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DOING BUSINESS PERÚ

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I. INTRODUCTION

For the past 25 years, Peru has been undergoing comprehensive economic growth, followed by a modernization and development process, which includes the establishment of a reliable legal framework geared towards maintaining the stability required to promote private sector activity and investment. This continuous growth has been the best incentive to attract substantial foreign investment in various industries.

The development of the agribusiness, fishing, and mining industries, as well as the completion of major infrastructure projects, primarily in the fields of energy, gas, and transportation, have all contributed to the growth of the domestic market and to increased international trade, making Peru one of Latin America's most attractive countries for investment, and a rising star in the region.

In addition to its ambitious entry into a series of free trade agreements with key commercial partners, such as the United States, China and other international players, Peru is continuously working towards positioning itself in the global market and

obtaining a larger share of benefits from the global economy by strengthening its business ties with nations throughout the Pacific basin and further entering into a series of comprehensive and far reaching international treaties. As such, since 2011 Peru is a member of the Pacific Alliance together with leading Latin American economies (Mexico, Chile and Colombia), and has recently entered into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) along with important economies of the Pacific.

This paper briefly describes the legal framework¹ that applies to any individual or entity interested in doing business in Peru. Regulations regarding foreign investment, alternative corporate structures and other relevant provisions are summarized in order to explain the legal structures available for conducting business in Peru.

It goes without saying that the most favorable structure for any business must be determined on a case-by-case basis, and therefore, this document does not aim to take the place of appropriate legal advice.

¹ This document was updated on November 2020, as of which the laws and regulations referred to throughout the report were fully in

force. Please seek legal advice on their enforcement when required.



II. PERU TO THE WORLD

In an effort to enter into the global market and create incentives to develop and expand its economy, Peru has entered into a number of international instruments aiming to attract national and international investment.

Investment Agreements

Peru has entered into a number of bilateral investment treaties, as shown in the list below.

Germany	Japan
Argentina	Malaysia
Australia	
Belgium – Luxembourg	Netherlands
Canada	Paraguay
Chile	Portuguese Republic
Colombia	United Kingdom
Cuba	Czech Republic
Denmark	People's Republic of China
El Salvador	Romania
Spain	Sweden
Finland	
France	Thailand
Italy	Venezuela

Investment Chapters in Free Trade Agreements

Pacific Alliance	United States
European Free Trade Association (EFTA)	Honduras
Canada	Japan
Chile	Mexico
People's Republic of China	Panama
South Korea	Singapore
Costa Rica	Australia

Free Trade Agreements

Peru has also entered into trade agreements with several countries, as detailed in "Customs" (Section V, item C) hereof, aiming to reduce customs duties and facilitate the trade of goods.

Double Taxation Treaties

Likewise, Peru has entered into tax treaties, with the objective of avoiding double taxation for taxpaying residents in the contracting States. Currently, the agreements in force are:

Brazil	South Korea
Canada	Mexico
Chile	Portuguese Republic
The Andean Community (Bolivia, Colombia and Ecuador)	Switzerland

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

In March 2018, the CPTPP was executed. Peru shall enter into said treaty along with important economies of the Pacific such as Australia, Brunei, Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore and Vietnam as its original members.

This agreement reinforces Peru's strategic presence in the Asia-Pacific region, whose countries are important APEC economies; strengthens its goal to achieve free trade; and contributes to its desire of being considered a stable and investment-friendly country. The CPTPP is expected to enter into force for Peru in the course of 2021.

The Pacific Alliance (*Alianza del Pacífico*)

Peru is firmly committed to the development and success of the Pacific Alliance, a dynamic mechanism of economic and commercial integration composed by Chile, Colombia, Mexico and Peru. It seeks to create a deep integration towards the free circulation of goods, services, capital and people in order to boost the economic growth and competitiveness of the member countries. Also, it aims to become a platform to project itself into the world, particularly toward the Asia Pacific region.

Upon a formal establishment of the Framework Agreement, the Additional Protocol to the Framework Agreement was enforced by the Pacific Alliance member countries in May 2016 –a commercial agreement representing a first substantial advance towards the free circulation of

goods and services. The aforementioned Protocol allowed the immediate elimination of 92% of the tariff universe, with full liberalization to be expected by 2030.

Likewise, by means of negotiated areas in the aforementioned document, the bilateral commercial agreements entered into by Chile, Colombia, Mexico and Peru were enhanced and complemented in order to create more opportunities related to the accumulation of origin and the insertion in regional production chains with broad and diverse supply of products with higher added value.

Additionally, in order to connect with the Asia Pacific region, the Pacific Alliance is currently negotiating agreements with high commercial and economic standards with Australia, Canada, New Zealand and Singapore looking to grant the category of Associated States to these countries and contribute to the establishment of production chains.

In sum, the Pacific Alliance provides tools to economic operators of the four member countries by defining clear rules for the exchange of goods and services, reinforcing the facilitation of commerce and generation of higher investment flows. In this sense, at its moment, commercial and corporate strategies and actions will be promoted. In its almost 10 years of creation, the Pacific Alliance has become a mechanism that contributes to the citizen welfare.

Further, Peru's participation in the CPTPP, the Pacific Alliance and APEC represents an opportunity to consolidate a platform with the Pacific as an articulating axis of our international insertion, participating in valuable global chains and driving competitiveness.

Organization for Economic Cooperation and Development (OECD)

On the other hand, Peru's economic success and continual expansion has prompted an interest in the country for adopting the best international standards and public policies. To accomplish this, Peru has sought the cooperation of the Organization for Economic Cooperation and Development (OECD) through the Country Program. This program will create a plan to implement and execute reforms that will increase productivity and set the foundations for sustainable economic growth and development. This will reduce poverty levels in the country and increase public welfare, without damaging the environment. This commitment to reaching the standards set by the OECD offers foreign investors a guarantee that the country is implementing the correct policies to ensure solid economic growth in the future.

Basic Considerations for Investing in Peru²

The following table provides potential investors an overview of basic considerations for investing in Peru:

² Exceptions to this overview may apply.

Restrictions on foreign shareholders	Unrestricted
Minimum capital required to incorporate a company	As a general rule, no minimum capital is required.
Average time of the incorporation process	15 business days
Restrictions on foreign investment	Unrestricted in general terms, except specific limitations defined under the criminal code and/or regulated sectors.
Legal Stability Agreements	Available to investors who meet the minimum legal investment amount. Legal Stability Agreements aim to protect investors and recipient companies on matters such as income tax, free availability of foreign currency, among others.
Restrictions on foreign exchange	Unrestricted
VAT	18%
Restrictions on hiring foreign personnel	Corporations may hire foreign personnel for up to 20% of their total number of workers.
Restrictions on foreigners' property ownership rights	Foreigners are not allowed to own real estates within 50 kilometers from national borders.
Remittance of profits	Full profit remittance is allowed.



III. AVAILABLE CORPORATE STRUCTURES

A. Permanent Structures

i. Frequently used Corporate Structures

The stock corporation and the limited liability company are the most important and frequently used company types regulated under the General Corporations Law (LGS" for its Spanish acronym), effective on January 1, 1998.

The LGS Law recognizes and regulates seven types of corporations:

- (i) **Stock corporations, in its three corporate forms: general stock - S.A.; closely held - S.A.C.; and publicly held - S.A.A**
- (ii) **General partnership**
- (iii) **Limited partnership**
- (iv) **Limited partnership by shares**
- (v) **Commercial limited liability company**
- (vi) **Ordinary civil society**
- (vii) **Limited liability company**

On the other hand, Legislative Decree No. 1409 and its Regulations, published in September 2018 and October 2019 respectively, create and regulate a new corporate form: the Simplified Closed Stock Company (S.A.C.S.). This new corporate form, which allows only natural persons to be shareholders, seeks to have a more expeditious constitution procedure. To date, Legislative Decree No.1409 and its Regulations have not yet entered into force, because the necessary tools have not been implemented in the Public Registry system. The latter must occur in December 2020, in accordance with the provisions of the regulations issued by the National Superintendence of Public Records concerning this matter.

The most common corporations in commercial practice are the stock corporations. In general, Peruvian regulations on corporations are similar to those established in other jurisdictions. Peruvian legislation recognizes and regulates three types of stock corporations: (i) general stock - S.A.; (ii) closely held - S.A.C.; and (iii) publicly held - S.A.A. These three types of corporation mentioned above have the essential features of any stock corporation, that is, stocks are issued, their ownership is divided into equity shares and they have limited liability.

- i. A general stock corporation is a capital stock company. Its capital is represented by shares which give titleholders the rights set forth in the LGS Law, as well as in the respective company bylaws.
- ii. Specific regulations regarding closely held corporations include characteristics proper to a capital stock company, and also provide a suitable corporate structure for a limited number of shareholders who are usually involved in the company management. Given the importance of shareholders' personal factors in terms of ownership and capital management, its shares cannot be listed on the stock market.
- iii. An publicly held corporation must comply with one or more of the following conditions: (i) have made a primary public offering of shares or bonds convertible into shares; (ii) have more than 750 shareholders; (iii) more than 35% of its capital stock must belong to 175 or more shareholders, without considering within this number those shareholders whose individual owner equity does not reach two per thousand of the capital or exceeds 5% of the capital stock; (iv) it is incorporated as such; or (v) all shareholders with voting rights have unanimously approved to adopt such corporation system. Publicly held corporation must register its stock in the Stock Market Public Registry. This means that its stock trading of free transfer may not be restricted, unless otherwise expressly provided in the LGS Law. This type of corporation is subject to supervision by the Superintendence of Stock Market (SMV).

Regulations applicable to the limited liability company - S.R.L. are similar to those for closely held corporations as members' personal factors are involved in these types of companies pursuant to the LGS Law. In these companies, capital is represented by membership interest.

a. General Features

The table below describes the most relevant features of the general stock corporation, closely held corporation, and limited liability companies.

	General Stock Corporation (<i>Sociedad Anónima</i>)	Closely Held Corporation (<i>Sociedad Anónima Cerrada</i>)	Limited Liability Company (<i>Sociedad Comercial de Responsabilidad Limitada</i>)
Minimum number of founding partners/shareholders	2	2	2

Shareholder/ Member /Partner	Limited to the amount of the shareholders'/members'/partners' contributions.		
Initial Capital	<p>The LGS Law does not require a minimum amount of capital for the incorporation/organization of a corporation/company.</p> <p>For some sectors, the specific regulatory framework does establish a minimum initial capital for incorporation/organization is established (e.g., companies under the Peruvian financial system, pension funds management companies, and labor intermediation companies).</p>		
Capital Stock	<p>Shares</p> <p>Different types of shares may exist. The difference is in the shareholders' rights, liabilities, or both.</p> <p>All same shares of stock have the same rights and are subject to the same liability.</p> <p>Corporations may issue non-voting shares.. Shareholders have the right to receive preferred dividends pursuant to the bylaws. Therefore, if there are distributable profits, the corporation will be required to pay the dividends to shareholders with non-voting shares.</p>	<p>Membership Interest (<i>participaciones</i>)</p>	
Maximum Number of Shareholders/ Members	750	20	20
Restrictions on Share Transferability and Formalities	<p>None, except for the pre-emptive acquisition right of the other shareholders, where established in the bylaws.</p> <p>Transfers are private and are recorded in the company's Stock Ledger Book.</p>	<p>Limited by the pre-emptive acquisition right of the other shareholders, unless otherwise provided by statutory provision.</p> <p>Transfers are private and are recorded in the company's Stock Ledger Book.</p>	<p>Limited by other shareholders' right of first refusal unless the bylaws state otherwise.</p> <p>Transfers are carried out by public deed.</p>

Distribution of Profits Profits are distributed among holders of shares/membership interests in proportion to their capital contributions, unless otherwise provided by statutory provision or agreed by the general meeting of shareholders/partners.

Companies are required to set aside a minimum of 10% of their after-tax profits during each fiscal year to create or increase a legal reserve, until an amount equal to one-fifth of the capital stock is reached.

Dividends must be paid in cash up to an amount equal to one-half of the distributable profits during each fiscal year, after deducting the amount that must be set aside for legal reserve. At the request of shareholders representing 20% of total shares with voting rights.

Agreements among Shareholders/ Members Agreements among shareholders/members and third parties are valid in all types of corporations and are required in all matters concerning the corporation from the moment they are duly communicated.

In case of conflict between said agreements and the articles of incorporation/organization or bylaws/operating agreement, these latter will prevail.

b. Management

The table below provides a general overview of the corporate bodies involved in the management of general stock corporation, closed corporation, and limited liability company.

	General Stock Corporation <i>Sociedad Anónima- S.A.</i>	Closely Held Corporation <i>Sociedad Anónima Cerrada- S.A.C.</i>	Limited Liability Company <i>Sociedad de Responsabilidad Limitada- S.R.L.</i>
Board of Directors	<p>The existence of a Board of Directors as the governing body is mandatory by law.</p> <p>Directors are elected by shareholders. A Board of Directors</p>	<p>The existence of a Board of Directors as the governing body is optional.</p> <p>Directors are elected by shareholders. A Board of Directors</p>	<p>Does not have a Board of Directors.</p>

	<p>must have a minimum of three directors. It is not necessary to be a shareholder in order to serve as a board member, unless otherwise provided in the bylaws. Directors may be removed at any time.</p> <p>No restrictions on nationality or domicile to board members.</p>	<p>must have a minimum of three directors. It is not necessary to be a shareholder in order to serve as a board member, unless otherwise provided in the bylaws. Directors may be removed at any time.</p> <p>No restrictions on nationality or domicile to board members.</p>
General Manager	<p>A corporation is also managed by one or more managers.</p> <p>The manager may be removed at any time by the shareholders or the board of directors, depending on which body has made the appointment decision.</p> <p>The LGS Law provides that the general manager, solely by appointment or provided otherwise, has full power and authority for procedural and administrative representation, as well as the power to dispose of or encumber the corporation's assets and rights, and may execute any agreement, act and transaction required to carry out the corporate purpose.</p>	<p>The general manager is responsible for the administration and legal representation of the company.</p> <p>The manager may be removed at any time by the shareholder's general meeting.</p> <p>The LGS Law provides that the general manager, solely by appointment as such and except as otherwise provided, has full power and authority for procedural and administrative representation, as well as the power to dispose of or encumber the corporation's assets and rights, and may execute any agreement, act and transaction required to carry out the corporate purpose.</p>
Shareholders' / Partners' General Meeting	<p>The Shareholders' / Partners' General Meeting is the corporation's highest governing body.</p> <p>The LGS sets out the formal requirements for its call and establishes the quorum and the minimum majority of votes required for</p>	<p>The Members' Meeting is the limited liability company's highest governing body. Its actions are subject to</p>

adoption of agreements, as well as matters that fall within the exclusive competence of the general meeting.	the LGS Law regulations.
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c. Incorporation Process

The process of incorporating a company takes approximately 15 business days. For founding partners of non-resident entities or individuals that are abroad at the time of incorporation, they will be required to have the corresponding powers of attorney registered. These documents must be registered before the Public Registry. This process could take up to 15 additional business days.

