DUMPSBOSS.

Managing Ethical Procurement and Suppl

CIPS L5M5

Version Demo

Total Demo Questions: 10

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Topic Break Down

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QUESTION NO: 1 - (SIMULATION)

Output image

Scenario:

Apor is an online retailer of clothing and shoes. It sells four different fashion product lines:

Product 1: Apor has achieved competitive advantage on this product line by producing clothing cheaply. This has been achieved through investment in advanced manufacturing technology, which allows items to be made more cheaply than competitors.

Product 2: Apor is marketing to a younger customer segment for this product and has developed unique features that appeal to teenagers in particular.

Product 3: This product is a specialist type of shoe only purchased by professional dancers. Apor's strategy is to appeal to this small and specific customer segment, and it achieves advantage through low cost of manufacture. However, demand has been affected recently due to import duty and tax changes.

Product 4: The marketing slogan for this product is *"Greener Clothing for the Planet"*. Although slightly more expensive than other ranges, Apor achieves advantage through the product's eco-friendly features, appealing to a smaller, specific segment.

Task:

For each product, match the correct **Macro Environment Driver** and the correct **Source of Competitive Advantage**.

ANSWER: See the explanation for the answer

Explanation:

Correct matches:

Product 1: Technological macro-environment driver — **Cost leadership** competitive advantage.
Product 2: Social / socio-cultural macro-environment driver — **Differentiation** competitive advantage.
Product 3: Political macro-environment driver — **Cost focus** competitive advantage.
Product 4: Environmental macro-environment driver — **Differentiation focus** competitive advantage.

Product 1's lower manufacturing cost arises from advanced technology. Product 2 differentiates through features designed around youth customer preferences. Product 3 is affected by duties and taxes (a political factor) and targets a narrow professional-dancer market with low cost. Product 4 uses environmental credentials to differentiate for a specific eco-conscious segment.

QUESTION NO: 2

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

A. Internal stakeholder

B. External stakeholder

C. Connected internal stakeholder

D. Connected external stakeholder

E. Connected stakeholder

ANSWER: E

Explanation:

"Connected stakeholder" is correct because banks, investors and consumers have direct economic and transactional relationships with an organisation. Banks provide finance and may impose lending conditions; investors provide capital and have an interest in financial performance, governance and risk; and consumers buy and use the organisation's products or services. Their decisions can therefore directly affect the organisation's revenue, access to capital, reputation and ability to operate. In stakeholder analysis used in procurement and ethical supply-chain management, connected stakeholders are distinguished by this close commercial or financial connection to the business. Procurement professionals need to identify and engage these groups because ethical sourcing, responsible business practices and supply-chain transparency can influence consumer demand and investor confidence, while financial institutions may assess environmental, social and governance risk when making financing decisions. Mapping stakeholders and understanding their interests helps an organisation manage these relationships appropriately and make balanced, responsible procurement decisions. CIPS discusses the importance of responsible and ethical conduct across procurement and supply chains in its ethical business resources. Further stakeholder-management principles are outlined in the ISO 26000 guidance on social responsibility.

QUESTION NO: 3

Which of the following are core Labour Standards of the ILO? Select TWO

A. Freedom of association

B. Payment of a living wage

C. Equal opportunities for all

D. Protection from job insecurity

ANSWER: A C

Explanation:

Freedom of association is a core ILO labour standard because workers must be able to establish and join organisations of their own choosing without interference. This freedom supports workers' ability to represent their interests collectively and is protected by the ILO's fundamental conventions on freedom of association and collective bargaining. For ethical procurement, this means suppliers should respect workers' rights to organise and engage with trade unions or other legitimate worker representatives.

Equal opportunities for all reflects the ILO fundamental principle of eliminating discrimination in employment and occupation. In practice, this requires fair access to work, training, advancement, pay and employment conditions, without discrimination on protected grounds. The principle is embodied in the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and is central to responsible supply-chain due diligence. Procurement professionals should therefore seek evidence that suppliers have effective non-discrimination policies, fair recruitment and employment practices, and appropriate mechanisms for workers to raise concerns.

