



Bogotá's Legal Guide to Foreign Direct Investment

2026

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ESG STANDARDS

**forv/s
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• Ecosistema urbano y entorno residencial - Bogotá

In Colombia and specifically, in Bogotá, environmental, social and governance standards are not only a reputational trend associated with international markets, but also a set of legal obligations and regulatory expectations that directly affect the legal, financial and operational viability of investment projects. For foreign investors, understanding this environment is not an accessory exercise, but a necessary condition to properly structure their entry into the Colombian market and manage regulatory, contractual and reputational risks in the medium and long term.

The Colombian legal system does not contemplate a framework law that regulates ESG standards as an autonomous category. However, its components are systematically developed in different regulatory bodies and in the supervision exercised by authorities such as the Superintendence of Companies, the Superintendence of Industry and Commerce, the Financial Superintendence of Colombia and the competent environmental authorities. Consequently, ESG compliance in Colombia is built from the integration of environmental, labor, corporate, data protection, antitrust, anti-money laundering and corporate transparency obligations.

From a practical perspective, it is important to distinguish between two levels. The first corresponds to enforceable legal obligations whose non-compliance can generate administrative sanctions, civil liability and even criminal consequences. The second comprises standards and good practices that, although not always legally binding, have an increasing influence on access to financing, on the structuring of strategic alliances and on the valuation of assets in investment or acquisition processes¹.

¹ OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, 2023; IFC Performance Standards on Environmental and Social Sustainability, 2012.

In this context, the Bogotá Region offers an institutional environment characterized by clear rules, authorities with defined competencies, and formal oversight mechanisms. This structure provides legal certainty and regulatory predictability, but at the same time requires the early implementation of robust compliance and risk management systems. The ESG approach, understood as a cross-cutting management framework, is thus consolidated as a strategic tool to anticipate contingencies, strengthen corporate governance and ensure the sustainability of investment in a market increasingly aligned with international standards.



• Jardín Botánico de Bogotá

Applicable environmental regulatory framework

In Colombia, the environmental dimension of the ESG approach rests on a mandatory, technical and decentralized regulatory framework, the non-observance of which can compromise the legal and financial viability of the investment project. Unlike other dimensions of the ESG standard, the environmental component is not predominantly voluntary but is structured on the basis of specific legal requirements.

The National Environmental System² distributed competencies among national, regional and territorial authorities. In the Bogotá Region, environmental supervision corresponds to the District Secretariat of the Environment in the urban perimeter and to the Regional Autonomous Corporation of Cundinamarca in municipalities of the department. The correct identification of the competent authority is decisive, as it defines procedures, times and applicable technical criteria.

Depending on the economic sector and the scale of the project, prior environmental licenses or specific permits related to dumping, atmospheric emissions, water concessions, hazardous waste management or use of natural resources may be required. Failure to obtain these instruments not only generates administrative sanctions, but can also lead to the suspension of activities or obligations to restore and compensate the environment.

However, from an ESG perspective, environmental compliance is not limited to the approval process. It involves the implementation of internal management and control systems that allow monitoring regulatory compliance, managing impacts and reporting relevant information³. At this point, the environmental dimension is connected to the governance pillar.

Authorities such as the Superintendence of Companies have been promoting risk management and business compliance schemes that, although not exclusively environmental, require companies to identify and manage legal and operational risks in a structured manner. In addition, the Superintendence of Industry and Commerce develops guidelines on compliance programs, consumer protection and responsible business practices that affect the way in which companies manage information, commercial communications and transparency in the face of environmental impacts⁴.

² Created from Law 99 of 1993, which organizes the Colombian environmental system.

³ International Organization for Standardization. (2018). ISO 26000: Guidance on social responsibility. Geneva: ISO; World Bank. (2022). Colombia country climate and development report. Washington, D.C.: World Bank.

⁴ Through its Basic Legal Circular of the SIC.

This is particularly relevant in foreign investment scenarios, where due diligence processes include the identification of environmental liabilities, administrative contingencies, and reputational risks associated with ecological impacts or community conflicts. In sectors such as infrastructure, energy, manufacturing or agribusiness, environmental assessment is not only technical but strategic, as it influences contractual structuring, risk allocation and asset valuation.

Consequently, in the Bogotá Region, the environmental component of the ESG standard should be understood as an integrated system that combines strict regulatory obligations, active administrative oversight, and growing expectations of transparency and responsible management.

For the foreign investor, this implies that environmental sustainability is not only a reputational attribute, but a structural condition for operating and accessing capital in an increasingly demanding regulatory environment.



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Corporate Governance & Compliance

In the Colombian context, the governance dimension within the ESG approach is normatively structured based on specific obligations in corporate matters, risk prevention, corporate transparency and administrative supervision. It is not only a matter of good practices recommended by international standards, but of the adoption of formal systems of management and internal control.

Commercial companies must implement:

1. Appropriate risk management mechanisms

Particularly when they are under the supervision of the Superintendence of Companies. This entity has developed mandatory frameworks such as the System of Self-Control and Management of the Comprehensive Risk of Money Laundering and Financing of Terrorism and the Transparency and Business Ethics Program, which impose the identification, evaluation and mitigation of risks associated with corruption, transnational bribery and illicit operations. These requirements apply to companies that exceed certain thresholds of income or assets, as well as to companies that carry out activities in strategic sectors.

The adoption of these systems entails specific responsibilities for managers, including:

- Assigning Compliance Roles.
- The implementation of reporting channels.
- Documentation of risk matrices.
- Adopting verifiable internal policies.

From the perspective of foreign investment, the absence of these mechanisms can translate into regulatory contingencies, contractual disqualifications or restrictions on access to international financing.

