

CIPS.L5M5.v2026-04-04.q42

Exam Code:	L5M5
Exam Name:	Managing Ethical Procurement and Supply (L5M5)
Certification Provider:	CIPS
Free Question Number:	42
Version:	v2026-04-04
# of views:	137
# of Questions views:	420
https://www.freepdfdumps.com/CIPS.L5M5.v2026-04-04.q42.html	

NEW QUESTION: 1

Expert Determination is a form of contract dispute resolution which is best suited to what circumstances?

- A. High value contracts
- B. International contracts
- C. Technical disputes
- D. Personality disputes

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Expert Determination is a dispute resolution process in which parties appoint an independent expert to decide on a technical matter. According to the L5M5 study guide (p.236), this method is best for disputes involving specialist knowledge, such as intellectual property, chemical formulas, or engineering specifications. The expert's decision is legally binding. It is not chosen based on contract value (A), geographic scope (B), or interpersonal disputes (D). Procurement professionals should recognise Expert Determination as an efficient way to resolve highly technical disputes without lengthy litigation.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.236

NEW QUESTION: 2

Which ISO standard is most appropriate for CSR?

- A. ISO9001
- B. ISO14000
- C. ISO22000
- D. ISO31000

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

ISO14000 is the family of standards for environmental management, making it the most appropriate for CSR (Corporate Social Responsibility). The L5M5 study guide (p.211) states that ISO14001, in particular, sets requirements for organisations to establish environmental management systems (EMS). ISO9001 relates to quality management, ISO22000 to food safety, and ISO31000 to risk management. For procurement, ISO14000 certification provides assurance that suppliers follow recognised environmental practices, making it highly relevant to CSR and ESG goals.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.211

NEW QUESTION: 3

Which of the following could be considered a competitive advantage for a company?

- A.** Reduced lead times
- B.** High profit margin
- C.** Return on investment
- D.** Brand reputation

Answer: A (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

A competitive advantage is something that makes one organisation more attractive than its competitors. The L5M5 study guide (p.62) highlights reduced lead times as a clear competitive advantage because customers value speed, reliability, and efficiency in delivery. While high profit margins (B) and ROI (C) are outcomes of strong performance, they do not necessarily attract customers. Brand reputation (D) is important but is considered a broader intangible asset rather than a direct competitive advantage in procurement. Reduced lead times demonstrate operational excellence, helping procurement gain a strategic edge in the marketplace.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.62

NEW QUESTION: 4

Seinfeld County Council has entered into a contract with a horticultural services provider. The contract contains a Community Benefit Clause. What is another term for this?

- A.** Reward for performance
- B.** Payment terms
- C.** KPIs
- D.** Social value

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

A Community Benefit Clause is also known as a Social Value Clause. The L5M5 study guide (p.126) explains that these clauses integrate economic, social, or environmental benefits into public sector contracts. For example, requiring the use of eco-friendly equipment or prioritising local employment. The Social Value Act 2012 formalised this requirement in UK public procurement. Procurement professionals must ensure such

clauses are meaningful and enforceable to create real community benefits, not just tick-box exercises.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.126

NEW QUESTION: 5

Which organisation is an intergovernmental economic body with the purpose of stimulating economic progress and world trade?

- A. WTO**
- B. UN**
- C. ILO**
- D. OECD**

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The Organisation for Economic Co-operation and Development (OECD) promotes economic development, international trade, and social protection policies. According to the L5M5 study guide (old p.66, new p.95), the OECD coordinates policy among member countries to improve economic performance and ensure financial safety nets. The WTO (A) focuses on trade rules, the UN (B) covers peace and development, and the ILO (C) focuses on labour rights. Procurement professionals should understand OECD guidelines for multinational enterprises, which influence global supply chain governance.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.95

NEW QUESTION: 6

Which organisation is responsible for the creation of the 2030 Sustainable Development Agenda?

