



## A Lexical Journey Through Feedback on Europe's Sustainability Reporting Standards

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### ABSTRACT

Sustainability standards in the European Union (EU) are being developed in a self-design process; therefore, there are different possibilities to influence and send feedback. Research on lobbying in European sustainability reporting normalization still needs to be improved and developed, which is one of the aims of this study, filling the gap in the scope of the EU's recent adoption of the first set of European Sustainability Reporting Standards (ESRS). This paper examines public comment letters collected by the European Commission about the first set of ESRS. We collected and analyzed all 604 feedback files, including introduction letters and attached PDFs, using lexical software. Our data also covers characteristics such as size, type of feedbacker, or nationality. Lexical analysis is then employed to identify key themes in the feedback to obtain conclusions from the lobbyists influence on the European Commissions standard-setting decisions on corporate reporting. The main conclusion obtained from the lexical analysis of the feedback provided to the public exposure of the first set of ESRS is that the changes introduced by the European Commission (EC) mainly answer it, as the main aspects pointed out in the feedback took to modifications in the draft of the first set of ESRS. Regarding the specific characteristics of the stakeholders that influence their feedback, user type, the company size, and the country can include differences in the opinion included in the feedback. These results and conclusions are helpful for all the stakeholders and all the potential interested in some way in sustainability reporting. Nowadays, knowing if it is helpful to lobby to give feedback to the regulation process is vital when sustainability reporting requirements are broader, not only legally but also through the value chain.

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### Un viaje léxico a través de los comentarios sobre las normas europeas de información de sostenibilidad

### RESUMEN

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Las normas de información corporativa de sostenibilidad en la Unión Europea se están diseñando y emitiendo por un regulador europeo sobre la materia que en el proceso incluye a los diversos grupos de interés, así como mecanismos de exposición pública. De ahí que sea necesario incidir en la investigación sobre la posibilidad de influir en estas normas europeas por parte de grupos de presión. El objeto de este trabajo es contribuir a este campo, concretamente con las recientemente adoptadas normas europeas de información de sostenibilidad (ESRS). Para ello utilizamos el análisis léxico para estudiar todos los comentarios recibidos (604 respuestas) por la Comisión Europea (EC) sobre el primer grupo de borradores de ESRS en el último período de exposición pública. Además, en el estudio clasificamos los comentarios en función de variables como el tamaño del que envía el comentario, el tipo de organización, organismo, o persona que lo envía y su país o nacionalidad. Al tratarse de una muestra compuesta por textos, el análisis léxico nos permite obtener conclusiones sobre qué cuestiones existen grupos de presión y si existen características de estos que las determinan. La principal conclusión obtenida del trabajo permite afirmar que los principales cambios hechos por la Comisión Europea en los borradores de normas responden a los comentarios recibidos. Además, el tipo de emisor de los comentarios, su tamaño y su país de procedencia también define su opinión sobre los borradores de ESRS.

Estos resultados y conclusiones son útiles para todos los grupos de interés en el ámbito de la información corporativa de sostenibilidad, y más actualmente, cuando estamos inmersos en un intenso proceso de normalización al respecto, no sólo en Europa, sino en el resto del mundo, por lo que es importante saber si la labor de los grupos de presión se ve reflejada en cambios reales en las normas.

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## 1. Introduction

Lobbying is a significant social and political factor extensively explored in political science literature (Peterson, 2003). It has been thoroughly investigated in financial reporting, as corporate reporting is significantly influenced by financial reporting standards established through a lobbying-infused process (Watts & Zimmerman, 1978). Since the 1980s, a substantial body of research has focused on financial reporting lobbying (Gipper et al., 2013). With the recent shift in the focus of reporting from financial to sustainability reporting, lobbying has resurfaced as a focal point of interest for scholars, policymakers, preparers, users, and the general public. The recent amendments to the EU's Corporate Sustainability Reporting Directive (CSRD) and the first set of European Sustainability Reporting Standards (ESRS) underscore the importance of examining lobbying in this context.

Not only stand the current discussions on sustainability reporting among the most heated debates in accounting in recent decades, but the early observations on sustainability lobbying reveal contrasting findings compared to traditional financial reporting lobbying (Delkus et al., 2022; Reuter & Messner, 2015). For instance, while firm size, due to greater resource availability, has traditionally been seen as a key factor in lobbying engagement, this assumption is not necessarily upheld in the sustainability context. Additionally, the prevalent view of preparers and users as the most active lobbying groups (Durocher et al., 2007; Giner & Arce, 2012; Kosi & Reither, 2014) is being challenged by recent evidence (Reuter & Messner, 2015). The emergence of the double materiality principle embedded in the sustainability context indicates a broader range of stakeholders, such as NGOs, business associations, professional organizations, environmental organizations, and the public, who now have significant stakes in the lobbying process. To summarize, sustainability context introduces its unique agenda and refers to its standard-setting process.

On 31 July 2023, the European Commission (EC) adopted the first set of ESRS, which will be mandatory for companies obliged by the Accounting Directive to report certain sustainability information. By requiring common standards, the Accounting Directive, as amended by the CSRD in 2022, aims to ensure that companies across the EU report comparable and reliable sustainability information. To develop this first set of ESRS, the Commission has used technical advice from the European Financial Reporting Advisory Group (EFRAG), an independent, multistakeholder advisory group. The EFRAG has developed the draft standards with the close involvement of investors, companies, auditors, civil society, trade unions, academics, professional organizations, and national standard-setters. There has also been public consultation to get feedback on the development process. In 2022, the EFRAG ran a public consultation on initial draft standards to submit them to the EC. Considering the obtained feedback, the EFRAG made essential modifications to the initial drafts to reduce the administrative burden for companies, including reducing the number of reporting requirements by nearly half.

In addition, the EC published the proposed final version of the delegated act, including the first set of ESRS, for four weeks of public feedback from 9 June to 7 July 2023. The feedback obtained from this last public exposure was used to adopt 31 July 2023, the last version of the delegated act, including the first set of ESRS. This ESRS's public consultations attracted substantial feedback (N=604) from various lobbying groups and individuals. After the analysis of this

feedback, the EC modified the draft of the first set of standards, mainly including more exceptions to materiality assessment, further phase-ins, extending voluntary data points, introducing certain flexibilities for some of the mandatory data points, ensuring better alignment with other EU legislation and interoperability between International Sustainability Standards Board and the Global Reporting Initiative and ESRS, and making editorial and presentational changes to improve the clarity, usability, and coherence of the standards. All these changes can coincide with the sense of the feedback and relate to the different features of the respondents, therefore showing a relationship with lobbying in sustainability reporting. The high engagement intensity of lobbyists highlights the topic's importance. However, research on lobbying in sustainability reporting still needs to be developed and improved, primarily focusing on the GRI framework (Delkus et al., 2022). This study aims to broaden our understanding of lobbying activities related to the EU's recent adoption of the first set of ESRS.