The table below is a timetable detailing the steps that need to be taken to incorporate a company in Peru:

Steps	Time for Completion
Granting of powers to incorporate the company³	Up to 15 business days. These documents must be legalized and registered prior to the incorporation of the company.
Verifying the availability of the proposed company name	1 day
Preparation of incorporation documents and notarization by a notary public	2 - 5 days
Deposit at least 25% of the company's capital stock in a bank and obtain proof thereof	1 day
Registration of the incorporation documents before the Public Registry	2 - 7 business days

³ In the event that the founding shareholders are legal persons not domiciled, the following documents are required in addition to the powers of attorney:

- Certificate of Good Standing
- Certificate of Corporate Authority

Registration before the tax authority	1 day
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Legalization of corporate books	1 day
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ii. Branches

An alternative to setting up corporations is to establish branches, which are deemed to have permanent legal representation and enjoy procedural autonomy in the sphere of activities assigned to them by the parent company, in accordance with the powers granted to their representatives. Branches do not have independent legal status.

The table below describes the requirements and procedure to establish a branch in Peru.

Establishment	By public deed with, at least, the following information: a) certificate of good standing of the main company in the country of origin with the constancy that neither the articles of incorporation nor the bylaws prohibit the establishment of branches abroad; b) copy of the articles of incorporation and bylaws or equivalents; c) agreement to establish the branch in Peru, that indicates: (i) the capital assigned to the branch for its operations in the country; (ii) the activities of the branch and a declaration stating that said activities are part of the parent company's corporate purpose; (iii) the branch address; (iv) the appointment of at least one permanent legal representative in the country, with the granted power of attorney; and, (v) the statement that the parent company is subject to the laws of Peru in order to meet the branch's obligations
Liability	The parent company is liable for all obligations incurred by the branch. Any agreement exempting responsibility is considered null and void.
Capital	The total amount of assets assigned by the parent company to undertake the branch's activities is known as "assigned capital". No minimum capital is required.
Administration	Branches are required to have at least one permanent legal representative in Peru.
Remittance of Profits	There are no limitations on the remittance of profits by a branch to its parent company.

iii. Joint Ventures

Peruvian law defines two different types of joint ventures: the consortium and the silent-partnership agreement (contrato de asociación en participación). This is not a closed list, so other associative contracts such as shared risk or joint ventures are also permitted under Peruvian law, albeit no specific regulations exist.

The consortium is defined as a contract in which two individuals or legal entities join together in order to participate in a certain business to share profits and reduce their transaction costs. Consortiums do not generate a separate independent entity from its partners.

The LGS defines the silent-partnership agreement as a contract by means of which an individual or company grants to a person or persons (whether individuals or legal entities) a participation in the profits of the business that it carries out with third parties. In exchange, the participating partner usually provides some kind of contribution to the business. In this type of contracts, the participating party remains hidden from third parties with whom its partner may undertake business activities.

iv. Control for Business Merger Operations

The prior control regime for business merger operations – formed by Law N° 31112 and its Regulations, Supreme Decree N° 039-2021-PCM – has been applicable to all economic activities that take place in Peru or that influence the Peruvian market since 2021. The National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOP) is the entity in charge of giving prior authorization to this type of operations.

Under the prior merger control procedure, INDECOP may approve the operation unconditionally, approve it with conditions or disapprove it.

The main significant aspects of this regime are as follows:

1. **Business Merger Operations:** It refers to any act or operation involving a permanent transfer or change of control in a company or part of it. They shall be regarded as economic merger operations, among others: (i) mergers; (ii) acquisitions of shares; (iii) constitution of a joint venture or any similar form involving the acquisition of joint control over one or more economic operators; (iv) acquisition of assets involving the transfer of control.

Under the legal framework, a merger act may consist of an acquisition, direct or indirect, of rights enabling control to be exercised, individually or jointly, over all or part of another economic operator.

The authority shall consider as a single business merger all acts or operations carried out between the same economic agents during the period of two (2) years.

The merger operation must be notified before the implementation of the last act exceeding the thresholds provided for in the Law.

2. **Merger acts subject to the authorization procedure:** Economic merger operations which comply with the following characteristics shall be subject to the prior control of INDECOPI:
- (i) They involve a permanent transfer or change of control in a company or part of it, including the acquisition of operational productive assets (transfer of control);
 - (ii) They take place inside or outside Peru and have effect on all or part of the national territory; and,
 - (iii) They are within the thresholds provided for in the Law.
3. **Thresholds:** Economic merger operations are subject to the prior control procedure when the following thresholds are **jointly** met:
- a) The total sum of the value of the sales, annual gross revenues or assets in Peru of the companies involved must be at least US\$ 144 million approximately, during the fiscal year prior to the notification of the operation (the "Joint Threshold").
 - b) The value of the sales, annual gross revenues or assets in Peru of at least two of the companies involved must be at least US\$ 22 million approximately for each company, during the fiscal year prior to the notification of the operation (the "Individual Threshold").
- INDECOPI may initiate an ex officio prior control procedure when there is prima facie evidence that it may generate a dominant position or affect effective competition in the relevant market, even if the above thresholds are not exceeded. This power may be exercised by INDECOPI up to one (1) year after the formal closing of the operation.
4. **Fines and breaches:** Failure to comply with the Law leads to the imposition of fines that, using the criteria of the Law for Repression of Anti-Competitive Conduct, may amount to up to 12% of the gross sales or income received by the offender, or his economic group, related to all his economic activities, for the period immediately preceding the issuance of INDECOPI's resolution. In addition, INDECOPI may impose corrective measures aimed at undoing the economic merger operation whenever possible. Notwithstanding the foregoing, the Law states that a merger operation that must be submitted to the prior control procedure has no legal effect until prior authorization has been obtained from INDECOPI.

B. Agency / Reseller / Franchising / Distribution Networks

Peruvian law does not contain specific provisions for the establishment, treatment or requirements applicable to agency, reseller, franchising or distribution networks. Likewise, no agent or distributor protection regulations are currently in force. Accordingly, any agency, reseller, franchising or distribution operations undertaken with Peruvian entities will be governed by the provisions of any contract entered into between the parties.

Franchising agreements must be registered before the National Institute for the Protection of Competition and Intellectual Property ("INDECOPI" for its Spanish acronym), the Peruvian trademark authority, in order to use the marks involved in said agreements.

C. Representative Offices and other "Non-Permanent" Establishments

Foreign corporations may establish offices and "non-permanent" establishments without prior approval or registration, except in certain regulated industries such as banking and insurance. This type of establishment must be vested with sufficient powers of representation to allow the agreements signed by these establishments to be enforceable under Peruvian law.

D. Authorizations and Registrations

The undertaking of certain business activities requires prior approval from the competent authorities. This is the case, for instance, for banking and financial, insurance, and telecom activities, among others. Likewise, any activities involving natural resources, both renewable and nonrenewable, require prior authorization or granting of a concession by the competent governmental authorities.

E. Sensitive Industries / Restrictions on Foreign Ownership

Generally, Peruvian law does not establish restrictions on undertaking any business activity or owning property in Peru, except for the limitations on shareholding ownership by foreigners in local companies in certain industries such as air and maritime transport, banking, among others, as well as the real estate property referred to in section V., subparagraph I. on property law and real estate investment.

F. Political Risk and Related Issues

Peru has provided a stable legal and business environment for the past 25 years. As a result, the country has recently been considered as a country with investment grade by major risk assessment entities⁴. Provided they meet certain minimum requirements, foreign investors are entitled to enter into the Legal Stability Agreements referred to in Section IV below.

⁴ The last rating of Peru by the international agency Fitch Ratings was in June 2020, granting an investment grade BBB+. Regarding Moody's rating, it was made in August 2020 and gave a result of A3 (Stable).



IV.PROMOTION OF INVESTMENT AND LEGAL STABILITY

A. Legal Framework for Foreign Investment

Peru has a general legal regime that promotes and establishes guarantees for foreign investments.

The most important principles governing foreign investment are the following:

- Foreign investment is entitled to the same treatment as domestic investments
- Foreign investors may invest in any sector of the economy
- The Government's prior express authorization is not required
- There are no exchange controls and the use, convertibility, and remittance of foreign currency is unrestricted

B. Stability Agreements for Investment Protection

Investors may benefit from Peru's legal stability regime by entering into Legal Stability Agreements (CEJ), pursuant to which the Government guarantees the stability of the laws governing certain legal regimes and rights for a specific term.

Said Legal Stability Agreements (CEJ) have law status between the parties thereto. Therefore, the parties must abide by them and cannot amend them on a unilateral basis. Further, the Government

may not unilaterally modify them by adopting a law or revoke them in any way other than the grounds for termination of the infringement provided for in the Legal Stability Agreement (CEJ) itself.

Legal Stability Agreements (CEJ) may be entered into at any time, provided the legal requirements are met. If an investment in the form of a contribution to a local company's capital stock has been made before the execution of a Legal Stability Agreement (CEJ), said investment may be used to fulfill the investment commitment requirements for both the investor and the local company's Legal Stability Agreements (CEJ), provided said agreements are entered into within the next twelve months after the registration of the capital stock increase in the local company's accounting records.

Generally, the term of any Legal Stability Agreements (CEJ) is ten years, and the time period to comply with the pertinent investment agreement is two years. However, for companies entering into concession agreements by virtue of Legislative Order No. 1362, the term of Legal Stability Agreements (CEJ) of the recipient company and those of each investor may be the same as the concession agreement thereof. In such case, the time period to invest and comply with investment requirements will be determined by the provisions in the pertinent concession agreement.

Requirements for Investors under the General Legal Stability Regime

Generally, among other requirements, investors are required to contribute to the capital stock of a local company within a term of two years and the total investment commitment shall be, at least, USD10 million for mining and hydrocarbon activities or USD5 million for all other activities. Additionally, investment must be directed through the Peruvian financial system.

Requirements for Recipient Companies under the General Legal Stability Regime

Recipient companies may also enter into a Legal Stability Agreement (CEJ) with the Government if they receive investments from at least one investor meeting the requirements set forth by law.

Companies fulfilling this requirement may benefit from the stability of the employment and export promotion regimes. In addition, they can benefit from income tax regime stability, provided they meet any of the following requirements:

- The new investments exceed 50% of the company's capital stock and reserves accounts, and are allocated to the expansion of its production capacity or to technological improvement; or
- The new investments entail the acquisition of more than 50% of the shares of a company that is directly or indirectly owned by the Government (as is the case in state-owned companies that are privatized).

Rights Guaranteed under Stability Agreements

- For foreign investors:

Legal Stability Agreement's guarantee, for the entire term of the agreement and in connection with the amount of the corresponding investment commitment, legal stability of the regulations governing the following regimes and rights:

- Income tax regime: Dividends and any other form of profit-sharing in profits to which foreign investors are entitled will not be affected by modifications or new taxes arising during the period of validity of the Legal Stability Agreement (CEJ).
- The right to free availability of foreign currency (only for foreign investors);

- The right to freely remit funds, profits, dividends and royalties abroad, without any limitations or restrictions;
 - The right to use the best exchange rate available on the market;
 - The right to non-discrimination.
- For recipient companies:

Legal Stability Agreement's guarantee, for the entire term of the agreement, legal stability of the regulations governing the following regimes and rights:

- Income Tax system (if at least one of the specific requirements is met): Throughout the term of the Legal Stability Agreement, amendments to the Income Tax regime will not be applicable to the titleholder of the Legal Stability Agreement (CEJ). Similarly, taxable income will be calculated based on the same rates, deductions and scale set forth in the legislation in effect at the time of executing the agreement. This protection exists regardless of whether said modifications prove favorable or not to the company;
- Employment system
- Export promotion system



V. OPERATIONAL LEGAL ENVIRONMENT

A. Foreign Exchange

There are neither foreign exchange controls, registrations, authorizations or other similar restrictions in place for remittance of foreign currency to or from Peru; nor a requirement to obtain authorization in order to undertake foreign exchange transactions or to carry foreign currency. Any currency can be exchanged to Peruvian Soles and may be used in any transaction in Peru, provided that the parties agree to do so.

Bank accounts of any kind can be opened in USD and other currencies. Also, credit facilities may be contracted in USD or other currencies without any special authorizations.

B. Immigration and Visa Requirements

Any foreign citizen –tourist, business person or resident– desiring to enter the Peruvian territory shall present a passport issued by a State with a minimum six-month validity counting from his or her entry to the Peruvian territory.

Below is an overview of the most relevant types of immigration status for corporate and business purposes.

Business Visa

Business visas are issued to foreign citizen who enter the country for corporate, legal, or contractual purposes, or to provide specialized technical assistance or similar purposes with no intention to work or earn incomes from a Peruvian-source company.

Business visas are issued by Peruvian Consulates abroad after complying with the requirements (valid passport, letter of invitation and introduction letter, form, fee payment, etc.). Business visa may be issued from 5 to 15 business days.

In case of countries with which Peru has entered into international business visa exemption agreements, immigration status will be granted by the National Immigration Agency at immigration and/or border checkpoints. Some of the countries with this benefit are: Chile, Colombia, Mexico, Brazil, Costa Rica, India, China, Bulgaria, Croatia, Cyprus, Romania, Iceland, Switzerland, Liechtenstein, Norway, and European Union member countries that are part of the Schengen Area.

A foreign citizen who obtains this temporary status has the right to stay in the country between 90 and 183 calendar days per year, continuously or in different time period, without extensions.

Change of Designated Worker Immigration Status (Foreign Worker from Non-Resident Company)

This immigration status is granted to foreign workers who are relocated to Peru by their non-resident employer in order to render contractual services on the employer's behalf.

This immigration status entails the existence of two companies. The first company must be domiciled in Peru and operate in the country. The second company must be domiciled abroad.

The designated worker immigration status allows the foreigner to work in national territory, performing activities involving specific tasks or roles or work requiring specialized professional, business or technical knowledge.

The current Immigration Law differentiates between temporary designated workers and resident designated workers.

Resident designated workers may stay in the country for a renewable term of 365 days, while temporary designated workers have a term of 183 days, renewable for the same period of time.

Resident Worker Migratory Status

Foreign citizens who seek to work and reside in Peru may opt for the resident worker migratory status.

For that purpose, they must conclude with their employer an employment contract with foreign personnel that must be registered with the Labor Authority.

This migratory status can also be granted to workers of a transnational or international corporation who are relocated to Peru to work at a company belonging to the same group of companies or holding, as senior management, trusted management personnel or specialists.

The worker must then request the change of his or her migratory status to resident worker before the National Superintendence of Migration.

A foreign citizen who obtains this immigration status shall have the right to work legally for one year, renewable on a yearly basis.



C. Customs

The General Customs Law establishes the legal framework applicable to the entry and exit of goods to and from Peru.

Import

Only domiciled entities or individuals can act as importers of foreign goods for their definitive use or consumption in the country.

As a general rule, there are no restrictions to the import of goods, although some restrictions based on specific regulations (regarding matters like health and safety, security, environment, etc.) may apply. In such cases, importation is conditioned on the approval of the corresponding authorities.

Duties and taxes applied to import of goods are ad valorem duties, additional variable duty, Selective Consumption Tax (ISC" for its Spanish acronym) and Value added tax (VAT). In addition, the import of goods is subject to advance VAT payments.

The applicable ad valorem rates are 0%, 6%, or 11%, depending on the tariff sub-category of the imported merchandise. More than 70% of the merchandise listed in the current customs tariff is subject to a 0% ad valorem rate.

Additional variable duties apply only to certain agricultural products. The rate will depend on the type of merchandise and the reference price established at the time of import.

As a general rule, the tax base for calculation of ad valorem duties is cost, insurance and freight (CIF value). This value is determined according to the Relative Agreement on Implementation of Article VII of the General Agreement on Customs Tariffs and Trade (GATT) of 1994 (Valuation Agreement) of the World Trade Organization (WTO).

