



The Diversification of Suppliers in Mexico

Towards better inclusion of SMEs

Research commissioned by the Embassy of Canada to Mexico to Export CG.
December 2022



Export
Consulting
Group



Government
of Canada

Trade Commissioner
Service

Gouvernement
du Canada

Service des
délégués commerciaux

Executive Summary

This study was designed to support Mexican business executives and leadership groups to think about and eventually act on policies and practices supporting Supplier Diversity.

In this study, a diverse supplier is considered a business that is at least 51% owned and controlled by one or more members of an underrepresented group such as women, LGBTQ2I¹ individual(s), Indigenous, ethnic minority group, individual(s) with a disability, veterans of the armed forces (VET), or young individual(s).

Consciousness about Diversity, Equity, and Inclusion (DEI) is in its early stages in Mexico. Nevertheless, some Mexican companies are creating and implementing their own strategies for bringing diverse suppliers on board to increase mutually beneficial business opportunities.

Information sources for the study included public documents, an online survey and video conference interviews; all focused on identifying the needs, opportunities, obstacles and potential solutions experienced by a broad range of buyers in Mexico.

The business case for supplier diversity is clear, and many businesses in countries like Canada and the United States already reap many benefits from implementing supplier diversity practices. However, such initiatives can take various forms and are very country-specific: Their designers must consider the local context, cultural specificities, and economic and fiscal structures. The results of this study confirm the need to create visible, socio-culturally sensitive incentives in support of diverse Mexican businesses by various actors. It also highlights common issues across North America that impact the flourishing of supplier diversity, clearly calling for increased collaboration among domestic and international partners. Canada and Mexico share common values, experience and strong economic ties, and inclusive trade is a shared priority under which supplier diversity efforts can act as a pillar.

Through its networks, experience and support, the Embassy of Canada in Mexico is committed to working closely with Mexican businesses and Micro, Small and Medium Enterprises (MSMEs) and organizations in Mexico and Canada to promote DEI practices and, more specifically, supplier diversity practices.

¹ LGBTQ2I: lesbian, gay, bisexual, transgender, queer, 2-spirit and intersex people.

Table of contents



1
ACKNOWLEDGEMENTS, RESEARCH AND GLOSSARY OF TERMS

2
INTRODUCTION: SMEs in Mexico and Benefits of Supplier Diversity

3
DESK RESEARCH & SURVEY FINDINGS

4
INTERVIEW FINDINGS:

- Identifying diverse suppliers
- Sourcing opportunities
- Programs supporting a diverse supply chain
- Measuring supplier diversity activities
- Organizations in Mexico dedicated to SME inclusion
- Challenges.

5
CONCLUSIONES Y RECOMENDACIONES

ACKNOWLEDGEMENTS

The Embassy of Canada in Mexico wishes to thank all the contributors to our study of the supplier diversity ecosystem in Mexico for sharing their experience and knowledge and engaging in such fruitful, constructive, and rich information exchange through personal interviews and an online survey.

RESEARCH

The scope of this study encompassed businesses operating in Mexico with the potential for or currently implementing policies in the Diversity, Equity and Inclusion (DEI) sphere and/or with some supplier diversity practices. A mix of primary and secondary research methods was used to source sufficient data and information to amplify the study.

The first step of this investigation involved the exploration, analysis, and selection of 43 companies operating in Mexico. Various sources of information were used to obtain the sample of 43 companies, such as national rankings and publications about DEI policies and practices of Mexican businesses in 2021.

Examples of sources referenced during the study include the Human Rights Campaign, WeConnect International, Bloomberg Gender-Equality Index and the Mexican Council of Commerce (COMCE), the internal network of the Canadian Embassy in Mexico, public information, topical websites, annual reports, and presentations from exemplar companies.

Each of the 43 businesses answered an online survey of 10 questions. Based on their responses, a select number of companies were interviewed in depth through videoconference. Each interview lasted between 30 minutes to one hour and focused on the company's DEI policies and supplier diversity practices. The desk research was undertaken by Export CG, the consulting firm contracted for the purposes of this study, and the interviews were performed by both Export CG and the Embassy of Canada in Mexico staff. The final report was modified from its original version to encompass a Canadian perspective to the supplier diversity content and Canada's efforts on this topic.

GLOSSARY OF TERMS USED IN THIS REPORT

Diversity, Equity, Inclusion:

The Canadian Centre for Diversity and Inclusion defines DEI as follows: Diversity is about the individual. It is about the variety of unique dimensions, qualities and characteristics we all possess. Inclusion is about the collective. It is about creating a culture that strives for equity and embraces, respects, accepts and values difference.

Inclusion: The practice of using proactive measures to create an environment where people feel welcomed, respected and valued, and to foster a sense of belonging and engagement.

Diversity: The variety of identities found within an organization, group or society.

Equity: The principle of considering people's unique experiences and differing situations, and ensuring they have access to the resources and opportunities that are necessary for them to attain just outcomes.

Diverse supplier/ underrepresented group:

Diverse suppliers are business enterprises at least 51 percent owned, managed and controlled by a woman/women, or a member(s) of a diverse group. Diverse groups include Indigenous persons; visible minorities; persons with disabilities; veterans; and, LGBTQ2I individuals

Self-identification: A person's own assertion of belonging to a certain group or category of people.

Supplier diversity

Supplier diversity is a business program that encourages the use of diverse-owned businesses as suppliers. It is the process of corporations reaching out to suppliers not traditionally included in the supply chain who want to compete for contracts

Certification:

Certification is a formal verification for corporations that are purchasing goods and/or services from diverse businesses that meet universal standards. It validates that the business is at least 51 percent owned, managed and controlled by a member/members of a diverse group.

Certification opens doors to private and public procurement, and offers reassurance that a business is ready to export. Companies might require to be certified to register on a corporation's vendor database as a diverse supplier.