- A. UN**
- B. NATO**
- C. ISO**
- D. ILO**

Answer: A (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The United Nations (UN) launched the 2030 Sustainable Development Agenda, which includes the 17 Sustainable Development Goals (SDGs). The L5M5 study guide (p.4) emphasises that these goals cover social, environmental, and economic priorities, including poverty reduction, climate action, decent work, and responsible consumption. NATO, ISO, and ILO play important roles in governance, standards, and labour rights but are not responsible for the SDGs. For procurement professionals, the SDGs provide a global framework to align ethical supply practices with wider sustainability objectives.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.4

NEW QUESTION: 7

Marge is reading a government-issued statement which helps a company decide which course of action to take but is not legally binding. What type of document is Marge reading?

- A. Regulation
- B. Directive
- C. Statute
- D. Guideline

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.185) explains the distinction between regulatory documents.

Guidelines are advisory documents providing best practice but are not legally binding.

Regulations and statutes (A and C) are legally binding, and directives (B) are binding once incorporated into national legislation. Procurement professionals must be able to differentiate between binding legislation and advisory guidelines to ensure compliance.

While guidelines help shape ethical practices, failure to follow them usually does not carry legal penalties.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.185

NEW QUESTION: 8

If a company has SA8000 certification, what does this measure?

- A. Quality conformance
- B. Environment
- C. Risk management
- D. Social accountability

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

SA8000 is a globally recognised certification standard for Social Accountability. The L5M5 study guide (p.264) confirms that it measures compliance with ethical labour practices such as child labour elimination, safe working conditions, fair wages, and working hours. It does not cover quality (A), environmental management (B), or risk management (C). For procurement professionals, SA8000 provides assurance that suppliers operate ethically, helping organisations meet CSR/ESG commitments across supply chains.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.264

NEW QUESTION: 9

Green Book Ltd wants to include ESG measures in contracts. Which of the following is not an ESG performance measure?

- A. Waste reduction
- B. Social value
- C. On time in full delivery
- D. ED&I (Equality, Diversity & Inclusion)

Answer: C (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.194) confirms that On Time In Full (OTIF) delivery is a standard performance metric but is not an ESG measure. ESG measures include waste reduction (E), social value (S), and ED&I (S), which assess ethical, social, and environmental responsibilities. Procurement professionals must distinguish between operational KPIs and sustainability-focused KPIs to ensure contracts drive both efficiency and ethical responsibility.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.194

NEW QUESTION: 10

Charlie is 13 years old and sometimes helps his parents in their corner shop on weekends, while attending school during the week. Is this an example of child labour?

- A. Yes - any work by under 16s is child labour
- B. Yes - Charlie should report his parents to the police
- C. No - Charlie is old enough not to be a child
- D. No - helping in a family business does not count as child labour

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The ILO defines child labour as work that deprives children of their childhood, education, or well-being. According to the L5M5 study guide (p.252), light work, such as assisting in a family business outside school hours, is not considered child labour if it does not interfere with education or harm physical and mental health. Charlie is attending school, completing homework, and only helping part-time in a family-owned shop. Therefore, this is not classified as child labour. The ILO guidelines make clear distinctions between exploitative labour (such as sweatshops or hazardous industries) and permissible family assistance.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.252

NEW QUESTION: 11

What is a monopsony?

- A. There is only one supplier of a good
- B. There is only one buyer of a good
- C. There is only one product available in the market
- D. There is only one market to sell the good in

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

A monopsony exists when there is only one buyer in a market but multiple sellers. For example, in the defence industry, a government may be the sole buyer of military equipment such as submarines. This contrasts with a monopoly, where only one seller dominates the market. The L5M5 study guide (p.127) explains that monopsony can create power imbalances, as the buyer holds significant leverage over suppliers, potentially

leading to unfair contract terms. Ethical procurement requires recognising such risks and ensuring that dominant buyers do not exploit suppliers unfairly.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.127

NEW QUESTION: 12

What does the "D" stand for in STEEPLED Analysis?