Excise Tax applies only to a certain group of products: petrol (gasoline), gas-oil (diesel), spirits, cigars, tobacco and certain vehicles. The rate or amount will depend on the type of product involved (as discussed in the section on "Taxation and Cross-Border Transactions").

VAT applies to most imported goods. There is only a limited group of products that are tax exempted, according to the type of merchandise or the place to where the goods are imported (e.g., import benefits of certain types of goods in the jungle region). The applicable rate is 18%.

The VAT's perceptions system applies, as a general rule, in the importation of all types of goods (However, there are cases in which said system does not apply). The applicable rate is: (i) 10% when, among other cases, the importer carries out for the first time an operation and/or customs regime, (ii) 5% when the importer nationalizes used goods, and (iii) 3.5% in the rest of cases. To calculate the VAT, the calculation basis is the customs value plus all the importation taxes.

Temporary Imports

Temporary entry of goods is also allowed. Such entries can be of two types: (i) for internal use and subsequent re-export (applicable to equipment and machinery included in a closed list of goods approved for this purpose); and (ii) for transformation and subsequent export of the final product obtained (applicable to raw materials). In both cases the payment of customs duties and import taxes is suspended by submitting a guarantee covering the amount of such duties and taxes plus interests.

Export

Export operations are tax-free and, as a general rule, there are no restrictions to the export of goods. However, exportation of some goods such as endangered animals, vegetable species, and archeological findings, among others, is prohibited or restricted depending on the type of good.

Only domiciled entities or individuals can act as exporters.

Temporary exports of goods are also allowed and can be of two types: (i) to be used abroad and returned to the country in the same condition as they were when exported; and (ii) to be transformed, repaired or replaced abroad. In these cases, the re-import of the goods is subject to special tax regulations.

Drawback

Peruvian regulations allow the refund of duties upon import of raw materials required for the production of the exported goods. From January 1, 2019, this refund is (a fixed rate of) 3% of the FOB export value up to a cap of 50% of its production value.

Only companies that manufacture or produce goods in the country (by themselves or by hiring third parties), using imported raw materials, can obtain this benefit after said goods have been exported. Specific conditions and requirements provided by applicable regulations must be fulfilled to obtain a restitution of the duties.

Good Replenishment with Customs Exemption

This regime allows goods to be imported (raw materials/inputs) with an automatic exemption of customs duties and import taxes. The exemption applies for the same quantity of equivalent goods (identical or equivalent) that was previously imported (without exemption) and was transformed to obtain goods that were exported.

This regime allows exporters to replenish, free of duties and import taxes, the raw materials and inputs used in the process of manufacturing goods to supply to their foreign clients.

Other Customs Procedures

- Entry into, or exit from Peru of goods contained in parcels carried by international cargo carriers, express mail, or courier services.
- A duty free system that allows duty free storage and sale to inbound or outbound passengers of domestic or foreign merchandise in authorized establishments inside international ports or airports.
- Entry into and exit from Peru of samples for exhibition purposes.

- Entry into and exit from Peru of baggage and household items.

International Trade Agreements

Peru has entered into several trade agreements that establish the reduction of customs duties and facilitate the trade of goods with countries in Asia, the Pacific Basin, Europe and South America.

Agreements currently in force	
Pacific Alliance	Japan
European Free Trade Association (EFTA)	Southern Common Market
APEC	Mexico
Canada	World Trade Organization (WTO)
Chile	Panama
Andean Community	People's Republic of China
South Korea	Singapore
Costa Rica	Thailand
Cuba	European Union
United States	Venezuela
Honduras	Australia
Agreements that will enter into force in the near future	
	Guatemala
United Kingdom	
Brazil	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Antidumping and Countervailing Duties

In accordance with the WTO's general rules on antidumping and countervailing measures, Peru has adopted rules to prevent and correct distortions of competition in the market caused by dumping and subsidies. Peruvian provisions try to prevent unfair trade practices resulting from sale prices that are below the production cost of exported products, or from granting subventions.

Antidumping and countervailing duties are imposed by the National Institute for the Defense of Competition and Intellectual Property ("INDECOPI" for its Spanish acronym). The customs authority is in charge of their collection.

D. Taxation and Cross-Border Transactions

The Customs and Tax Administration National Superintendence ("SUNAT"), the Peruvian tax authority, collects and administrates internal taxes, custom duties and other foreign trade borne charges which constitute Peruvian treasury revenue (exceptionally, SUNAT collects other taxes and contributions established by law). SUNAT also enforces the Tax Code and is involved in issuing rulings regarding matters of revenue.

Taxpayer Identification – RUC

Every individual, corporation, undivided estate, partnership or any entity, whether Peruvian or foreign, regardless of its tax domicile, must be registered in the taxpayer identification record (RUC" for its Spanish acronym) upon acquiring taxpayer status or becoming responsible for taxes administrated or collected by SUNAT. The same requirement applies to tax withholding agents.

The taxpayer and the tax withholding agent are identified by the 11-digit number assigned by SUNAT (the RUC), which is used to comply with both its formal and substantive tax obligations.

Workers (who earn "fifth category" income only) neither non-residents subject to withholding in the source country of their income, among others, are not required to be registered in the RUC.

Peruvian Tax System

The following is an overview of the taxes generally applied in Peru, at the time this report was issued. This report also includes a description of certain tax issues relevant to mining activities.

Income Tax

- Scope of Application

Income tax is levied on income obtained from capital, work, the joint application of both factors, capital gains, revenues resulting from operations with third parties as expressly stated in the Income Tax Law (LIR" for its Spanish acronym), and imputed income as expressly stated in the LIR.

- Tax Jurisdiction

Peruvian residents are subject to income tax on their worldwide income. Non-residents or permanent establishments in Peru of foreign corporations are taxed only on their Peruvian source income.

- Peruvian Residents

For tax purposes, the following are considered residents in Peru, among others: (i) Peruvian individuals who reside in Peru; (ii) foreign individuals who have resided or remained in the country more than 183 calendar days within a 12-month period; (iii) legal entities incorporated in the country; (iv) branches, agencies or other permanent establishments in Peru of non-resident corporations, in which case the status of resident applies to the branch, agency or other permanent establishment as to its Peruvian source income.

- Peruvian Source Income

The term "income from Peruvian sources" includes, among others, the income generated and/or produced by real estate, loans, capital investments, technical assistance when used economically within the country, personal work undertaken in the country, as well as that which is derived from civil, commercial, business or other activities conducted in Peruvian territory, among others.

Individual Income Tax Rules

For resident individuals, income from capital is subject to an Income Tax rate of 6.25% on net income, while income from employment is subject to an accumulative progressive scale. Income up to 7 tax units ("UIT"⁸ for its Spanish acronym) is exempted from income tax; a rate of 8% applies to income from 7 to 12 UIT, 14% for the following bracket from 12 to 27 UIT, 17% for income from 27

UIT to 42 UIT, 20% for the next bracket from 42 to 52% UIT, and 30% for income over 52 UIT.

From January 1, 2019, an additional deduction of up to 3 UIT may be made for the following expenses⁸: lease and/or sublease for housing, fees for services provided related to any profession, art, science or trade - including doctor's fees-, with the exception of those corresponding to the functions of business director, trustee, business manager and similar activities, contributions to EsSalud in favor of domestic workers, as well as the amounts paid for hotel accommodations and restaurant consumptions.

For non-resident individuals, a flat 30% rate is applied over the net rent, without deducting the aforementioned 7 UIT.

Taxation of Mining Activities

- Special Deduction Rules

Pursuant to the provisions set forth in the Mining Law, the acquisition value of mining concessions is deducted as an expense and amortized during their lifetime, since the year in which the minimum production levels (regardless of the actual start of production) must be accomplished, and within the term determined by the titleholder of the mining concession at that time. This period is determined on the basis of the probable life of the deposit, calculated taking into account proven reserves and the minimum compulsory production obligation.

⁸The UIT value established by law for the year 2020 is S/4,300.

⁹Legislative Decree No. 1258 amending the Income Tax Law



If the mining concession is abandoned or declared outdated before complying with the minimum production levels established by the applicable law, the acquisition value may be totally amortized in the fiscal period in which any of said events occur. Likewise, the investment in prospecting and exploration up to the date on which, according to the law, it corresponds to comply with the minimum production, may be fully deducted in the year in which this occurs or amortized as part of the acquisition value of the mining concession.

Development and preparation expenses allowing the exploitation of the mining concession for more than one year may be wholly deducted in the fiscal period in which said expenses are incurred, or amortized within said term and over two additional years (i.e. an overall three-year amortization period).

- Mining company tax benefits for public infrastructure investments

According to the Mining Law, investments by mining companies on public infrastructure may be deductible expenses for Income Tax purposes. In order to enjoy this benefit, the investments must be made in roads; seaports; airports; environmental sanitation works; energy, telecommunication, education and health infrastructure; and in public facilities for recreation and other public infrastructure projects.

Investments must be approved by the competent authority (i.e., in the case of roads, the Ministry of Transport and Communication). The amount of the investment that may be Income Tax-deductible expenses is only that which is related to the part of the works considered public infrastructure. Expenses related to maintenance, acquisition of land, or pre-investment and investment studies are not deductible (unless the taxpayer proves they are necessary to obtain the taxable income or maintain its source).

- **Special Mining Tax**

Mining companies are subject to Special Mining Taxes in the exploitation and production stages.

Special Mining Taxes are levied on the company's quarterly operating profits from the sale of mineral resources, determined according to the applicable accounting rules.

The effective Special Mining Tax rate ranges from 2% to 8.40%. There is no minimum Special Mining Tax. The tax effectively paid is a deductible expense for Income Taxes for the year in which it is paid.

- **Mining Royalties**

Mining Royalties are a royalty charge to be paid by subjects of mining activity mainly in favor of the Regional and Local Governments where mining resources are exploited.

Mining Royalties are currently a percentage of the quarterly operating profits, with effective rates ranging from 1 to 12%, which can be a deductible expense for purposes of annual Income Taxes for the year in which it is paid. Should the resulting Mining Royalty be lower than 1% of the respective quarterly sales revenue, the latter would be deemed as the royalty to be paid by the company. Finally, under current legislation, assignees of mining concessions are also subject to Mining Royalty regulations.

Transfer Pricing

In the event of sales, contributions of goods and other property transfers, as well as in the provision of services, notwithstanding the consideration agreed upon between the parties, for tax purposes the relevant transaction will always be deemed as made at its corresponding "fair market" value. If the value determined by the parties differs from the "fair market" value, tax authorities will make the necessary adjustments to the involved parties.

With regard to transactions between "related" parties, or made from, to or through non-cooperative countries, tax havens or individuals under a preferential tax regime, the corresponding "fair market" value will be deemed equivalent to the consideration that would have been agreed upon by independent parties in comparable transactions, in identical or similar conditions, following local "transfer-pricing" rules.

The value of the operations will only be adjusted if the payable tax in the country is less (a fiscal damage). The Peruvian Tax Authority may make said adjustment, even if the previous assumption is not met, in case the adjustment involves the determination of a higher tax to transactions between the taxpayer and its related parties.

For the interpretation of Peruvian transfer pricing rules, it is apply the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, approved by OECD Council, as long as they do not oppose the mentioned Peruvian legislation with character of law. For transactions carried out as of January 1, 2017, taxpayers subject to the tax regime must keep the following documents: (i) Local Report; (ii) Master Report; and (iii) Country-by-Country Report (Master and Country-by-

Country report requirements are effective since 2018). Failure to comply with these requirements is subject to tax penalties.

International Transparency Regime (ITR)

The International Transparency Regime (ITR) applies to domiciled taxpayers owners of non-domiciled controlled entities. They must recognize the passive income of a foreign source in the same fiscal year in which such entities obtain them and pay the corresponding tax.

The ITR applies only to passive income obtained from "controlled foreign corporations" which: i) have a legal entity separate from that of the individuals who comprise it; ii) are entities incorporated or domiciled in tax havens, those corporations whose passive income is not subject to tax or which is subject to a tax rate equal or lower than 75% of the Peruvian Income Tax rate that would apply in Peru to income of the same nature; and (iii) are owned by domiciled taxpayers. Moreover, shareholders subject to the ITR are those who own more than 50% of the stock, economic benefits, or voting power of the foreign entity.

For this purpose, the following are considered "passive income" among others: income from dividends, interest, royalties, rental activities, capital gains from the sale of rights, real property and stock. Peruvian source income, such as dividends derived from Peruvian companies, is not subject to the ITR.

Value-Added Tax (VAT)

- Scope of Application

VAT applies to the following transactions: (i) sale of movable goods within Peru; (ii) services provided or used within Peru; (iii) construction contracts; (iv) first sale of real estate by constructors; and (v) import of goods.

- VAT Payers

All Individuals, legal entities, foreign company's branches, irregular partnerships, associations, trusts, and mutual and investment funds that carry out any of the transactions subject to VAT.

Likewise, they are taxpayers of the VAT, joint ventures, consortiums and other forms of business cooperation contracts that keep independent accounting from that of the investors or ventures joint ventures, consortia and other forms of business collaboration contracts, which carry independent accounting of that of their investors or participants.

Individuals and any type of entity that does not carry out business activities may be subject to VAT rules if they regularly import goods or carry out activities subject to VAT.

- VAT Calculation

The payable tax is determined monthly by deducting the fiscal credit from the gross tax payable each month. The gross tax for each taxable transaction is the amount resulting from applying the tax rate to the taxable base. The VAT tax rate is 16%. A 2% rate is added for the Municipal Promotion Tax, which is governed by the provisions applicable to VAT, resulting in a total tax rate of 18%.

- Fiscal Credit

Consists of the VAT that appears separately in receipts/invoices. Only purchases of goods, provision or use of services, construction contracts or imports that are allowed as expenses or

costs for income tax purposes and are related to transactions subject to VAT may be used for fiscal credit.

- VAT Definitive Recovery Regime for Mining Activities - Act No. 27623

The regime allows holders of mining concessions performing mining exploration activities, which are still in a pre-production stage, to recover VAT paid on imports or local purchases of certain goods, and for the acquisition of certain services and construction contracts related to said exploration activities, provided that the formalities and requirements set forth in the applicable laws are fulfilled. This regime will be in force until December 31, 2022.

Tax on Net Assets (ITAN)

This tax levies companies' net asset value as reflected on their balance sheets as of December 31 of the year prior to the date of payment, after deducting the depreciation and amortization permitted by the LIR.

ITAN must be paid only by companies subject to the general income tax regime. ITAN is determined by applying a 0.4% rate to net asset values over S/1,000,000. Net assets with a lower value are not subject to ITAN. In principle, taxpayers have the option of considering ITAN payments: as a deductible expense; or as a credit to offset the corresponding monthly Income Tax prepayments and their annual Income Tax. If the ITAN paid exceeds the annual Income Tax due at the end of a fiscal year, taxpayers may request the refund of said excess.

Financial Transaction Tax (ITF)

The ITF applies, among others, to deposits and withdrawals to bank accounts, with the exception of transactions between an accountholder's own accounts; payments to a financial institution; purchase of cashier's checks, bank certificates, traveler's checks; money transfers made through a financial institution or a fund transfer company.

The tax rate is 0.005% and must be withheld by the financial institution or fund transfer corporation, as appropriate.

Selective Consumption Tax (ISC)

The ISC (Impuesto selectivo al consumo) levies the import and local sale of goods, such as certain cars, cigars and similar, alcoholic and non-alcoholic beverages and fuel.

Depending on the respective good's nature, the tax is determined based on systems to the specific value and to the value according to the price of sale to the public.

