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The modern CIPS world is changing its dynamics at a fast pace. To stay and compete in this challenging market, you have to learn and enhance your in-demand skills. Fortunately, with the Managing Ethical Procurement and Supply (L5M5) (L5M5) certification exam you can do this job nicely and quickly. To do this you just need to enroll in the CIPS L5M5 Certification Exam and put all your efforts to pass the Managing Ethical Procurement and Supply (L5M5) (L5M5) certification exam.

CIPS L5M5 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"> Understand initiatives and standards related to ESG (Environmental, Social, and Governance) that support ethical and sustainable procurement and supply: This section of the exam measures the skills of Procurement Leaders and covers the global frameworks and standards that shape ethical supply practices. It explores international labour standards set by organizations such as the UN and ILO, and labour codes like the Ethical Trading Initiative and SA800. Candidates also examine external environmental frameworks, industry accreditations, and their role in meeting ESG goals. Finally, this section addresses fair trade principles, organizations such as WFTO and Fairtrade International, and the need to align internal governance with global standards.
Topic 2	<ul style="list-style-type: none"> Understand the importance of compliance with ESG (Environmental, Social, and Governance) factors to achieve ethical and sustainable procurement and supply arrangements: This section of the exam measures skills of Supply Chain Specialists and covers methods to ensure compliance with ESG standards in procurement. It includes the use of supply chain mapping, risk management, stakeholder engagement, and contractual terms to secure sustainable practices. Candidates also learn how to monitor supplier performance, handle non-compliance, and utilize third-party auditors to maintain ethical standards. Relationship management strategies, corrective actions, and escalation processes are emphasized as part of ensuring suppliers meet ESG expectations.

Topic 3	<ul style="list-style-type: none"> • Understand the impact of ESG (Environmental, Social, and Governance) considerations on ethical and sustainable supply chains: This section of the exam measures the skills of Procurement Managers and covers how ESG principles are applied to secure ethical and sustainable supply chains. It looks at the role of environmental, social, and governance factors in procurement decisions, alongside risks and benefits of ESG adoption. Learners also explore issues such as modern slavery, bribery, and human rights, as well as the importance of diversity, inclusion, and stakeholder management. The section highlights how globalization, culture, and labour practices shape supply strategies and examines potential conflicts that may arise when balancing ESG priorities with business demands.
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CIPS Managing Ethical Procurement and Supply (L5M5) Sample Questions (Q29-Q34):

NEW QUESTION # 29

In an effort to enhance sustainability and ethical business practices, four companies have embedded Environmental, Social, and Governance (ESG) performance measures into their supplier agreements. Each organization has identified specific ESG challenges and established contractual requirements that suppliers must meet to align with corporate sustainability objectives.

Below is an overview of the ESG priorities for each company and the corresponding contractual terms:

Company 1:

This company has pledged to cut its carbon footprint by 40% by 2030. To achieve this target, it mandates that its suppliers actively contribute to emission reduction efforts. Suppliers are required to meet defined, measurable benchmarks related to carbon emissions and submit periodic reports detailing their progress on sustainability initiatives.

Company 2:

With a strong emphasis on fostering fairness and inclusivity, this company requires suppliers to align their payment structures and financial strategies with its commitment to equity. Suppliers must implement fair compensation policies, ensure timely salary disbursements via banking channels, and adopt ethical pricing structures that support inclusive hiring practices, particularly for underrepresented groups.

Company 3

Operating in industries prone to unethical practices, this company enforces stringent anti-corruption policies and financial transparency requirements for its suppliers. Suppliers must uphold rigorous governance standards, establish transparent reporting mechanisms, and comply with all anti-corruption regulations to ensure ethical business operations.

Company 4

This company is committed to making a meaningful impact on the communities in which its suppliers operate. As part of its contractual obligations, suppliers must actively participate in local initiatives that drive social and economic development. This includes contributing to community projects, generating employment opportunities, and supporting social welfare programs. The four companies must establish contractual terms aligned with their respective ESG considerations, including a Community Benefit Clause, Key Performance Indicators (KPIs), Commercial Clause, and Governance Clause.

Match Column A with Column B from the following table:

- A. Carbon Emissions: KPI as Performance Measure
- B. Equality, Diversity, and Inclusion (EDI): Commercial Clause

Answer: A,B

Explanation:

Company 1: Carbon Emissions + KPI as a Performance Measure To achieve its goal of reducing carbon emissions, the company mandates that suppliers meet specific sustainability targets. By incorporating Key Performance Indicators (KPIs) into contracts, progress becomes measurable, ensuring accountability and continuous improvement in environmental performance. Company 2:

Equality, Diversity, and Inclusion (EDI) + Commercial Clause The company's commitment to inclusivity is reinforced through a Commercial Clause, requiring suppliers to align financial practices with ethical standards. This includes fair payment structures, equitable pricing models, and hiring policies that support underrepresented groups, ensuring diversity and inclusion within the supply chain. Company 3: Governance + Governance Clause Operating in a high-risk industry, the company prioritizes governance and transparency by enforcing strict anti-corruption policies. The Governance Clause mandates adherence to ethical business practices, requiring suppliers to implement robust compliance frameworks, transparent financial reporting, and regulatory alignment. Company 4: Social Value + Community Benefit Clause The company's dedication to creating positive community impact is embedded within a Community Benefit Clause. This contractual requirement ensures that suppliers actively contribute to local social and economic development, participate in community projects, and provide employment opportunities, fostering long-term sustainability in the regions they operate.

