**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**

**Certified Finance and Accounting Professional Stage Examination**

# Sustainability Reporting and Assurance

**Examiners' Comments** **Autumn 2026**

## PASSING %

| Question-wise | | | | | | Overall |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 19% | 9% | 44% | 48% | 19% | 24% | 20% |

## GENERAL COMMENTS

The overall result in this session declined significantly from previous session.

The weakness highlighted in the previous session persisted. Many examinees reproduced extracts from the standards, or copied large parts of the scenario, without applying one to the other. In an open-book examination, marks are awarded for that application.

Examinees also frequently answered a wider question than the one asked, and made limited use of the numerical information. Where a comparative had to be restated, a percentage recalculated or a reported reduction analysed, most stated that the figure was incorrect but did not work out the correct amount.

## QUESTION-WISE COMMON MISTAKES OBSERVED

### Question 1 (a)

Most examinees correctly concluded that NPL, as a consolidated subsidiary, could not be excluded from NML's reporting entity. However, few explained that its emissions being less than 2% of the group total was a materiality consideration and not a basis for changing the reporting boundary.

The following matters were commonly missed:

- PRL was correctly outside the reporting entity, but remained part of NML's value chain as its principal packaging supplier and as an investee.
- Lack of control or ownership is not a basis for excluding PRL and the logistics companies from the value chain.
- The carriers' rights to recover compliance costs and suspend routes created a direct

exposure for NML, with three carriers delivering about 60% of orders.

A large number of examinees classified the emissions of each entity as Scope 1, 2, or 3, which was not required.

**Question 1 (b)**

Responses were mostly a general description rather than the approach NML was required to apply. The following matters were commonly missed:

- NPL's sustainability-related risks and opportunities had to be identified, and aggregation with the rest of the group assessed separately.
- Disclosure of the concentration of the packaging risk in PRL and of the delivery risk in three carriers.
- The new packaging rules required NML to reassess the scope of its value chain.

**Question 2**

Most examinees recognised that the amounts were not comparable but did not distinguish between correcting an error and redefining a metric. In respect of hazardous waste generated, the following matters were commonly missed:

- The omission of Plants D and E was a prior period error, not a refinement of an estimate, as their data were available when the 2025 disclosures were authorised for issue.
- The 2025 comparative should be restated to 4,500 tons, with disclosure of the nature of the error.
- Describing the increase as "expanded system coverage" was misleading; the actual increase was 10.7%, not 27.7%.

Some examinees applied the requirements for updating comparatives for new information instead of the requirements for correcting errors.

In respect of production waste intensity, most examinees stated that a revised comparative was required, but commonly missed that:

- the 2025 comparative should be restated to 95.2 kg per ton, giving an improvement of about 8.1% rather than 12.5%; and
- the reason for the change, and why the redefined metric is more useful, should be explained.

**Question 3 (a)**

Examinees generally stated that qualitative factors should be considered but did not apply them to the facts. The following matters were commonly missed:

- Materiality should be considered separately for each disclosure.
- Including the two deaths would raise the rate from 1.92% to 2.00%, breaching the incentive condition, and could be material by nature despite being below the quantitative threshold.
- Misstatements other than those clearly trivial should be accumulated and evaluated individually and in aggregate.

**Question 3 (b)**

Examinees generally identified the risk areas but often restated the scenario without assessing the risk or linking it to an assertion. The following matters were commonly missed:

- Seriousness is assessed separately from causality, so excluding the two deaths understated the numerator; with the incentive, this indicated a risk of fraud.
- Duplicate participant records could overstate the denominator and understate the rate.
- The 2,600 patients from regional summaries exceeded the team's own materiality of 1,920 patients.

**Question 4**

Most examinees identified that the insurance and water supply assumptions were inconsistent with the information available. However, the following matters were commonly missed:

- The five-year horizon did not cover the facility's 22-year remaining life or the 12-year sourcing strategy.
- Excluding scenarios because they were not used in board-approved forecasts misunderstood the purpose of scenario analysis; TAL's exposure required a more advanced, quantitative approach.
- The cotton cost assumption ignored the Rs. 260 million drought-related increase and the cost of alternative suppliers.
- The customers' water-intensity requirements from 2028 fell within the model's own horizon.

Several examinees recommended operational actions instead of amendments to TAL's approach.

**Question 5 (a)**

Examinees generally recognised that the Rs. 28 billion paint and press shops could not be wholly treated as aligned. However, the following matters were commonly missed:

- The Rs. 12 billion solar and waste-heat assets required separate assessment.
- The aligned percentage cannot be measured against three-year capital expenditure, and capital deployment should be disclosed for the reporting year.
- The internal carbon price disclosure required the price of Rs. 7,500, its thresholds, how it affects decisions, and its basis.

**Question 5 (b)**

The following matters were commonly missed:

- Only the 7,600 battery-electric vehicles were zero-emission vehicles; hybrids and plug-in hybrids are reported separately.
- Material recovered is limited to material physically handled by MML, excluding the 40,000 tons collected by independent dismantlers and the 16,000 tons of warranty and recall parts.
- Financial significance was often discussed in environmental rather than commercial terms.

Many examinees listed other Automobiles SASB metrics, such as fleet fuel economy, which were not required.

**Question 6 (a)**

Most examinees recognised that the credits had not been issued, but did not carry this through to KSL's performance. The following matters were commonly missed:

- The actual reduction was 4%, not 18%, and the 15% interim milestone had not been met.
- Unissued credits cannot be deducted, and the associated gross emissions target should be disclosed.
- Reliance on credits amounted to 56% of the required reduction.
- The certifying scheme, the type of credit, and permanence risk should be disclosed.

**Question 6 (b)**

Examinees generally identified a self-interest threat from the fee arrangement. However, the following points were commonly missed:

- The contingent fee is prohibited, and no safeguard can address it. Many proposed an independent reviewer.
- The CFO's remarks created an intimidation threat, often described as self-interest or familiarity.
- If already agreed, the arrangement was a breach to be addressed and communicated to those charged with governance.
- Raza & Co. should withdraw if the threats could not be addressed.

Some examinees treated the 60% advance payment as a threat in itself, which was not the issue in the scenario.

**(THE END)**