Tax Incentives

- Tax benefits for public investment projects – Act No. 29230

Companies in general may enter into agreements with Regional and Local Governments to finance or carry out public investment projects listed on ProInversion's portfolio. Once finalized, the works must be transferred to the Regional and Local Governments. Investors are paid by the Peruvian Government with Regional and Local Public Investment Certificates (CIPRL). These certificates may be used by the company to offset its monthly and annual Income Tax payments for the respective year, up to an amount equal to 50% of the Income Tax for the previous fiscal year. If the certificates are not used in the respective fiscal year due to the 50% limitation, Peruvian Government will issue new certificates, adding a 2% annual credit to the amount stated on the

previous certificates. If the certificates are not used within a period of ten years, the company may request a reimbursement from SUNAT.

In order to subscribe such agreements, the companies must be selected by the regional and local governments according to certain statutory rules. Moreover, the companies must be registered in the National Register of Suppliers of the State Procurement Supervisory Agency-OSCE.

Legislative Order No. 1238 has extended this tax benefit to companies entering into this type of agreement with the Peruvian Government for public investment projects related to health, education, tourism, agriculture and irrigation, public order and security, culture, sanitation, rural electrification, fishing, sports, environment, urban development, social protection and development, transportation, communications and justice, including its maintenance, provided they are registered on the list of priority projects issued by the competent Public Institution. Thus, Peruvian Government will issue "Peruvian Government – Public Treasury Public Investment Certificates" (CIPGN" for its Spanish acronym) to pay the private company the amount it invested. CIPGN Certificates are subject to the same rules as CIPRL Certificates.

- Stability Agreements

See section regarding Foreign Investment Protection (Section IV, item B).

E. Labor Regulation and Employment



The most relevant labor and employment aspects of the Peruvian legal framework will be outlined in this section. The following four charts include overviews of: (i) employment and non-employment agreements, as well as contracting through third parties (intermediation and outsourcing); (ii) the conditions applicable to labor relations; (iii) minimum standards in terms of salary and benefits applicable to workers; and (iv) pension systems and taxes on compensations.

In addition, a table is presented with the most important legal considerations and labor impacts as a result of the Health Emergency and the State of National Emergency which were declared due to the spread of Covid-19 in our country.

Labor Contracts

<p>Employment Contracts</p>	<p>Indefinite-Term Employment Contract</p> <p>This is general rule. It is not mandatory to formalize it in writing as the main characteristics of the contract appear in the payment slip the employer must deliver to the employee.</p> <hr/> <p>Fixed-Term Contracts</p> <p>Fixed-term employment is extraordinary, and requires an explicit justification in a writing contract. It applies in the following cases:</p> <ul style="list-style-type: none"> • <u>Starting or increasing operations</u>: Contracts for start-ups or new business activities for a maximum term of 3 years. • <u>Market needs</u>: Contracts executed in order to meet business production due to demand significant variations. • <u>Corporate restructuring</u>: For substitution, expansion or modification of the company's activities or production methods, for a maximum term of 2 years; • <u>Temporary</u>: For temporary needs, other than the workplace's regular activities, for a maximum term of 6 months; • <u>Substitution</u>: To temporarily replace a stable worker at the company; • <u>Emergency</u>: To cover needs resulting from unforeseeable circumstances or force majeure, for the duration of the emergency; • <u>Specific work or service</u>: To execute specific work or service consisting in a predetermined aim and specified duration; • <u>Intermittent</u>: To cover permanent but intermittent needs; • <u>Seasonal</u>: To cover needs that occur only at certain times of the year and subject to be repeated in similar periods. <p>Maximum cumulative term for any fix-term contract is five years.</p> <hr/> <p>Part-Time Contracts</p> <p>When the working day of the employee is less than 4 hours a day, on average.</p> <ul style="list-style-type: none"> • No previous authorization is required. • Must be in writing. • It does not generate the right of: (i) protection against dismissal, (ii) Severance Pay (CTS), and (iii) full vacations (only 6 days per year).
<p>Collective Agreements</p>	<p>They are entered into by one or more employers and one or more unions or workers' representatives in order to regulate working conditions (mainly workers' benefits).</p> <p>Most of collective agreements are executed at a company level. If the union represents majority, its collective agreement applies to all workers; or only to its affiliated, otherwise.</p> <p>If the parties do not reach an agreement through collective bargaining, may use pacific mechanisms to solve the conflict, such as conciliation, mediation, out-of-court and arbitration. There are cases in which the union can force an <i>optional</i> arbitration.</p> <p>Peruvian Constitution recognizes workers' right to strike.</p>

Special Agreements	Special labor regimes exist for agriculture sector, civil construction, foreign employees, micro- and small business employees, among others. Each regime is governed by special legislation establishing its characteristics and specifications.
Non-Employment Agreements	Trainee Contracts <ul style="list-style-type: none"> • The purpose is to professionally train and instruct those who have not entered the labor market yet. It includes the following agreement: apprenticeship, internship, youth trainee, clerkships, and labor re-insertion. • Individuals rendering these services are not entitled to common labor rights, but they have partial benefits instead.
	Independent Services Contracts <ul style="list-style-type: none"> • They are governed by the Civil Code. • They are available for independent services and there is no subordination or subject to the party requesting such service. • The service provider is not entitled to labor benefits.
Labor Intermediation and Outsourcing	Labor Intermediation <ul style="list-style-type: none"> • Consists of placement of service company personnel at a user company. • Labor intermediation is only allowed when there is a need for temporary, supplementary or specialized services. Not valid for services that entail the ongoing performance of the employer's core business. • Personnel transferred to the user company may not exceed 20% of the user company's total workforce, except for supplementary or specialized services.
	Outsourcing Services <ul style="list-style-type: none"> • The purpose of outsourcing is to decentralize or externalize part of a company's core business by hiring a contractor or subcontractor (i.e. administrative, management, project contracts; contracts placing a third party in charge of an integral part of a company's production; etc.) • The outsourcing contractor shall: (i) be in charge of an integral part of the contracting party's activities, (ii) perform the tasks for which it is hired at its own risk and account, (iii) have its own financial, technical or material resources, (iv) be responsible for the outcome of its activities and, (v) have its employees under its exclusive subordination. • It may comply with the following characteristic elements: (i) multiple clients; (ii) enough equipment; (iii) capital investment; and (iv) salary evidencing that is not a simple personnel providing service. When the task or delegated work involves the user company's core business, and there is continuous placement of personnel, companies are jointly liable for the wage payments, legal benefits and social security obligations, up to one year after placement of personnel.
Unions	<ul style="list-style-type: none"> • To form a union and its type (company, industrial and craft unions) depending only on the employees' will.

	<ul style="list-style-type: none"> • A minimum of 20 members is required for a company union. Industrial unions require a minimum of 50 members. Union affiliation is voluntary, and is governed by its bylaws. • Unions represent employees in its company/industry facing collective conflicts and complaints.
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Labor Conditions

Age	<ul style="list-style-type: none"> • The minimum working age is 14 years, prior authorization of the parents and approval of the Ministry of Labor. (Regional Department or Management of Labor and Employment Promotion). Some activities require a greater age. • Ordinary Retirement age is 65 years. Under the Private Pension System, workers may choose: (i) access to the retirement pension; or, (ii) to withdraw up to 95.5% of the Pension Fund accrued. If the person chooses to withdraw less, a pension with the remaining funds may be obtained. • There are earlier retirement cases for workers with sufficient accrued capital, and those performing qualified high-risk activities. • Compulsory and automatic retirement age is 70 years, unless both parties agree otherwise.
Nationality	<ul style="list-style-type: none"> • Hiring foreign workers is subject to two limitations: no more than 20% of the employer's workforce, and no more than 30% of the payroll value may be foreign workers. • These limitations do not apply to: (i) excluded workers (immigrants, with Peruvian close relatives, etc.); (ii) to exempted workers (professional or specialized technical personnel, senior management personnel for a new business activity, etc.); (iii) Andean emigrant workers; (iv) workers subject to the Mercosur Agreement.
Working Day	<ul style="list-style-type: none"> • The maximum legal working day is 8 hours, or a 48-hours work week. • Time and Attendance Record tracking in/out time entry of workers, trainees, and third party service providers is kept. • All excess hours of any ordinary working day fixed by the employer refer to as overtime, and agreement by the parties is required. • The minimum payment of the first 2 overtime hours is 125% of the common value; and for the next overtime hours is 135%. • Cumulative or irregular working days are valid, but the maximum verification cycle may not exceed three weeks.
Salary	<ul style="list-style-type: none"> • Salary refers to the total amount received by workers in exchange for their services, whether in cash or in kind, provided it may be freely used by workers.

	<ul style="list-style-type: none"> • Non-remunerative benefits such as extraordinary payment, profit sharing, and working conditions, among others are allowed. • Workers receiving monthly payments greater than 2 UIT may agree an annual payment (annual comprehensive salary) that includes all legal and conventional benefits, except profit-sharing. • Salary may not be discriminatory. For such purpose, the employer must prepare salary, category and function charts; and inform its salary policy to its employees.
Living Wage	<ul style="list-style-type: none"> • It is approximately US\$290 (S/930) per month. A proportional amount is paid to part-time employees. • The minimum wage for night-shift workers (from 10:00 p.m. to 6:00 a.m.) is 35% more than the living wage.

Labor Benefits

Vacation	<ul style="list-style-type: none"> • Workers are entitled to 30 days of paid vacation leave after each full year of service to be used within the following year it was accrued. • For unused vacation leave, workers will be paid the amount equivalent to 2 salaries plus the corresponding salary, except managers being granted autonomy to schedule his or her vacation leave.
Rest Day/ Paid Holidays	<ul style="list-style-type: none"> • Rest day per week refers to 24 continuous hours at minimum, preferably Sundays. Workers have the right to paid holidays on: January 1 (New Year's Day), Easter (Holy Thursday and Good Friday), May 1 (Labor Day), June 29 (St. Peter and St. Paul), July 28 and 29 (Independence Day), August 30 (St. Rose of Lima), October 8 (Battle of Angamos), November 1 (All Saints' Day), December 8 (Immaculate Conception) and December 25 (Christmas Day). It must be noted that the government has cancelled the holidays of July 29 and October 8. To date, it has not been specified whether these are permanent measures.
Leave and Benefits	<p>Maternity Leave</p> <ul style="list-style-type: none"> • Female workers are entitled to 49 days of prenatal leave and 49 days of postnatal leave. • Female workers are free to use her prenatal leave, on a partial or comprehensive basis, together with her postnatal leave, as well as her pending vacations. • In the event of multiple births or birth of a child with disabilities, postnatal leave will extend to 30 days. • The mother is entitled to a daily one-hour nursing leave (two hours in case of multiple births) until the child become 1 year old. That nursing leave is considered time effectively worked.

	<p>Paternity Leave</p> <ul style="list-style-type: none"> • The working father is entitled to 10 consecutive calendar days. It is extended: • (i) 20 days, for premature births and multiple births. • (ii) 30 days, for births with terminal congenital disease or severe disability. • (iii) 30 days, for serious complications in the mother's health. <p>It becomes effective when the worker chooses between the following options: (i) from birth; (ii) since the mother or child are discharged; or, (iii) from the third day prior to the probable date of delivery, certified by a doctor.</p>
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	<p>Leave for medical assistance and rehabilitation therapy for family members with disabilities</p> <ul style="list-style-type: none"> • It is granted to workers with minor children with disabilities or children with disabilities who are subject to guardianship, as well as the one designated as a support for a disabled person on condition of dependency requiring medical assistance or rehabilitation therapy, with 7-day prior notice attaching the appropriate medical documents. • The above mentioned person is paid for up to 56 hours per year. • If additional time is required, the license is due overtime by agreement with the employer.
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	<p>Leave for workers whose immediate family being under terminal or serious medical conditions or having suffered a serious accident</p> <ul style="list-style-type: none"> • It is granted to workers whose children, parents, spouse, common-law partner or person under their guardianship are diagnosed under a serious or terminal condition, or suffer from a life-threatening accident. • It is subject to 48-hour notice being occurred or acknowledge the event by attaching the medical certificate. • Continuous 7-day paid leave of absence is granted. If additional leave is required, it is granted for an additional period of no more than 30 to 40 days to be discounted from vacation leave. It may be compensated with extra hours, unless agreed otherwise.
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	<p>Leave for workers with children diagnosed with cancer</p> <ul style="list-style-type: none">• It is granted to workers whose child or adolescent under 18 years of age is diagnosed with cancer by a specialist doctor.• It is paid, up to a period not exceeding one year.• The first 21 days are paid by the employer and the remaining time by EsSalud.
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	Adoption Leave <ul style="list-style-type: none">• It is granted to workers having requested the adoption of a child no more than 12 years of age.• It is granted for 30 days, counting from the day the Administrative Adoption Placement Order and the respective Record of Reception are issued.
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	<p>Other leave</p> <ul style="list-style-type: none"> • Use of lactarium: Companies required to implement lactarium (where 20 or more women workers of childbearing age work) must grant the use of the lactarium for one hour during working hours. • Firefighters: Workers belonging to the General Volunteer Fire Brigade of Peru must be granted permission to extinguish fires, accidents and related rescues. • Direct family members or caregivers of patients with Alzheimer's and other diseases: Leave of up to one paid working day per year must be granted to workers who are direct family members or caregivers in charge of patients with Alzheimer's disease and other dementias. They must also be provided with work facilities, subject to prior agreement, to enable them to attend to the patient's assessment and urgent care. • Union leave: In the absence of a collective agreement that regulates it, each leader who is entitled to the benefit must be granted leave of absence for up to 30 days each year to attend compulsory attendance events. • Tuberculosis: Workers with tuberculosis have the right to enter their workplace one hour later than usual or retire an hour earlier for supervised treatment until treatment is completed. • Family violence: Absences or delays resulting from acts of family violence are justified. Absences may not exceed 5 in a 30-day period, or 15 in 180 days. The judge may grant the victim up to five consecutive months of unpaid leave. • Mandatory military service: A paid leave of up to 30 days must be granted if a worker is called to serve periods of instruction and training, or is required. At the end of the period, the State shall assume the salary. • Civil position: If a worker is elected councilor (member of a municipal council), he is granted paid leave of up to 20 hours per week for municipal duties. The employer may not transfer or reassign him without his consent. If a worker is elected to Congress, he is granted leave without pay, without loss of rights. • Members of the Committee on Safety and Health at Work and Occupational Safety and Health Supervisors: They must be granted paid leave for their duties, subject to authorization by the same Committee. • Professional sports people: Workers selected to represent Peru at official international sporting events have the right to have a license and facilities to train, concentrate and compete, or at recognized official national or regional events. The same applies to managers, coaches and sports agents. • Blood donation: Workers who wish to donate blood should be granted a license during the time that the donation takes, if the Blood Bank does not attend outside work hours, provided that this does not affect production.
Family Allowance	<ul style="list-style-type: none"> • It is granted to employees whose salary are not regulated by collective agreement and have minor children under 18. The benefit may be extended if children studies at the university or superior education until they become 24 years old. • It is equal to 10% of the living wage.