- A.** Data
- B.** Debt
- C.** Demographic
- D.** Delivery

Answer: C (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The STEEPLED analysis tool examines external macro-environmental factors: Social, Technological, Economic, Environmental, Political, Legal, Ethical, and Demographic. The L5M5 study guide (p.55) confirms that "D" stands for Demographic, reflecting population trends, age structures, and workforce availability. This addition evolved from the earlier PESTLE model, later extended to STEEPLE and STEEPLED. Procurement professionals use this tool to assess external risks and opportunities that may affect supply markets and ethical sourcing.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.55

NEW QUESTION: 13

The use of child labour can affect which parties in the supply chain? Select TWO

- A.** Producers
- B.** Retailers
- C.** Suppliers
- D.** Manufacturers

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Child labour often occurs in the production stage (e.g., farming, mining) and manufacturing stage (e.g., garment sweatshops). According to the L5M5 study guide (p.252), these unethical practices create risks for procurement, as organisations may face reputational damage, legal consequences, and disrupted supply chains. Retailers and suppliers are indirectly affected but are not the primary locations where child labour is found.

Procurement professionals must ensure thorough supply chain due diligence, audits, and supplier codes of conduct to prevent child labour risks in procurement decisions.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.252

NEW QUESTION: 14

Banks, investors, and consumers form which type of stakeholder?

- A.** Internal stakeholder

- B.** External stakeholder
- C.** Connected internal stakeholder
- D.** Connected external stakeholder

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Stakeholders are categorised based on their relationship to the organisation. The L5M5 study guide (p.105) explains that connected external stakeholders are outside the organisation but directly linked through financial or contractual relationships. Banks (financiers), investors (shareholders), and consumers (customers) fall into this category. Internal stakeholders (A) include employees and management, while external stakeholders (B) are broader groups such as regulators and communities without direct contracts. "Connected internal stakeholders" (C) is not a valid classification. Procurement professionals must identify and manage stakeholder expectations to maintain ethical, transparent supply chains.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.105

NEW QUESTION: 15

The illegitimate use of a person's role for gain is what form of ethical issue?

- A.** Bribery
- B.** Corruption
- C.** Fraud
- D.** Slavery

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.48) defines corruption as the illegitimate use of one's role or position for personal gain. This differs from bribery (A), which is offering or accepting inducements, and fraud (C), which involves deception such as falsifying records or creating phantom suppliers. Slavery (D) refers to forced labour. Procurement professionals must recognise corruption risks, particularly in international supply chains, and implement controls such as segregation of duties, audit trails, and whistleblowing policies.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.48

NEW QUESTION: 16

Peacock Clothing Manufacturing has a superior IT system compared to competitors. What form of competitive advantage is this?

- A.** Culture
- B.** Processes
- C.** Intellectual property (IP)
- D.** People

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Competitive advantage refers to unique capabilities that give an organisation an edge in the market. The L5M5 study guide (old p.39, new p.63) explains that superior IT systems fall under process advantages, as they directly influence how efficiently orders are taken, materials are managed, and operations are executed. Culture (A) refers to organisational values and behaviours, IP (C) refers to patents or trademarks, and People (D) refers to skills or talent. For procurement, recognising process-driven advantages helps identify supplier strengths and strategic sourcing opportunities.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.63

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NEW QUESTION: 17

Jung Ltd is hiring a third-party auditor. Which two requirements should be mandatory?

- A.** At least 5 years' experience
- B.** Be approved by a certified body
- C.** Have sector-specific knowledge
- D.** Have an auditing qualification

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.210) specifies that independent auditors must be approved by a certified body (B) and have sector-specific knowledge (C) to assess compliance effectively. While qualifications (D) may be desirable, there is no universal "auditor qualification," and experience (A) varies by sector. CIPS also stresses the importance of auditor qualities such as independence, objectivity, and integrity. For procurement, selecting the right auditor ensures credible, reliable assurance of supplier compliance with ethical and sustainability requirements.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.210

NEW QUESTION: 18

Juicy Boots has a contract with Orange Ltd containing a Retention of Title Clause. Juicy Boots failed to pay for two deliveries, and Orange Ltd reclaims goods already delivered. Is this valid?