INTRODUCTION

SMEs in Mexico

Definition of SMEs in Mexico: Small and medium-sized enterprises, also known as SMEs, are those that have a workforce of no more than 250 workers in total, a moderate turnover and less access to resources or tools compared to large companies or franchises. In Mexico, the term SMEs has come to incorporate microenterprises, transforming the acronym to MSMEs.

According to the National Financial Development Bank, or NAFIN, based on these characteristics, SMEs are differentiated into three main classes, determined by their profit and number of employees:

- **Micro:** They employ less than 10 people and a turnover that does not exceed 4 million MXN pesos in annual sales.
- **Small Business:** Its workforce varies between 15 and 100 employees and usually reaches an annual balance of 100 million MXN pesos.
- **Medium-sized business:** With a staff of between 100 and 250 employees, medium-sized companies can achieve annual sales valued at up to 250 million MXN pesos.

According to the National Institute of Statistics and Geography (INEGI), Small and Medium Enterprises (SMEs) comprise 99.8% of companies in the country. Moreover, these businesses generate approximately 70% of the jobs in Mexico—nevertheless, the survival rate of SMEs in Mexico averages 8.4 years at a national level.

The survival of a business in Mexico depends on critical factors. One of them is the difficulty of SMEs to become a supplier of large companies due to the need for certifications and other requirements that represent high costs for SMEs in Mexico.

In 2020, companies in Mexico were not immune to the effects of the pandemic. Based on a special survey designed and implemented by INEGI (E-COVID), 86.6% of 1,873,563 companies reported having been impacted by the pandemic. Additionally, 79.2% of the companies reported a reduction in their income as the main problem experienced in 2020. By the end of the 17 months covered by the survey, approximately 3.9 million enterprises survived the pandemic (79.2%) of the 4.9 million SMEs registered by INEGI.

Diversity in Mexican SMEs

In Mexico, female SME entrepreneurs represent 28.3% and those led by young people (15-24 years old) only 1.9%². Unfortunately, Mexico lacks statistics and information about business owners' gender, ethnicity, and other vulnerability-related characteristics that would enable the identification of under-represented groups.

Based on INEGI, of the 97.2 million people older than 15 years old:

- 11.9% is indigenous.
- 10.2% live with a disability.
- 5.1% is a member of the LGBTQI+ community.
- 2.6% self-identify as African descendants (minority population)

² National Survey of Occupation and Employment, INEGI, 2021.

In 2021, INEGI implemented the first effort to generate statistics related to identifying members of the LGBTQ2SI community through the release of the *National Survey on Sexual and Gender Diversity*.

According to Page Group³, only 3 out of 10 companies are intentionally inclusive in Mexico, even though these companies could become 25% more profitable by implementing a DEI policy. This data demonstrates evidence of a long road ahead for implementing internal DEI policies in Mexican businesses, let alone policies that would apply to suppliers.

Recent government efforts towards economic inclusion include a National Policy on Financial Inclusion aiming at supporting SMEs and more vulnerable members of the population through digitalization and better access to financial services and programs; a push towards formalization of the economy by facilitating processes for business registration; and programs promoting SME growth (MiPymesMx, e.g.) and inclusion in the workplace. The Mexican Ministry of Labour implemented a label in 2019 called “Distintivo Empresa Incluyente” for businesses that promote the culture of inclusion, labour equality and non-discrimination to use as an identifier. Internationally, Mexico joined the Inclusive Trade Action Group (ITAG) formed by Canada, New Zealand, Chile and signed the Global Trade and Gender Arrangement (GTGA), which works to ensure that under-represented groups in trade, such as women, can benefit more from and participate in trade.

Benefits of Supplier Diversity

The business case for supplier diversity is clear and is embraced by both buyers and suppliers, particularly in North America, as an opportunity to grow through access to new or expanding supply chains while creating mutually beneficial relationships that also benefit the economy as a whole. In Canada, for example, supplier diversity has been effective in advancing the reconciliation process with Indigenous suppliers.⁴

More specific to buyers, based on input from companies⁵ and experts,⁶ some of the beneficial impacts of implementing a supplier diversity policy include:

- Improving supplier competitiveness.
- Reducing the cost of the supply chain.
- Boosting innovation.
- Heightening perception of impact.
- Attracting and retaining top talent.
- Improving the company's network of suppliers and clients.
- Enhancing positive social impacts.
- Helping to achieve social goals and increase the brand's reputation.
- Enhancing overall business competitiveness for the company and the world economy.

Mexico is in the early stages of introducing supplier diversity policies in business environments. While businesses in Mexico are conscious of the relevance and benefits of implementing a DEI policy in human resource management, there is still uncertainty about how to integrate these concepts in procurement processes.

³ Estudio de Remuneración, Page Group 2021

⁴Supplier Diversity Handbook, Chamber of Commerce of Canada, May 2022, https://chamber.ca/wp-content/uploads/2022/06/CCC07_SupplierDiversityToolkit_Final_EN.pdf

⁵ Nedra Dickson, Brian Pease. “Five reasons why you should prioritize supplier diversity as part of your sourcing strategy”, Accenture, 2020.

⁶ Bateman, Alexis, Barrington, Ashley, Date, Katie, “Why You Need a Supplier-Diversity Program,” Harvard Business Review, August 17, 2020.

Multinational companies are more inclined towards supplier diversity since inclusion is a shared mid- and long-term goal. While some establish their own goals and publish them in their corporate annual report or internal committees and shared with the international community; others use the UN Sustainable Development Goals, particularly number 8 and 10, as guiding principles⁷.

As will be discussed later, our research indicates that some of the main barriers that both SMEs and Multinational corporations face in participating in supplier diversity practices in Mexico are the lack of third-party entities capable of identifying and certifying SMEs as diverse suppliers as well as preparing them to comply with Multinational supplier standards and industry certification. However, even when multinational companies have Supplier Diversity programs in place in the United States, these programs are often not exported to Mexico.