We collected and analyzed all 604 feedback files, including introduction letters and attached PDFs, using lexical software. Our data also covers characteristics such as size, type of feedbacker, or nationality. Lexical analysis is then employed to identify key themes in the feedback to obtain conclusions from the lobbyists' influence on the EC's standard-setting decisions. The main conclusion obtained from the lexical analysis of the feedback provided to the public exposure of the draft of the first set of ESRS is that the changes introduced by the EC mainly answer it, as the main aspects pointed out in the feedback took to modifications in the draft of the first set of ESRS. Regarding the specific characteristics of the stakeholders that influence their feedback, user type, the company size, and the country can include differences in the opinion included in the feedback.

Nowadays, the European sustainability reporting normalization framework is being developed in a self-design process; therefore, there are options to influence and provide feedback. This paper aims to study lobbying to shape the first set of ESRS, which adds value to the research on lobbying in standardization processes and concretely in Europe when the EU has recently adopted this first set of ESRS. This paper's academic and practical contributions highlight the possibility of influencing through lobbying. Therefore, it is essential to provide feedback to the regulation processes even when standards do not directly affect the respondents. Because the requirements also include the value chain and indirectly affect all the organizations. So, this study is helpful for all the stakeholders and all the potential interested in sustainability reporting.

The paper is structured as follows. Section 2 provides a theoretical basis, Section 3 discusses the data and methods used, Section 4 presents the results, and the final section concludes.

## 2. Theoretical Background

Modern democracies envisage a pluralistic model of standard-setting that welcomes active involvement from a broad range of stakeholders. This model also shapes the European Union and includes different ways of public feedback and involvement of stakeholders in its regulation guidelines. This pluralistic nature underscores the importance of defining 'lobbyism' as a critical element in the formation of political policy. Lobbyism represents advocacy efforts.

In the realm of financial accounting, it's typically seen as strategic actions by participants to sway the standard-

setting process for their benefit (Zeff, 2002; Zeff & Nobes, 2010). Accounting studies on lobbyism have evolved in a somewhat isolated context, increasingly focusing on a limited interpretation of lobbyism, especially within financial reporting standard-setting (Watts & Zimmerman, 1978). Here, the primary focus has been on the interests of information preparers and users, who are often motivated to lobby for their own advantages (Durocher et al., 2007). Prior literature examines the role of various lobbying groups, including those preparing and using financial information (Durocher & Gendron, 2011; Kwok & Sharp, 2005), as well as audit firms (Monsen, 2022), in influencing accounting standards and also the influence of features such as company size, company age, performance, sector of activity, shares distribution or managers' shares, on the lobby (Mellado & Parte, 2017). The literature frequently points out that the corporate sector is particularly active in lobbying efforts (Giner & Arce, 2012; Jorissen et al., 2012; Jupe, 2000; Tsunogaya & Hellmann, 2020).

Unlike financial reporting standard-setting, sustainability reporting landscape necessitates a more expansive perspective on lobbyism. A change in the focus of reporting from financial towards the sustainability reporting, is not just any of the many changes occurring around. It is a change that brings structural deviations. For example, from the prevalent use of agency theory, we shift towards the stakeholder theory (Baumüller & Grbenic, 2021; Ortiz Martinez & Crowther, 2007). Sustainability reporting caters to various stakeholders, each with different interests, from NGOs, professional organizations, and activists to members of the broader community. These stakeholders are often united in their goal of promoting positive societal and environmental changes, driven by a mix of altruistic and self-serving motives. Therefore, our understanding of lobbyism needs redefinition in the realm of sustainability reporting. We perceive lobbyism as an effort to shape legislation, whether that involves advocating for, supporting, or challenging it. This wider interpretation is not only prevalent in political science discussions but also resonates with Sutton's (1984) influential work, which argues that lobbying is not just about modifying proposed accounting standards but also includes efforts to promote and progress these standards.

In the context of sustainability reporting, the dynamics of lobbying changes. A key feature of the proposed sustainability standards is the principle of double materiality, addressing not just financial value creation but also the broader impacts on society and the environment. This shift towards a wider audience of sustainability information, from investors to the general public, catalyzes increased lobbying activities from entities in social and environmental fields. Delkus et al. (2022) show a diverse range of interest groups engaging in the lobbying process, particularly focusing on societal impacts, as part of integrated reporting standards based on the Global Reporting Initiative (GRI) framework. Similarly, Reutter and Messner (2015) find that sustainability service firms (Small and Medium-sized practitioners (SMPs) and others) and professional organizations play a crucial role in the feedback process for the International Integrated Reporting Council (IIRC) standards. This variety of stakeholders, likely due to their advanced knowledge and focus on sustainability issues, shows a deeper examination of the directive's details.

Size is a significant factor in lobbying activities, with larger entities generally perceived as more resourceful and less hesitant to engage in the rule-making process (Giner & Arce, 2012; Stenka & Taylor, 2010). The argument aligns with the idea that firms under regulatory and political pressures lobby

to influence accounting rules that might affect their income (Watts & Zimmerman, 1978). Traditionally, smaller entities collaborate in associations to enhance their influence and reduce lobbying costs. Such collaborations enable them to join forces with similar entities, potentially including NGOs focused on environmental protection and human rights. While larger firms are generally more active in lobbying due to their resources, when smaller entities lobby as part of larger groups or associations, this changes the dynamics. The same is true for larger entities that choose to lobby through smaller, collective groups, as reaching consensus and organizing these groups can be more cost-effective (Durocher et al., 2007).

Finally, the nationality of a lobbying entity is a factor to be considered (Battaglini & Patacchini, 2019; Baumgartner et al., 2021; Lehmbruch, 1979). While some nations traditionally tend to be more actively involved in lobbying (e.g., Germany or France in the EU), the context of sustainability reporting further suggests an active engagement of the Belgian lobbying groups due to Brussels's high concentration of political power or even France participants may notably support the CSRD, as French leadership in the EC was instrumental in introducing these sustainability standards. Regarding nationality, in the case of the EU, an essential issue is the different normalization of sustainability and financial reporting. A European standards-setter has developed European sustainability reporting standards, the EFRAG, with its new sustainability pillar, using consensus and the influence of different stakeholders (Gauzès, 2021). In contrast, European financial requirements are endorsed from original International Financial Reporting Standards. There is also discussion and feedback in the endorsement process, but the way of development is very different.

Based on these discussions, we examine reports of the feedback supplied to the EC regarding the first set of ESRS using lexical analysis and propose the following research questions:

**RQ1:** *What are the issues underlying the feedback provided to the European Commission on the first set of ESRS?*

**RQ2:** *What are the issues underlying the feedback provided to the European Commission on the first set of ESRS by type of user?*

**RQ3:** *What are the issues underlying the feedback provided to the European Commission on the first set of ESRS by company size?*

**RQ4:** *What are the issues underlying the feedback provided to the European Commission on the first set of ESRS by country?*

### 3. Methodology and Sample

#### 3.1. Sample

All the feedback files have been taken from the EC website (*European Sustainability Reporting Standards – First Set, 2023*). The draft delegated act, including the first set of twelve European Sustainability Reporting Standards (ESRS), sets out cross-cutting standards and standards for the disclosure of environmental, social, and governance information. This draft delegated act was publicly exposed on the website from 9 June 2023 to 7 July 2024, receiving 604 feedback files available also at this site. The feedback has to be in pdf format, as a pdf file, and written in English to be suitable for a linguistic analysis. It means that finally, 404 files

are a studied sample. The feedback files are also grouped regarding some variables available, such as organization, country, language, user type, company, and company size. Regarding some of the chosen variables, the number of studied feedback files can change because the EC website does not include all the data on every feedback received. From the point of view of the lexical analysis methodology, the whole sample and the different subsamples regarding the studied variables have the appropriate size, measured by the size of the corpus (number of words or tokens) compared to previous literature (Kaitay & Balakrishnan, 2019; Kocon et al., 2019; Ortiz-Martínez & Marín-Hernández, 2020). An initial description of the feedback files is included in Tables 1 and 2 regarding the different variables used for the analysis. The total feedback mainly comes from company and business associations (more than half of the total files regarding users) and small and micro companies (46% of the total files with these data available). Concerning the country of origin of the feedback, it is not only from Europe. There is feedback from some other countries, such as Japan or Argentina. However, the main feedback indeed comes from European countries: only two European countries (Germany and Belgium) concentrate more than 35% of the total files, and adding four more countries (the Netherlands, France, the United Kingdom, and Spain) send more than 68% of the whole feedback.