- A.** Yes - the product still belongs to Orange Ltd
- B.** Yes - the product can be reclaimed under any circumstances

C. No - if Juicy Boots signed for delivery, goods belong to them

D. No - delivery on time transfers ownership

Answer: A (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

A Retention of Title Clause states that ownership of goods remains with the seller until full payment is made. According to the L5M5 study guide (p.190), Orange Ltd legally retains ownership of the fruit delivered until Juicy Boots settles payment. This clause protects suppliers, particularly SMEs, from non-payment risks. Signing for delivery does not override the clause, and timely delivery is irrelevant. Retention of Title is an important risk management tool in procurement contracts.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.190

NEW QUESTION: 19

Which of the following are principles of the Wine and Agricultural Ethical Trade Association (WIETA)? Select THREE

A. Prohibition of forced labour

B. Working hours shall not be excessive

C. Regular employment to be provided

D. A working environment free from risk

E. Automatic sick pay

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

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The Wine and Agricultural Ethical Trade Association (WIETA) is an organisation promoting fair trade and ethical practices in South Africa's wine industry. The L5M5 study guide (p.262) outlines WIETA's principles, which align with ILO standards. These include prohibition of forced labour, ensuring working hours are not excessive, and providing regular employment rather than temporary or exploitative contracts. Options D and E are not accurate-no workplace can be entirely free of risk, and sick pay is determined by national legislation, not WIETA. Procurement professionals working with agricultural sectors should be aware of such sector-specific ethical trade associations.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.262

NEW QUESTION: 20

People in the UK earn entitlements to Social Security through National Insurance contributions. Under what circumstances are payments provided? Select THREE

A. Sickness

B. Redundancy

C. Retirement

D. Change of job

E. Marriage

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Social Security in the UK provides benefits such as sick pay, redundancy support, pensions, and maternity/paternity payments. The L5M5 study guide (p.93) specifies that payments can be made in cases of sickness (A), loss of employment (B), and retirement (C). Benefits are not provided simply for changing jobs (D) or marriage (E), as these do not affect financial or employment security. Procurement professionals need to understand social security systems, especially when working with international suppliers, since welfare provisions differ globally and affect labour conditions.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.93

NEW QUESTION: 21

There are many different drivers of globalisation. Which of the following would be considered a cost driver?

- A.** Improvements in transport technology
- B.** To increase value for stakeholders
- C.** Trading rules abroad less stringent
- D.** Opportunity to build economies of scale

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Globalisation is driven by a variety of factors, including cost, technology, and regulation. A cost driver is a factor that helps organisations reduce expenses and achieve financial efficiency. According to the L5M5 study guide (p.56), one of the most significant cost drivers is the opportunity to build economies of scale, where larger production volumes reduce per-unit costs. While improvements in technology (A) and relaxed trade rules (C) are drivers of globalisation, they are not specifically cost-related. "Value for stakeholders" (B) is broader and not strictly a cost driver. Procurement professionals should recognise economies of scale as a primary cost incentive for international sourcing and trade.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.56

NEW QUESTION: 22

Red Flag Inc. introduces a new ESG policy and is considering low-cost country sourcing. They need to evaluate suppliers. Which activities should they carry out? Select THREE

- A.** Introduce stringent performance management practices
- B.** Align KPIs to the ESG policy
- C.** Ensure the supplier has ISO9001 and SA8000 certifications
- D.** Conduct regular risk assessments to identify risks that may impact ESG performance
- E.** Select a supplier in their own country, as all low-cost suppliers risk using slave labour

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

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Effective supplier evaluation must align with ESG policies. The L5M5 study guide (p.80) highlights that procurement should establish performance management frameworks (A), ensure that KPIs reflect ESG objectives (B), and carry out regular risk assessments (D). While certifications such as ISO9001 and SA8000 (C) are valuable, requiring them universally may exclude smaller, ethical suppliers unable to afford certification costs. Option E is unethical and discriminatory, as not all low-cost country suppliers use forced labour. A balanced, risk-based approach ensures ethical compliance while supporting sustainability goals.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.80

NEW QUESTION: 23

Porter's concept of "Creating Shared Value" combines CSR with what other action?