As the Canadian Chamber of Commerce puts it in its *Supplier Diversity Handbook*, certification benefits both actors in the procurement process. It “puts diverse suppliers at the table by exposing them to new business and networking opportunities while also providing businesses looking to implement supplier diversity programs with the official documentation they need to track and evaluate their progress”.⁸

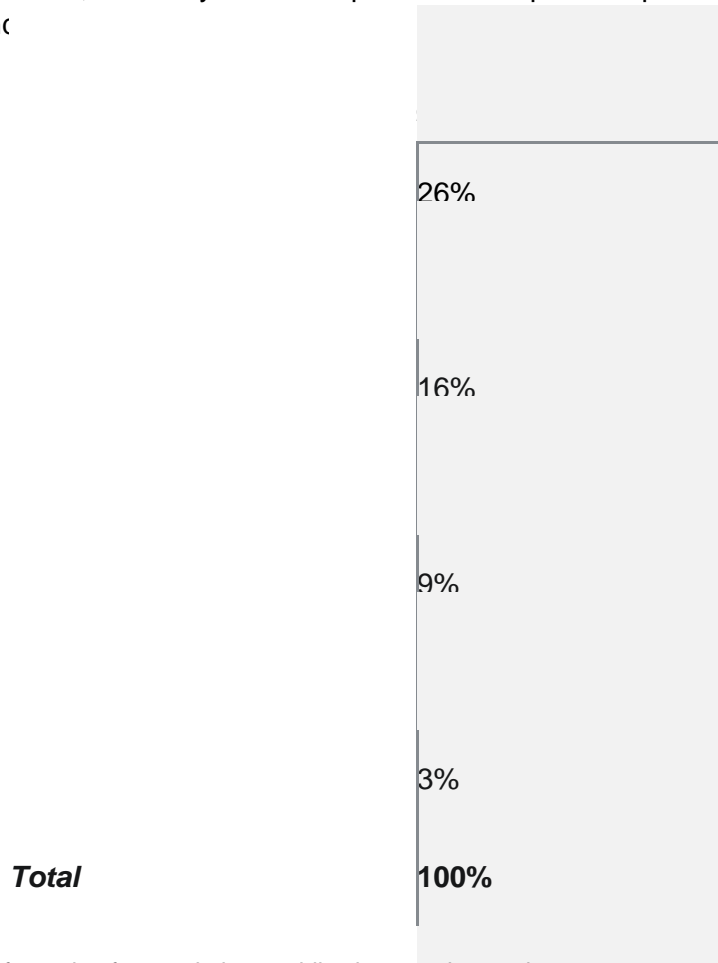
⁷Goal 8: to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The international community aims to achieve full and productive employment and decent work for all women and men, including for persons with disabilities, and equal pay for work of equal value.

Goal 10 strives to reduce inequality within and among countries by empowering and promoting the social, economic and political inclusion of all, including persons with disabilities.

⁸ Supplier Diversity Handbook, p.7.

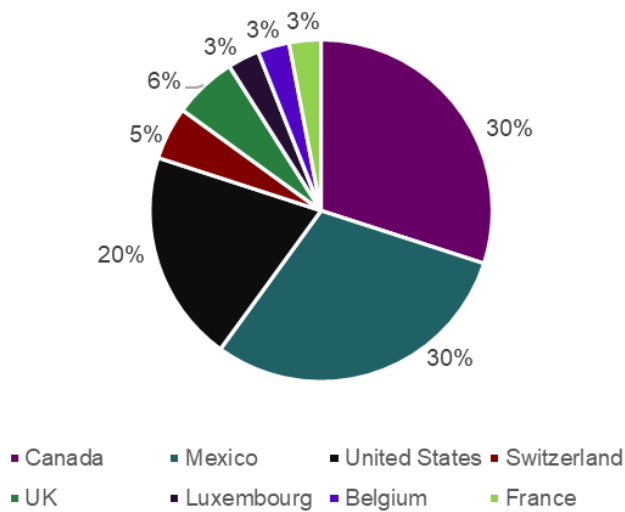
DESK RESEARCH & SURVEY FINDINGS

Through the desk research, we analyzed a sample of 43 companies operating in Mexico. Below is the breakdown per inc



Source: Export CG with information from websites, publications, and annual reports

Graph 1. Companies by origin



Source: Export CG with information from websites, publications, and annual reports

The research shows that 67% of these companies have at a minimum an internal DEI policy and are registered in at least one ranking, publication or association focused on larger DEI initiatives such as the Human Rights Campaign, the Bloomberg Gender-Equality Index, Best Place to Work for Women, Pride Connection, Valuable 500, Council to Prevent and Eliminate Discrimination in Mexico (CONAPRED), Best Supplier for People and Planet, and Women in Mining.

Based on information obtained from public sources from our group of 43 companies including press releases, websites, rankings and annual report, the most frequent DEI policies or practices used include:

- Internal communication (brochures, campaigns, emails, events, shared spaces, monitors).
- Participation in forums, alliances or networks to engage different communities in the company.
- Training and workshops for employees to promote and enhance the company's DEI vision.
- Workshops on inclusive leadership.
- Programs to identify talented women for leadership roles.
- Internal employee surveys focused on improving the work environment.
- Strengthening of the company's regulatory framework.
- Diversity-based recruitment and retention of employees.
- Wage equality policies.
- Involvement with local communities.
- Inclusive recruitment and work opportunities.
- Code of ethics for suppliers including DEI practices.

In addition, some of the activities implemented for pursuing DEI objectives involve:

- Self-identification forms to gather data on race and ethnicity; gender; sexual identity and orientation; disability conditions.
- Short, medium and long-term objectives based on specific percentage of employee's representation of underrepresented groups such as women, LGBTQI+ individuals, minorities, VET, young people and individuals with a disability.
- Adherence to the Target Gender Equality program of the United Nations Global Compact. This program supports companies in setting and reaching ambitious corporate targets for women's representation and ensure equal pay for work of equal value.
- Creation of specific goals for inclusion and diversity by 2023.
- Implementation of leader(s) position with a strong vision on DEI policies at senior or working level.
- The creation of a DEI internal committee.
- Contracts with suppliers with DEI certifications.
- LGBTQ2I individuals in leadership roles.
- Promotion of a supplier diversity policy.
- Systems to assess suppliers and support for improving diverse suppliers' base.

