



CIPS

L5M5 Exam

Managing Ethical Procurement and Supply (L5M5)

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Question 1. (DRAGDROP)

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.

Drag & Drop Question - Apor Fashion Products

Match each Product Line with the correct Macro Environment Driver and Source of Competitive Advantage

	Macro Environment Driver	Source of Competitive Advantage
Product 1 - Clothing line cheaply made using advanced technology	[Drag Here]	[Drag Here]
Product 2 - Teenager-focused clothing with unique features	[Drag Here]	[Drag Here]
Product 3 - Specialist dance shoes, demand impacted by tax	[Drag Here]	[Drag Here]
Product 4 - "Greener Clothing for the Planet" eco-friendly line	[Drag Here]	[Drag Here]

Options to Drag & Drop:

Macro Environment Drivers: Demographics Driver | Economic Driver | Environmental Driver | Technology Driver
Sources of Competitive Advantage: Cost Leadership | Cost Focus | Differentiation Focus | Differentiation

Correct Answer:

Drag & Drop Question - Apor Fashion Products

Match each Product Line with the correct Macro Environment Driver and Source of Competitive Advantage

	Macro Environment Driver	Source of Competitive Advantage
Product 1 - Clothing line cheaply made using advanced technology	Technology Driver	Cost Leadership
Product 2 - Teenager-focused clothing with unique features	Demographics Driver	Differentiation Focus
Product 3 - Specialist dance shoes, demand impacted by tax	Economic Driver	Cost Focus
Product 4 - 'Greener Clothing for the Planet' eco-friendly line	Environmental Driver	Differentiation

Options to Drag & Drop:
 Macro Environment Drivers: Demographics Driver | Economic Driver | Environmental Driver | Technology Driver
 Sources of Competitive Advantage: Cost Leadership | Cost Focus | Differentiation Focus | Differentiation

Question 2. (Multi Select)

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

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

Correct Answer: A, B, D

Explanation:

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.

Question 3. (Single Select)

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

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

Correct Answer: D

Explanation:

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.

Question 4. (Multi Select)

Which of the following statements is TRUE about the adjudication form of dispute resolution?
Select TWO

- A: It is an informal process
- B: It is quicker than going through the courts
- C: A decision must be made within 28 days
- D: The decision cannot be legally binding

Correct Answer: B, C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Adjudication is a formal ADR method, widely used in construction and supply disputes. The L5M5 study guide (p.237) outlines its key features: it is designed to be faster than court proceedings and legally requires that a decision is reached within 28 days of referral. Decisions made can also be legally binding. Contrary to option A, adjudication is not informal; it follows structured legal processes. Option D is also incorrect, as adjudicator decisions may carry binding authority unless overturned later in arbitration or litigation. The process ensures disputes are resolved promptly, preventing long project delays.

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Question 5. (Single Select)

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

Correct Answer: D

Explanation:

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.

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