- A. Marketing
- B. Philanthropy
- C. Philosophy
- D. Economics

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Porter's Creating Shared Value (CSV) concept integrates Corporate Social Responsibility (CSR) with philanthropy (B), meaning that companies can generate economic value while simultaneously creating social value for communities. The L5M5 study guide stresses that businesses can strengthen competitiveness while advancing social and economic conditions where they operate. Unlike traditional philanthropy, CSV embeds social impact into core business strategy rather than being a peripheral activity. Procurement professionals can apply this by selecting suppliers who deliver both economic efficiency and community benefits.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, section on CSR and shared value

NEW QUESTION: 24

A leading coffee retailer advocates buying beans directly from farmers rather than using intermediaries such as exporters. By partnering with farmers and investing locally, what is this practice called?

- A. Fair Trade
- B. Direct Trade
- C. Greenwashing
- D. Trade Initiative

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The practice described is known as Direct Trade. Unlike Fair Trade, which follows certification standards set by external bodies, Direct Trade involves companies directly

sourcing from producers, often providing higher prices and more investment in local communities. The L5M5 study guide (p.309) explains that Direct Trade is particularly common in coffee and cocoa supply chains, where companies wish to build stronger, transparent, and ethical relationships with producers. It differs from Fair Trade in that it avoids third-party certification costs and focuses on building trust through long-term partnerships. Procurement professionals must understand both models when sourcing ethically in international markets.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.309

NEW QUESTION: 25

Which of the following tools allows you to assess internal factors or drivers?

- A. SWOT**
- B. STEEPLED**
- C. GDP**
- D. ABC Analysis**

Answer: A (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

SWOT analysis examines both internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats). According to the L5M5 study guide (p.55), SWOT is a strategic tool for assessing organisational drivers and making informed procurement decisions. In contrast, STEEPLED analyses external macro-environmental factors (social, technological, economic, environmental, political, legal, ethical, demographic). GDP (Gross Domestic Product) is an economic indicator, not an analysis tool, while ABC analysis categorises suppliers or inventory based on importance and value, not internal strategic drivers.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.55

NEW QUESTION: 26

Vincent is a Procurement Manager in France. His company is considering joining the EU's EMAS system (Eco-Management and Audit Scheme). Which of the following are advantages of doing this? Select THREE

- A. It focuses the organisation on improving environmental performance**
- B. It will increase profits**
- C. It allows the organisation to prove compliance with environmental legislation**
- D. It will benefit the company's reputation**
- E. There is no cost to set up**

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

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The Eco-Management and Audit Scheme (EMAS) is a voluntary EU framework that supports organisations in improving environmental performance. The L5M5 study guide (p.279) explains that EMAS helps organisations by:

Focusing on continuous environmental performance improvement (A),
Allowing proof of compliance with environmental legislation (C),
Enhancing reputation and stakeholder trust (D).

However, it does not guarantee increased profits (B), and there are costs for audits and registration (E). EMAS can give organisations a competitive advantage by demonstrating environmental responsibility. For procurement, it helps in supplier evaluation, especially within the EU.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.279

NEW QUESTION: 27

During the transition period at the end of a contract, which of the following is usually the most difficult or complicated to organise?

- A.** Returning of physical assets
- B.** Drawing up an exit strategy
- C.** Document transfer
- D.** Knowledge transfer and IP rights

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Knowledge transfer and Intellectual Property (IP) rights are often the most difficult elements to manage during contract termination. The L5M5 study guide (p.241) explains that physical assets and documents can be returned easily, but IP rights and tacit knowledge (e.g., processes, experience, trade secrets) are harder to transfer and may be contested between parties. Disputes may arise over ownership of IP developed during the contract. Procurement professionals must establish clear exit strategies early in the contracting process to address these issues and avoid disputes at termination. This ensures continuity and protects business interests while maintaining ethical standards.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.241

NEW QUESTION: 28

Which of the following is a disadvantage of the ISO14001 standard?