The ILO identifies freedom of association and the elimination of discrimination as fundamental principles and rights at work. See the ILO Declaration on Fundamental Principles and Rights at Work and the ILO information on Convention No. 111.

QUESTION NO: 4

Berty Boo Ltd conducts an audit checking compliance with regulations, policies, and risk procedures. What type of audit is this?

A. External audit

B. Third-party audit

C. Compliance audit

D. Benchmarking audit

ANSWER: C

Explanation:

Compliance audit is correct because its purpose is to assess whether an organisation's activities, controls and practices conform to applicable requirements. These requirements can include laws and regulations, internal policies, contractual obligations, ethical standards and established risk-management procedures. In a procurement and supply context, this type of audit provides evidence that the business and its suppliers are operating within required governance arrangements, and that controls intended to manage legal, ethical, operational and reputational risk are actually being followed. Findings can then be used to address gaps, implement corrective actions and demonstrate accountability to senior management, regulators and other stakeholders. Compliance auditing is therefore a core assurance activity: it tests adherence to defined rules rather than primarily assessing financial statements, comparing performance with peer organisations, or being defined by who performs the audit. The Institute of Internal Auditors explains that internal audit provides assurance on governance, risk management and control processes, including whether relevant controls are designed and operating effectively. Further guidance on effective compliance programmes is available from the UK government's fraud-prevention guidance, which emphasises proportionate procedures, due diligence, communication and monitoring. See The IIA Global Internal Audit Standards and UK Bribery Act guidance.

QUESTION NO: 5

Santino is a procurement manager at ABC Ltd. He manages a contract with a supplier. The relationship is characterised by both companies seeking advantages at the expense of the other. What type of relationship does Santino have with his supplier?

A. Partnership

B. Transactional

C. Closer tactical

D. Adversarial

ANSWER: D

Explanation:

Adversarial is correct because the defining feature in the scenario is that each organisation seeks to gain advantage at the other's expense. This is a competitive, win-lose orientation: the buyer and supplier focus on protecting their own position and extracting value rather than sharing information, jointly solving problems, or pursuing mutually beneficial outcomes. In procurement practice, an adversarial relationship may arise where negotiations are heavily price-focused, trust is low, and each party uses contractual leverage to secure concessions. It can sometimes be encountered in arm's-length purchasing, particularly where the requirement is simple and the supply market offers alternatives. However, it requires careful management because persistent conflict can inhibit transparency, innovation, resilience, and responsible supply-chain outcomes. CIPS's ethical procurement guidance emphasises that procurement should seek responsible, sustainable supply arrangements and constructive supplier engagement where appropriate. Recognising an adversarial relationship allows a procurement manager to assess whether this approach remains proportionate to the risk, value, and strategic importance of the contract, or whether more collaborative relationship-management practices would produce better long-term value. See CIPS: Ethical business practice and CIPS: Contract management.

QUESTION NO: 6

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: D

Explanation:

Opportunity to build economies of scale is a cost driver of globalisation because expanding production, sourcing, or sales across international markets can increase the volume of activity over which fixed costs are spread. Fixed costs may include plant and equipment, product development, systems, administration, and specialist capability. As output rises, the fixed-cost element allocated to each unit can fall, reducing average unit cost and potentially improving an organisation's competitiveness. Global markets can make these larger volumes achievable where domestic demand alone would be insufficient. This creates a direct commercial incentive for organisations to operate internationally, consolidate requirements, standardise products or processes where appropriate, and use larger-scale supply arrangements. In procurement, recognising this driver helps professionals assess whether aggregation, international sourcing, or supplier consolidation could produce a genuine total-cost benefit, while still considering resilience, ethical risks, quality, and service requirements. Economies of scale are therefore specifically linked to the cost rationale for globalisation, rather than merely describing a technological, regulatory, or broad stakeholder-value influence. The World Trade Organization discusses how trade and market access can support scale and efficiency in production: WTO World Trade Report. CIPS provides further context on procurement and supply management practice at CIPS Knowledge.

QUESTION NO: 7

When creating a Sustainable Procurement Policy, which of the following steps should be conducted first?