Survey findings

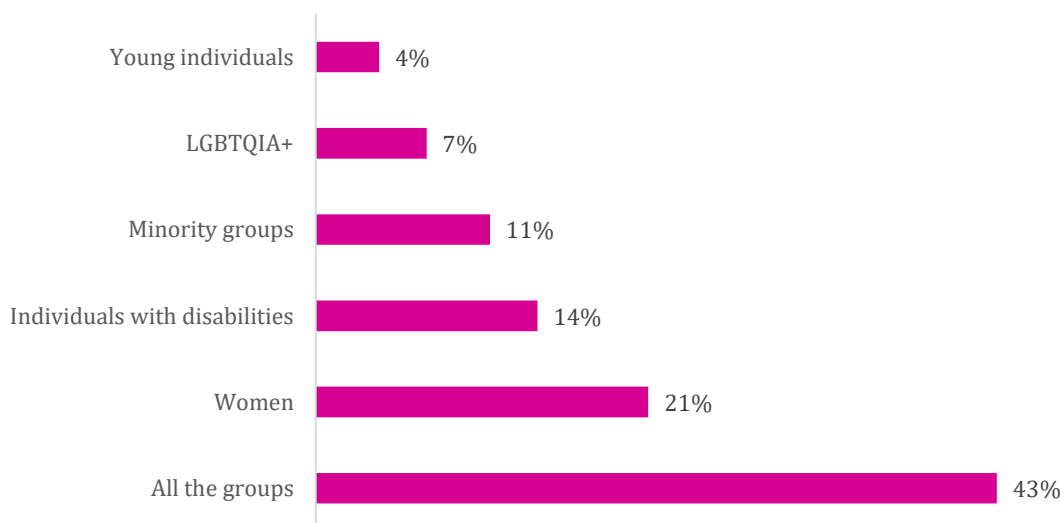
In addition to the desk research, a survey was conducted with 18 companies operating in Mexico from different industries, as shown in the table below. Most representatives who responded to the survey hold senior or middle management roles.

<i>Manufacturing</i>	26%
<i>Mining</i>	23%
<i>Pharmaceutical</i>	16%
<i>Food and Beverage</i>	14%
<i>Consultancy Services</i>	9%
<i>IT</i>	9%
<i>Financial Services</i>	2%
Total	100%

Source: Export CG with information from online surveys

43% of survey participants said the company they represent has an internal DEI policy already implemented and 21% have a DEI policy aiming specifically at women, indicating that these companies are taking steps to address gender-based disparities within their organizations. It is interesting to note that youth, LGBTQ2I, minorities and individuals with disabilities are other groups that are also specifically targeted by some companies' DEI policy.

Graphs 2 Targeted groups of DEI policies



Source: Export CG with information from online surveys

Below are a few common practices and programs that stand out from the responses to our survey:

- Set up of coaching and sponsorship programs for women.
- Development of tools to develop internal knowledge about the composition of the company employee base, their preferences and perceptions.
- Inclusive leadership program.
- Women's empowerment program.
- Wage equality initiatives.
- First job/ underrepresented groups insertion opportunities (e.g. individuals with disabilities).
- Equal opportunities for promotions and career progression
- Job inclusion practices for individuals with disabilities.

- Recognition, incentives, and equal promotion for internal career opportunities.
- Diversity and inclusion champions, or support networks, to foster dialogue and proposals.

DEI Policy Implementation

The following table provides information regarding the role or department under which the surveyed companies design and execute their DEI policy.

Table 3. Department in charge of the implementation of the DEI policy of the surveyed companies.

Area in charge of the implementation of the DEI policy in the company	% of surveyed companies
Human resources department	53%
Office of the CEO, VP, or General Manager	18%
Dedicated DEI Committee/Team	18%
Corporate Sustainability	11%

Source: Export CG with information from online surveys

Although most companies host their DEI policies and practices under the Human Resources Department, some have also created internal DEI committees. However, to ensure the success of DEI initiatives, it is essential to empower dedicated DEI teams at a senior level as well as engage in a significant degree of communication throughout the organization to achieve the desired goals and objectives.

When applying DEI considerations to suppliers, we found that 35% of the surveyed companies have a global supplier policy that guides their operations in Mexico, while the same percentage has no policy at all. Only 12% of the companies surveyed have a specific supplier diversity policy in Mexico. According to respondents, international companies must pay attention to sociocultural sensitivities and other unique factors when implementing a supplier diversity policy and practices in a different country.

Notably, 18% of the surveyed companies recognize the relevance of having a supplier diversity policy and mentioned that they are already designing one or are willing to develop their own supplier diversity policy.

A challenging aspect mentioned by respondents when considering the inclusion of diverse businesses in their supply chains is the need for more readiness of Mexican SMEs. Some are taking concrete actions to promote diverse suppliers' inclusion in their procurement processes, such as:

1. Training and mentoring to strengthen capacity of SMEs in planning, finances, social responsibility, and performance strategies.
2. Empowering procurement teams and prioritize local purchasing.
3. Developing alliances with associations or chambers of commerce for capacity building of SMEs.

Nevertheless, in the aggregate, 43.8% of the companies mentioned that identifying diverse suppliers and establishing criteria for their section is essential in any efforts toward their inclusion into supply chains.