**Table 1. Number of feedback files included in the sample by user type and company size**

Category	Values	Nº	Total
User type	Academic Research Institution	12	20
	Business Association	112	146
	Company	97	161
	Consumer Organization	1	2
	Environmental Organization	2	6
	EU Citizen	11	80
	NGO	63	85
	Non-EU Citizen	1	5
	Other	50	64
	Public Authority	11	15
	Trade Union	10	20
	Total	370	604
Company size	Large	125	176
	Medium	81	104
	Small	96	135
	Micro	56	104
	Total available	358	519
	n.a.	-	85
	Total	-	604

**Table 2. Number of feedback files included in the sample by country**

Country	Nº of files in the sample	Total files	Country	Nº of files in the sample	Total files	Country	Nº of files in the sample	Total files	Country	Nº of files in the sample	Total files	Country	Nº of files in the sample	Total files
ARG	0	1	DEU	59	111	HRV	1	1	MLT	1	1	SLV	0	1
AUS	1	1	DNK	14	20	HUN	3	3	MYS	0	1	SVK	0	3
AUT	11	14	ESP	20	30	IND	1	2	NLD	24	76	SWE	6	13
BEL	85	101	EST	1	2	IRL	7	12	NOR	2	4	UKR	0	2
BGR	9	10	FIN	5	10	ITA	11	22	POL	12	18	USA	13	16
CAN	3	4	FRA	37	61	JPN	1	2	PRT	1	4	<b>Total</b>	370	<b>604</b>
CHE	8	9	GBR	27	33	LUX	0	1	ROU	0	1	SGP	3	3
CZE	4	7	GRC	0	3	LVA	0	1						

Country ISO 3166-1 alfa-3: ARG: Argentina; AUS: Austria; AUT: Australia; BEL: Belgium; BGR: Bulgaria; CAN: Canada; CHE: Switzerland; CZE: Czechia; DEU: Germany; DNK: Denmark; ESP: Spain; EST: Estonia; FIN: Finland; FRA: France; GBR: United Kingdom; GRC: Greece; HRV: Croatia; HUN: Hungary; IND: India; IRL: Ireland; ITA: Italy; JPN: Japan; LUX: Luxembourg; LVA: Latvia; MLT: Malta; MYS: Malaysia; NLD: Netherlands; NOR: Norway; POL: Poland; PRT: Portugal; ROU: Romania; SGP: Singapore; SLV: El Salvador; SVK: Slovakia; SWE: Sweden; UKR: Ukraine; USA: the USA.

### 3.2. Methodology

We analyze the features of the feedback reports, showing the frequencies in absolute values and percentages. This first analysis will help categorize the features of feedback given to the draft of the first set of ESRS. Then we studied the content of the feedback.

As the feedback provided is narrative, analyzing the texts deeply from a statistical point of view is desirable using lexical analysis (Leimendorfer, 1995) as an alternative to cope with the handicaps of content analysis or disclosure indexes (Ortiz & Clavel, 2017). Some previous studies have applied lexical analysis to corporate reporting, analyzing information issued by companies (Myková & Hájek, 2017) and companies' annual reports (Ortiz Martinez & Crowther, 2007), focusing on financial reporting but also sustainability reporting of financial services companies (Ortiz-Martínez & Marín-Hernández, 2020), and sustainability reports issued by European SMEs (Ortiz-Martínez & Marín-Hernández, 2024). Although different software is available, we have chosen WordSmith Tools 7 software published by Lexical Analysis Software and Oxford University Press to run the lexical analysis because it offers the utilities needed to analyze the sample properly, and it is possible to use the demo to familiarize ourselves with them simply and effectively. This statistical methodology allows us to compare disclosures, get a corpus' main characteristics, and find word patterns. All these different lexical tools, explained in the results section, allow us to analyze the content of the reports giving feedback, not only the features of the feedback givers but also what they think about the draft of the first set of ESRS and if their concerns on them depends on specific features.

First, it is necessary to convert the reports into TXT files to run a lexical analysis. We used free PDF24 Tools software to get the files correlative organized according to the feedback report. These TXT files made up the corpus.

Therefore, we have also considered the features of the feedbacker included in the database and feedback according to user type, company size, and country. These groups were helpful for the last part of our analysis, in which we checked if there were differences in the lexical features of the feedback reports depending on these variables.

## 4. Results and Discussion

### 4.1. Feedback provided to the European Commission regarding the draft of the first set of ESRS

When using lexical analysis methodology, what is studied is the size of the corpus: the number of words or tokens. In this case our corpus includes 941.990 tokens, so, 941.990 words in the whole text, but 24.205 different words, what means that there are words that are repeated in the text.

If total words give the extension of the feedback, there is a measurement of the different words that are not repeated in the text taking out the influence of the different extension of the texts, what is called standardized TTR. In the whole feedback analysed the standardized TTR is 39.83%, therefore just 60% of the words are repeated in the feedback given to the EC. The final corpus is bigger than others analyzed (Kaitly & Balakrishnan, 2019; Kocon et al., 2019; Ortiz Martinez & Growther, 2007; Ortiz-Martínez & Marín-Hernández, 2020). Therefore, the first step in the analysis is focused on explaining the lexical features of the feedback given to the EC regarding the draft of the first set of ESRS. These first results show whether the feedback is mainly focused on the whole set of standards, on the cross-cutting standards (ESRS 1 and ESRS 2), topical standards, or even specifically on environmental (ESRS E1, ESRS E2, ESRS E3, ESRS E4, ESRS E5), social (ESRS S1, ESRS S2, ESRS S3, ESRS S4) or governance (ESRS G1) issues required by the 10 topical standards having some specific characteristics as SMEs to disclose sustainability reports is necessary. Hence, the answer to our first research question (RQ1): Which are the issues on which the feedback given to the EC regarding the first set of ESRS are based?

