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NEW QUESTION: 1

ISO 20400 represents what area of business?

- A. Quality Management
- B. Supply Chain Security
- C. Risk Management
- D. Sustainable Procurement

Answer: (SHOW ANSWER)

Explanation

ISO 20400 is Sustainable Procurement. This is from p. 51 of the study guide- as well as learning what the ISO numbers are, do also learn the key areas of each ISO as these come up in the exam.

NEW QUESTION: 2

Which of the following stages would come first within a risk assessment?

- A. evaluate risk
- B. treat risk
- C. monitor risk
- D. analyse risk

Answer: D (LEAVE A REPLY)

Explanation

analyse is the correct answer. The full process is: establish context- identify- analyse - evaluate - treat - monitor and review. This is from p.122

NEW QUESTION: 3

Which of the following will you put into box 1?

- A. strategic
- B. intellectual property

(Correct)

C. environment

D. operational

Answer: B (LEAVE A REPLY)

Explanation

The correct answers are as follows:

Table Description automatically generated

	Issue	Contract Clause
Risk 1	Intellectual Property	NDA
Risk 2	Environmental	Force Majeure
Risk 3	Strategic	Conformance Specification
Risk 4	Operational	Service Credits

NEW QUESTION: 4

Which of the following will you put into box 2?

A. tolerate

B. transfer

C. treat

D. terminate

Answer: C (LEAVE A REPLY)

Explanation

The correct answers are as follows:

Table Description automatically generated with low confidence

	Remedy	Action
Supplier 1	Tolerate	Monitor
Supplier 2	Treat	Dual Sourcing
Supplier 3	Transfer	Insurance
Supplier 4	Terminate	Audit

NEW QUESTION: 5

Which of the following is an example of force majeure?

A. The supplier delivers materials late due to a breakdown

B. The supplier asks for an uplift in prices

C. The supplier is under criminal investigation for fraud

D. The supplier's factory is hit by a hurricane

Answer: D (LEAVE A REPLY)

Explanation

The hurricane is the force majeure event. Natural disasters such as this, or any events outside of the parties' control could be considered force majeure. This is a popular exam topic - see p. 66 in the study guide

NEW QUESTION: 6

Which of the following will you put into box 5?

- A. audit
- B. monitor
- C. insurance
- D. dual sourcing

Answer: (SHOW ANSWER)

Explanation

The correct answers are as follows:

Table Description automatically generated with low confidence

	Remedy	Action
Supplier 1	Tolerate	Monitor
Supplier 2	Treat	Dual Sourcing
Supplier 3	Transfer	Insurance
Supplier 4	Terminate	Audit

NEW QUESTION: 7

Company DDD has recently seen a drop in share price and has high levels of Work-in-Progress (WIP) due to late supplier deliveries. Which of the following is the type of risk the business facing?

- A. financial
- B. logistical
- C. opportunity
- D. reputation

Answer: (SHOW ANSWER)

Explanation

This is a financial risk. A drop in share prices is a huge financial risk for a company. Having lots of items as WIP is also a financial risk as this signifies that a lot of money is tied up in stock being held on site. Types of risk are very popular exam questions for this module- for a full list of these and explanations see p.11

NEW QUESTION: 8

The CBCI and DBCI are professional qualifications in which area?

- A. supply chain management
- B. ethical business practices
- C. environmental improvements
- D. business continuity

Answer: D (LEAVE A REPLY)

Explanation

These are qualifications in business continuity. This comes from p.107 of the study guide. CBCI stands for Certificate of the Business Continuity Institute and DBCI Diploma of the Business Continuity Institute. Once you know what the acronyms stand for, the question is quite easy!

NEW QUESTION: 9

Which of the following risks would likely be tolerated by a company?

- A. no risks should be tolerated
- B. opportunities which are low risk and low impact
- C. opportunities which are low risk and high impact
- D. opportunities which are high risk and low impact

Answer: (SHOW ANSWER)

Explanation

Low risk and low impact should be tolerated. This is from the Probability and Impact Matrix from p.122. The other two options should be either transferred or treated.

NEW QUESTION: 10

Which of the following will you put into box 5?