The natural partners for companies wishing to connect with diverse suppliers are local and national chambers of commerce or other representative associations, which act as enablers between the suppliers and the companies. Among the most mentioned organizations, WeConnect, Mexican Federation of LGBT Entrepreneurs (FMEL), Canadian Chamber of Commerce in Mexico (CanCham), American Chamber of Commerce of Mexico (AmCham), Pride Connection Mexico,

Chamber of Industry and Commerce Mexico (CCMX) and *Alianza Éntrale* specific to the inclusion of persons with disability. However, the organizations dedicated to SMEs with a mandate to represent and support diverse businesses are very few.

INTERVIEW FINDINGS

We interviewed seven (7) international companies operating in Mexico about their DEI policy and supplier diversity practices. The industries represented by these companies include finance, law, information technology and communications, pharmaceutical, food and beverage, mining and consultancy.

While some companies have global procurement policies and guidelines guiding their procurement operations, some decisions are made locally. This was highlighted as a key component for the success of supplier diversity practices, given the need to adapt them to the unique sociocultural context of Mexico. A roadmap and some important obstacles stood out from the interviews.

According to the respondents, mapping diverse suppliers is a complex and demanding task. Interviewed companies have identified diverse suppliers through business associations or national and international organizations promoting diverse companies in Mexico, like WeConnect, Mexican Federation of LGBT Entrepreneurs, the Human Rights Campaign Mexico. However, the lack of common standards for buyers in diversifying their base of suppliers and the need for forums for discussions on the topic were identified as significant barriers. Buyers are interested in sharing experiences and practices to improve the business environment for diverse suppliers.

Identifying diverse suppliers

To compensate for the need for more available information about diverse SMEs in the Mexican business environment, some of the buyers we spoke to have developed their surveys and questionnaires to identify new diverse suppliers or existing ones in their supply chain.

Some respondents have started this process formally by sending information requests to their suppliers. Regardless, not all have successfully obtained this information, and some have had to introduce these questions as a requirement in the procurement process for new suppliers.

According to the interviewed companies, there is still a long way to go, as they still need a complete map of their diverse supplier base.

A common finding during the interviews and desk research is the need for formal certification in Mexico so that suppliers can identify themselves as diverse suppliers. A possible solution is for companies to build a supplier database with enough characteristics to identify a wide array of diverse suppliers and share to help others reach their diversity and inclusion goals in their procurement processes.

Lacking this information, buyers must either establish their own identification processes or accept supplier self-declarations. In addition, some companies need to present themselves as diverse suppliers, making identification even more complex. In the process of building a diverse supply chain, companies tend to work with business associations, chambers of commerce, and other organizations in favour of diverse SMEs.⁹

⁹ Some examples of the organization the interviewed companies work with are listed at the end of this chapter.

Current practices from interviewed companies include:

- Regular or annual events to identify diverse suppliers such as: B2B meetings, networking events, suppliers pitch sessions. Most of these events are organized through business associations or state entities.
- Although buyers are proactively expanding their supplier database with diverse suppliers, all suppliers are treated equally and are offered the same opportunities to participate under the same selection criteria for contracts.
- Diverse suppliers must compete through the normal procurement process, which typically includes proposals from at least three (3) entities, minimum technical requirements and certifications, and experience. Some buyers also include ethical, social, and environmental practices as additional requirements.
- Some buyers mentioned they are planning, in the mid to longer term, to add special incentives towards the selection of diverse suppliers as a value-add within their supply chain. This effort can increase the interest of SMEs to obtain certification as diverse suppliers, even if it implies an additional cost for them.
- Some interviewed companies have implemented a special internal assessment for diverse suppliers through the assistance of third-party organizations such as the United Nations and the Mexican Federation for LGBTQI+ Business. Others have created a platform with an open questionnaire where diverse suppliers can market themselves to be considered as opportunities arise.

Sourcing opportunities

The majority of the companies interviewed look to source indirect products and services from diverse businesses instead of core production resources. For the most part, according to respondents, diverse suppliers in Mexico can be found in the following categories: cleaning services, facilities management, office consumables, and catering.

Respondents mentioned additional opportunities for diverse suppliers offering promotional items, events coordination services, DEI training and workshops, marketing, publicity, design, recruitment, packaging, raw materials, construction services, agricultural products, environmental services, renewable energy solutions, and technology.

Programs supporting a diverse supply chain.

Below is a list of some of the processes and actions taken by the interviewed companies to encourage the inclusion of diverse suppliers in their supply chain:

Internally:

- Sensitization of the procurement team towards the identification and inclusion of diverse suppliers in purchasing practices by the department responsible for implementing the company's DEI policy.
- Development of procurement guidelines for the inclusion of diverse suppliers.
- Implementation of a formal procurement policy for diverse suppliers.
- Development of internal communications focused on DEI and provide opportunities for discussion and sharing of best practices amongst employees.

- Offering of DEI training and other relevant activities for employees.
- Decentralization of suppliers in favor of local sourcing.
- Implementation of flexible payment terms for diverse suppliers.
- Seeking support from external organizations to increase diverse supplier base.

For diverse suppliers:

- Organization of interactive seminars and forums for suppliers and stakeholders about procurement processes;
- Guidance, technical assistance and special mentoring program offerings for diverse suppliers to improve their readiness and compliance requirements in their specific industry. Financial support or loans addressing the special needs of diverse and small suppliers. Interactive events and seminars to connect suppliers and buyers (B2B meetings, networking events, and pitching opportunities for diverse suppliers).



Example of activities implemented by interviewed companies to promote employee and diverse businesses' inclusion:

For women:

- Programs to train and hire more women in the information and communications technology sector.
- Equality programs for the development of female talent and the role of men in DEI.
- Identification of women's challenges in their professional development.
- Working together with WeConnect to support women-owned businesses.
- Participation as board members in national and international committees and initiatives for gender equality

For the LGBTQ2I community:

- Workshops and training focused on business management and procurement processes.
- Awareness building for buyers about LGBTQ2I aspects.
- Participation in national and international committees for the inclusion of LGBTQ2I individuals and businesses.

