GREEN MARKET ASSESSMENT IN COLOMBIA

April-June 2025

Survey objectives

- Gain a better understanding of Environment, Social and Governance (ESG) dynamics across all business sectors in Colombia.
- Identify key trends, challenges, and initial steps in this ESG transition.
- Assess humanitarian suppliers' awareness of ESG approaches and explore ideas to monitor ESG performance and guide future action.
- Clarify hulo strategy in the Colombian context.

Assessment methodology

The data collection took place from **March 18, 2025, to June 11, 2025,** in all the regions of Colombia. Out of 530 suppliers reached, **61 answered the survey (without duplication).** Suppliers were selected from the **elsah database**, which includes all suppliers currently active in the humanitarian sector in Colombia and registered in the platform. The quantitative survey, developed by the WREC and adapted by hulo, was shared via Kobo and emailed individually to suppliers for online completion.

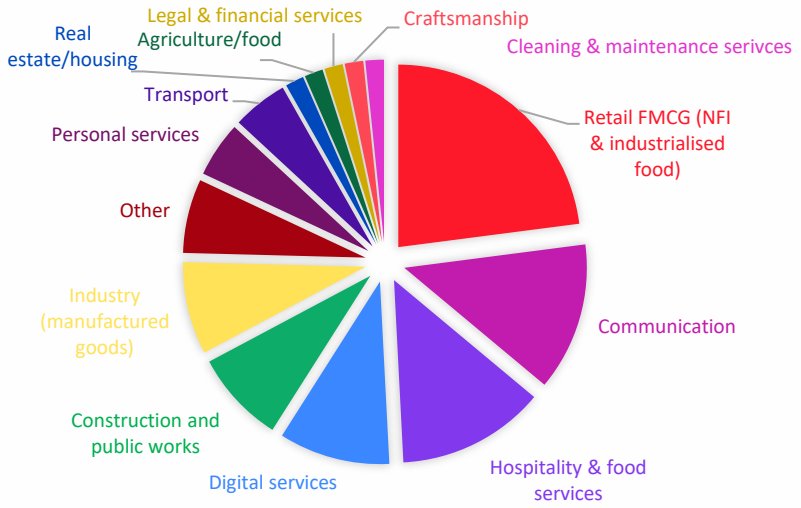
Disclaimer and limits of the assessment: This survey is not statistically representative of environmental practices and trends of suppliers in Colombia. The construction of the survey was not sufficiently specific to ensure a proper quantitative analysis. There were several open questions that required contextualisation. Questions were understood differently by the respondents, which might have had an impact on the global analysis and response.

Suppliers' general information

Type of business and location

Main sector of activities of the respondents: **FMCG retailers - NFI & industrialised food (23%), Communication (13%), Hospitality & Food Services (13%), Digital services (10%), Construction & public works (8%), Industry for manufactured goods (8%).** It should be noted that some companies might work in several sectors, such as working in both FMCG retailers and public works.

48% of the responding companies were from Bogota, Cundinamarca region. 10% were from the Valle Del Cauca, 10% from Nariño, 8% from Arauca regions… The main geographical areas of the companies were Bogota DC (62%), Cundinamarca (38%), Antioquia (30%), Boyacá (29%), Nariño (20%), Santander (29%).… On average, the company respondents operate in 7 regions of Colombia.



Challenges and opportunities in offering sustainable goods & services

For the respondents (all sectors combined), the **main challenges** in offering **sustainable goods and services** is the **cost, the lack of consumer awareness about environment, and the non-availability of local sustainable raw materials.** According to the respondents, **sustainable products, technologies and raw materials are much more expensive than conventional options.** Those costs can be difficult for companies to bear, especially as offering more sustainable solutions does not guarantee them new market share and **would have an impact on their competitiveness** in comparison with conventional products (price, delivery times...). In addition, there is little or **no demand for sustainable solutions** due to a lack of consumer awareness. Another challenge mentioned was the **difficulty in seeing the impact of sustainable practices/products & services**, which is accentuated by a lack of in-house knowledge in sustainability, dedicated HR, lack of control of the whole chain to better understand where to intervene and ensure a positive impact on the environment. These challenges are compounded by a lack of public investment support.

