as a side job outside of core responsibilities, with deadlines that suppress the commitment of the drafting team, resulting in workload inequality.

Through the lens of Institutional Theory, this condition indicates that SR preparation practices in the Indonesian oil and gas industry are still predominantly driven by external coercive pressures, such as formal regulations and capital market demands, rather than by established internal normative awareness. These findings underscore the need for organizational culture transformation, governance structuring, integration of sustainability reporting into individual performance indicators, and tone at the top management commitments.

Theme 6: ESG as a Strategic Demand and a Source of Organizational Legitimacy

The informants interpreted ESG not only as a set of indicators that must be met, but as part of an organizational strategy that affects business continuity and relationships with stakeholders. One of the informants in the FGD explained that the ESG guidelines aim to create market pressure so that public companies not only pay attention to financial performance, but also non-financial performance. Another informant said that ESG adoption is a way to gain competitive advantage, although it is not the only goal of the company, while another informant assessed that ESG is still a new thing in Indonesia that requires further publication and education, and is often still perceived as limited to a rating system.

This experience is in line with Stakeholder Theory, which explains that organizations need to build sustainable relationships with stakeholders through meeting their expectations and needs, as well as with Legitimacy Theory, where ESG implementation is understood as an effort to gain and maintain social acceptance. Bayu, Jaya, and Martadinata (2024) also show the link between ESG disclosure and corporate profitability, which strengthens informants' understanding that ESG has strategic value beyond just reporting obligations.

Theme 7: Confronting the Tension between Operational Reality and the Demands of ESG Reporting

The informants interpreted ESG practices as a process that presents dynamics between the company's operational conditions and the demands of presenting sustainability information. In the environmental aspect, the main challenge stems from fossil fuel-based business fundamentals that inherently produce greenhouse gas emissions, while the transition to low-emission operations is hit by the high cost of technology investments such as Carbon Capture, Utilization, and Storage (CCUS). On the social aspect, the challenges are considered relatively lighter because they focus on maintaining long-standing relationships with the community, not the formation of new relationships. One of the informants from the regulator explained that the wide distribution of operating locations and the diversity of field conditions are challenges in ensuring the consistency and accuracy of the reported data.

These tensions suggest that the reliability of SR depends not only on the existence of ESG data and indicators, but also on the organization's ability to establish a consistent relationship between sustainability practices and reported information. These findings can be explained through Institutional Theory, which explains that organizations face pressure to adapt to ever-evolving external norms, regulations, and standards, so that Sustainability Reports can serve as a mechanism to maintain social legitimacy, but can only be maintained if the information conveyed is connected to the company's real practices.

Theme 8: Building Reliability through Internal Validation Synergy and Third-Party Independent Assessment

The results of the study show that SR reliability is interpreted as a process that is built through internal control mechanisms and the involvement of independent parties. The preparation of SR involves the coordination of various internal functions, ranging from operational units, environmental and occupational safety functions, human resources, to finance and governance, with an internal validation process through data collection, completeness checks, reconciliation between units, and evaluation of data suitability with actual conditions. However, internal validation has limitations because it is within the control environment of the organization itself, so the involvement of external parties through independent assurance is considered important to increase the objectivity and credibility of reports.

Companies that have strong internal control systems tend to be better able to produce accurate and traceable sustainability information, whereas validation that is only an administrative formality risks creating a gap between the reported information and the actual state of the company. Thus, SR reliability is understood as a collaborative result between internal mechanisms and external oversight in building transparency and organizational accountability.

Findings Confirmed: Sustainability Report's Reliability Reflects ESG Practices

The results of the study confirm that the reliability of SR in oil and gas companies is built through the connection between environmental management, social responsibility, and organizational governance. In the environmental aspect, the biggest challenge is related to the management of greenhouse gas emissions from exploration, production, processing, and energy distribution activities, which prompted companies to prepare the Indonesia Oil and Gas 4.0 Strategic Plan (Renstra IOG 4.0) through the Charter 6B program, including the preparation of carbon emission baselines from all Cooperation Contract Contractors (KKKS). On the social aspect, the company's long-term relationship with the surrounding community makes the

company's focus more on maintaining relationships than forming new relationships, although the measurement of the success of social programs tends to be more qualitative and contextual than quantitative environmental indicators. In the governance aspect, the main challenge lies in the gap between formal compliance and the substantive application of organizational ethical values.