NEW QUESTION # 30

Which piece of UK legislation includes a provision for transparency in a company's supply chain?

- A. Modern Slavery Act
- B. Companies Act
- C. Health and Safety at Work Act
- D. Working Time Directive

Answer: A

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The Modern Slavery Act 2015 introduced a requirement for companies with turnover above £36 million to publish annual slavery and human trafficking statements, disclosing actions to ensure transparency in supply chains. The L5M5 study guide (old p.62, new p.90) stresses its role in combating forced labour and human trafficking. While the Companies Act (A) focuses on governance, the Working Time Directive (C) regulates working hours, and the Health and Safety Act (D) ensures workplace safety, only the Modern Slavery Act addresses supply chain transparency.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.90

NEW QUESTION # 31

Mahfuz, a Procurement Officer at GreenLine Industries, manages a contract with a supplier of key raw materials. He recently noticed the supplier's non-compliance with the company's CSR (Corporate Social Responsibility) policy. Despite addressing the issue in a meeting, no significant improvements have been made. What should Mahfuz do next?

- A. Issue an ultimatum
- B. Escalate the issue to a senior manager
- C. Terminate the contract
- D. Make a financial claim

Answer: B

Explanation:

Choice C - This is the correct answer. Escalating the issue allows for higher-level intervention, which may lead to more significant pressure on the supplier to comply with the CSR policy. Senior managers can also provide strategic direction on how to handle the situation.

Incorrect answer:

Choice A - This is a drastic step and should typically be a last resort. Terminating the contract without giving the supplier an adequate opportunity to improve or exhausting internal escalation processes may damage the business relationship and disrupt the supply chain.

Choice B - While this might push the supplier to act, it can come across as confrontational and may not lead to a constructive resolution. A more collaborative approach, such as involving senior management, is usually preferable.

Choice D- This option is not suitable unless the supplier's non-conformance has directly resulted in financial damages that can be substantiated. The scenario does not indicate such damages, so this is not an appropriate action at this stage.

Reference:

LO-2.4; Page 233-234; Escalating non-compliance and making exit arrangements

NEW QUESTION # 32

The Rampal Power Station, a 1320 MW coal-fired power plant, has recently faced accusations of poor health and safety standards in the workplace. Workers have reported being forced to work without safety masks, exposing them to air pollution. If Rampal Power Station fails to improve its health and safety standards, which of the following is the most likely primary consequence?

- **A. Loss of reputation**
- B. Complexity in calculating insurance coverage
- C. Destruction of the environment
- D. Acquisition of poor quality materials from suppliers

Answer: A

Explanation:

Choice B - Loss of reputation and damage to brand is a primary consequence of poor safety standards in the workplace for the power plant.

Incorrect answer:

Choice A - This option suggests that poor health and safety standards might lead to a decrease in the quality of materials sourced. While safety issues can affect worker performance and productivity, they do not directly relate to the quality of materials acquired from suppliers. Poor health and safety standards are more likely to impact employee morale and retention rather than the procurement process.

Choice C - Environmental effect is an indirect consequence for Rampal power plant but more so to the locals living there and natural habitat. If health and safety standards are not improved, it could lead to environmental issues, but this would be a broader consequence rather than a primary one related to workplace conditions.

Choice D - Although in cases of workers injury or death, calculating insurance would be complex, as not all injury and health related costs are covered by insurance, like sick pay, lost time, fines etc. But this is more of a secondary internal challenge and not a primary consequence of the power plant.

Reference:

LO-1.3; Page 99-100; Health and safety standards

NEW QUESTION # 33

Which three of the following can the procurement function use to integrate sustainability into contract pricing and payment terms?

- **A. Flexible price agreements**
- **B. Pricing based on quality focus**
- **C. Incentivized payment terms**
- D. Pricing mechanisms focused on developing large-scale businesses
- E. Payment terms focused on supporting multinational corporations

Answer: A,B,C

Explanation:

Choice A- Supports sustainability by accommodating cost changes tied to sustainable practices (e.g., carbon pricing, resource scarcity).

Choice C- Pricing based on quality focus prioritizes sustainability by valuing higher quality, sustainable products or services over lower-cost alternatives.

Choice D- Rewards suppliers for meeting or exceeding sustainability targets (e.g., early payments for sustainable achievements).

Incorrect answer:

Choice B- Not directly related to sustainability, unless tied to large-scale sustainable initiatives (e.g., renewable energy projects).

Choice E- This does not directly contribute to sustainability and may favor established corporations over smaller, more innovative, and potentially sustainable suppliers.

Reference:

LO-2.2; Page 187-191; Monitoring Contract Performance

NEW QUESTION # 34

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