A. Gather information

B. Draft the policy

C. Identify who will take lead responsibility

D. Consult with stakeholders

ANSWER: C

Explanation:

Identify who will take lead responsibility is the first step because a sustainable procurement policy needs a clearly accountable owner from its inception. The lead individual or function coordinates the policy-development process, establishes the scope and timetable, secures access to relevant information, and ensures that the policy supports the organisation's wider sustainability, ethical sourcing, commercial, and governance objectives. Clear ownership also enables effective engagement with internal stakeholders such as procurement, finance, legal, operations, and sustainability specialists, as well as appropriate senior-level sponsorship and approval. Assigning responsibility at the outset makes it more likely that the policy will move beyond a statement of intent into an implemented and monitored framework, with defined responsibilities and measurable outcomes. This reflects CIPS guidance on developing sustainable procurement policy, which places identification of lead responsibility before information gathering, drafting, consultation, approval, implementation, and review. Sustainable procurement is intended to embed environmental, social, ethical, and economic considerations throughout purchasing and supply decisions, so accountable leadership is essential to coordinate these interconnected requirements. Further context on sustainable procurement principles is available from CIPS Sustainable Procurement and the international guidance in ISO 20400 Sustainable Procurement.

QUESTION NO: 8

A buyer is considering a lower-priced overseas supplier for a critical component. Which factors should be included when assessing the ethical and commercial case for the decision? Select THREE

A. Total landed cost

B. Human-rights and labour-risk exposure

C. Supply continuity risk

D. The supplier's quoted unit price only

E. An assumption that domestic suppliers have no ethical risk

ANSWER: A B C

Explanation:

Total landed cost, **human-rights and labour-risk exposure**, and **supply continuity risk** should all be assessed. The quoted unit price may not represent the full cost once freight, duties, inventory, quality assurance, currency exposure and administration are considered. Ethical procurement also requires proportionate due diligence into risks such as forced labour, unsafe working conditions, excessive hours and subcontracting.

As the component is critical, the buyer should also consider lead times, geographic disruption, supplier capability and alternative sources of supply. Selecting the lowest-priced supplier without further assessment confuses price with value. Assuming that domestic suppliers have no ethical risk is equally unsound: ethical risks can occur in any country and require evidence-based assessment.

QUESTION NO: 9

A public-sector buyer is procuring office furniture and wishes to apply life-cycle thinking. Which considerations are relevant to this approach? Select THREE

A. The durability and repairability of the furniture

B. Environmental impacts of materials and manufacture

C. Arrangements for reuse, recycling or disposal at end of life

D. The lowest initial purchase price only

E. An unverified claim that the furniture is eco-friendly

ANSWER: A B C

Explanation:

The durability and repairability of the furniture, **environmental impacts of materials and manufacture**, and **arrangements for reuse, recycling or disposal at end of life** are relevant because life-cycle thinking considers impacts and value across the stages of a product's existence rather than focusing only on the purchase transaction.

Procurement may also consider maintenance needs, energy use where applicable, transport, packaging and the possibility of extending useful life through refurbishment. Selecting solely on the lowest initial purchase price ignores potential longer-term cost and environmental impacts. A supplier's marketing claim that its products are “eco-friendly” is not sufficient evidence without clear, relevant and verifiable information.

QUESTION NO: 10

A procurement team wants to measure whether its supplier-remediation programme is improving labour conditions rather than merely completing administrative activity. Which KPIs would be most useful? Select THREE

A. The proportion of corrective actions independently verified as effective

B. The recurrence rate of serious labour findings

C. The time taken to resolve worker grievances

D. The number of ethical policies issued during the year

E. The number of supplier audits completed

ANSWER: A B C

Explanation:

The proportion of corrective actions independently verified as effective, **the recurrence rate of serious labour findings**, and **the time taken to resolve worker grievances** are useful outcome-focused measures. They provide evidence of whether actions have improved conditions, whether problems are recurring and whether workers can obtain timely remedy.

The number of policies issued or training sessions delivered may be useful activity measures, but they do not demonstrate that labour conditions have improved. Measuring only the number of audits completed can similarly encourage audit volume without establishing whether identified harm has been prevented or remediated.