Profit Sharing	<ul style="list-style-type: none"> Workers of companies earning incomes, unless employed by a less than 20-worker company, have the right to profit sharing. Profit sharing is calculated on the annual income determined pursuant to tax regulations. The employer distributes among its workers a percentage depending on said income according to its line of business, varying from 5% to 10% of the taxable income. Half of the share is distributed proportionally to the remuneration of each worker, and the other half is divided according to the days worked in the year by each worker. Applies a limit of 18 monthly salaries per worker. The excess is paid to entities managed by the State.
Severance Pay (CTS)	<ul style="list-style-type: none"> Workers working a minimum of 4 hours per day on average are entitled to CTS. It is deposited every 6 months (in May and November) by the employer in the banking or financial institution up to the employee's choice. The amount of each deposit is equal to one-twelfth of salary. The monthly total amount the worker regularly receives by his/her work is computed, whether in cash or in kind.
Mandatory Legal Bonuses	<ul style="list-style-type: none"> There are two mandatory legal bonuses per year: one in July for the Independence Day, and another in December for Christmas. The amount is one-month payroll being in force at the date of payment.
Life Insurance	<ul style="list-style-type: none"> Each worker is entitled to life insurance paid by the employer, which generates compensation in case of death or disability. The premium is negotiated with an insurance company.
Workers with Disabilities	<p>Employer with more than 50 workers must hire employees with disabilities representing at minimum 3% of its payroll. <i>Reasonable adjustments</i> may be set for them, both in the selection process and during the employment relationship.</p>
Workers' Termination	<ul style="list-style-type: none"> Employment relationship may be terminated: resignation, mutual termination, retirement, dismissal, among others. As a general rule, a worker can only be dismissed under a fair cause under law (related to the capacity or behavior of the worker). Workers dismissed under an unfair cause (termination without cause, null and void dismissal or fraudulent dismissal), not pursuant to law but case-law criteria, may choose between two remedies: (i) reinstatement, or (ii) indemnity amounting to 1.5 salaries per year of service for indefinite employment contracts, and 1.5 salaries per month stopped working for fixed-term contract. Limit of indemnity is up to 12 salaries. Workers in position of trust or management positions may not request reinstatement, unless they have been promoted, in which case they may request to be reinstated in the position prior to the position of trust or management position. There are conflicting judicial criteria as to whether they are entitled to severance day.

	<ul style="list-style-type: none"> • There is a trend towards the award of compensation for moral injury, as an additional means of redress in cases of arbitrary dismissal.
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Pension Systems and Taxes on Salary

Pension Systems	<p>There are two main pension systems.</p> <p>National Pension System</p> <ul style="list-style-type: none"> • It is administered by the Government through the National Social Security Pension Fund Office (ONP). All workers subject to private labor regime are included, unless they are affiliated to the private pension system. • Affiliated workers contribute with 13% of their payroll. • This is a collective system. If workers meet the minimum requirements, the received pension will primarily depend on the time being affiliated to this system. <p>Private Pension System</p> <ul style="list-style-type: none"> • It refers to Private Pension Fund Administrators (AFP). This is an individual account pension system. Affiliated members contributes from 11% to 13% of their payroll. Pension will depend on the amount accrued at the time of retirement. • In both cases, the contribution is paid by the worker, but must be withheld and paid by the employer.
EsSsalud Social Security and Income Tax	<p>EsSalud Social Security Health Insurance</p> <ul style="list-style-type: none"> • Monthly contribution per working regular affiliated member is 9% of the insurable payroll by the employer. Comprehensive healthcare of workers and their beneficiaries is covered by EsSalud. <p>Income Tax</p> <ul style="list-style-type: none"> • This tax is levied on all work-related incomes. It is charged to the worker, but must be withheld and paid by the employer.

Remote work	<p>Legal considerations and most significant labor impacts during the Covid-19</p> <p>Employers during the Health Emergency may unilaterally determine the performance of remote work by their workers, prioritizing those who qualify as a risk group.</p> <p>If these workers wish to go to work, they may sign an affidavit of voluntary assumption of responsibility, in the format approved by the Ministry of Labor and Employment Promotion, following a specific procedure and deadlines, with the participation of a physician responsible for health surveillance at the workplace.</p>
Perfect suspension of work	<p>Applicable to all employers who are not able to implement remote work or apply for paid leave to their personnel, due to the nature of their activities or the level of economic affectation, caused by the measures ordered by the Health Emergency following Covid-19, following the procedure provided for in the regulation.</p> <p>The workers included in a perfect suspension of works: (i) they will be attended by EsSalud for the duration of said suspension (ii) they will be able freely to dispose of the funds of the intangible amount for deposits of CTS, up to a gross monthly remuneration for each calendar month for which the duration of the suspension of work has expired (iii) if they would have reached during the period of suspension if they continued to work, the contributions necessary to qualify for a pension in the National Pension System (SNP), they are not required to contribute during the suspension period, and may apply to the ONP, which may exceptionally recognize up to 3 months of contributions, and (iv) may exceptionally withdraw up to S/ 2,000 from the CIC from their AFP, if they are affiliated to the SPP, among other retirement facilities for workers who will depend on their contributions in the previous months.</p> <p>Likewise, workers who are in perfect suspension of work whose employer has up to 100 workers and who receive a gross compensation of up to S/ 2,400.00 are entitled to the "Economic Benefit of Emergency Social Protection against the Coronavirus Pandemic COVID-19", in the amount of S/ 760.00 for each calendar month that has expired and lasts the corresponding measure of perfect suspension of work, up to a maximum period of 3 months.</p>

Working hours	Employers are authorized to unilaterally modify shifts and work schedules during the Health Emergency period.
Withdrawal of the STC	During the term of the Health Emergency, workers may freely dispose of the funds of the intangible amount by deposits for Severance Compensation (STC), up to the amount of S/ 2,400.00
Measures other than compensable leave	Employers who are unable to perform remote work or apply for leave with compensation, due to the nature of their activities or the level of economic affectation, are authorized to adopt alternative measures to maintain the validity of the workers' labor relationship and the receipt of their remuneration (granting of vacations, agreements to reduce the working time or remuneration, among others).

Withdrawal of funds from AFP	Members of the Private Pension System (SPP) are authorized to voluntarily and extraordinarily withdraw 25% of their accumulated pension funds in their Individual Capitalization Account, for a minimum amount of 1 UIT (S/ 4,300.00) and with a maximum of 3 UIT (S/ 12,900.00).
Care facilities for family members diagnosed with COVID-19 or in the risk group	Workers who are the sole caregivers of direct family members diagnosed with COVID-19 or in the risk group who are not hospitalized are entitled to the following facilities: (i) leave subject to subsequent compensation; (ii) reduction of working time subject to subsequent compensation; (iii) reorganization of work schedules, shift work, or remote work; (iv) temporary permits during the work day subject to subsequent compensation; or (v) any other facility as appropriate. In the absence of agreement, the worker decides within the options proposed by his employer, which must not imply the reduction of remuneration or social benefits.
Measures applicable to people with disabilities and their dependents	In order to ensure the safety and protection of people with disabilities in employment, the following measures are provided for: (i) application of remote work if it is compatible with the nature of the duties and this is agreed with the worker; (ii) compensable leave in case the nature of the duties is not compatible with remote work or no agreement is reached with the worker; (iii) when other legal measures are applied, the particular conditions of people with disabilities must be taken into account.

Obligations to monitor, prevent and control the risk of exposure to Covid-19	<ul style="list-style-type: none"> • Approve the Covid-19 Surveillance, Prevention and Control Plan in the workplace, as appropriate. • Have a health professional, depending on the number of workers. • Temperature control at the entrance and at the end of the working day. • Cleaning and disinfection of workplaces. • Assessment of the worker's health condition prior to returning to the workplace. • Mandatory hand washing and disinfection. • Awareness of the prevention of contagion in the workplace. • Adoption of preventive measures of collective application. • Adoption of personal protection measures. • The surveillance of the worker's health in the context of Covid-19. • These obligations have an essentially preventive purpose and seek to guarantee the safety and health of workers, during the context of the Covid-19 outbreak in our country.
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F. Antitrust and Competition

Anticompetitive conduct is illegal pursuant to the Antitrust Law (*Ley de Represión de Conductas Anticompetitivas* - LRCA)¹⁰ and the Criminal Code (CP)¹¹.

Administrative penalties are determined and executed by INDECOPI for each case that is presented before it. The LRCA comes into effect and, if applicable, sanctions individuals and entities that participate in the investigated market. However, in the case of infractions classified as absolute prohibitions, it may also sanction those individuals or entities that, without participating in said market, act as planners, intermediaries or facilitators of an anti-competitive conduct.

Three main types of conduct are sanctioned by the LRCA: (i) abuse of dominant position, (ii) horizontal collusive practices, and (iii) vertical collusive practices.

Criminal sanctions are determined and executed by the Judiciary, without the previous opinion of INDECOPI. Likewise, it is not necessary for INDECOPI to declare or sanction anticompetitive

conduct to initiate criminal proceedings. Unlike the LRCA, the CP does not delimit the market agents or entities. It may be considered an author of the crimes of Abuse of Economic Power.

The CP penalizes the following 2 types of conduct, already covered by the LRCA: (i) abuse of market dominance and (ii) participation in practices and agreements restrictive in the productive, commercial or service activities in order to prevent, restrict or distort free competition (e.g., cartels or collusive practices).

Abuse of Dominant Position

According to the LRCA Law, an economic agent enjoys a dominant position in a relevant market when it has the possibility of substantially restraining, affecting, or distorting the supply or demand conditions in that market, without its competitors, suppliers, or customers being able to counteract it.

Holding a dominant position, with or without affecting real or potential competitors, does not constitute an illegal conduct. Neither monopolies nor dominant positions are prohibited per se, what is considered to be anti-competitive conduct is the abuse of that position. The CP agrees to sanction only the abuse of dominant position and not its holding.

The LRCA Law provides that abuse of a dominant position is verified when an economic agent that holds a dominant position in the relevant market uses this position to unduly restrain competition, obtaining benefits and harming other competitors, in a way which would not have been possible had it not held said position.

¹⁰Whose Single Ordered Text was adopted by Supreme Decree No. 030-2019-, published on February 19, 2019.

¹¹Adopted by Legislative Decree No. 635, published on April 8, 1991; recently amended by the Law Amending the Criminal Code and the Code of Consumer Protection and Defense (Law No. 31040).

Said practices are sanctioned even when the dominant position arises from a legal regulation or instrument, contract, or administrative regulation. Notably, all conduct entailing abuse of a dominant position gives rise to corresponding prohibitions.

It is worth mentioning that, unlike the LRCA, the CP does not include a definition of abuse of dominant position.

Horizontal Collusive Practices

Horizontal collusive practices imply the joint action of several competitors as one. The reason for this is that companies sometimes find that cooperating with other competitors is more beneficial than competing with them. This undue cooperation occurs when companies coordinate to reduce the volume of their production, raise their prices, and increase the benefits to each company.

According to the LRCA Law, such practices may consist of agreements, decisions, recommendations, or concerted practices among competitors with the aim or effect of restraining, preventing, or distorting competition. The LRCA is not limited to sanction those legally enforceable agreements, but also prohibits cooperative activities, decisions or recommendations made through business partnerships, and even understandings between parties.

Collusive practices are regulated by absolute prohibitions or regular prohibitions. Absolute prohibitions relate to practices that are illegal per se, while relative prohibitions relate to practices that require examination to verify whether they have anticompetitive effects. The LRCA considers as absolute prohibitions those concerted practices between parties (inter brand), which are not complementary or ancillary to other lawful agreements and whose purpose is to set wrecks,

commercial conditions, limit production or sale, distribute customers, suppliers or markets, or establish positions or abstentions in bids (bid-rigging).

Vertical Collusive Practices

According to the LRCA, these are collusive practices among economic agents operating at different levels of the production, distribution, and marketing whose purpose or effect is to restrict, prevent, or distort free competition. These types of practices require at least one of the parties to have a dominant position in the relevant market prior to engaging in the collusive arrangement.

Illegal vertical practices may consist of alleged abuse of a dominant position and horizontal collusive practices. All vertical collusive practices constitute relative prohibitions. In all such cases, INDECOPI must demonstrate that the practice has or may have a negative impact on competition.

For its part, the CP does not distinguish between horizontal and vertical collusive practices, so which, by virtue of the general classification, penalizes participation in practices and agreements restrictive in the productive, mercantile or service activity with the purpose of preventing, restrict or distort free competition.

Proving Collusive Practices

Given that collusive practices are difficult to prove, the competition agency may resort to indications and presumptions in order to verify whether similar behavior exists among competitors, and that the similarity is not naturally explained by the competitive operation of the market, such as simultaneous price fluctuations, similar quality of the product offered, and comparable indications.

In this sense, the competition agency must make a careful and restrictive analysis of the alleged uncompetitive practice. For example, it must make sure that the similarity in behavior is not the result of a mere suspicion, but that it has been absolutely proved and that there is no rational alternative explanation for the concerted practice which is capable of justifying such identical behavior.

This analysis carried out by INDECOPI will not be considered as a necessary procedural requirement for criminal proceedings.

Sanctions and Corrective Measures

The anti-competitive practices sanctioned by the LRCA are of an administrative nature, therefore, such breaches result in the imposition of fines by INDECOPI. Depending on the seriousness of the infringement, fines may be up to 12% of the gross sales or revenues collected by the offending companies.

In addition, INDECOPI is empowered to order corrective measures aimed to restore the competitive process. Corrective measures are additional to the sanctions that may be imposed for infringing the provisions contained in the LRCA.

Likewise, INDECOPI often punishes individuals who participated in anti-competitive conduct on behalf of sanctioned companies.

As of August 2020, anti-competitive practices are covered by the Criminal Code as offences of a criminal nature, therefore, such offences result in the conviction of custodial sentences by the

Judiciary. Depending on the seriousness of the offence, custodial sentences of not less than 2 years, nor more than 6 years may be imposed. In addition, the penalty of disqualification for the perpetrator of the crime, as well as fines ranging from 180 to 365 days, may also be applied.

The Leniency Program (Leniency)

As established by the LRCA and subject to certain requirements, any person, natural or legal, involved in a horizontal collusive agreement, may request INDECOPI to be totally or partially exempted from the fine in exchange for providing evidence to help identify and establish the existence of the conduct and to punish parties.

The leniency program does not eliminate or limit any civil liability that the applicant may have, as regards the damage that the anti-competitive conduct may have caused.

Speculation and adulteration

The latest amendment to the CP adapted and increased the penalties of the crimes for speculation, by the state of emergency as a result of the COVID-19 pandemic and its effects on the Peruvian market.

G. Environmental Issues

The right to a balanced and adequate environment is recognized by the Constitution.

The General Environmental Law (LGA) – Act No. 28611, governs the general legal framework for environmental management and protection, as well as the basic principles and rules for ensuring the effective exercise and defense of the right to a healthy, balanced, and adequate environment.

The LGA Law provides that any human activities involving construction, structures, services and other activities, as well public programs, policies and plans which may cause negative environmental impacts are subject to the National Environmental Impact Assessment System ("SEIA") and therefore require the previous approval of an environmental management instrument.

In accordance with Law No. 27446, Act on the National System of Environmental Impact Assessment, the SEIA is a unique and coordinated system for identifying, preventing, monitoring, controlling and correcting potential negative environmental impacts derived from human actions expressed through the investment project ensuring citizen participation in this process. It should be noted that by Legislative Decree No.1394 of September 5, 2018, several amendments were approved to Law No.27446 regarding the creation of the National Certification Service for Sustainable Investments ("SENACE") and the resulting transfer of competence in the environmental impact assessment to that authority. Therefore, procedures and instruments regulated by SEIA are incorporated with respect to the environmental impact assessment process, coordination and organization between entities, reduction of duplication, gaps, overlaps and terms for instrument technical assessment.