- A.** It is different across industries
- B.** Environmental targets are not set by ISO
- C.** Organisations are mandated to have an Environmental Policy
- D.** All companies use this for greenwashing

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

ISO14001 is an international standard for environmental management systems. According to the L5M5 study guide (p.277), one disadvantage is that ISO does not set environmental performance targets itself; instead, it requires organisations to define their own targets.

This means some organisations may set very easy or minimal goals, limiting actual environmental improvement. Option A is incorrect as ISO14001 applies consistently across

industries. Option C is a requirement, not a disadvantage. Option D is an overgeneralisation-while some firms misuse it for "greenwashing," many genuinely use it to improve sustainability.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.277

NEW QUESTION: 29

Green Book Ltd wants to include ESG measures in contracts. Which of the following is not an ESG performance measure?

- A.** Waste reduction
- B.** Social value
- C.** ED&I (Equality, Diversity & Inclusion)
- D.** On time in full delivery

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.194) confirms that On Time In Full (OTIF) delivery is a standard performance metric but is not an ESG measure. ESG measures include waste reduction (E), social value (S), and ED&I (S), which assess ethical, social, and environmental responsibilities. Procurement professionals must distinguish between operational KPIs and sustainability-focused KPIs to ensure contracts drive both efficiency and ethical responsibility.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.194

NEW QUESTION: 30

The MNE (Multi-National Enterprise) Declaration is designed to promote ethical and sustainable operations by multinational organisations. Which of the following are prioritised by the Declaration? Select TWO

- A.** Formal economies
- B.** Informal economies
- C.** Immigrant labour
- D.** Host country labour

Answer: A,D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The MNE Declaration, also called the ILO Tripartite Declaration of Principles concerning Multinational Enterprises, sets out guidelines for multinational organisations to operate ethically and sustainably. The L5M5 study guide (p.267) explains that the Declaration prioritises formal economies (regulated, tax-paying, legitimate business environments) and host country labour, ensuring that local workers are not exploited. Informal economies and immigrant labour are recognised but not prioritised in the same way. The declaration is tripartite because it involves three groups: governments, employers, and workers' organisations. Procurement professionals working internationally must be aware of these principles when engaging multinational supply chains.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.267

NEW QUESTION: 31

Under the Equalities Act 2010, which of the following is not a protected characteristic?

- A. Disability
- B. Pregnancy
- C. Age
- D. Weight

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The Equalities Act 2010 provides legal protection against discrimination in the UK. The L5M5 study guide (p.35) lists the protected characteristics, which include disability, pregnancy and maternity, age, race, sex, sexual orientation, gender reassignment, marriage/civil partnership, and religion/belief. Weight is not included as a protected characteristic. For procurement, understanding equality legislation is vital to ensuring suppliers uphold fair treatment of employees and do not discriminate unlawfully.

Organisations must embed these protections into contracts and supplier codes of conduct.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.35

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NEW QUESTION: 32

Nicolas is the Head of Procurement at Penny Dolittle Manufacturing Company. He is introducing an ESG agenda to the company's procurement strategy, especially regarding sustainability. Nicolas believes an advantage of this is that it will drive innovation. Is he correct?

- A. Yes - reporting on sustainability can drive change and innovation
- B. Yes - reporting on sustainability is mandatory and always leads to innovation
- C. No - reporting on sustainability will only increase reputation
- D. No - reporting on sustainability will increase costs

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.182) states that sustainability reporting and the adoption of ESG (Environmental, Social, Governance) principles can stimulate organisational change and

innovation. By measuring and reporting on sustainability, companies often seek new technologies, processes, and supply models to improve performance and meet ESG commitments. Reporting is not mandatory in all cases, so option B is incorrect. While sustainability may improve reputation and sometimes costs, these are not the key focus of this question. CIPS guidance stresses that sustainability reporting can drive innovation- procurement can encourage suppliers to develop new sustainable practices, products, and approaches.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.182

NEW QUESTION: 33

Roogy Ltd, a UK SME, considers implementing its own environmental standard instead of a global one. What is the advantage of this?