- A. CSR Policy
- B. Quote in Buyer's Currency
- C. Force Majeure
- D. Standardise Payment Terms

Answer: (SHOW ANSWER)

Explanation

The correct answers are as follows:

Table Description automatically generated

	Action	Remedy
Risk 1	Transfer	Force Majeure
Risk 2	Treat	Standardised Payment Terms
Risk 3	Terminate	CSR Policy
Risk 4	Tolerate	Quote in Buyer's Currency

CSR= Corporate Social Responsibility

NEW QUESTION: 11

Robot Ltd manufactures high end robots. A lot of value is tied up in the stock that it holds within its warehouse as each robot is worth several thousand pounds. The company has decided to enlist the services of a third party provider for disaster recovery, to help them shape a plan for if something were to happen to the stock, such as a flood. Is this the correct thing for Robot Ltd to do?

- A. yes- a 3rd party can provide broader experience and expertise
- B. yes- a third party is a cheap option for disaster recovery planning
- C. no- Robot Ltd should create a cross-functional team to draw up the plan as internal stakeholders will understand the risks better than a 3rd party
- D. no - a 3rd party can only help in the solution stage of disaster recovery, not the planning stage

Answer: (SHOW ANSWER)

Explanation

The correct answer is 1 - the 3rd party can provide broader experience and expertise. They can advise on best practice and will know how to advise Robot Ltd as they will have experience across a wide range of companies. This is explained on p.91 of the study guide

NEW QUESTION: 12

Kieran works in the manufacturing industry and his company have just implemented LEAN production processes. Will this increase or decrease the risks in relation to security of supply?

- A.** increase security of supply risks as this is a tried and tested risk reducing process
- B.** increase security of supply risks as there is less buffer stock held on site
- C.** decrease security of supply risks as there will be increased efficiencies
- D.** decrease security of supply risks as there is less buffer stock

Answer: (SHOW ANSWER)

Explanation

2 'increase security of supply risks as there is less buffer stock held on site' is the correct answer. With Lean manufacturing there is little or no buffer stock held. This means that if a supplier doesn't deliver on time, the whole manufacturing process will have to come to a stop until new supplies arrive. A risk of Lean Manufacturing is that you become too reliant on suppliers, and if there is a scarcity of resources or an issue with the supply chain, you are more exposed. See p.26-27 for more information on Security of Supply Risks.

NEW QUESTION: 13

Which of the following statements about normal distribution are correct? Select TWO

- A.** it is the most common type of distribution pattern
- B.** there's a small number of data points required to produce
- C.** it is represented pictorially as a curve
- D.** most of the data points correlate around the beginning
- E.** it is shaped like a bell curve

Answer: A,E (LEAVE A REPLY)

Explanation

1 and 5 are correct- it is the most common type of distribution and it looks like a bell curve when it's drawn as a graph. There's one on p.127 to look at. The other three statements are incorrect- it's a bell shape rather than a curve, it requires a large number of data points and most of the data points correlate around the middle.

NEW QUESTION: 14

Which of the following will you put into box 7?

- A.** new technology
- B.** forward contract
- C.** outsource
- D.** insurance

Answer: C (LEAVE A REPLY)

Explanation

Table Description automatically generated

	Type of Risk	Possible Solution
Risk 1	Operational	New Technology
Risk 2	Hazard	Insurance
Risk 3	Strategic	Outsource
Risk 4	Financial	Forward Contract

NEW QUESTION: 15

Which of the following will you put into box 8?

- A. new technology
- B. forward contract
- C. outsource
- D. insurance

Answer: B (LEAVE A REPLY)

Explanation

Table Description automatically generated

	Type of Risk	Possible Solution
Risk 1	Operational	New Technology
Risk 2	Hazard	Insurance
Risk 3	Strategic	Outsource
Risk 4	Financial	Forward Contract

A forward contract would fix the exchange rate at a certain level, allowing for cost certainty. This mitigates the risk of the currency getting any weaker.

NEW QUESTION: 16

Which organisation created the Decent Work Agenda?

- A. UN
- B. ISO
- C. ILO
- D. ETI

Answer: C (LEAVE A REPLY)

Explanation

This is from ILO- the International Labour Organisation - see p.49 of the textbook. You should recognise all four of these acronyms as they come up in this module UN= United Nations - they have the Guiding Principles, ISO = produce standards for business practices and ETI = Ethical Trading Initiative - they have a base code for labour practices.