Based on the results of interviews and FGDs, the main challenges faced by oil and gas companies in Indonesia in meeting ESG practice standards and expectations include managing environmental impacts according to the indicators GRI 305 (Emissions), GRI 306 (Waste), GRI 303 (Water and Effluents), and GRI 304 (Biodiversity); managing social relations in accordance with GRI 413 (Local Communities) and occupational safety in accordance with GRI 403 (Occupational Health and Safety) which supports SDG 3 and SDG 8; as well as strengthening governance in accordance with GRI 205 (Anti-corruption), GRI 206 (Anti-competitive Behavior), and GRI 207 (Tax). The limitations of independent assurance mechanisms, most of which are still carried out by internal parties, have the potential to pose the risk of subjectivity and selective disclosure, namely the tendency to highlight positive achievements rather than proportionately disclose the challenges and negative impacts that are still faced.

Phenomenological Discussion: The Essence of the Sustainability Reporting Experience

Phenomenologically, SR reliability is not directly interpreted as technical conformity to GRI indicators or regulations, but rather as the ability of the report to be "safe", "accountable", and "not cause problems" in the future. One of the informants emphasized that the important thing is that the data can be accounted for when asked by regulators or auditors, not just about completeness. Another informant explained that ESG data from various operating units is not always uniform, so consistency with the previous year is prioritized. This experience shows that the essence of reliability that emerges is reliability as a process of maintaining legitimacy, not just the fulfillment of technical indicators.

The informants also described the existence of multi-stakeholder pressure and the performative dimension in reporting, as reflected in the statement that investors who are increasingly asking about ESG encourage companies to "look compliant", as well as efforts to adjust the narrative of the report so that it is not too contrasting with field conditions that are not as ideal as the report. Some informants also interpreted SR as a strategic communication instrument and reputation risk mitigation mechanism, where information disclosure is the result of risk calculation regarding which parts must be disclosed in detail and which are sufficiently explained in general. The essence of the experience found shows that the preparation of SR is a stressful, compromise-oriented, legitimacy-oriented, and influenced by power and regulatory dynamics, so that SR reliability is interpreted as a continuous negotiation process between the ideal of sustainability and the operational reality of oil and gas companies, not as a static objective standard.

CONCLUSION

This study shows that the reliability of sustainability reports in Indonesian oil and gas companies cannot be understood solely as a technical attribute related to indicator completeness, data accuracy, or compliance with reporting standards. Rather, it should be

understood as a socially constructed process shaped through interactions among organizational actors as they respond to regulatory requirements, stakeholder expectations, operational dynamics, and limitations in resources and information systems. The eight themes identified in this study affirm that sustainability reporting is interpreted as a mechanism of organizational accountability, a site of negotiation in response to regulatory pressures, an outcome of ESG data management and representation, a means of promoting accountability through public transparency, a strategic requirement and source of organizational legitimacy, an arena of tension between operational realities and reporting demands, and an outcome of the synergy between internal validation and independent assurance. Accordingly, report reliability is understood as the outcome of an evolving organizational process rather than a fixed condition. Based on these conclusions, this study recommends that oil and gas companies strengthen the integration of ESG considerations into core business strategies and risk management, improve the quality of governance-related disclosures, and expand the use of independent assurance to enhance the credibility of sustainability reports. Regulators should strengthen ESG reporting standards and sector-specific guidance for the oil and gas industry and enhance oversight of the consistency between reported information and actual practices. Investors and other stakeholders should not rely solely on sustainability reports as formal documents but should also assess the quality and reliability of ESG information and promote greater transparency through continuous engagement. Future research should extend the scope to other industrial sectors, integrate document analysis with broader primary data, and examine the perspectives of regulators and investors through more in-depth phenomenological inquiry. This study was limited to the experiences of ESG actors in oil and gas companies; therefore, the findings are context-specific and are not intended for broad generalization.

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