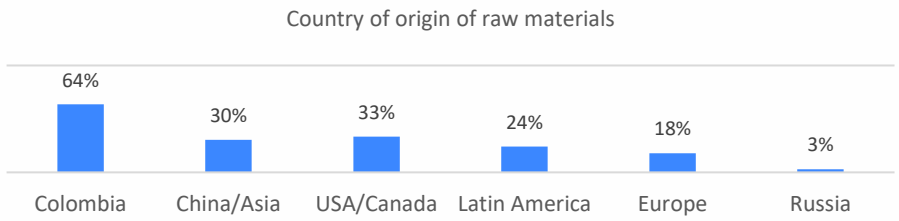
Almost all companies identified **economic incentives** from the government and NGOs (via tax exemptions, subsidies, etc. to facilitate access to renewable energies, national production...) and/or **facilitating access to bank loans** at preferential rates as the **best opportunities** for making a change towards a more sustainable supply chain, products, and services. At the same time, companies called for **awareness campaigns** and other financial incentives to encourage consumers to use sustainable and local alternatives. Companies also asked for technical support and training. **Some companies in a (all sectors combined) have already initiated more sustainable practices (notably using recycled materials and renewable energy).**

Types of products & services

52% of the respondents mentioned the **"demand/technical characteristics, customer's request" as their main criteria to choose a particular product**. 37% mentioned the **quality** as the main criteria to choose the products they sell or manufacture, 27% **availability**, 19% **local origin**, 12% the **price** and 10% the **environmental impact** (non-polluting, biodegradable, recyclable, sustainable products …).

The limits to the use of recycled materials mentioned by the suppliers are: procurement of raw materials, higher cost, availability, poor quality (such as for recycled steel), specific regulations against recycling materials, the lack of requests for recycled items, and the lack of consumer awareness.

Origin of the products/raw materials



36% of the respondent declared themselves to be manufacturers, which includes industrials, agriculture, catering services (hospitality), printing services (communication), digital services, and public works. **86% of the manufacturer reported their main raw materials were from Colombia.** The main countries of importation of raw materials are: Colombia, China, USA and Central & Latin America.

According to the respondents, the main alternatives and actions to motivate local production of raw materials would be awareness-raising, support for local recycling, economic & tax incentives, long term agreements (LTA) and institutional support.

Environment

Energy & carbon footprint

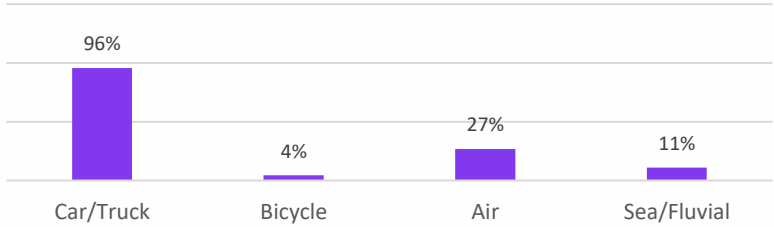
The main source of energy of 17% of suppliers was renewable (solar). 67% of the companies currently not using renewable energy stated they are planning to switch to renewable energy. The main barriers preventing companies from transitioning to renewable energy include limited financial resources, structural constraints that make in-house energy generation unfeasible, and low overall energy consumption which makes the switch economically unviable for some, as it would not lead to significant cost savings.
Only 4 companies (transport, digital services, hospitality & food) reported measuring their CO_2 emissions. 55% of respondents reported planning to measure their CO_2 emissions in the short term.

Waste management

84% of the respondents had operating procedures to manage/treat their solid, liquid, hazardous and non-hazardous wastes. 59% of the respondents reported having collection systems in place to reuse materials from goods and services supplied. 85% of the respondents reported having identified and using recycling sites so that the goods supplied are properly managed at the end of their life.

The respondents mainly use paper/cardboard & plastic as packaging. 15 out of 47 suppliers stated using recycled, biodegradable, reusable or recyclable packaging. All the respondents suggested using recyclable and biodegradable materials to reduce and improve packaging, making it more eco-friendly in the future.