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NEW QUESTION: 17

Which of the following risks is associated with sourcing from low-cost countries? Select TWO:

- A. operational risks
- B. reputational risks
- C. geopolitical risks
- D. financial risks

Answer: B,C (LEAVE A REPLY)

Explanation

The correct answers are reputational risks and geopolitical risks. This is according to p. 77 of the study guide.

Although I personally feel this is a bit presumptive, painting all 'low-cost' countries with the same brush (are all 'low-cost countries' politically unstable and allow dodgy things that will affect your reputation?, this is what the textbook says ...

NEW QUESTION: 18

Risk Management is a process with several steps. Which of the following is the last step of the cycle?

- A. identify risks
- B. treat
- C. monitor and review
- D. communicate and consult

Answer: C (LEAVE A REPLY)

Explanation

monitor and review is the last stage. The full cycle is; establish context - identify risks - analyse and evaluate risks - treat -communicate and consult - monitor and review. See p. 142

NEW QUESTION: 19

Which of the following will you put into box 5?

- A. new technology
(Correct)
- B. forward contract
- C. outsource
- D. insurance

Answer: A (LEAVE A REPLY)

Explanation

	Type of Risk	Possible Solution
Risk 1	Operational	New Technology
Risk 2	Hazard	Insurance
Risk 3	Strategic	Outsource
Risk 4	Financial	Forward Contract

New technology (ie a new web portal or payment mechanism) would help treat this risk.

NEW QUESTION: 20

Fudgylicious Inc is a manufacturer of confectionary based in the United Kingdom. In one of its factories an employee has an accident during his shift which resulted in him breaking a leg and requiring surgery. Will the employer's Professional Indemnity insurance cover the cost of the operation?

- A. yes- the insurance will cover all medical expenses as the accident occurred during his working hours
- B. yes- the insurance can be used as the accident occurred on the company's premises
- C. no- the insurance would not cover the cost of surgery, only for lost wages if he is unable to work
- D. no- this is not the purpose of insurance

Answer: D (LEAVE A REPLY)

Explanation

The correct answer is 'no-this is not the purpose of insurance'. The question asks if Professional Indemnity Insurance can be claimed on for this- no it can't- that's not its purpose. It would be Employer's Liability insurance which could be claimed on. This question tests your understanding of the different types of insurance. There is a very similar question in the exam- so remember accidents at work are claimed against Employer's Liability insurance NOT Professional Indemnity insurance - see p.96 for more information on different types of insurance

NEW QUESTION: 21

Which of the following are factors which can lead to a supplier becoming insolvent? Select THREE

- A. fraudulent activity
- B. attrition of key employees
- C. uncontrolled expenditure
- D. increased market share
- E. a high financial ratio

Answer: A,B,C (LEAVE A REPLY)

Explanation

1 2 and 3 are factors which can lead to a supplier becoming insolvent. 4- increased market share is a good thing, as it indicates the supplier is doing better than their rivals. A high

financial ratio is also a good thing as it shows they have more assets than debt - so this is not a sign of insolvency. See p.24 for 'Supplier Risks'

NEW QUESTION: 22

Which of the following is a method for approaching risks?

- A. tolerate
- B. translate
- C. transport
- D. take out

Answer: A (LEAVE A REPLY)

Explanation

Tolerate is one of the 4 Ts. This is a popular exam question so do learn the 4 Ts: Tolerate, Treat, Transfer and Terminate. See p.32.

NEW QUESTION: 23

What is the purpose of an indemnity clause within a contract?

- A. to assign risk to each party
- B. to ensure both parties are adequately insured if something were to go wrong
- C. to transfer risk from one party to another
- D. to explain what would happen in the case of a force majeure

Answer: C (LEAVE A REPLY)

Explanation

Indemnity clauses transfer risk from one party to another. It is an arrangement whereby one party promises to compensate the other party for a trigger event. An example of an indemnity clause could be a construction firm is building a new bridge and the project is supposed to be completed by 1st June. An indemnity clause may state that should the bridge not be ready by this date, the construction firm will compensate the buyer by X amount. See p.61 for more information on indemnity.

NEW QUESTION: 24

Which of the following are benefits of ISO28000? Select TWO.

