THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

Certified Finance and Accounting Professional Stage Examination

Sustainability Reporting and Assurance

Examiners' Comments **Summer 2026**

PASSING %

Question-wise						Overall
1	2	3	4	5	6	
22%	57%	41%	61%	45%	4%	38%

GENERAL COMMENTS

This is the first examination of this paper, and the overall performance was satisfactory.

A common weakness was the tendency to reproduce general provisions of IFRS S1, IFRS S2, ISSA 5000 and the relevant ethical requirements without explaining their application to the circumstances given. In several answers, examinees identified a broad issue but did not evaluate why it was significant, how it affected the entity's prospects or disclosures, or what action was required.

QUESTION-WISE COMMON MISTAKES OBSERVED

Question 1

Examinees generally recognised that CNI's policy contained weaknesses. However, responses often concentrated on the use of different reporting approaches across regions and did not evaluate the complete risk identification, assessment, monitoring and review process. However, the following important matters were commonly missed:

- The absence of scenario analysis prevented the identification of forward-looking risks.
- The Low-Medium-High framework lacked standardised definitions and quantitative thresholds.
- Sustainability-related risks were not linked to financial effects.
- Annual review of the risk register was not sufficiently responsive to emerging risks.
- Focusing only on high-level risks could result in material site-specific exposures being overlooked.

Recommendations were often general and did not explain the key issues to be addressed.

Question 2

- Examinees generally concluded that both matters were material. However, several responses did not carry out the structured materiality assessment required by the question. In particular, the nature and magnitude, likelihood, time horizon and effect on GGS's prospects were not always addressed.
- Most responses confined impact on prospects to cash flows and left out access to finance and cost of capital, both of which the question asked for.
- Examinees generally treated Crop Yield Volatility as a single, distant, long-term issue, missing that it actually cuts across all three of GGS's planning cycles at once.

Question 3

Examinees generally identified the difficulty in obtaining evidence but did not fully evaluate the preconditions for accepting a reasonable assurance engagement.

The following matters were commonly missed:

- The significance of the non-response by 138 farmers.
- The absence of independent verification of the questionnaire responses.
- The inadequacy of using a 2021 sector-average publication for current, entity-specific information.
- Whether sufficient appropriate evidence could reasonably be expected to be obtained.
- Whether the engagement would have a rational purpose in the circumstances.

Examinees also did not adequately explain that the Scope 3 estimate relating to non-responding farmers and the unsupported labor-practice disclosures should be excluded, with the engagement scope limited to those disclosures for which the preconditions are met.

Question 4

Examinees generally understood the distinction between direct and indirect emissions. However, the following emissions were incorrectly classified and explained:

- Emissions from suppliers' blast furnaces.
- Natural gas used in VEM's own furnaces.
- HFC refrigerant leaks.
- End-of-life vehicle treatment.

Question 5 (a)

The following matters were commonly missed:

- SMI had not identified a specific management-level position or committee responsible for climate-related matters.

- The disclosure did not explain relevant responsibilities, competencies, reporting lines or oversight processes.
- The contradiction between investment in green-hydrogen technology and expansion of coal-based infrastructure was not fully evaluated.
- The target of a "significant reduction" in Scope 1 emissions by 2040 lacked a clear metric, base year and interim milestones.

Question 5 (b)

The following matters were commonly missed:

- The percentage of Scope 1 emissions covered by emissions-limiting regulations.
- The fatality rate, Near Miss Frequency Rate and separate safety rates for direct and contract employees.

The financial significance of the missing information was often not discussed.

Question 6 (a)

The following deficiencies were commonly missed:

- No specific resources had been allocated to the disclosed mitigation initiatives.
- No interim milestones had been provided up to 2035.
- Key assumptions and dependencies underlying the plan were not disclosed.
- The financial effects of implementing the transition plan were not explained.
- The link between the transition plan, financial planning and capital allocation was unclear.

Question 6 (b)

Examinees generally identified the self-review threat arising from the Emission Factor Selection Matrix. However, many did not distinguish between the two services and provided a generic response.

The following points were commonly missed:

- The sessions were informational and did not involve calculating emissions or preparing sustainability information, and therefore no significant self-review threat arose from the sessions alone.
- Personnel involved in the prior service should not be included in the assurance team where this could affect objectivity.
- Examinees often listed multiple threats without explaining how they arose from the facts of the scenario.

(THE END)