It should be mentioned, among other relevant aspects, that SEIA environmental impact classification for the investment projects has been modified, as well as the applicable environmental management instruments as follows:

Category	Level of Impact	Management Instrument
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I	Low negative environmental impact	Environmental Impact Statement
II	Moderate negative environmental impact	Semi-detailed Environmental Impact Statement
III	High negative environmental impacts	Detailed Environmental Impact Statement (Environmental Impact Assessment)

In accordance with these regulations, the execution of projects and service and trade activities shall not start without prior approval of the corresponding environmental management instrument. No national, sectorial, regional or local authority shall approve, authorize or allow these projects or activities if they do not have the pertinent environmental certification.

The Ministry of the Environment ("MINAM") governs SEIA and is the primarily entrusted to propose and execute environmental policies. However, environmental authority, such as environmental management instrument approval, may be assumed by SENACE, the pertinent ministries, and the regional governments, as appropriate.

SENACE has been undertaking the approval of environmental impact assessments as follows:

- (i) On December 28, 2015, authority to approve Detailed Environmental Impact Assessments for mining and energy activities (electricity and hydrocarbons) was assumed.
- (ii) On July 14, 2016, authority to approve Detailed Environmental Impact Assessments for transportation activities was assumed.
- (iii) On August 14, 2017, authority to approve the Detailed Environmental Impact Assessments for the agricultural activities was assumed.
- (iv) On August 14, 2017, it took over powers to approve the Environmental Impact Studies for activities related to solid waste in the health sector.
- (v) On December 22, 2017, authority to evaluate environmental assessments of public and private investment projects of solid waste infrastructure under municipal management (if the service is provided to two or more regions according to their significant impact) and non-municipal or mixed management (in case they are located outside the industrial or productive facilities, concession area or lot, or owned by a solid waste operating company, taking into account their significant impact).

It is important to mention that, progressively, SENACE will assume the aforementioned skills to assess environmental studies of additional economic sectors, such as housing and construction, sanitation, fishing, communications, among others.

Likewise, there are other public agencies with environmental authority to grant permits and/or authorizations that may be required by the titleholder of a project (depending on its nature), such as the National Protected Areas Agency, the National Water Authority, the Environmental Health Agency and the Ministry of Culture.

On the other hand, the Environmental Assessment and Control Organization ("OEFA") is the governing entity of the Environmental Assessment and Control National System ("SINEFA") in charge of supervising, auditing and sanctioning compliance with environmental obligations of

titleholders of activities that are under its authority. Pursuant to Executive Board's Order No. 027-2017-OEFA-CD, OEFA Sanctioning Administrative Procedure Regulation was approved in order to regulate the sanctioning administrative procedure, as well as the issuance of precautionary and remedial measures, according to its controlling and sanctioning role (applicable to any individual and legal entity, autonomous equity, irregular corporation, business association or other type pursuant to law conducting commercial activities subject to OEFA). Similarly, Directive Council Resolution No.006-2019-OEFA / CD adopted the New OEFA Supervision Regulations, adding principles of institutional coordination and various obligations of the supervisor. It should be noted that some ministries and regional governments also have jurisdiction to supervise and sanction regarding environmental matters, as established by current legislation.

For the last few years, the Government has enacted laws to strengthen environmental institutions and regulate the environmental aspects of the different sectors. Among the most important regulations on environmental matters are:

- (i) Law No. 30327, which among other aspects, created the Global Environmental Certification ("certificación ambiental global"), with the purpose of approving a sole administrative procedure (i.e., the approval procedure of the environmental management instrument), the simultaneous approval of different permits, authorizations and licenses. The Regulations for Section II of Act No. 30327 – regarding the Global Environmental Certification – were adopted by Supreme Decree No. 005-2016-MINAM, published on July 19, 2016.
- (ii) The Act on Integral Management of Solid Waste, adopted by Legislative Decree No. 1278, which establishes the general aspects for solid waste management.
- (iii) Environmental Protection Regulation for the Transport Sector, approved by Supreme Decree No. 004-2017-MTC.
- (iv) The Regulations for Environmental Protection in electrical activities, adopted by Supreme Decree No.014-2019-EM.
- (v) The amendment of the Regulations for the environmental protection in hydrocarbon activities by Supreme Decree No. 023-2018-EM.
- (vi) Supreme Decree draft that adopts the Environmental Management Regulation for Tourism Sector, whose publication was authorized by Ministerial Resolution No. 272-2017-MINCETUR.
- (vii) The Environmental Protection Regulation for Mining Exploration Activities, adopted by Supreme Decree No. 042-2017-EM, and recently amended by Supreme Decree No. 019-2020-EM.
- (viii) The Environmental Management Regulation for Manufacturing Industry and Domestic Trade, adopted by Supreme Decree No. 017-2015-PRODUCE, and recently amended by Supreme Decree No. 006-2019-PRODUCE.
- (ix) Supreme Decree No. 005-2020-EM, which amends the Regulations on Environmental Protection and Management for Mining, Benefit, General Labor, Transport and Storage Activities, adopted by Supreme Decree No. 040-2014-EM.
- (x) Supreme Decree No. 010-2020-MINAM, with the purpose of establishing the provisions for the presentation of the corrective environmental management instrument for solid waste infrastructures.

Furthermore, it should be added that in the framework of the State of Health Emergency decreed in the country in response to the COVID-19 outbreak, a series of relevant regulations have been issued on environmental matters, such as Board of Directors' Resolution No. 00008-2020-OEFA/CD adopting the Regulation on Environmental Control Actions and Monitoring and Verification of Environmental Control Entities of OEFA during the State of Health Emergency, applicable to all procedures developed in the framework of the environmental audit by the OEFA.

Moreover, the Framework Act on Climate Change, Law No. 30754 dated April 18, 2018 was adopted in order to set the principles, approaches and general provisions in terms of public policies for climate change adaptation and mitigation measures management to reduce our country vulnerability, take advantage to low-carbon growth opportunities, and comply with international commitments assumed by the Government under the UN Framework Convention on Climate Change. Regulation thereof is pending.

On the other hand, it should be mentioned that Peruvian environmental law also promotes and force the investors to implement citizen participation mechanisms, mainly with the interest groups located in the area of influence of their investment projects. This is how the Citizen Participation Regulation for Hydrocarbon Activities was adopted under Supreme Decree No. 002-2019-EM.

Likewise, legislative and administrative measures (i.e., administrative acts allowing the start of a given activity) that may affect native or indigenous peoples require prior consultation proceedings that are carried out by the authority responsible for issuing the administrative and/or legislative measure in question.

Finally, once the draft is completed, the owners of the investment draft are obliged to carry out remediation and closure activities in order to restore the affected areas by their activities and return the area where the draft was executed, as far as possible, in its original state.

In addition, under Law No. 30754, a High Level Commission on Climate Change was established by supreme decree. In addition, its permanent nature has been specified, which is chaired by the Presidency of the Council of Ministers and the Technical Secretariat is the responsibility of the Ministry of the Environment, and that the conformation and development of its functions are defined in the norm of its creation.

In this sense, on July 3, 2020, Supreme Decree No. 006-2020-MINAM was adopted, which created the permanent Multisectoral Commission under the Ministry of the Environment called "High Level Commission on Climate Change". The purpose of this body is to propose measures for adaptation and mitigation to climate change and to the National Determined Contributions (NDC), as well as to issue the technical report on the NDC every five years, the focal point at the United Nations Framework Convention on Climate Change (UNFCCC) in accordance with international commitments ratified by Peru.

H. Consumer Protection and Product Liability

The Consumer Protection and Defense Code (Act No. 29571) guarantees consumer access to suitable products and services, and to effective mechanisms to protect their rights, and establishes several criteria to reduce information asymmetry to benefit consumers. Thus, it establishes supplier obligations and consumer rights, and includes rules regarding the information that must be provided to consumers, suitability of products and services, advertising requirements, consumer health and safety, contracts with consumers, and provisions regarding specific products or services.

1. GENERAL RULES

In Peru, Law No. 29571 - the Consumer Protection and Defense Code- establishes the rules for the protection and defense of consumer rights. It also regulates contracts with consumers and prohibits the use of coercive commercial methods, aggressive or misleading commercial methods and abusive collection methods.

The Consumer Protection Commission of INDECOPI (National Institute for the Defense of Competition and Intellectual Property) and the Agency for the Resolution of Expedited Consumer Protection Procedures, as appropriate, according to the amount or specialty, are the national administrative bodies responsible for verifying compliance with the rules governing consumer protection. Decisions of the Agency for the Resolution of Expedited Consumer Protection Proceedings may be appealed before the Consumer Protection Committee, while the latter's decisions of the latter may be appealed before the Administrative Court for the Defense of Competition of the INDECOPI Court.

The Consumer Protection and Defense Code protects consumers in a "consumer relationship" or in a preliminary stage thereof. It applies to: (i) any "consumption relationship" originating in Peruvian territory or producing effects in such territory (even if originating elsewhere); and, (ii) transactions not involving the payment of a consideration but having a commercial purpose aimed at promoting consumption.

For purposes of the aforementioned Code: (i) a "**seller or supplier of services**" is a person or entity acting for purposes related to his trade, business or profession (this includes distributors, traders, manufacturers, importers, service providers, among others); and (ii) a "**consumer**" is a person who acquires, uses or enjoys goods or services as a final consumer, thus acting for purposes unrelated to his trade, business or profession.

2. MAIN OBLIGATIONS

The Consumer Protection and Defense Code imposes two main obligations on sellers/service providers: i) information and ii) suitability, in relation to the goods or services provided.

(i) **Information:** the "seller or service provider" is obliged to provide the consumer with all relevant or material information so that the consumer may make a correct choice and use or consume the goods or services in an appropriate manner.

The information provided by the provider must be truthful, sufficient, easy to understand, appropriate, timely, easily accessible and in Spanish language.

Relevant or material information means any information without which the consumption decision would not have been made or would have been made in substantially different terms. This information includes, for example, the following:

a) **False or misleading information:** by action or omission, information that may mislead an average consumer into making a transaction decision that he or she would not have made otherwise.

(b) **Total price information:** the price offered (or advertised) must include taxes, commissions, fees and any other applicable charges. It must be the total final price.

c) **Prices in local currency:** prices displayed or advertised in a foreign currency (e.g. US dollars) will also be displayed or advertised in local currency, under the same conditions and with the same characters as those used with the foreign currency, and the exchange rate must be indicated.

d) **Payment methods:** if there is any difference in price depending on the payment method, this information must be informed to the consumer in a visible and accessible way. Otherwise, the

consumer will not be obliged to make any additional payment due to a difference in payment methods.

The scope of the relevant information or material to be provided to the consumer depends, at least in part, on the nature of the goods or services offered. The Consumer Protection and Defense Code contains many provisions setting out the information to be provided to the consumer for certain types of goods and services.

(ii) **Suitability**: the "seller or service provider" has the obligation to provide the consumer with appropriate goods or services. Suitability is assessed by taking into account what the consumer expected when buying the goods or contracting the service (depending, for example, on what the seller or service provider offered, the natural and customary characteristics of the goods or services, the price) and what he or she actually got. Suitability is assessed according to the nature of the goods or services and their ability to satisfy the purpose for which they are sold.

The "seller or service provider" is responsible for the suitability and quality of the goods and services offered, as well as for the authenticity of the marks and labels contained on the goods or services, and for any contradictory statements between the advertising and the product.

In order to determine the suitability of a good or service, it must be compared with the guarantees given by the "seller or service provider" to the consumer.

The Consumer Protection and Defense Code prohibits consumer discrimination. The "seller or supplier of services" may not discriminate against consumers because of race, sex, language, creed, opinion, economic status, or any other reason. Individual exclusion from a business establishment is prohibited, except in the case of disturbance of the security of the establishment or the serenity of the customer or any other similar reason.

Different treatment of consumers must be due to objective and reasonable grounds. Preferential care in a business establishment should be subject to different factual situations that justify different treatment and there should be a proportion between the purpose and the different treatment granted.

3. GUARANTEES

The Consumer Protection and Defense Code establishes that there are three types of guarantees: legal, explicit and implicit.

a) **Legal guarantee**: imposed by law and applicable to certain goods and/or services that cannot be marketed or provided without such guarantee. In this sense, it is not possible to exclude such guarantee by agreement between the parties and it prevails over an explicit guarantee. (Legal guarantees are not imposed on optical products).

b) **Explicit guarantee**: arises from the terms and conditions expressly offered by the "seller or service provider" to the consumer in a contract, label, advertising, invoice or any other means that may evidence what has been offered to the consumer. An explicit guarantee prevails over an implied guarantee.

(c) **Implied guarantee**: exists when, in accordance with the silence of the "seller or supplier of services" or the agreements between the parties, the goods and/or services are understood to meet the foreseeable (expected) purposes and uses for which they have been acquired by the consumer taking into account, inter alia, the uses and customs of the market. In case there are no legal guarantees, an explicit or implicit guarantee will be applied.

The indication of exclusions or limitations to the guarantee cannot be unjustified or go against the nature of the good or service.

4. BOOK OF COMPLAINTS

The "seller or service provider" must address any consumer complaint and must respond to it within thirty (30) calendar days. This period may be extended for an additional thirty (30) days when the nature of the complaints justifies the extension of the period and the consumer is duly informed before the expiration of the first period.

The attention of the claims cannot be subject to any payment made by the consumer (nor to the effective purchase of the good or service object of the claim).

To this end, the "seller or service provider" must have a system for filing claims so that consumers can file their claims online or through a printed complaint book that must be available in all stores where the goods or services are sold or provided.

5. SANCTIONS FOR NON-COMPLIANCE

According to the Consumer Protection and Defense Code, failure to comply with its provisions could be sanctioned with the following:

i) Pecuniary sanctions: from a warning (without a pecuniary fine) up to a fine of US\$590,000.00 (approximately), depending on the infraction.

ii) Precautionary measures: these measures may be ordered at any stage of the proceedings. These are, for example, the cessation of the infringing action, the closure of an establishment, the prohibition of a website, the immobilization of assets, etc.

(iii) Corrective remedial measures: these measures are intended to compensate for any monetary damages.

iv) Paid or a measure is not complied with, additional sanctions may be ordered.

I. Land Use and Real Estate

Peruvian law offers rules that guarantee the acquisition, transfer and protection of real estate. The specific measures adopted by the Government have a threefold effect. First, the protection of the right to acquire property is at the constitutional level, ensuring the free exercise of this right and enshrining it as inviolable.

Second, the Peruvian Constitution also establishes that foreigners (whether individuals or legal entities) have the same status as Peruvians with respect to the acquisition of property, with a specific exception set forth for national security reasons regarding land located within 50 km of the border zone.

Third, several legal mechanisms have been developed to ensure the safety of transactions related to the acquisition, transfer, and use of property. The restriction to the right of foreigners to own land in frontier zones is not an absolute prohibition since it may be allowed due to public necessity and subject to a Supreme Decree.

Private and Public Real Estate

Investors interested in acquiring property in Peru should first be aware of the distinction between private real estate and public real estate.

The transfer of private property is governed by ordinary rules regulated by the Civil Code. According to these rules, transactions between individuals enjoy a wide range of contractual options, even allowing the creation of new types of contracts called "atypical contracts", which are not stipulated in the current legislation. Within the regulated legal concepts are the real rights of property: surface rights, easements, ownership, and usufruct, among others. Formal ownership is also acquired through effective possession of an asset for ten years, which is known as acquisitive prescription.