Firstly, we use the Wordlist application of lexical analysis to study the main features of all the reports analyzed reports providing feedback. As the feedback is provided using mainly narrative reports, the use of lexical tools is a proper way to tackle this challenge and obtain an answer to our previous research questions. Table 3 includes the words most frequently used in all the sustainability reports in absolute values and percentages (the first and second positions are included as examples and are also valid to check that the lexical tool ran properly). This is checked in this case as these two positions, frequencies, and percentages are very similar to those obtained in previous studies such as Ortiz-Martínez and Marín-Hernández (2024). We have to wait until position 14 to find a word meaning for our results: “reporting” (it appears 6,130 times with a percentage of 0.65). This word can be used not only in a non-financial context but also in a financial one and refers to corporate reporting. The word “report” is also related to “reporting” and appears within the 100 first positions (position 94 with a percentage of 0.65). This word can be used not only in a non-financial context but also in a financial one and refers to corporate reporting. The word “report” is also related to “reporting” and appears within the 100 first positions (position 94).

These results are matched with the modifications made by the EC to the draft standards submitted by the EFRAG after this public consultation, as explained in the “Consultations prior to the adoption of the act” part of the Commission Delegated Regulation of 31.7.2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (the primary changes done by the EC are included in Table 4).

Therefore, adding a further lexical analysis that establishes concordance between the most frequently used words is ne-

Table 3. Word analysis of the feedback provided

Position	Word	Frequency	%
1	The	52,179	5.54
2	And	27,712	2.94
14	Reporting	6,130	0.65
21	Standards	4,867	0.52
23	Information	4,464	0.47
27	Companies	4,087	0.43
28	Requirements	3,956	0.42
29	Sustainability	3,630	0.39
31	Disclosure	3,325	0.35
35	Materiality	2,741	0.29
38	Financial	2,601	0.28
40	Undertaking	2,447	0.26
42	European	2,330	0.25
43	Data	2,329	0.25
48	Value	2,229	0.24
53	Specific	2,067	0.22
55	EU	2,013	0.21
56	Comments	1,986	0.21
57	Material	1,968	0.21
58	Climate	1,930	0.20
60	Related	1,904	0.20
63	Chain	1,859	0.20
64	Standard	1,858	0.20
65	Paragraph	1,850	0.20
67	Commission	1,825	0.19
68	Disclosures	1,713	0.18
71	Social	1,682	0.18
72	General	1,643	0.17
76	Requirement	1,591	0.17
77	Assessment	1,546	0.16
80	Annex	1,486	0.16
81	Delegated	1,471	0.16
85	Emissions	1,452	0.15
89	Act	1,365	0.14
90	Scope	1,363	0.14
92	Company	1,355	0.14
94	Report	1,298	0.14
96	EFRAG	1,270	0.13
97	Impacts	1,263	0.13
98	CSRD	1,255	0.13

cessary. All the following words are less frequent than the previous ones, but it should be noted that non-repeated words in all the feedback are just 40% of all the words (the standardized TTR is 39.83%). “Materiality” and “Material” are other more frequently used words regarding a burning topic of this first set of ESRS that requires double materiality. The feedback points out these complex requirements, and the EC answered the input, expanding the exceptions to materiality assessment and requiring the EFRAG to publish implementation guidance on materiality and another on the value chain (Table 4). The word “chain” also appears to be one of the most frequently used in the feedback, although the EC does not mention it in the last modifications made to the standards.

The first word that appears more frequently in the feedback regarding the topical issues is “climate” (position 58 in Table 3). This result shows the importance of environmental issues over other social and governmental ones and the first intention of the standards to make climate change issues not material (Table 4). Sustainability was even mainly known as an environmental subject. The next word regarding topical

**Table 4. Primary changes to the draft ESRS done by EC after the public consultation**

Main issue	New requirements (after feedback)
Materiality	<ul style="list-style-type: none"> <li>- Only one exception to materiality assessment: disclosure requirements specified in the General disclosures not subject to materiality assessment by the undertaking. There were three exceptions in the EFRAG proposal: climate standard; datapoints derived from Sustainable Finance Disclosure Regulation, the Benchmarks Regulation and the pillar 3 disclosure requirements of the Capital Requirements Regulation; and, in the case of undertakings with more than 250 employees, certain datapoints regarding the undertaking's own workforce.</li> <li>- By applying the principle of materiality more widely and requiring undertakings to focus on those impacts, risks and opportunities that have been assessed as material, is expected to lead to a significant burden reduction for undertakings and help to ensure that the standards are proportionate.</li> <li>- Disclosure requirements subject to materiality are not voluntary. The material information must be disclosed.</li> <li>- The undertaking's materiality assessment process is subject to external assurance in accordance with the provisions of the CSRD. The standards require undertakings to perform a robust materiality assessment to ensure that all information necessary to meet the objectives and requirements of CSRD will be disclosed.</li> <li>- The Commission has asked EFRAG to prepare additional guidance for undertakings on, amongst other things, materiality assessment.</li> <li>- The standards also specify that:</li> </ul> <p>If climate change is not material, the undertaking must disclose a detailed explanation of the conclusions of its materiality assessment regarding climate change. This provision is included in recognition of the widespread and systemic effects of climate change on the economy as a whole.</p> <p>If a datapoint deriving from Sustainable Finance Disclosure Regulation, the Benchmarks Regulation of the pillar 3 disclosure requirements under the Capital Requirements Regulation is not material, it shall explicitly state the the datapoint in question is not material. In addition, undertakings shall disclose a table with all such datapoints, indicating where they are to be found in its sustainability statement or stating not material as appropriate. These provisions aim to facilitate the compliance of financial market participants, benchmarks administrators and financial institutions with their own disclosure obligations respectively under the Sustainable Finance Disclosure Regulation, the Benchmarks Regulation and the Capital Requirements Regulation.</p>
Phasing-in certain requirements	<ul style="list-style-type: none"> <li>- Further phase-ins that will help all companies, and in particular smaller companies that are subject to sustainability reporting requirements for the first time, to apply the standards effectively.</li> <li>- The additional phase-ins introduce by the Commission are:</li> </ul> <p>Undertakings with less than 750 employees may omit: scope 3 GHG emissions data and the disclosure requirements specified in the standard on own workforce in the first year that they apply the standards; and the disclosure requirements specified in the standards on biodiversity and on value-chain workers, affected communities, and consumers and end-users in the first two years that they apply the standards.</p> <p>All undertakings may omit the following information in the first year that they apply the standards: anticipated financial effects related to non-climate environmental issues (pollution, water, biodiversity, and resource use); and certain datapoints related to their own workforce (social protection, persons with disabilities, work-related ill-health, and work-life balance).</p>
Making certain disclosures voluntary	<ul style="list-style-type: none"> <li>- The EC extended the voluntary datapoints. They include, por example: biodiversity transition plans; certain indicators about non-employees in the undertaking's own workforce; and an explanation of why the undertaking may consider a particular sustainability topic not to be material.</li> </ul>
Further flexibilities in certain disclosures	<ul style="list-style-type: none"> <li>- The EC also introduced certain flexibilities for some of the mandatory datapoints. For example, there are additional flexibilities in the disclosure requirements on the financial effects arising from sustainability risks and on engagement with stakeholders, and in the methodology to use for the materiality assessment process.</li> <li>- The EC also modified datapoints regarding corruption and bribery and regarding the protection of whistle-blowers that might be considered to have infringed on the right not to self-incriminate.</li> </ul>
Coherence with EU legal framework	<ul style="list-style-type: none"> <li>- Technical modifications to ensure better alignment with other provisions in the Accounting Directive and with other relevant pieces of legislation, for example, regarding the Pay Transparency Directive and the European Pollutant Release and Transfer Register.</li> </ul>
Interoperability with global standard-setting	<ul style="list-style-type: none"> <li>- Further modifications made by the EC to continue to engage closely with International Sustainability Standards Board and the Global Reporting Initiative to ensure a high degree of interoperability with ESRS.</li> </ul>
Editorial and presentational modifications	<ul style="list-style-type: none"> <li>- The EC made editorial and presentational changes to improve the clarity, usability, and coherence of the standards. This includes, for example, the introduction of a drafting convention to clearly identify all terms for which ESRS has a precise definition.</li> </ul>

Source: ([Delegated Regulation - EU - 2023/2772 - EN - EUR-Lex, 2023](#)).

standards is “social” in position 7. Therefore, the feedback provides issues firstly on the environment and then on social issues.