2. Business transparency is articulated with the competition and consumer protection regime under the supervision of the Superintendence of Industry and Commerce

Through the Basic Legal Circular of the SIC, guidelines are developed on compliance programs in free competition, consumer protection and responsible management of commercial information. Although it is not an ESG regulation in the strict sense, these guidelines strengthen the governance component by requiring transparent business practices, effective internal controls, and mechanisms to prevent anticompetitive or deceptive behavior.

The protection of personal data is another essential axis of the governance pillar. The Law establishes specific obligations regarding data processing, implementation of internal policies, obtaining authorizations and attention to the rights of the holders. In an increasingly digitized business environment, proper information management becomes a critical factor for both operational sustainability and corporate reputation⁵.

In addition, the consumer protection regime and the rules of free competition impose standards of conduct that directly impact the commercial and contractual strategy of companies. Misleading advertising, abuse of dominant position, or omission of relevant information can result in significant penalties and affect business continuity.

Corporate governance in Bogota requires companies to adopt a comprehensive approach to compliance that transcends documentary formality and translates into verifiable risk management, transparency, and control practices.

For the foreign investor, the robustness of the governance system not only mitigates regulatory risks, but also constitutes a central element in the valuation of the business and in the long-term sustainability of the investment.

⁵ Congress of the Republic of Colombia. (2012). Law 1581 of 2012. By which general provisions for the protection of personal data are issued. Official Gazette No. 48.587.



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Social dimension and labour relations

For foreign investors, labor compliance is not only a regulatory obligation, but a central element in the management of reputational, operational, and contractual risks⁶.

The Colombian labor regime is mainly structured on the Substantive Labor Code and complementary rules that regulate hiring, working hours, wages, social security, enhanced labor stability, and collective rights. Administrative supervision is the responsibility of the Ministry of Labour, which has powers of inspection, surveillance and sanctions. Failure to comply with employment obligations can lead to fines, reinstatement orders, recognition of benefits owed and, in certain cases, legal contingencies with a high financial impact.

In the ESG framework, labor management must go beyond the formal fulfillment of contractual obligations. It includes the implementation of internal policies for the prevention of workplace harassment, the promotion of safe and healthy environments, and the adoption of non-discrimination and equal opportunity measures. In labor-intensive sectors or infrastructure projects, the proper structuring of outsourcing and contracting schemes with suppliers is critical to avoid risks of labor solidarity or questions about practices in the value chain.

⁶ Aguilera, R. V., Marano, V., & Haxhi, I. (2019). International corporate governance: A review and opportunities for future research. *Journal of International Business Studies*, 50(4), 457–498.



The social dimension also involves the relationship with communities, particularly in projects that may generate territorial or environmental impacts. In certain cases, the Colombian legal system requires prior consultation processes when the rights of constitutionally recognized ethnic communities may be affected.

Although this obligation is not applicable in all sectors, the early management of community dialogue is a preventive tool to mitigate social conflicts that may affect the execution of the project.

From an investment perspective, social risks manifest themselves in accumulated labour contingencies, collective disputes, claims for violation of fundamental rights or reputational damage arising from questioned business practices.

Consequently, social due diligence should include the review of employment contracts, social security compliance, ongoing litigation, internal policies and community relationship schemes.

In Bogotá, where industrial, technological, logistics and service activities converge, the social sustainability of the business depends on the effective integration of labor and community management standards into corporate strategy. The social dimension of ESG is not limited to corporate responsibility programs, but translates into regulatory compliance, conflict prevention, and building legitimacy in the eyes of workers and stakeholders.

ESG Reporting and Due Diligence

In Colombia, there is no general and cross-cutting ESG reporting obligation applicable to all companies. However, depending on the sector, the size of the company and its status as a supervised company, there may be specific requirements for disclosure of non-financial information and risk management.

The entities under the supervision of the Financial Superintendence of Colombia have progressively incorporated guidelines on environmental and social risk management, particularly in terms of risk management and disclosure of relevant information to the market. Similarly, companies subject to inspection and surveillance by the Superintendence of Companies must report information related to compliance systems, beneficial owners and transparency programs, which has a direct impact on the governance dimension.

In the accounting and corporate reporting field, Colombia has adopted international financial reporting standards, and is in the process of converging towards sustainability reporting frameworks that harmonize financial and non-financial information. In practice, many companies operating in the Bogotá Region adopt international sustainability reporting standards at the request of their parent companies, investors or financiers, even when there is no express legal mandate.



For the foreign investor, the relevance of this regulatory environment is materialized in the due diligence processes. In acquisition operations, structuring joint ventures or project financing, ESG review includes the identification of environmental liabilities, labor contingencies, administrative sanctions, relevant litigation, data protection compliance, anti-corruption programs and corporate governance structures.

The absence of formal policies, the absence of risk matrices or the lack of documentation of internal controls can affect the valuation of the asset, generate stricter indemnity clauses or even frustrate the operation.

Consequently, in the Bogotá Region, the ESG approach should be understood as an integrated system of compliance, reporting and preventive management. More than a reputational requirement, it is a central element to ensure access to capital, mitigate regulatory contingencies and strengthen the legal and financial sustainability of the investment.

⁷ Entities subject to inspection, surveillance and control by the Financial Superintendence of Colombia, including, but not limited to, credit institutions, financial services companies, insurance companies, securities market intermediaries, securities issuers and payment system administrators.

⁸ Commercial companies, branches of foreign companies and sole proprietorships subject to inspection, surveillance or control by the Superintendence of Companies, according to the applicable corporate regime.



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