Peruvian regulations also allow the parties to enter into preliminary agreements intended for the possible acquisition of real estate. This is the case of a commitment to execute an agreement, by means of which the parties agree to enter into a future contract; the party that refuses to execute the agreement may even have to pay a penalty. The option agreement is also available, in which one of the parties agrees to perform the sale within a stipulated term, with the other party having the power to decide whether or not to execute the agreement.

With the exception of donations and mortgages, which have certain formalities, agreements related to real estate may generally be executed by simple mutual consent. Practice and the need to protect property rights encourages the completion of the formalities that evidence the execution of an agreement, either by written evidence of the agreement, by formalizing the agreement in a public deed, or by recording it in the Public Registry.

With regard to private real estate, there is a special type of property that may only be transferred through special formalities. These properties are owned by native and peasant communities, in which case the sale of property is subject to the approval of the community. According to the resolution adopted at the respective community meeting, a person who has been expressly chosen to act on behalf of the community must execute the agreement.

Public real estate may be private property of the Government or belong to the public domain. In both cases, there is a very specialized regulation in place which stipulates a number of formalities that must be met for the use of said property by any individual. State-owned properties cannot be acquired by means of acquisitive prescription.

Urban and Rural Land

Another relevant distinction to be taken into account is the urban or rural nature of the land. This distinction applies to both state-owned properties and private real estate.

Urban lands are located within cities, including land on which commercial, industrial, residential and other public activities take place. When urban land is intended to be acquired for a specific purpose, it is very important to first obtain the necessary certification from the corresponding local authority, i.e., either a "land development and building parameter" certificate or a "zoning and roads" certificate. These certificates, which are valid for three years, detail the permitted uses and building parameters (among other information). Notably, while the certificates are valid, the person who requested them may act according to the information contained in them, despite the fact that within the three-year period regulations may change, modifying the uses and parameters of the land.

Rural lands are those located outside urban areas, intended for agricultural use, livestock, and rural activities in general. In most cases, it is possible to modify the designation of land from rural to urban, following fairly complex proceedings before the competent local authority.

Registry System

The National Administration of Public Registries (SUNARP) is the entity that governs the real estate registration system. It is through SUNARP that any person may obtain a property registry certificate (*Certificado Registral Inmobiliario* - CRI). This document enables the purchaser to verify the existence and the attributes/description of the property (land and construction), the identity of the owner, and to check whether the title is free from attachments, mortgages, or any encumbrances of a judicial or extrajudicial nature.

The effectiveness of the real estate registry system is guaranteed by legal order. All the information published and contained in the records is presumed known by all, without admitting evidence to the contrary. Persons that appear as owners in this system are duly empowered to sell the properties of which they are titleholders.

Expropriation

Property rights are well protected and enjoy guarantees for their defense, but are not absolute. The Peruvian Constitution provides that a person may only be deprived of his/her property (expropriated) in case of national security or public necessity, declared as such by a law enacted by Congress, and prior payment in cash of an indemnity for the value of the property and profit loss. The owner of the land subject to expropriation may discuss the amount of the indemnity before the Judiciary or in an arbitral proceeding. Expropriation is only in favor of the Republic of Peru.

Recently, the government has resorted to this mechanism frequently to acquire land and use it for infrastructure works, such as highways, ports, airports, mass transit systems, etc. The overall deficit in this area explains the use of expropriation.

J. Intellectual Property

Trademarks

Andean Community's Resolution No. 486 and Legislative Order No. 1075, amended by Legislative Orders No. 1309 and No. 1397, govern the protection of distinctive signs in Peru.

In Peru the right to the exclusive use of a trademark is acquired by registering it before INDECOPI Distinctive Sign Office.

Any sign or mark that can be subject to graphic representation to distinguish products or services in the market can be registered as a trademark.

If the registration application of a mark is filed in compliance with all formalities required by law and no oppositions are filed, the procedure will last between two and three months approximately. If oppositions are filed, the procedure – at first instance – would take four to six months approximately. The decisions made by INDECOPI Distinctive Sign Office can be appealed at the Distinctive Sign Commission if they involve non-contentious proceedings (registrations that are denied ex officio) or at INDECOPI Intellectual Property Court in case of contentious proceedings.

The registration will be in force for ten years from the date it is granted and may be renewed for successive periods of ten years.

The renewal of the registration of a trademark must be requested within six months before or after the expiration of the registration. Proof of use of the trademark is not required for renewal.

The registration of a trademark may be cancelled at the request of any interested person, if it has not been used in any of the member countries of the Andean Community (Bolivia, Colombia, Ecuador or Peru) during the three years prior to the filing date of the request for cancellation.

Commercial slogans, trade names, collective marks, certification marks and designations of origin are also considered distinctive signs subject to registration.

Trade names are the only distinctive signs that are protected by their actual use in the Peruvian market, with registration being merely declarative.

Assignments, amendments and other acts affecting registered rights must be registered with the Distinctive Sign Office to be enforceable against third parties. The use license agreements may be registered.

On the same way, by virtue of Legislative Order No.1397, two new constitutive elements of Industrial Property were added: (i) geographical indications; and (ii) indications of traditional specialties guaranteed.

This regulation states that indications of traditional specialties guaranteed are intended to protect traditional recipes and production or processing methods corresponding to traditional practice applicable to a product or food. Thus, added value is given to traditional products trading, production or processing; as well as their characteristics may be informed to consumers.

Patents and Industrial Designs

Andean Community's Resolution No. 486 and Legislative Order No. 1075, amended by Legislative Orders No. 1309 and No. 1397, govern the protection of new creations in Peru.

Patents for inventions are granted, whether for products or procedures, in all fields of technology, provided that they are new, involve inventive steps, and are capable of industrial application. Uses and second uses cannot be patented. If the patent application is filed in compliance with all formalities required by law and no oppositions are filed, procedures will take approximately four years. If oppositions are filed, procedures will take about five to six years. The registration lasts 20 years from the date the application is filed.

The right to exclusive use of an invention and new technologies is acquired by obtaining a patent before INDECOPI Inventions and New Technologies Office, the national agency responsible for granting and protecting patents. It has technical, administrative and operational autonomy to exercise the duties entrusted to it, and issues first-instance rulings on contentious and non-contentious issues submitted to it, including infringement actions, either at the request of a party or ex officio. Its decisions can be appealed before Inventions Commission and New Technologies Office in case of non-contentious proceedings (patents that are denied ex officio), or at INDECOPI Specialized Administrative Intellectual Property Court in case of contentious proceedings. Annual fees must be paid in order for the patent to remain in effect, or where applicable, to continue with the patent application process.

Utility models, industrial designs and layout-designs of integrated circuits also can be protected. The registration of these creations is valid for a term of 10 years from the date the application is filed and cannot be renewed.

Transfers, amendments and other acts affecting patent rights must be registered with the Inventions and New Technologies Office to be enforceable against third parties.

Peru is a member of the Patent Cooperation Treaty (PCT) as of June 6, 2009.

Additionally, Peru has executed agreements on Accelerated Patent Procedures with more than 20 countries including the Global PPH, to allow applicants for patents, with a positive patentability test or a registration grant patent in the countries parties to the agreements, to request the acceleration of their procedures in Peru, as long as certain requirements are complied with, such as that the claims of both applications are equivalent.

Copyrights

Andean Community's Resolution No. 351 and Legislative Order No. 822 (Copyright Law, amended by Legislative Orders No. 1076) govern copyright protection in Peru. Copyright protection applies to any original intellectual creation of an artistic, scientific or literary nature, which can be disclosed or reproduced in any form.

Registration is merely declarative. Solely by creating it, the author of the work has the original ownership of an exclusive right that is enforceable against third parties and includes moral and economic rights. The INDECOPI Copyright Office is the national administrative entity responsible for administrative monitoring and protection of copyrights and related rights in the first administrative instance. Meanwhile, the Intellectual Property Specialized Court of INDECOPI represents the second and the final administrative instances.

K. Insurance

Insurance, reinsurance, intermediaries and insurance auxiliary companies are required to be duly authorized to operate locally. Their activities are supervised by the Banking, Insurance and Private Pension Fund Administration Superintendence ("SBS" for its Spanish acronym) in accordance with Act No. 26702, Financial System and Insurance and Organic System of the Superintendence of Banking and Insurance General Law.

However, in terms of insurance agreements, the applicable regulation is primarily contained in Act No. 29946, Insurance Contract Law (LCS), in force on May 2013. The application of this law is imperative, except where indicated otherwise, and applies to all types of insurance, without exceptions, including insurance that covers large risks. Likewise, this law will be of supplementary application should there be mandatory insurance, regulated by special laws, such as the Complementary Occupational Risk Insurance.

An important aspect of the aforementioned law is its protectionist scope in favor of the insured, having included the interpretation of the terms of the insurance policy in favor of the insured as a fundamental principle of insurance agreements, in case of doubt. Additionally, it has set forth a number of rules whose main objective is the defense of the interests of the insured, such as, among others, the consent of loss, abusive clauses and forbidden clauses.

Complementary to provisions set forth in the Insurance Contract Law, the SBS periodically issues several regulations and resolutions applicable to companies under the insurance system in order to establish terms and conditions of their activity (such as risk management and corporate governance); as well as regulations being complied with by SBS to supervise such companies. Among the most relevant regulations, the Conduct Management Regulation of the Insurance System Market (approved by SBS Resolution No. 4143-2019) which is intended to regulate the policies to be adopted by insurance undertakings in order to conduct themselves properly in the market and, in addition, to protect the right of users to access information about products and services commercialized by insurance companies. It should be mentioned the Reinsurance and

Coinurance Contracting and Management Regulation (approved by SBS Resolution No. 4706-2017). It is applicable to insurance companies, reinsurance brokerage companies and foreign reinsurance company representatives. This regulation establishes the requirements for entering into reinsurance contracts, as well as a number of criteria to improve reinsurance contracting and supervision. It should be noted that in 2019, new rules were issued concerning the registration, supervision and control of insurance and reinsurance intermediaries, foreign reinsurance companies and cross-border insurance activities.

Finally, it shall be noted that different regulations under the Peruvian legal framework impose to representatives of different economy sectors the obligation to purchase different types of insurance regarding the type of activity being carried out and the involving risks, such as mandatory insurance for traffic accidents, personal accident and civil liability insurance for aviation activities, among others.

L. Internet / E-Commerce

The Civil Code recognizes the use of electronic and digital means as valid means to manifest the will and to perfect the consent in every legal act.

In general, companies that wish to use e-commerce must have terms and conditions clearly specifying the conditions for purchase of goods or services. In addition, they must establish privacy policies and cookies that properly regulate the use of their users' data as foreseen by the Act on Protection of Personal Data of Peru, promulgated by Law No. 29733 (the "LPD"), and its regulations adopted by Decree Supreme Court No. 003-2013-JUS (the "Regulation"). Also, they must have a Virtual Claims Book which must necessarily be hosted on the home page of their website

With regard to the use of electronic and digital signatures, these are expressly regulated in accordance with the provisions of Law No. 27269, Act on Digital Signatures and Certificates, and its Regulations. There are several types of signatures that are given through electronic means and that are conceptually and legally different, such as digital signatures, electronic signatures and digitized (scanned) signatures. (i) the Electronic signature is any signature based on electronic means that, as a general rule, allows the identification of the signatory of an electronic document; (ii) the Digital signature is a type of electronic signature generated by an asymmetric cryptography technique, using a private key associated with a public key, which in turn can be classified into: a) Digital signature generated within the "Official Electronic Signature Infrastructure" (hereinafter, "IOFE"), if it is generated from a digital certificate, obtained by means of a procedure laid down in the law of the matter and in compliance with legal requirements and, b) Digital signature generated outside the IOFE; (iii) Digitized signature: it is the simple digitization of a handwritten signature that, by definition, does not allow identify the signatory, (i.e. scanned signature).

In recent years, several issues related to the Internet have been regulated, such as electronic money, anti-spam regulations, domain name registration, e-government, cybercrime, responsibility for collaborative economy digital platforms, etc. However, several transactions on the Internet are still not regulated in a timely manner, such as the online games market, or fintech and crowdfunding (participative financing) which are self-regulated according to the terms agreed by the parties, and by default by the relevant legislation.

Finally, for tax purposes, commercial transactions carried out through the Internet are regulated as "digital services", which, depending on how they have been carried out, are affected by the Income Tax.

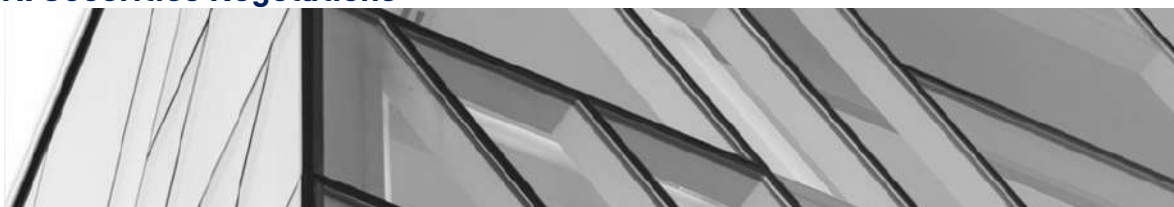
M. Financing Issues Payments



The execution of financing agreements with foreign financial entities is not subject to any restriction and does not require any prior authorization or registration with the Central Bank of Peru or any other authority. Payment of debt abroad under such agreements is equally free of authorizations or restrictions without prejudice to the applicable Income Tax deductions, on any interest paid, to be made.

Financial leases may only be granted by institutions domiciled in Peru that are authorized by law and non-domiciled institutions that are registered with the Superintendence of Banking, Insurance and Private Pension Fund Administrators (SBS).

N. Securities Regulations



Securities are mainly regulated by the Securities Market Law (SML). This law applies to securities that are massively issued, freely negotiable, and give their holders credit, equity or similar rights of an economic nature. Securities may be offered publicly or privately.

Security Offerings

All publicly offered securities, except for the limitations expressly provided in the legislation, must be previously registered in the Public Registry of the Stock Market (RPMV), administered by the Superintendence of the Stock Market (SMV), as well as comply with certain other requirements. Current exceptions include offers of State securities or securities registered or authorized in the countries of the Pacific Alliance and/or the Latin American Integrated Market-MILA).

The SML Law, along with regulations issued by the SMV, establishes certain standards such as transparency and timely disclosure of material information for potential investors. All information disclosed to the market through the RPMV systems for public disclosure of information must be accurate, clear, sufficient and timely. The information contained in the RPMV is freely accessible unless it is declared confidential under certain circumstances provided in the legislation.

Securities Market legislation mainly regulates the following types of public offerings: (i) public offering for the primary placement or sale of securities (ii) tender offer – OPA; (iii) purchase offer to buy securities by excluding the RPMV-OPC; and, (iv) international offers.

Initial Public Offering or Sale of Shares

Our legislation defines a public offering of securities as any offer that is directed to the general public or to a determined segment of non-institutional investors for the sale or placement of

securities. Any offer is presumed public if it is addressed to over 100 different prospective investors who qualify as "institutional investors".

For the registration of the securities subject to a public offering before the RPMV, as a general rule, an Information Memorandum containing all information considered relevant to investors, audited financial statements for the last two fiscal years, a number of other documents and information described in the applicable regulations, must be filed with the SMV.

Issuance programs remain registered during a term of six years, and the Information Memorandum must be updated in year three. Placement of securities may be made within the three years that follow the date of registration of the securities.