Transportation

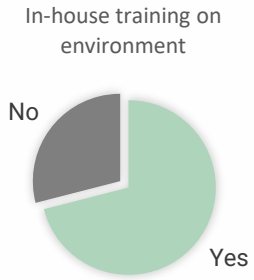


The main type of transportation used by the companies was road (car or truck). 32% of the respondents reported taking measures to reduce the environmental impact of their transportation. Measures included reducing the number of trips, optimisation of trips (loading, distribution, procurement strategy, dilutable products, bulk…), the use of electric or hybrid cars, preventative maintenance, CO_2 compensation, and education and awareness-raising. 26% of the respondents considered themselves able to offer solutions to make their products more efficient in terms of size and packaging, such as reducing the number of boxes and bags, and standardising products.

Environmental framework

39% of the all the respondents reported tracking and reporting their environmental indicators (such as energy consumption, carbon emission, water consumption). 23% of the respondents had a formal sustainability policy but only 46% of them track and report their environmental indicators. 6 of the 61 respondents reported having environmental certification (such as ISO14001, FSC, Fair Trade).

Environmental training



Governance

49% of the respondents described their organisation as a cooperative.

56% of the respondents complied with international and/or national environmental standards.

Social

79% of the companies stated that they supported local communities, mainly through local recruitment and employment, and the procurement of local products. For the companies hiring locally, an average of 88% of the workforce is hired locally.

88% of the respondents reported having initiatives to promote women's empowerment. Measures to ensure equality between men and women included fair recruitment policies and practices based on experiences and skills as well as salary equality. Moreover, several companies mentioned having sexual harassment prevention protocols and gender equality policies.

75% of the companies reported promoting diversity in their hiring practices. The main measures included ensuring recruitment based on skills and experience, without bias based on gender, culture, ethnicity, religion, age, area of origin and sexual orientation.

Some companies mentioned having positive discrimination practices to facilitate access to employment for the most vulnerable people.

Conclusion & recommendations

Conclusion:

While this green market assessment is not statistically representative, it provides the general trends on adaptation and reduction of companies' negative environmental impact in Colombia.

The range of business sectors of the respondents is very heterogeneous. 23% of the respondents are FMCG retailers (NFI & industrialized food), 13% in information & communication, 13% in hospitality & food services, 10% in digital services, 9% in construction & public works and 8% in industrial manufacturing goods. There is an over-representation of businesses based and working in Bogota, who have very different final products or services, supply chain and logistics. Despite this heterogeneity, the respondents have similar challenges and opportunities overall when it comes to offering more sustainable solutions. The main challenges observed are: (1) the higher cost of sustainable alternatives, (2) the lack of consumer awareness about the environment (financial risks of losing market share/competitivity), (3) the non-availability of local sustainable raw materials, and (4) a lack of in-house knowledge in sustainability, (5) dedicated HR, (6) lack of control of the whole supply chain and (7) prioritisation. The respondents identified economic incentive and technical support and training as the main opportunities that would help them to shift towards a more sustainable solutions.

Despite these challenges, over 80% of respondents have initiated changes to reduce their environmental impact. These changes are made at different levels. Some suppliers have initiated or are planning to initiate an energy transition. 84% of the respondents have operating procedures to manage/treat their waste, while some are using environmental criteria to choose their products and raw materials, and some calculate their carbon footprint. In terms of social impact, the companies seem to be well advanced on Diversity, Equity, and Inclusion (DEI) issues: for instance, 88% of the respondents reported having initiatives promoting women's empowerment.

Recommendations:

- NGOs and hulo have a role to play in supporting companies to shift to sustainable solutions through (i) technical support and exchange of experience by using Life Cycle Assessment (LCA) methodology, (ii) systematic change of product technical specifications to include sustainability and catalyze a change at the level of suppliers, and (iii) continuing supplier surveys — potentially through a dedicated platform — to highlight existing efforts and identify further areas for improvement.
- Improvement of the questionnaire to ease the quantitative analysis, add questions to improve global analysis and comparison (legal form of structure, size, average turnover), provide definitions (sustainability, environment, manufacturer, recycled, biodegradable) to be adapted to suppliers of both products and services, and improve waste management questions to better understand actual practices and environmental impacts of the respondents.