- A.** It will be more easily understood by customers
- B.** It will be cheaper
- C.** It ensures compliance with local regulations
- D.** This is a form of greenwashing

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.281) states that the advantage of a company creating its own internal environmental standard is that it is generally cheaper than obtaining a recognised certification like ISO14001. This can be more suitable for smaller firms with limited budgets. However, it is not necessarily easier for customers to understand (A), nor does it automatically ensure compliance with regulations (C). It is not inherently greenwashing (D) unless it is misleading. Procurement professionals should balance cost savings against credibility when considering internal versus recognised environmental standards.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.281

NEW QUESTION: 34

Which of the following are benefits of sustainable business practices? Select TWO

- A.** Increased productivity and reduced waste
- B.** Competitive advantage
- C.** Weakened performance
- D.** Increased spending

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.7) highlights key benefits of sustainability, including increased productivity, reduced waste (A), and gaining competitive advantage (B) in the marketplace. Sustainable practices often improve efficiency, reduce resource consumption, and build stronger reputations, which attract customers and investors. Options C and D are incorrect, as weakened performance and higher spending are not benefits; instead, sustainability enhances resilience and long-term cost savings. Procurement professionals must position

sustainability not as a cost burden but as a driver of efficiency, innovation, and brand strength.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.7

NEW QUESTION: 35

Which of the following is not considered to be an alternative form of dispute resolution?

- A.** Mediation
- B.** Adjudication
- C.** Conciliation
- D.** Litigation

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Alternative Dispute Resolution (ADR) mechanisms are encouraged in procurement as they save time, reduce costs, and preserve business relationships. The key ADR methods listed in the L5M5 study guide (p.188) include mediation, adjudication, and conciliation. These methods are designed as alternatives to litigation, which involves courts, legal judgments, and lengthy processes. Litigation is not an ADR method; it is the traditional approach, often more adversarial and costly. Procurement professionals are encouraged to adopt ADR whenever possible, as it helps maintain collaborative supplier relationships while resolving conflicts effectively.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, new edition p.188

NEW QUESTION: 36

Supply forecasting investigates the company's demand for an item, including current and projected demand categorised by industry and product end use. Is this statement TRUE?

- A.** Yes - it gathers information about supply and demand
- B.** Yes - it is used by all companies within the supply chain
- C.** No - supply forecasting collects data about current suppliers and trends that might affect supply
- D.** No - supply forecasting provides a prediction of short and long-term prices and trends

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (old p.93, new p.114) makes a clear distinction between demand forecasting and supply forecasting. The statement given in the question is actually a definition of demand forecasting, not supply forecasting. Supply forecasting is focused on gathering data about current suppliers and external trends that may impact availability of goods and services. This can include political issues, natural disasters, or supplier financial stability. Option D instead refers to price forecasting, which is another distinct activity. Procurement professionals use supply forecasting to assess risks, build resilience, and anticipate potential disruptions in supply markets.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.114

NEW QUESTION: 37

Which of the following form the 'Triple Bottom Line'? Select THREE

- A. Planet
- B. Profit
- C. People
- D. Placement
- E. Product

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

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The concept of the Triple Bottom Line (TBL), also referred to as the "3Ps," is a framework that assesses organisational success through People, Planet, and Profit. These dimensions highlight the balance between social equity (people), environmental stewardship (planet), and economic performance (profit). According to the CIPS L5M5 study guide (p.3), procurement and supply professionals are expected to incorporate sustainability into decision-making processes, ensuring that business practices do not only create economic value but also deliver positive social and environmental impacts.

