

PRACTICE QUESTIONS

NCFM Pro – Environmental, Social and Governance (ESG)

1. In their related declaration of 1948, the UN defined the right to inherent dignity and the equal and inalienable rights of freedom, justice and peace. Which 'right' is being referred to? **[2 Marks]**
- a) Human rights
 - b) Right to equality in life
 - c) Right to equity in life
 - d) Right to diversity and inclusivity

Correct Answer: Human rights

2. This type of equity is a more flexible measure allowing for equivalency while not demanding sameness. **[2 Marks]**
- a) Social
 - b) Financial
 - c) Health
 - d) Wellbeing

Correct Answer: Social

3. "What event marked the beginning of the unsustainable practices in society, leading to the realization that unrestricted growth was not sustainable?" **[1Mark]**
- a) Age of discovery
 - b) Industrial revolution
 - c) World War1
 - d) Age of generative AI

Correct Answer: Age of discovery

4. Which organization was the first major NGO to adopt policies focusing on bringing direct accountability for conservation on the corporate sector during the 1970s. **[2 Marks]**
- a) Green peace
 - b) Business for social responsibility
 - c) CSR Europe
 - d) World Business Council for sustainable development

Correct Answer: Green Peace

5. Which of the following scenarios represent the concept of Greenwashing? **[2 Marks]**
- a) A & C
 - b) Project high level sustainability claims without substantial evidence
 - c) State their positive environmental effects in marketing collateral.
 - d) Promote goods / services as eco-friendly, but source being unsustainable supply chain

Correct Answer: A & C

6. What is the primary source of ESG data? **[1 Marks]**
- a) Internal
 - b) External

Correct Answer: Internal

7. When a local community involved in the production of wood and related products generates hazardous waste, is classified under which of the following? **[2 Marks]**
- a) Environmental factor
 - b) Environmental + Social factor
 - c) Social factor
 - d) Environmental + Social + Governance factor

Correct Answer: Environmental factor

8. How do shareholders exercise influence through proxy voting in ESG? **[1 Mark]**
- a) Voting on ESG-related resolutions at AGMs
 - b) Deciding executive compensations
 - c) Directly managing company operations
 - d) Issuing green bonds

Correct Answer: Voting on ESG-related resolutions at AGMs

9. This term refers to the practice of engaging key shareholders in dialogue to understand their vital interests and is essential to fostering sustainable business practices. **[1 Mark]**
- a) Shareholder engagement
 - b) Stakeholder engagement
 - c) Management Review meeting
 - d) None of the above

Correct Answer: Shareholder engagement

10. If an unsustainable outcome is not improving, it can be considered: **[1 Mark]**
- a) Does cause harm
 - b) May cause harm

- c) Do not cause harm
- d) cant say

Correct Answer: Does cause harm

11. Disadvantaged or priority populations is which factor **[1 Mark]**

- a) Social
- b) Environmental
- c) Governance
- d) Geographic

Correct Answer: Social

12. The practice of focusing, and accounting for, sustainability impacts on environment, society and the economy is often termed as **[2 Marks]**

- a) Triple bottom line
- b) Corporate social responsibility
- c) Environmental social governance
- d) Social and environmental equity

Correct Answer: Triple Bottom line

13. The topics of ecological impacts, resource / raw material management and renewable energy is under the purview of which of the following? **[1 Mark]**

- a) Environmental
- b) Social
- c) Governance
- d) A & C

Correct Answer: Environmental

14. Companies know they need to decarbonize and improve sustainability across their value chains, but often they **[1 Mark]**

- a) value chains
- b) specific processes
- c) in a particular department
- d) in a function

Correct Answer: value chains

15. From the following, which are the regulatory bodies that have adopted a collaborative interoperable approach? **[1 Mark]**

- a) A & B
- b) European Commission
- c) European Financial Reporting Advisory Group
- d) US SEC

Correct Answer: A & B

16. Which of the following is not an example of a stakeholder? **[1 Mark]**

- a) Family and friends
- b) Employees
- c) Media
- d) Suppliers

Correct Answer: Family and Friends

17. Which of these is not a primary energy source? **[1 Mark]**

- a) Electricity
- b) coal
- c) lignite
- d) Gas

Correct Answer: Electricity

18. "Those at the (fill in the blank) levels of the company assume responsibility for delivering net zero transformation" **[1 Mark]**

- a) highest
- b) mid managerial
- c) lower level
- d) operational heads

Correct Answer: highest

19. Investment portfolio includes companies that have demonstrated ESG strengths.

[1 Mark]

- a) TRUE
- b) FALSE

Correct Answer: TRUE

20. Resource Management includes **[1 Mark]**

- a) All of the above
- b) Water Management
- c) Raw Material
- d) Energy Sources

Correct Answer: All of the above

21. By embracing sustainable approaches, companies can _____ their ecological impacts in the transition to a net-zero future **[2 Marks]**

- a) Mitigate
- b) Increase

- c) Manage
- d) Discover

Correct Answer: Mitigate

22. Identified risks, opportunities, and actions to address these is _____ strategy. **[1 Mark]**

- a) ESG
- b) MSG
- c) Organizational
- d) Risk Mitigating

Correct Answer: ESG

23. A situation when company may claim to be "carbon neutral" but circumvents by buying carbon credits is known as **[1 Mark]**

- a) Hidden trade-off
- b) False label
- c) Fibbing
- d) Open trade

Correct Answer: Hidden trade-off

24. ITC's ESG efforts extend to their supply chain, promoting sustainable agricultural practices and improving the livelihoods of farmers **[1 Mark]**

- a) Correct
- b) Incorrect

Correct Answer: Correct

25. _____ emissions are divided into three categories, known as 'scopes' **[1 Mark]**

- a) Direct
- b) Current
- c) Indirect
- d) None

Correct Answer: Direct