The following tool to use in lexical analysis is included in [Table 5](#), which includes the results from the concordance tool, which shows the total number of times one word is found together with the chosen word. When one word is studied isolated, it is not possible to know in which context it is used. This is why it is helpful to get the concordance to check the relationships between the words and the context in which they are being used. In our case, the chosen words are the most frequent in [Table 3](#), although sometimes two words come from the same root, and the concordance tool allows us to search both. It means that if there are two most frequently used, “reporting” and “report”, you can include in the concordance analysis the word “report\*”, and the tool will search for all the different words with this root. [Table 5](#) includes the concordance results with the first eight words more used together with the most frequently used words (as positioned from 1 to 8 of the most frequently used words), and in the column appears the total number of times the two words were found together. When the results of the concord-

ance analysis are the same for some words, we only show one result in the table, avoiding duplicity.

The results of the concordance analysis ([Table 5](#)) show that the feedback is focused on general requirements included in the cross-cutting standards. Concretely, ESRS 2 generates more comments. The next set of ESRS, sectorial ones, should also study this feedback as specific sector requirements are mentioned. It also showed the relationship between sustainability information and financial one, as they are both sides of the coin within corporate reporting. However, the framework of this first set of ESRS also generates comments as the CSRD appears in the feedback. There is still a particular discussion on its scope, and also is mentioned the delegated act as the way to introduce the ESRS within the previously established framework of the CSRD. The key aspects of the feedback are the materiality assessment and value chain, as the words show. The material aspects concentrate a great deal of feedback regarding impacts, risks, and opportunities and as a crucial issue by undertakings under the scope of the ESRS that should be linked to their policies. The double materiality required in the ESRS implies the frequent appearance of the words financial and impact together with materiality,

**Table 5. Concordance of the most frequently used words in the feedback provided**

Report*	Total	Standard*	Total	Information	Total	Compan*	Total	Require*	Total	Sustainability	Total	Materia*	Total
Reporting	6.46	Standards	4.99	Information	4.67	Companies	4.18	Requirements	4.09	Sustainability	3.67	Materiality	2.95
Sustainability	1.51	Standard	1.87	Sustainability	0.43	Company	1.38	Requirement	1.61	Reporting	1.51	Material	2.05
Report	1.33	Reporting	993	Material	0.31	Reporting	0.38	Required	1.22	Standards	0.92	Assessment	1.16
Standards	0.99	Sustainability	921	Required	0.29	Report	0.23	Disclosure	1.21	European	0.60	Financial	0.41
ESRS	0.73	ESRS	917	ESRS	0.28	Information	0.21	Reporting	0.63	ESRS	0.52	Impacts	0.31
European	0.64	European	904	Disclose	0.26	ESRS	0.18	ESRS	0.54	Information	0.43	Information	0.31
Requirements	0.63	Draft	513	Undertaking	0.24	Sustainability	0.17	General	0.50	Draft	0.29	Materials	0.30
Reported	0.47	Annex	396	Financial	0.22	Data	0.14	Cross	0.39	Delegated	0.28	ESRS	0.29
Financial	Total	Data	Total	Value	Total	Climate	Total	Related	Total	Chain	Total	Social	Total
Financial	2.84	Data	2.44	Value	2.28	Climate	2.02	Related	1.98	Chain	1.89	Social	2.40
Reporting	0.46	Points	0.34	Chain	1.65	Environment	0.56	Climate	0.38	Value	1.65	ESRS	1.19
Materiality	0.41	Requirements	0.16	ESRS	0.47	Change	0.52	Work	0.35	Workers	0.43	Workers	0.40
Institutions	0.29	Companies	0.14	Workers	0.42	ESRS	0.50	Information	0.21	Affected	0.25	Workforce	0.39
Effects	0.26	Disclosure	0.13	Affected	0.23	Disclosures	0.27	Sustainability	0.19	ESRS	0.25	Communities	0.37
Statements	0.23	Reporting	0.12	Information	0.19	Pollution	0.20	Risks	0.19	Communities	0.23	Affected	0.37
Information	0.22	Collection	0.12	Social	0.18	General	0.19	Financial	0.17	Supply	0.21	Consumers	0.19
Sustainability	0.20	Available	0.11	Reporting	0.14	Disclosure	0.13	Disclosure	0.16	Social	0.18	Value	0.18
General	Total	Assess*	Total	Deleg*	Total	Emiss*	Total	Scope	Total	Impact*	Total		
General	2.04	Assessment	1.56	Delegated	1.86	Emissions	1.53	Scope	1.49	Impacts	1.30		
Cross	0.57	Materiality	1.16	Draft	1.24	Scope	0.43	Emissions	0.43	Material	0.31		
Cutting	0.56	Subject	0.15	ESRS	0.53	Reduction	0.17	Reporting	0.13	Risks	0.30		
Requirements	0.50	ESRS	0.11	European	0.30	Targets	0.13	Companies	0.95	Opportunities	0.22		
ESRS	0.42	Process	0.11	Text	0.28	Reporting	0.92	ESRS	0.92	Related	0.13		
ESRS 2	0.37	Undertaking	0.75	Sustainability	0.27	Greenhouse	0.82	CSRD	0.69	Negative	0.12		
Comments	0.35	Outcome	0.73	Main	0.27	Data	0.64	Category	0.67	Potential	0.90		
Disclosures	0.28	Impact	0.70	Comments	0.26	Carbon	0.55	Materiality	0.59	Financial	0.90		

Total: The total number of times in thousands that the word was found along with the searched word.

regarding both angles of materiality: financial materiality and impact materiality. The dynamic dimension of double materiality is also included in the feedback as it considers the potential effects of whatever materiality. The other issue mainly pointed out in the feedback is the value chain requirements. They are mainly mentioned together with social information to keep in mind in the topical standards, specifically on affected workers and communities. The social issues more frequently mentioned in the feedback are also included in the consumers. Regarding topical standards, the main issues pointed out in the feedback are the ones referred to climate, and concretely, environment and pollution. Emissions, whose reduction, and greenhouse gas emissions appear mainly in the feedback, showing concern about the scope of these measurements and the availability of the data. In general, companies and undertakings are worried about data availability. Data availability, mainly regarding environmental issues, is another critical modification made by the EC after the received feedback, introducing further phase-ins (Table 4).