"Product" and "Placement" are not part of the TBL model, as they are marketing-related concepts, not sustainability measures. This principle ensures procurement strategies align with corporate responsibility and long-term sustainable growth.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.3

NEW QUESTION: 38

A discrimination claim has been filed against ABC Ltd under the Equalities Act 2010. What is the maximum compensation limit?

- A. £10,000
- B. £83,682
- C. £100,000
- D. No limit

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (old p.67, new p.95) explains that there is no limit to compensation claims for breaches of the Equalities Act 2010. By contrast, unfair dismissal claims (not linked to discrimination) are capped at the lower of £83,682 or 52 weeks' gross pay.

Discrimination claims, however, are unlimited, reflecting the seriousness of breaches.

Procurement professionals must ensure suppliers comply with equalities legislation, as non-compliance can lead to unlimited liability and reputational damage.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.95

NEW QUESTION: 39

Jan is a procurement manager exploring Low-Cost Country Sourcing. Which of the following is a legitimate motive for this?

- A. To exploit other countries' natural resources
- B. To avoid stringent restrictions in your own country
- C. To get free holidays
- D. To reduce operational expenses

Answer: D (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.71) explains that the legitimate motive for Low-Cost Country Sourcing (LCCS) is reducing operational expenses by accessing cheaper materials, labour, or manufacturing. However, this must be conducted ethically, balancing cost savings with environmental, social, and legal responsibilities. Options A and B reflect unethical practices, while C is irrelevant. Procurement professionals must carefully evaluate suppliers in low-cost countries to ensure compliance with ethical standards such as labour rights, environmental protection, and anti-bribery legislation. LCCS can create value but must not compromise sustainability or governance.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.71

NEW QUESTION: 40

An international trade dispute would be resolved by which organisation?

- A. UN
- B. WTO
- C. ILO
- D. None - governments must resolve disputes themselves

Answer: B (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The World Trade Organisation (WTO) is responsible for facilitating international trade agreements and resolving disputes between member states. According to the L5M5 study guide (p.87), the WTO provides a dispute settlement mechanism where countries can challenge trade barriers, tariffs, or unfair practices. The UN (A) focuses on peace, security, and development, while the ILO (C) addresses labour standards. Governments (D) do not resolve disputes independently when they are WTO members; instead, they rely on the WTO framework. Procurement professionals must understand the WTO's role, as its rulings influence trade laws, tariffs, and sourcing strategies.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.87

NEW QUESTION: 41

Ruben is buying new machinery for his factory. He chooses a more expensive option after considering ESG factors. Why might this be?

- A. The higher-priced item will be of better quality
- B. The higher-priced item is from a more reputable company

- C. In terms of life-cycle costing, the more expensive item may be cheaper in the long term
- D. The more expensive item will be more environmentally friendly

Answer: C (LEAVE A REPLY)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Procurement often considers Whole Life Cycle Costing (WLCC) rather than upfront cost alone. The L5M5 study guide (p.7) explains that while a product may be more expensive initially, it may be cheaper in the long term due to lower maintenance costs, greater durability, and reduced energy use. This approach supports sustainability by balancing financial and environmental impacts. Options A, B, and D cannot be assumed from the scenario since no evidence supports them. WLCC ensures procurement delivers long-term value, aligning with sustainability goals.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.7

NEW QUESTION: 42

Creating value responsibly for shareholders would sit under which aspect of the sustainability triple bottom line?

- A. Legal
- B. Social
- C. Environmental
- D. Economic

Answer: (SHOW ANSWER)

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The economic pillar of the Triple Bottom Line refers to the creation of financial value while maintaining responsibility toward stakeholders. The L5M5 study guide (p.179) explains that sustainability in procurement is not only about compliance with social and environmental standards but also about ensuring financial viability. Activities such as delivering shareholder returns, managing costs, and achieving long-term profitability fall under the economic dimension. "Legal" is not one of the TBL pillars, and while law supports governance, it is not itself a sustainability principle. Therefore, creating value for shareholders through responsible economic performance is clearly categorised under the economic aspect of TBL.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.179

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