For youth:

- Training programs to support youth in vulnerable positions.
- Raising awareness about multi-generational work environments.

For individual (s) with a disability:

- Development of guidelines for companies to include people with disabilities in work environments.
- Participation in events to create awareness and identify employment and business opportunities.

For indigenous peoples:

- Identification of indigenous companies through public institutions and business associations and directories.
- Sourcing of hand-made crafts from the community.

To support multiculturalism:

- Raising internal awareness to support a multicultural work environment and organization of anti-racism initiatives.

Measuring supplier diversity activities

Even though supplier diversity policies are still in development in Mexico, some of the key performance indicators (KPI's) that some of the interviewed companies are using or planning to use include:

- A target number or percentage of diverse suppliers at global, regional, or country levels to increase their proportion as part of the company's supply chain.
- Setting of a contract value dedicated to the sourcing through diverse suppliers or as a percentage of overall spending of the company.
- Dedicated budget for the diversification of the company's supplier base, which also involves the identification and support diverse suppliers.

Organizations in Mexico dedicated to SME inclusion referenced by respondents

As part of the process in developing their knowledge, policies and practices around supplier diversity, companies are working with organizations, chambers, and associations that focus on diversity, equity, and inclusion. Organizations mentioned by interviewees are the following:

Table 4. Associations working with companies on DEI policies.

ADIL Diversity and Labour Inclusion (Human Rights Campaign Mexico)	https://adilmexico.com/
AEquales	https://aequales.com
Mexican Association on Human Resources Management AMEDIRH	https://www.amedirh.com.mx/
BritCham – British Chamber of Commerce in Mexico	https://www.britchamexico.com/
Business Coordinating Council (Consejo Coordinador Empresarial)	www.cce.org.mx
CANCHAM – Canadian Chamber of Commerce in Mexico	www.cancham.mx.com/
ProBono Mexican Center	https://www.probono.mx/
Economic Development State Departments	
Laboratia	www.laboratoria.la

Mennonite Economic Development Associates (MEDA)	https://www.meda.org/
Mexican Federation of LGBT Entrepreneurs (Federación Mexicana de Empresarios LGBT)	http://www.fmelgbt.mx/
Mining Cluster of Zacatecas	https://clusmin.org/
Mexican Ministry of Economy	https://www.gob.mx/se
Pride Connection	www.prideconnectionmexico.com
Talentlab	https://talentlab.mx/
Todo accesible	http://todoaccesible.com/
UN Women	www.unwomen.org
Victoria 147	https://victoria147.org/
We connect international	www.weconnectinternational.org/latin-america/mexico/

Listed in alphabetical order.

Companies work in different ways with these organizations, from the elaboration of a framework for DEI policies and practices, workshops and training sessions for employees, or other tailored programs. Some companies also have a representative on these organizations' boards or committees.

Challenges to Implementing a Supplier Diversity Policy

As mentioned earlier, Mexican companies struggle to identify diverse suppliers. The main challenges are:

1. The limited number of recognized third-party certification bodies dedicated to diverse suppliers.
2. The significant cost for suppliers to be recognized as a "diverse business".
3. Diverse suppliers become more scarce when sourcing more specialized products and services.
4. The need for more information, seminars, and forums in Mexico to disseminate the benefits of supplier diversity.
5. No dedicated resources within their company to develop supplier diversity programs.

Furthermore, respondents also highlighted that some industries impose additional requirements, criteria and regulations that result in other barriers for diverse suppliers, namely in the pharmaceutical sector. As a result of these limitations in specific industries, despite respondents' strong interest and willingness to work with diverse suppliers, the scarcity of SMEs in compliance with industry requirements such as certifications or quality standards forces them to turn to the same large suppliers consistently.

As we have seen earlier, some companies work through some of the challenges by developing their own criteria and database of diverse suppliers to fulfill their sourcing needs by using platforms, self-identification surveys for suppliers, and proof documents. Others have developed mentorship programs, training and personalized sessions for

some of their diverse suppliers to ensure they will comply with the buyers' minimum requirements. Some buyers have even adapted their sourcing of certain products and services to align with the offer of diverse suppliers they wish to work with. For example, some respondents mentioned they now fulfill their promotional item needs or source gifts through local indigenous or women-led businesses.

Among the best practices highlighted by the surveyed companies is financial support for machinery aimed at increasing production capacity.

Through their initiatives, these motivated and dedicated buyers to diversity support diverse suppliers in boosting their business development, achieving better costs and helping them become more competitive.

Conclusions and recommendations

The findings of this study suggest that very few companies in Mexico have implemented a supplier diversity policy and that the identification of diverse suppliers, and their offer, in the market or already in their supply chain is a significant challenge for the flourishing of this practice.

Most SMEs in Mexico are not in a position to dedicate financial resources to certification and aren't even aware of the significant benefits of becoming a recognized diverse supplier. The study also highlights that equal opportunities are offered to all suppliers but that expanding a supplier base to include diverse businesses also requires the introduction of equity criteria and a support system, aspects with which buyers are struggling.

Below is a table summarizing the challenges and possible solutions to support actors in their efforts to develop supplier diversity initiatives and for diverse suppliers to enter the market.

Challenges	Recommendations
Identification of diverse suppliers	<ol style="list-style-type: none">1. Develop and implement a questionnaire or platform to enable suppliers to self-identify as diverse.2. Collaborate with a third party to help support and recognize diverse suppliers.3. Assess the current status of the company's supply chain regarding diverse suppliers and commit to short, mid, and long-term goals for incorporating more companies.