#### 4.2. Issues underlying the feedback provided to the European Commission on the draft of the first set of ESRS by type of user

The first step to answer research question number two (RQ2) is to run a lexical analysis and obtain the main statistics of the feedback reports by user type (Table 6). The mean of the total words gives the length of the reports. However, as there are repeated words, the types are distinct words, and the standardized TTR measures the different words not repeated but without the influence of the different extensions of the reports. Business associations and Companies are the most extensive when giving feedback, and they are not giving

repeated messages. The Non-EU citizen provides the briefest feedback with the most different messages.

**Table 6. Statistics of feedback reports by user type**

User type	Mean of words	Types (distinct words)	Standardized TTR
Academic Research Institution	29,084	3,705	39.00
Business Association	314,962	8,467	40.13
Company	231,313	10,213	41.24
Consumer Organization	2,947	886	41.50
Environmental Organization	5,911	1,282	36.42
EU Citizen	30,528	3,319	38.77
NGO	154,712	7,350	38.45
Non-EU Citizen	1,649	823	56.70
Other	133,912	6,189	36.37
Public Authority	31,772	3,315	38.11
Trade Union	17,148	871	35.19
Total	86,721.63	17,279	39.37

To go further into these differences in feedback reports by user type we have taken out the sample the only feedback available provided by a Non-EU Citizen. Table 7 shows the most frequently used words by user type (with a frequency higher or equal to 0.20%). Most of these words are the same regardless of the user type. The most used word is ESRS. There are other frequently used words, such as those that have to do with reporting, information, and disclosure, and those others that mention the compulsory nature of this information, such as requirements and mandatory. Another frequently used word is materiality, a critical subject of discussion to succeed in the materiality assessment and a significant modification made by the EC using this feedback (Table 4). The unique relationship between financial and sustainabil-

**Table 7. Word analysis of the feedback reports by user type**

Academic Research Institution			Business Association		
Position Word	Frequency	%	Position Word	Frequency	%
7 ESRS	354	1.22	6 ESRS	4,698	1.49
15 Standards	214	0.74	14 Reporting	2,431	0.77
17 Emissions	183	0.63	21 Information	1,908	0.61
19 Information	163	0.56	24 Companies	1,737	0.55
22 Reporting	158	0.54	26 Requirements	1,476	0.47
26 Carbon	127	0.44	28 Standards	1,341	0.43
27 Sustainability	124	0.43	29 Sustainability	1,148	0.36
28 GHG	124	0.43	30 Disclosure	1,137	0.36
31 Materiality	107	0.37	31 Financial	1,113	0.35
37 Accounting	98	0.34	33 Value	1,059	0.34
38 Financial	97	0.33	38 Data	989	0.31
40 Requirements	95	0.33	39 Materiality	988	0.31
Company			Consumer Organization		
Position Word	Frequency	%	Position Word	Frequency	%
7 ESRS	2,754	1.19	8 ESRS	36	1.22
17 Reporting	1,439	0.62	12 Sustainability	28	0.95
22 Companies	1,110	0.48	15 Reporting	24	0.81
23 Climate	1,099	0.48	21 Draft	20	0.68
25 Information	1,065	0.46	22 Disclosures	20	0.68
26 Sustainability	968	0.42	23 Companies	20	0.68
27 Standards	903	0.39	24 Mandatory	19	0.64
31 Requirements	833	0.36	27 Reports	16	0.54
34 Disclosure	744	0.32	30 EFRAG	14	0.48
36 Materiality	718	0.31	35 Information	13	0.44
37 Financial	716	0.31	40 Consumers	12	0.41
Environmental Organization			EU Citizen		
Position Word	Frequency	%	Position Word	Frequency	%
14 Europe	59	1.00	11 Sustainability	277	0.91
17 Materiality	50	0.85	18 Reporting	197	0.65
18 Draft	42	0.71	21 Business	178	0.58
25 Waste	30	0.51	23 Companies	155	0.51
26 Assessment	30	0.51	26 Value	140	0.46
28 Undertaking	27	0.46	27 Requirements	136	0.45
33 Requirements	25	0.42	31 Impact	103	0.34
37 Radioactive	23	0.39	38 Materiality	98	0.32
38 Definition	22	0.37	41 Draft	91	0.30
43 Disclosures	20	0.34	42 Social	90	0.29
45 Threshold	18	0.30	43 Information	89	0.29
NGO			Other		
Position Word	Frequency	%	Position Word	Frequency	%
8 ESRS	1,823	1.18	6 ESRS	2,137	1.60
19 Reporting	871	0.56	18 Reporting	839	0.63
20 Information	812	0.52	24 Requirements	650	0.49
23 Companies	770	0.50	27 Information	589	0.44
24 Disclosure	704	0.46	28 Disclosure	548	0.41
25 Sustainability	682	0.44	29 Sustainability	528	0.39
28 Requirements	627	0.41	31 European	498	0.37
31 European	540	0.35	34 Companies	475	0.35
34 ISO	494	0.32	38 Draft	437	0.33
41 Climate	455	0.29	42 Materiality	408	0.30
42 Draft	451	0.29	47 Financial	382	0.29
43 Materiality	450	0.29	60 Value	305	0.23
Public Authority			Trade Union		
Position Word	Frequency	%	Position Word	Frequency	%
7 ESRS	390	1.23	7 ESRS	272	1.59
19 Undertaking	199	0.63	14 Reporting	223	1.30
23 Reporting	158	0.50	16 Workers	171	1.00
25 Sustainability	137	0.43	17 Employee	163	0.95
26 Requirements	133	0.42	18 Requirements	156	0.91
27 Data	130	0.41	24 Social	139	0.81
29 Information	129	0.41	25 EFRAG	139	0.81
34 Materiality	120	0.38	30 Voluntary	118	0.69
35 Disclosure	119	0.37	32 Downgraded	108	0.63
37 Water	116	0.37	33 Mandatory	106	0.62
44 Assessment	92	0.29	39 Collective	88	0.51

Source: Own Elaboration.

ity information is shown in the frequent use of the word financial. There is a word that only appears frequently in the reports by non-governmental organizations, and that is ISO. Most environmental words occur frequently not in the reports by environmental organizations but by academic research institutions. Finally, regarding results shown in [Table 7](#), point out that workers, employees, and social, words that are related to trade unions are most frequently used in their reports.

The next step in the lexical analysis is to check the concordance of the most frequent words used in all the pdf feedback files by user type. These most frequent words have been obtained from compiling all the 370 feedback files by user type but in only one unique file regardless of the category of user type (in text format to be analyzed). In [Table 8](#) are included the five first words according to their concordance with every one of the nine most frequently used words.