- A. competitive advantage
- B. cost saving
- C. increased market share
- D. decreased legal costs

Answer: A,B (LEAVE A REPLY)

Explanation

Advantages of ISO28000 are competitive advantage and cost savings. The textbook explains that cost savings come through a reduction in security incidents. For more info on ISO28000 see p. 141

NEW QUESTION: 25

An interconnected supply chain would have what affect on the creation of a risk register?

- A. risks will be larger
- B. risks will sit with the procurement team
- C. actions to mitigate one risk, may create a new risk
- D. actions to mitigate risks will require a cross-functional team

Answer: C (LEAVE A REPLY)

Explanation

Actions to mitigate one risk, may create another risk. This is a direct quote from p. 132

NEW QUESTION: 26

In an organisation, who is responsible for creating a risk assessment register?

- A. the CEO
- B. Procurement Manager
- C. Risk Manager / H+S Manager
- D. Cross-Functional Team

Answer: D (LEAVE A REPLY)

Explanation

A Cross Functional Team should create a risk register. It shouldn't be the responsibility of one person to do this- more points of view will lead to more risks being identified. Accountability for the Risk Register may however sit with the CEO or a Department Manager. This is explained on p. 132

NEW QUESTION: 27

Which of the following will you put into box 4?

- A. tolerate
- B. transfer
- C. treat
- D. terminate

Answer: D (LEAVE A REPLY)

Explanation

The correct answers are as follows:

Table Description automatically generated with low confidence

	Remedy	Action
Supplier 1	Tolerate	Monitor
Supplier 2	Treat	Dual Sourcing
Supplier 3	Transfer	Insurance
Supplier 4	Terminate	Audit

NEW QUESTION: 28

An indemnity clause should contain which of the following pieces of information 1) duties of both parties 2) a monetary limit 3) insurance levels 4) details of the breach 5) a time limit

- A. 1,2,5
- B. 1,3,4
- C. 2,4,5
- D. 3,4,5

Answer: A (LEAVE A REPLY)

Explanation

Indemnity clauses should contain duties of both parties, a monetary limit and a time limit (1 2 and 5). It should also detail what types of costs are covered. These four points are explained on p.61. An indemnity clause doesn't necessarily signal a breach in contract, and levels of insurance are not relevant here.

NEW QUESTION: 29

Which of the following is a component of the Sarbanes-Oxley Regulations?

- A. separation of duties
- B. ethical business practices
- C. elimination of bribery
- D. environmental protection

Answer: A (LEAVE A REPLY)

Explanation

Separation of duties is a key component of the Sarbanes-Oxley Regulations. It ensures businesses are accounting responsibly, and one way to do this is through separation of duties (no one person has complete control of the accounts of a company). See <https://www.investopedia.com/terms/s/sarbanesoxleyact.asp> and p.42 in the study guide. This piece of legislation does tend to come up in the exam so do revise this topic.

NEW QUESTION: 30

Which of the following models would be used to explore internal and external risks to a business?

- A. Porter's 5 Forces
- B. STEEPLE
- C. SWOT
- D. Poisson Distribution

Answer: (SHOW ANSWER)

Explanation

SWOT is used for this. S + W is strengths and weaknesses, which are internal risks. O+T are opportunities and threats which are external risks. See p. 12 for more information

NEW QUESTION: 31

Which of the following statements is true about ISO9001? Select TWO.

- A. it is based on the principle of continuous improvement
- B. it encourages businesses to see quality from the viewpoint of the customer

- C. it aims to ensure sustainability within the supply chain
- D. It complements ISO 20400
- E. it helps businesses to identify areas of potential risk and mitigate these accordingly

Answer: A,B (LEAVE A REPLY)

Explanation

ISO 9001 is Quality Management- answers 1 and 2 are correct. ISOs are a popular topic on this exam so be sure to revise them - and not only what the names of them are, but also the principles behind each ISO. ISO 9001 is discussed on p. 25 of the CIPS study guide.

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NEW QUESTION: 32

Which of the following is not an internal risk for a business who imports raw materials from abroad?