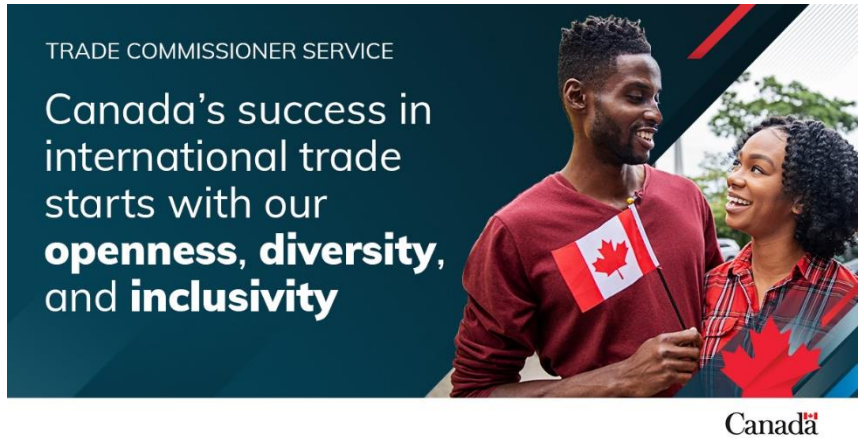
<p>Certification</p>	<ol style="list-style-type: none"> 1. Strengthen collaboration with certifying organizations Entrepreneurs to be connected to potential suppliers and advocate for better representation and inclusion of diverse suppliers. 2. Share the financing cost of certification of diverse suppliers. Financing can be obtained through direct resources, alliance with an organization or chamber, or a specific company's platform or list. 3. Promote supplier diversity certification bodies and invite your suppliers to work with them. 4. Raise awareness of the many benefits of diverse supplier certification.
<p>Lack of knowledge and understanding of supplier diversity and its benefits</p>	<ol style="list-style-type: none"> 1. Help raise awareness on DEI policies and practices (to suppliers, at events and conferences, through your corporate information, etc.) internally and externally. 2. Share best practices and your examples of implementing a supplier diversity policy or as a diverse supplier by participating in discussions with other companies and organizations. 3. Contribute with the Human Rights Campaign Mexico, the UN Global Compact or the Sustainable Development Goals of the 2030 Agenda. 4. Work with allies to identify suppliers and promote contracts. 5. Create a dedicated DEI team or department to ensure integral implementation across the organization. 6. Work to increase the range of products and services to be sourced from diverse suppliers.

Source: Export CG with information from desk research, online surveys and interviews

Mexican companies can also get inspired and benefit from working with other countries to exchange best practices on existing practices.

In Canada, less than 5 percent of all domestic and international suppliers to corporations are women-owned businesses. A growing number of multinational corporations now require supplier diversity efforts from their suppliers. Supplier Diversity programs have been on the rise, and corporations such as Ernst and Young, TD Canada Trust, Royal Bank of Canada and BMO have embraced the practice. For example, the 2015 PanAm Games, held in Toronto, included supplier diversity in their procurement strategy and awarded more than \$7 million in contracts to 226 companies in one or more of the above-noted qualifying groups.

To access Supplier Diversity programs, Canadian businesses are encouraged to be certified through one or more certifying bodies - though certification does not guarantee sales. Through the Trade Commissioner Service (TCS), the Government of Canada works in close partnership with Canadian certifying bodies to actively promote the benefits of certification. The Government of Canada is also moving forward with initiatives to increase supplier diversity in federal procurement, including the recent launch of a new coaching service to help businesses that self-identify as diverse have a better chance at securing government contracts¹⁰.



However, Canadian diverse SMEs also still face important common issues and the Government of Canada has developed initiatives and programs to offer concrete solutions and support. It ranges from developing strategic intelligence on competitive advantage, increasing collaboration among government departments and other partners dedicated to trade support, developing adapted financial support programs, dedicating resources and people to work with diverse SMEs as well as dedicated training, international business missions and others.

Overview of Canadian Certification Bodies

At the present time, these are the organizations that have developed certification processes to identify and support diverse suppliers in Canada, including membership costs:

Table 6. Canadian Certification Bodies

Certifying Organization	Cost	Recognition	Demographic Certified
WEConnect International	Certification costs are not disclosed publicly and depends on the annual revenue of the company	Canada and the U.S.	Women
Women Business Enterprise (WBE) Canada	\$750/year	Canada and the U.S.	Women
Canadian Aboriginal and Minority Supplier Council (CAMSC)	One-time \$295 processing fee. Certification cost range \$350-\$750/year	Canada and the U.S.	Visible Minorities and Indigenous
Canadian Council for	Range \$350-\$1,000/year	Canada	Indigenous

Aboriginal Business (CCAB)			
Canadá's LGBT+Chamber of Commerce (CGLCC)	\$449/year	Canada and the U.S.	LGBTQ2+
Inclusive Workplace and Supplier Council of Canada (IWSCC)	One-time \$100-\$200 administrative fee. Annual certification fee is \$500	Canada and the U.S.	People with disabilities and veterans

Source: Trade Commissioner Service, Inclusive Entrepreneurship Forum, Geneviève Gougeon Deputy Director, Inclusive Trade Promotion November 23, 2021

Interestingly, a recent report highlighting “The State of Canadian Supplier Diversity”, commissioned by Canada’s main certification bodies, found that although 87% of respondents believe engaging with diverse suppliers has measurable and significant impacts on their community, the data also showed that only 19% of the respondent companies have a formal Supplier Diversity program in Canada of which 62% of U.S. and Canada Supplier Diversity programs are under three years old. This data corroborates the findings of our study of the Mexican supplier diversity environment and points to the importance of recognizing and demonstrating the substantial two-way business benefits of supplier diversity on both sides of the procurement equation.

The same study also confirms the critical importance of advocacy organizations, or diverse business certification bodies, consistently mentioned by respondents to our survey in Mexico, as the study also found that *while the average spend with diverse suppliers is only 2.6%, this was facilitated by 72-74% of respondents using certification agencies to connect diverse suppliers to their corporate teams and procurement opportunities.* It concludes by asserting the vital role that advocacy organizations play in helping companies implement successful programs through access to knowledge, best practices, and networks of diverse businesses and that engaging senior leadership is a determinant in the growth of a large business’ Supplier Diversity initiatives.