**Table 8. Concordance of the most frequently used words in the feedback reports by user type**

Report*	Total <sup>a</sup>	Standard*	Total <sup>a</sup>	Informat*	Total <sup>a</sup>
2 Sustainability	1,580	3 Reporting	1,046	3 Sustainability	433
4 Standards	1,046	4 Sustainability	965	5 Material	308
5 ESRS	766	5 ESRS	962	6 Required	287
7 Requirements	641	17 International	321	7 ESRS	278
10 Financial	484	19 Disclosure	270	8 Disclose	262
Compan*	Total <sup>a</sup>	Require*	Total <sup>a</sup>	Sustainab*	Total <sup>a</sup>
5 Reporting	373	3 Disclosure	1280	2 Reporting	1,510
12 ESRS	182	5 Reporting	641	5 ESRS	518
13 Sustainability	175	6 ESRS	583	9 Delegated	276
17 Data	144	7 General	515	10 Corporate	253
21 Burden	133	12 Cross	408	12 Financial	198
Disclos*	Total <sup>a</sup>	Material*	Total <sup>a</sup>	Financia*	Total <sup>a</sup>
4 Requirements	1,211	3 Assessment	1,165	2 Reporting	463
5 ESRS	682	4 Financial	415	3 Materiality	415
10 Environment	362	5 Impacts	310	4 Institutions	293
14 General	282	6 Information	308	5 Effects	262
15 Climate	268	8 ESRS	286	7 Statements	227

<sup>a</sup> Total: the total number of times the word was found in the neighborhood of the search word.

\* The search uses only the word's stem to include all its derivatives in the analysis.

From the concordance analysis ([Table 8](#)), we check that the sense of the feedback by user type is focused on the requirements introduced by the ESRS mainly because they are required data that can burden companies (the word "company" appears in the reports related primarily for the words "reporting", "data" or "burden"). The simplification of data reporting is an essential modification made by the EC bearing in mind the content of this feedback ([Table 4](#)). The main concerns, from the topical angle, are based on environmental disclosure, specifically general ones, and climate-related requirements (the word "disclose or disclosure" is included in the reports with the words "environment" and "climate"). The difficulties in disclosing this information as an exception to materiality assessment were a vital point solved by the EC after analyzing this feedback, including climate issues in the exception to materiality assessment ([Table 4](#)). Also, from the general requirements, the materiality assessment worries the feedbackers regarding impacts and its financial perspective (the word material and all its derivatives appear mainly with the words "assessment", "financial", "impacts", and the word "information" appears together with "material").

#### 4.3. Issues underlying the feedback provided to the European Commission on the draft of the first set of ESRS by company size

The third research question (RQ3) is based on analyzing the feedback provided but depends on the company size. Bearing in mind company size, we follow the same steps as in the case of user type analyzing the feedback reports.

Firstly, micro-companies provide the shortest feedback but with the most different words (Table 9) shows that the mean of words is the smallest: 26.07, but the standardized TTR is the biggest: 41.20.

**Table 9. Statistics of feedback reports by company size**

Company size	Mean of words	Types (distinct words)	Standardized TTR
Large	27.80	10,186	39.68
Medium	32.57	7,852	37.04
Small	29.39	8,340	39.97
Micro	26.07	8,903	41.20
Total	28.82	16,871	39.42

At the same time, the most frequently used words by company size are almost coincident regardless of their use frequency (Table 10). However, the word "ISO" only appears in the feedback from medium-sized companies. Small-sized and micro-companies share in their reports their worry about the value chain effects, as non-listed small-sized and all the micro-companies are not included in the scope of the CSRD and, therefore, of the ESRS. Still, if they are in the value chain of a scoped company, they will have to provide sustainability information. Also, in the case of micro-companies, the words "climate" and "emissions" show the concern of these companies on these issues.

**Table 10. Word analysis of the feedback reports by company size**

Large			Medium		
Position Word	Frequency	%	Position Word	Frequency	%
14 Reporting	2,204	0.71	6 ESRS	2,907	1.36
20 Information	1,863	0.60	14 Standards	1,647	0.77
25 Standards	1,589	0.52	19 Reporting	1,256	0.59
26 Requirements	1,359	0.44	21 Companies	1,129	0.53
28 Sustainability	1,249	0.40	23 Requirements	1,047	0.49
29 Companies	1,206	0.39	24 Disclosure	1,009	0.47
30 Disclosure	1,098	0.36	25 ISO	991	0.46
32 Financial	1,002	0.32	26 Information	939	0.44
34 Materiality	996	0.32	32 Sustainability	776	0.36
36 Data	923	0.30	39 Undertaking	693	0.33
48 Specific	748	0.24	40 Climate	691	0.32
50 Value	728	0.24	44 Materiality	608	0.29
Small			Micro		
Position Word	Frequency	%	Position Word	Frequency	%
6 ESRS	3,447	1.48	8 ESRS	1,799	1.08
14 Reporting	1,677	0.72	17 Reporting	1,020	0.61
22 Information	1,319	0.57	23 Climate	791	0.47
25 Companies	1,122	0.48	27 Sustainability	689	0.41
27 Requirements	1,022	0.44	30 Information	625	0.37
28 Standards	959	0.41	35 Available	532	0.32
29 Sustainability	939	0.40	36 SMEs	528	0.32
30 Disclosure	933	0.40	46 Materiality	438	0.26
31 Materiality	826	0.35	45 Emissions	438	0.26
37 Financial	727	0.31	46 Financial	411	0.25
44 Value	658	0.28	50 Value	380	0.23
50 Chain	565	0.24	55 Chain	351	0.21

Source: Own Elaboration.

To check the concordance of the most frequent words used in all the pdf feedback files by company size, we have obtained the most frequent words from compiling all 358 feedback files by company size (in text format to be analyzed). Table 11 includes the five first words according to their concordance with every one of the nine most frequently used words. Regarding company size, the nine most used words are the same as obtained by user type (the words in Table 8 and Table 11 are coincident). The results of the concordance analysis by user type (Table 8) and company size (Table 11) show that the main issues reported in the feedback given to the first set of ESRS are the same. The words used together are the same in both tables, only changing some positions. Companies may understand the new reporting that implies data requirements as a burden. Also, from the topical perspective, the environmental one is the most mentioned, specifically regarding climate. And the materiality assessment, based on the double materiality concept, is a recurrent issue in the reports.

**Table 11. Concordance of the most frequently used words in the feedback reports by company size**

Report*	Total <sup>a</sup>	Standard*	Total <sup>a</sup>	Informat*	Total <sup>a</sup>
2 Sustainability	1,522	3 Reporting	1,023	3 Sustainability	445
4 Standards	1,023	4 Sustainability	947	5 Material	314
5 ESRS	747	6 ESRS	942	6 Required	286
7 Requirements	610	17 International	314	7 ESRS	286
10 Financial	468	19 Disclosure	267	8 Disclose	259
Compan*	Total <sup>a</sup>	Require*	Total <sup>a</sup>	Sustainab*	Total <sup>a</sup>
5 Reporting	379	3 Disclosure	1248	2 Reporting	1,522
12 ESRS	190	5 Reporting	610	6 ESRS	516
15 Sustainability	166	6 ESRS	560	10 Delegated	282
18 Data	150	7 General	498	11 Corporate	270
20 Burden	145	12 Cross	393	13 Financial	220
Disclos*	Total <sup>a</sup>	Material*	Total <sup>a</sup>	Financia*	Total <sup>a</sup>
4 Requirements	1,248	3 Assessment	1,238	2 Reporting	468
5 ESRS	693	4 Financial	436	3 Materiality	436
10 Environment	361	6 Information	314	4 Institutions	321
14 General	275	7 ESRS	314	5 Effects	271
15 Climate	269	8 Impacts	303	8 Statements	221

<sup>a</sup> Total: the total number of times the word was found in the neighborhood of the search word.