- A. technology malfunction
- B. procurement fraud
- C. loss of customer data
- D. changes to import levies

Answer: D (LEAVE A REPLY)

Explanation

changes to import levies is an external risk. Not internal. See p.118-119 for more information on internal risks

- this is a popular exam topic. Internal risks are stuff that happens inside a company, external risks are risks from the external environment (whether this is political, economical, weather etc)

NEW QUESTION: 33

Which of the following form part of the Stakeholder Salience Model? Select TWO

- A. power
- B. legitimacy
- C. interest
- D. level
- E. attitude

Answer: (SHOW ANSWER)

Explanation

Power and Legitimacy are part of the Stakeholder Saliency Model - the third characteristic is Urgency. See p.

138

NEW QUESTION: 34

Controlling a risk through the development of actions that can minimise the impact the organisation will suffer as a result of the risk event is known as what control?

- A. tolerate
- B. treat
- C. transfer
- D. terminate

Answer: B (LEAVE A REPLY)

Explanation

This is the description of treat mentioned on p. 143. The 4 Ts is a popular exam topic

NEW QUESTION: 35

Which of the following are technological risks to an organisation? Select TWO

- A. cyber-security issue
- B. supply chain security issue
- C. supplier management issue
- D. network failure
- E. quality failure

Answer: A,D (LEAVE A REPLY)

Explanation

Cyber security and network failure are two types of security risks. See.

P. 154. There aren't a lot of questions on chapter 3.4 as it's a very short chapter and a lot of the material is repeated in earlier chapters. A brief look over this chapter is all you'll need before the exam.

NEW QUESTION: 36

Who takes ownership for a Business Continuity Plan?

- A. the top level of an organisation
- B. the department head
- C. the risk champion of the company
- D. the individuals who identify the risks

Answer: A (LEAVE A REPLY)

Explanation

A Business Continuity Plan is held at the top level. See p. 155

NEW QUESTION: 37

The triple bottom line is a way to refer to sustainability practices. Which of the following is included within the Triple Bottom Line? 1. People, 2. Profit, 3. Price, 4. Planet 5. Power.

- A. 1,2 and 3
- B. 1,3 and 5
- C. 2, 4 and 5
- D. 1,2 and 4

Answer: (SHOW ANSWER)

Explanation

Triple Bottom Line - people, profit and planet - options 1, 2 and 4. See p.45 for more details on sustainability

NEW QUESTION: 38

The USA Foreign Corrupt Practices Act (FCPA) is further reaching than the UK's Bribery Act 2010. Is this statement true?

- A. yes- the FCPA covers 'private bribes' and the Bribery Act does not
- B. yes- the FCPA exempts facilitation payments
- C. No- the Bribery Act extends to third parties and the FCPA does not
- D. No- the Bribery Act doesn't account for facilitation payments

Answer: (SHOW ANSWER)

Explanation

The correct answer is 3. Firstly you can half the number of responses by looking at the yes / no. The UK Bribery Act is further reaching than the FCPA. Therefore the statement is False. You can therefore discount the options that start with yes. Of the two remaining statements only one of them is true and that is number 3- the Bribery Act extends to third parties and the FCPA does not. Option 4 is incorrect as the Bribery Act DOES account for facilitation payments. Its to FCPA that doesn't. This is explained on p. 36 of the study guide

NEW QUESTION: 39

In an emergency situation, put the following phases into chronological order as to when they would be activated 1) disaster recover plan 2) incident response 3) business continuity plan

- A. 1, 2, 3
- B. 1, 3, 2
- C. 2, 1, 3
- D. 3, 1, 2

Answer: C (LEAVE A REPLY)

Explanation

The correct order is 2, 1, 3 - this is from p.108 of the study guide: 'The Components of a Business Continuity and Disaster Recovery Plan'.

NEW QUESTION: 40

Which of the following statements about FIDIC Contracts are true? Select TWO:

- A. They are used in the construction industry
- B. They are more collaborative than NEC contracts
- C. Each party manages their own risks separately
- D. Early warning notices are given when risks arise
- E. Change control is called a 'Compensation Event'

Answer: A,C (LEAVE A REPLY)

Explanation

1 and 3 are correct answers. Options 2,4, and 5 are true for NEC contracts - NEC is more collaborative than FIDIC, early warning notices are given and change controls are called 'Compensation Events'. See p.74 for more information on FIDIC and NEC Contracts. This does come up in the exam

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