There is no doubt that Mexico would highly benefit from formal Supplier Diversity programs. The Mexican economy already has all the necessary ingredients, coupled with motivated and engaged partners, as it:

- boasts a significant presence of multinational corporations, bringing along increasing pressure for meeting DEI objectives and their horizontal integration;
- has a vast and growing manufacturing hub;
- is a top North American nearshoring destination, resulting in excellent momentum for Mexico to advocate for better inclusion of its SMEs and diverse businesses;
- has existing supporters of SMEs who facilitate business opportunities with MNEs and supply chain production. Those entities include Centro de Competitividad Mexico (CCMX), the Mexican Federation of LGBT+ Entrepreneurs, WeConnect Mexico, Racismo Mexico, CREA emprendedoras sociales, regional and state economic development instances (Instituto Yucateco de Emprendedores, Instituto Campechano del Emprendedor, Instituto Oaxaqueño del Emprendedor y la Competitividad, Dirección de Emprendimiento e Impulso a la Competitividad/ Chiapas, etc., the Canada Mexico Chamber of Commerce (CanCham) and

a large pool of local businesses small and large, eager to improve their track record on DEI at all levels.

- has a dynamic ecosystem that can be leveraged, including organizations like Consejo Coordinador Empresarial – CCE, Consejo Coordinador de Mujeres Empresarias – CCME, Consejo Mexicano de Comercio Exterior de Occidente – COMCE, Consejo Nacional de la Industria Maquiladora y Manufacturera de Exportacion – INDEX, National Association of Manufacturers, Women in Mining México and the Mining Association (CAMIMEX) and other sectoral associations.

What is needed is a strong commitment toward diverse businesses and a connection and coordination between actors. The Embassy of Canada in Mexico, as a grateful partner to many of these organizations, bodies and government institutions, hopes to continue the conversation on the inclusion of SMEs in North American supply chains and is dedicated to sharing the findings of this study and further Canada's and Mexico's objectives towards a more inclusive trade agenda.

Annexes

Table 7. Companies in Mexico with a DEI policy and/or supplier diversity initiative as identified through the desk research.

Name Company or organization	Policy's target	Industry	Country
Thales Mexico	Women	Software	France
Brown Forman	Youth, LGBTQIA+ and Women	Food & Beverage	United States
Coca-Cola FEMSA / Coca Cola - Mexico	LGBTQIA+ and Women	Food & Beverage	Mexico
Grupo Modelo	LGBTQIA+, Minority and Women	Food & Beverage	Belgium
HEINEKEN México	LGBTQIA+ and Women	Food & Beverage	Netherlands
General Electric	Women, Minority and Veteran	Multisectoral	United States
Cummins Mexico	LGBTQIA+, Minority and Women	Automotive	United States
CEMEX Mexico	LGBTQIA+, Minority and Women	Cement	Mexico
Grupo Arfeldt	LGBTQIA+ and Women	Pharmaceutical	Mexico
Mezcal Amarás	LGBTQIA+, Minority and Women	Food & Beverage	Mexico
Nestlé México	LGBTQIA+, Minority and Women	Food & Beverage	Switzerland
Whirlpool Mexico	LGBTQIA+ and Women	Home appliances	United States
McEwen Mining Company	Women and Minority	Mining	Canada
Agnico Eagle	Women and Minority	Mining	Canada
Almaden Minerals	Minority	Mining	Canada
Fortuna Silver	Women and Minority	Mining	Canada
Torex Gold	Women and Minority	Mining	Canada
Magna	LGBTQIA+, Minority and Women	Automotive	Canada
SilverCrest Metals	Women	Mining	Canada
Orbia	LGBTQIA+, Minority and Women	(Multisector) Mining	Mexico
GlaxoSmithKline	LGBTQIA+, Minority, Women, and disability	Pharmaceutical	UK
Pfizer	LGBTQIA+, Women, and Minorities	Pharmaceutical	USA
Novartis	LGBTQIA+, Women, and Disabilities	Pharmaceutical	Switzerland
Caterpillar	LGBTQIA+, Minority and Women	Manufacturing	United States
Scotiabank	LGBTQIA+, Minority and Women	Financiero	Canada
Grupo México	Minority and Women	Mining	Mexico

Genomma Lab	LGBTQIA+, Women, Disabilities	Pharmaceutical	Mexico
Apotex	Women	Pharmaceutical	Canada
Softtek	LGBTQIA+, Women, Disabilities	Software	Mexico
Element Fleet Management	Women	Software	Canada
Ernest & Young (EY)	LGBTQIA+, Women, Disabilities	Consulting	United Kingdom
KPMG	LGBTQIA+, Women, Disabilities	Consulting	Luxembourg
Baker McKenzie Mexico	LGBTQIA+, Women, Disabilities	Consulting	United States
Polyworks (InnovMetric)	LGBTQIA+, Minority, Women, Young, and Disabilities	Software	Canada
Honeywell México	LGBTQIA+, Women, Disabilities	Manufacturing	United States
Grupo Bimbo	LGBTQIA+, Minority, Women, and Disabilities	Food and Beverage	Mexico
Grupo Bal (Peñoles)	LGBTQIA+, Minority, Women, and Disabilities	Mining	Mexico
Bombardier	LGBTQIA+, Minority, Women, and Disabilities	Manufacturing	Canada
Metalsa	LGBTQIA+, Women	Manufacturing	Mexico
Grupo KUO (Kekén)	Women, Disabilities, Minority	Food & Beverage	Mexico
Orla Mining	LGBTQIA+, Minority, Women, Young, and Disabilities	Mining	Canada
SMPS Mexico	LGBTQIA+, Minority, Women, and Disabilities	Consulting	Mexico
Chronos Mexico	LGBTQIA+, Minority, Women, Young, and Disabilities	Logistics	Mexico

Source: Export CG with information from press releases, websites, rankings and annual report