\* The search uses only the word's stem to include all its derivatives in the analysis.

#### 4.4. Issues underlying the feedback provided to the European Commission on the draft of the first set of ESRS by country

To run a lexical analysis depending on the country of feedback origin and bearing in mind that the EC launched the public procedure, the different countries have been grouped regarding the only criterium belonging to the European Union. Therefore, the breakdown included in Table 2 has been regrouped into two new groups: EU countries (Austria, Belgium, Bulgaria, Czechia, Germany, Denmark, Spain, Estonia, Finland, France, Greece, Croatia, Hungary, Ireland, Italy, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Slovakia and Sweden) and Non-EU countries (Argentina, Australia, Canada, Switzerland, United Kingdom, India, Japan, Malaysia, Norway, Singapore, El Salvador, Ukraine and USA). This analysis will allow us to answer research question four (RQ4) on the issues underlying the feedback provided to the EC by the EU or non-EU country of origin of the feedbackers.

Non-EU feedback provides the briefest reports but comes to the point as they show the minor mean of words and, simultaneously, the biggest standardized TTR, which shows the

different words, excluding the effect of the text extension ([Table 12](#)).

**Table 12. Statistics of feedback reports by country**

Country	Mean of words	Types (distinct words)	Standardized TTR
EU country	54.29	15,223	39.33
Non-EU country	30.33	7,203	39.49
Total	50.23	16,568	39.36

Distinguishing between the most frequently used words regarding the EU member condition of the feedbackers ([Table 13](#)), the main points are almost coincident. There is only one remarkable difference based on the frequent appearance of the words “value” and “data” in the reports by EU members. The reports by Non-EU members do not include these two words too frequently. Instead of these words, they have “Commission” and “draft”.

**Table 13. Word analysis of the feedback reports by country**

EU country			Non-EU country				
Position	Word	Frequency	%	Position	Word	Frequency	%
6	ESRS	9,326	1.35	6	ESRS	2,145	1.43
17	Reporting	4,491	0.65	17	Reporting	974	0.65
22	Information	3,558	0.51	23	Sustainability	784	0.52
26	Companies	3,132	0.45	24	Companies	780	0.52
28	Requirements	2,960	0.43	25	Information	713	0.47
29	Sustainability	2,732	0.39	26	Disclosure	674	0.45
30	Disclosure	2,434	0.35	28	Financial	661	0.44
36	Materiality	1,979	0.29	31	Requirements	616	0.44
42	Climate	1,861	0.27	32	Materiality	557	0.37
44	Financial	1,811	0.26	33	Climate	556	0.37
45	Value	1,804	0.26	40	Commission	481	0.32
46	Data	1,780	0.26	47	Draft	392	0.26

Finally, to run the concordance analysis, it has been necessary to obtain the most frequent words used in all the pdf feedback files by country (compiling all these 370 feedback files in text format). The files available regarding user type and country are the same (370 reports) ([Table 1](#) and [Table 2](#)); therefore, the results of the concordance analysis are coincident with the results shown in [Table 8](#). It means that the words that appear together in the feedback provided to the EC are always regarding the consequences for companies of these new reporting requirements that imply extra disclosure and the concerns about the concept of double materiality required by the ESRS that has to be materialized in a materiality assessment.

## 5. Conclusions

The main conclusion obtained from the lexical analysis of the feedback provided to the public exposure of the draft of the first set of ESRS is that the comments received have indeed contributed to helping introduce relevant changes by the EC. As the EC explains in the part of consultations before adopting the act, including the new ESRS, materiality is a commented topic because it includes two dimensions, financial and impact, and it implies a crucial assessment. Therefore, considering these comments, EC has included more exceptions to materiality. The feedback points out these complex requirements, and the EC answered the input, expanding the exceptions to materiality assessment and requiring the EFRAG to publish implementation guidance on materiality and another on the value chain, as the word “chain” also

appears to be one of the most frequently used in the feedback. Regarding topical standards, the main issues in the feedback are climate and, concretely, environment and pollution (the word “disclose or disclosure” is included in the reports with the words “environment” and “climate”). This result shows the importance of environmental issues over other social and governmental ones. The difficulties in disclosing climate issues have been solved, including an exception to materiality assessment by the EC after analyzing this feedback, including climate issues in the exception to materiality assessment. Sustainability was even mainly known as an environmental subject. The next word regarding topical standards is “social”; therefore, the feedback provides issues firstly on the environment and then on social issues. Emissions, whose reduction and greenhouse gas emissions appear mainly in the feedback, show concern about the scope of these measurements and the availability of the data. Companies and undertakings are generally worried about data availability, so the feedback also highlights the burden of disclosing this information and data availability. The answer of the EC has been to phase in specific requirements, extend the voluntary data points, and introduce certain flexibilities for some of the mandatory data points. Data availability, mainly regarding environmental issues, is another critical modification made by the EC after receiving feedback and introducing further phase-ins. Therefore, it is worth lobbying to influence reporting standards ([Delkus et al., 2022](#)).

Regarding the specific characteristics of the stakeholders that influence their feedback (RQ2, RQ3, and RQ4), we check that the user type, the company size, and the country can affect the opinion included in the feedback.

According to user type, they can show a diverse range of opinions depending on their role ([Delkus et al., 2022](#); [Reuter & Messner, 2015](#)). Most environmental words occur frequently not in the reports by environmental organizations but by academic research institutions. Trade unions use words like workers, employee, and social more regularly in their reports.

Bearing in mind company size, small-sized and micro-companies share in their reports their worry about the value chain effects, as non-listed small-sized and all the micro-companies are not included, at least directly, in the scope of the CSRD and, therefore, of the ESRS. Still, if they are in the value chain of a scoped company, they will have to provide sustainability information. In this case, size is also a significant factor in lobbying activities ([Giner & Arce, 2012](#); [Stenka & Taylor, 2010](#)).

Finally, regarding countries, concretely EU members and non-EU members, there is only one remarkable difference based on the words “value” and “data” in the EU member’s reporting.

However, mainly, the results of the different lexical analyses distinguishing by user type, company size, and country allow us to conclude that the main issues provided in the feedback are the same. All these concerns regarding the consequences of these new reporting requirements that imply extra disclosure and the concept of double materiality required by the ESRS through the materiality assessment have obtained an answer from the EC modifying the first set of ESRS.

Sustainability standards in the EU are being developed in a self-design process; therefore, there are different possibilities to get influence and send feedback. Research on lobbying in European sustainability reporting normalization still needs to be developed and improved, which is the aim of this study, filling the gap in the scope of the EU’s recent adoption of the

first set of ESRS. Therefore, this study is helpful for all the stakeholders and all the potential interested in some way in sustainability reporting. Nowadays, knowing if it is helpful to lobby to give feedback to the regulation process is vital when sustainability reporting requirements are broader, not only legally but also through the value chain.

The data available allows us to do further analysis, trying to establish differences depending on other variables, such as the respondent's gender, which will be our aim in future studies. Also, we can obtain figures depending on the respondents to add to the lexical analysis the run of other statistical tools to further the study and the conclusions on lobbying on sustainability reporting standards.

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## Conflict of interests

The author declare that they have no conflicts of interest.

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