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CESGP

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Before you begin

What this is

9 practice questions for Advanced Credentials by Ripples Learning and Research `CESGP`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `CESGP`
- the question number
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Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

Which of the following best describes the three pillars encompassed by the term 'ESG' in sustainable finance and corporate reporting?

A Economic, Strategic, and Governance

B Environmental, Social, and Governance

C Ethical, Sustainability, and Growth

D Energy, Stakeholder, and Government

ANSWER B

WHY ESG stands for Environmental, Social, and Governance. These are the three core pillars used to evaluate a company's sustainability and ethical impact beyond traditional financial metrics. Option A refers to a different framework, while C and D are not recognized ESG pillars.

QUESTION 2 SINGLE CHOICE

Which of the following is a widely used global reporting framework that provides standardized disclosures for climate-related financial risks and opportunities?

A SASB Standards

B TCFD Recommendations

C GRI Standards

D ISO 14001

ANSWER B

WHY The Task Force on Climate-related Financial Disclosures (TCFD) provides recommendations for climate-related financial disclosures focused on governance, strategy, risk management, and metrics/targets. SASB covers industry-specific sustainability accounting, GRI focuses on broader sustainability reporting, and ISO 14001 is an environmental management system standard, not a disclosure framework.

QUESTION 3 SINGLE CHOICE

Which environmental issue is most directly associated with Scope 1, Scope 2, and Scope 3 emissions categories?

A Water scarcity

B Biodiversity loss

C Greenhouse gas emissions

D Plastic pollution

ANSWER **C**

WHY Scope 1, 2, and 3 emissions are the GHG Protocol's categories for measuring greenhouse gas emissions. Scope 1 covers direct emissions, Scope 2 covers indirect emissions from purchased energy, and Scope 3 covers other indirect emissions across the value chain.

QUESTION 4 SINGLE CHOICE

An ESG analyst is reviewing a company's 'S' disclosures. Which item is most appropriately classified under the Social pillar?

A Board independence

B Employee diversity and inclusion metrics

C Carbon intensity of operations

D Anti-corruption policies

ANSWER **B**

WHY Employee diversity and inclusion is a core Social pillar topic, addressing human capital management. Board independence (A) and anti-corruption policies (D) are Governance topics. Carbon intensity (C) is an Environmental metric.

QUESTION 5 SINGLE CHOICE

Which of the following is a key Governance factor examined in ESG assessments?

A Supply chain labor standards

B Water usage efficiency

C **Executive pay-to-performance alignment**

D Waste management practices

ANSWER C

WHY Executive pay-to-performance alignment is a classic Governance metric, reflecting how well executive compensation is tied to company performance. Supply chain labor standards (A) is Social, while water usage (B) and waste management (D) are Environmental factors.

QUESTION 6 SINGLE CHOICE

The concept of 'double materiality' in ESG reporting requires companies to report on:

A Only how sustainability issues affect the company's financial performance

B Only how the company impacts the environment and society

C **Both how sustainability issues affect the company and how the company affects society/environment**

D Only risks related to climate change

ANSWER C

WHY Double materiality considers both 'outside-in' (financial materiality — how ESG issues affect the company) and 'inside-out' (impact materiality — how the company affects society and the environment). This dual perspective is central to frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD).

QUESTION 7 SINGLE CHOICE

An investment fund excludes companies involved in tobacco and controversial weapons from its portfolio. This strategy is known as:

A ESG integration

B Negative or exclusionary screening

C Impact investing

D Thematic investing

ANSWER **B**

WHY Negative (or exclusionary) screening excludes specific sectors, companies, or practices from an investment universe based on ESG criteria. ESG integration (A) systematically incorporates ESG factors into financial analysis; impact investing (C) targets measurable positive outcomes; thematic investing (D) focuses on specific themes like clean energy.

QUESTION 8 MULTIPLE CHOICE

Which of the following are core components of the European Sustainability Reporting Standards (ESRS) under the CSRD? (Choose two.)

A General disclosures (ESRS 1)

B Mandatory carbon tax payments

C Climate change disclosure (ESRS E1)

D Quarterly earnings forecasts

ANSWER **A · C**

WHY ESRS 1 covers general disclosures and principles, while ESRS E1 is the topical standard on climate change disclosure. Carbon tax payments (B) are a policy instrument, not an ESRS component, and quarterly earnings forecasts (D) are a financial reporting item not part of ESRS.

QUESTION 9 SINGLE CHOICE

What is the primary function of an ESG rating agency such as MSCI or Sustainalytics?

A To mandate corporate sustainability reporting

B To assess and score companies' ESG performance for investors

C To set global climate policy

D To audit company financial statements

ANSWER **B**

WHY ESG rating agencies evaluate and score companies on ESG criteria to help investors assess sustainability risks and opportunities. They do not mandate reporting (A — that's the role of regulators/standards bodies), set policy (C), or audit financials (D).