Peruvian law provides simplified registration mechanisms and lesser information disclosure requirements for (i) offering made by small and medium-sized issuers, (ii) offerings of securities in certain multilateral institutions and (iii) offerings exclusively launched to institutional investors which (iii.i) are registered with the SMV, or (iii.ii) are registered with the United States Securities and Exchange Commission (SEC) issued under Rule 144A, under Regulation S, or (iii.iii) or that are authorized by the Securities Administrations in Chile or Colombia or of another country with which the SMV have executed a Memorandum of Understanding under the Integrated Latin American Market -MILA. Currently under discussion is a project that proposes modify the regime of the offerings indicated in numeral (iii) above so that the offerings indicated in section (ii.ii) do not require registration in the RPMV of the SMV, but that are recognized and can be promoted locally through authorized brokers.

In accordance with a legislative amendment that recently came into force, any advertising or notice regarding financial assets that fall under the jurisdiction of the Superintendence of Banking, Insurance and Private Pension Fund Administrators (SBS) or the SMV, which is carried out for the purpose of obtaining money from the public, in exchange for a return or a right of an economic nature, and which carried out in the national territory using mass media, including virtual media, such as social networks or the Internet, as set out in the rule, only can be performed by subjects authorized or supervised by the SMV or by the SBS.

Tender Offer (OPA)

According with the rules for the OPA, if a person or company intends to directly or indirectly acquire or increase a significant equity stake (defined as any acquisition of shares with voting rights equal to or over 25%, 50% or 60% of the capital stock subscribed and paid up represented by shares with voting rights, the acquisition by any means of voting right capacity equal to 25% of the voting capital, or the ability to elect the majority of the issuer's Board of Directors or amend the issuer's bylaws) in a company whose shares are listed on the Peruvian Stock Exchange, said acquisition requires the launching of a tender offer, except as otherwise indicated.

If the acquisition of a significant equity stake is carried out (i) in no more than four transactions over a three-year period (ii) indirectly, or (iii) as a result of a public offer to sell; the OPA shall be launched within a specified period after the acquisition of said equity stake (subsequent tender offer - OPA) by a share percentage pursuant by law. The minimum value to pay in the OPA will be set by the valorization entity appointed by SMV unless securities comply with the level of liquidity set out in the rule, in which case the minimum value shall be determined on the basis of the transaction carried out on the market in the last three months. The offering must be addressed to shareholders with voting rights and securities that give its holders the right to acquire said shares within a specified period, which did not participate in the previous acquisition. In other cases, the OPA should be the mechanism for acquiring a significant shareholding (Previous tender offer - OPA).

Purchase Offer (OPC)

Rules relating to OPCs provide that if the issuer of securities registered with the SMPR or in the Lima Stock Exchange requests the cancelation of said registration, or approve a transaction with a similar effect (e.g., a split whereby investors end up holding unregistered securities), a purchase public offer must be launched unless an exemption applies.

The OPC must be addressed to all investors that did not participate in the cancelation of the registration or the approval of the transaction of similar purpose, at a minimum price set by a valorization entity which is designated by the SMV.

Investments in Securities by Local Institutional Investors

The acquisition of domestic or foreign securities and other financial instruments by institutional investors is subject to certain regulations that may apply. These regulations specify the characteristics that such securities or instruments must have in order to be eligible for investment by such investors. For example, in the case of investments by pension funds or insurance companies, they must comply with the regulations adopted by the SBS. On the other hand, in the case of investments by local mutual funds, they must comply with the regulations established by the SMV.

Lima Stock Exchange

The Lima Stock Exchange (BVL) is currently the only stock exchange in Peru. It has mechanisms for the regular procedure for listing of foreign-issue shares and other securities, as well as simplified listing mechanisms for securities that are already listed in other markets (dual listing).

The BVL has also implemented a special segment for the listing of junior mining companies. A draft for the creation of a special segment for securities that can only be negotiated between Institutional Investors is currently under discussion.

Additionally, together with the Santiago Stock Exchange, the Colombia Stock Exchange and the Mexican Stock Exchange is part of the Integrated Latin American Market (MILA), in order to facilitate the trading of securities in said stock exchanges among investors in their respective countries. Through the MILA, investors can sell and purchase securities in any of these three markets through an intermediary from their country of origin.

In addition, the BVL is currently committed to the development of mechanisms for negotiating new products such as negotiable bills, sovereign bonds and "green bonds" (debt instruments used to finance "green" projects, which are projects that do not affect the climate or environment).

In January 2020, the Lima Stock Exchange reported that together with the Santiago Stock Exchange and the Stock Exchange of Colombia, they will analyze the creation of a single stock market through an eventual integration of their infrastructures and services, in a further step of integration of these markets.

Stock Exchange Intermediaries

Stock brokerage firms are in charge of all transactions undertaken on the Lima Stock Exchange. Said entities are required to obtain a license from the SMV and are subject to its control and supervision.

For operations within the MILA, local intermediaries can carry out operations in other stock exchanges (Peru, Chile and Colombia) through the broker platforms of the respective stock exchange.

Other mechanisms have also been implemented to allow investors direct access to the market to carry out stock exchange transactions through their intermediaries' systems.

Securities Clearing and Settlement Institutions – CAVALI

CAVALI is the entity in charge of clearing and settling all transactions undertaken on the Lima Stock Exchange, as well as the registry of ownership or encumbrance of security and other financial instruments, for which it has previously obtained a license from the SMV. CAVALI is also subject to the control and supervision of the SMV.

For purposes of negotiations under the MILA, CAVALI has executed agreements with the relevant clearing and settlement institutions in the MILA countries.

CAVALI has also entered into agreements with other clearing and settlement institutions from other countries for the purpose of trading securities simultaneously at the BVL and other markets (dual listing).

Taxes

As a general rule, capital gains from the sale of securities by a non-resident entity are subject to a 5% rate for the purposes of the Income tax, provided that the securities are traded in the BVL. In case the applicable rate will be of 30%. However, on the basis of an exemption will be in force until December 31, 2022, this rate may be 0% for securities traded in the BVL, provided that certain requirements provided for in the rule that established this exemption are met.

O. Guarantees



There are no restrictions for security interests being held by foreign individuals or entities in Peru. The most commonly used types of guarantees under Peruvian law are mortgages and pledges (*security interest*).

Mortgage

Real estate may be mortgaged.

In order to create a security under a mortgage the following essential requirements must be met:

- Expressed consent of the owner or his representative duly authorized.
- Secure compliance of a specified or determinable obligation.
- Secured amount must be fixed or determinable.
- It should be given under a Notarially Recorded Instrument, pursuant law otherwise.

- Registration of the Notarially Recorded Instrument containing the mortgage agreement in the Registry of Real Estate Property.

Once the mortgage is registered in the abovementioned registry, it is considered legally valid and effective. Mortgage foreclosure is normally executed through court proceedings.

Security Interest

A security interest attaches any personal property provided by Peruvian law. For its validation, it should be in written. Security interest may comply with required formalities; and to be enforceable as to third parties applicable disclosure mechanisms is required (generally, registration in the pertinent Public Registry Division).

Enforcement of the security interest can be made with no need of courts, except as provided otherwise in security agreement.

P. Litigation / Dispute Resolution Systems

Peruvian law allows the resolution of disputes either through the Judiciary or through arbitration courts. Foreigners are subject to the same rights and legal guaranties that apply to nationals. Due process and effective jurisdictional protection are recognized as constitutional rights.

Judicial System

The Peruvian judicial system is integrated by different types of courts that are specialized in different areas of law and have a determined jurisdiction defined by matters of law, location, amounts involved in the dispute, among other factors. Civil courts are in charge of civil, commercial and constitutional disputes, and challenges to administrative decisions, while criminal courts deal with any matter that is considered a crime under our Criminal Code or other applicable laws. Peru has a Civil Law System, unlike Common Law. Nevertheless, jurisprudence is mandatory if the Constitutional Court expressly determines that a case is considered "jurisprudence" under Peruvian Law.

Procedural regulations applicable to civil and commercial matters are contained in the Code of Civil Procedure (Código Procesal Civil), while criminal procedures are governed by the Code of Criminal Procedure (Código de Procedimientos Penales). The latter is being progressively replaced by new regulations called the Criminal Procedure Code (Código Procesal Penal), which is already in force in some provinces of Peru and is expected to be applied nationwide from December 2020. In addition, certain constitutional procedural matters are regulated by the Code of Constitutional Procedure, while challenges to administrative decisions are governed by the Contentious Administrative Proceeding Law (Ley del Proceso Contencioso Administrativo).

The Judiciary is organized into 34 judicial districts around the country. First instance courts include both civil and criminal judges. In each judicial district, a Superior Court acts as the second instance court of appeals. There are specific proceedings for constitutional, criminal and civil matters in which the Superior Court acts as the court of first instance. In those proceedings, the Supreme Court acts as the court of appeals. The Supreme Court is the highest court and usually hears final reviews of cases only in matters of law.

In the case of protection of constitutional rights such as life, health, non-discrimination, employment, due process, property, assembly, secrecy of communications and private documents, bank secrecy, among others, the final review of the complaint corresponds to the Constitutional Court. The Constitutional Court is an independent court which is not part of the Judiciary.

Jurisdiction of Courts

There are two main categories to determine the organization of the judiciary system: by territory and by specialty. Jurisdiction is determined solely by law. However, it is a common practice that jurisdiction or grounds of territory may be modified by the parties through an agreement prior to trial.

Enforcement of Foreign Judgments

Peruvian law recognizes foreign judgments, enforcing them with the same effects given to Peruvian judgments. For said purpose, foreign judgments need to be recognized through a judicial procedure (exequatur).

Enforcement of foreign judgments is subject to satisfaction of the following requirements: (i) the judgment to be enforced does not resolve matters under the exclusive jurisdiction of Peruvian courts; (ii) the court issuing the judgment had jurisdiction under its own conflict of laws rules and under international rules on jurisdiction; (iii) the defendant was served with process in accordance with the law of the place where the court sits, was granted a reasonable opportunity to appear before said foreign courts, and was guaranteed due process rights; (iv) the judgment has the status of res judicata in the jurisdiction of the court issuing it; (v) there is no pending litigation in the Republic of Peru between the same parties for the same dispute, that was initiated before the commencement of the proceeding that concluded with the foreign judgment; (vi) the judgment is not incompatible with another enforceable judgment in Peru, unless the foreign judgment was issued first; (vii) the judgment is not contrary to generally accepted moral standards or public policy of the Republic of Peru; and (viii) if there is a treaty between the Republic of Peru and the country in which said judgment was issued, the provisions of said treaty will apply.

In the absence of a treaty, the reciprocity rule is applicable (said reciprocity being presumed), under which a judgment issued by a competent foreign court will be admissible in the Peruvian courts and will be enforceable thereby, except if according to said foreign law: (a) judgments issued by Peruvian courts are not admissible in said foreign country, or (b) judgments issued by Peruvian courts are subject to re-examination by said competent court of the issues addressed therein. Currently, there is no treaty between the Republic of Peru and the United States of America on the enforcement of foreign judicial resolutions.

Arbitration

Any civil or commercial dispute can be submitted to arbitration if the parties thereto agree to do so.

When arbitration takes place, any matters not expressly provided for by the parties will be ruled by the Arbitration Law, which contains provisions regulating both domestic and international arbitration carried out in Peru.

Foreign arbitral awards will be recognized and enforced in Peru, pursuant to the following instruments, even if they are based on a foreign law:

- Convention of Reconnaissance and Execution of Arbitral Decisions, approved in New York on June 10, 1958; or
- Inter-American Convention on International Commercial Arbitration, approved in Panama on January 30, 1975.

In addition to the previous mentioned conventions, Peru has upheld several multilateral instruments, standing out the ICSID Convention and the Montevideo Convention.

Peru has also entered into bilateral treaties regarding the recognition of foreign awards.



VI. WINDING UP / RESTRUCTURING A BUSINESS

A. Dissolution / Liquidation

The LGS Law sets forth the grounds and procedures for dissolution and liquidation of corporations and companies in general. However, certain entities, such as financial entities, must apply specific liquidation regimes, based on their particular activity.

Dissolution

The dissolution of a corporation under the LGS may be decided voluntarily by its shareholders at a general meeting.

The shareholders can freely decide the voluntary dissolution of a corporation under the LGS, the agreement taken by the general meeting of shareholders being sufficient for this purpose, without any legal or statutory cause.

However, a corporation will be obliged to dissolve if any of the causes laid down in article 407 of the LGS is established.

The board of directors or, failing this, a shareholder, partner or manager shall convene a general meeting of shareholders within a maximum period of thirty days in order to take the dissolution agreement or appropriate measures to overcome the cause of dissolution..

Notwithstanding the foregoing, the shareholders may freely decide on the voluntary dissolution of a corporation under the LGS, the agreement taken by the general meeting of shareholders is sufficient without any statutory legal cause.

Finally, it is worth noting that although corporations are run by the shareholders and its governing bodies, the Peruvian Government may compel the company to continue its activities due to reasons of national security or public necessity, even if the dissolution has been agreed.

Liquidation

The liquidation process is initiated as an immediate consequence of the decision to dissolve the company, which maintains its corporate existence until the liquidation process is completed and the extinction is recorded in the Public Registry.

The liquidation process is conducted by one or more liquidators, individuals or legal entities, designated by the shareholders' meeting.

Liquidators must keep the shareholders informed regarding the financial situation statements of the company and on the development of the liquidation process. It's important to notice that the remaining assets cannot be distributed between shareholders before corporate creditors are completely paid off.

Once the remaining social assets (if any) have been distributed, the liquidators will request the extinction of the company before the Public Registry. Once the extinction is declared, if there are pending debts to creditors, they will be able to assert their credits against the shareholders, but only up to the amount of the remaining assets distributed thereto in the liquidation process.

B. Insolvency / Bankruptcy / Restructuring

All insolvency, bankruptcy and restructuring processes involving companies or individuals who are Peruvian residents and perform business activities are regulated by the General Bankruptcy Law and complementary regulation. Banks, insurance companies, private administrators of pension funds, autonomous estates and government bodies (ministries, tax authorities, local governments as municipalities and other similar) are not subject to this law.

INDECOPI, through its Bankruptcy Procedures Commission, is the government administrative agency with exclusive and mandatory competence over insolvency or bankruptcy matters.

The General Insolvency Law establishes two types of procedures: (i) preventive bankruptcy procedure and (ii) ordinary bankruptcy procedure.

The preemptive bankruptcy proceeding shall only be initiated at the request of the debtor when its accumulated losses, after deduction of the reserves, are less than one third of the paid-in capital stock and do not have more than one third of its obligations due and unpaid for a longer period to 30 days. Through this procedure and with the approval of the creditors' meeting of the Global Refinancing Agreement, the debtor can obtain a rescheduling of their debts, lower interest rates and other financial benefits.

The ordinary bankruptcy proceeding may be filed by the debtor (voluntary petition) when it has losses in excess of one-third of its paid-in capital, or past due obligations in excess of one-third of the debtor's total liabilities for a period longer than 30 days. Bankruptcy can also be initiated by creditors (involuntary petition) when their credits exceed 50 tax units (UIT), and are past due for more than 30 days. The ordinary bankruptcy proceeding seeks to provide an orderly scenario to allow creditors to decide whether to restructure or liquidate the estate's debtor.

The creditors' meeting is formed by all creditors who hold claims against the debtor, duly recognized by INDECOPI. In the ordinary bankruptcy proceedings (the one of more general use) the creditors' meeting decides about the debtor's destiny, whether opting for its restructuring or its liquidation, depending on the viability or not of the business in crisis.

Unlike other legal frameworks for bankruptcy, in Peru there is no intervention or approval by a court or by INDECOPI with respect to the economic or financial soundness, reasonability or feasibility of the restructuring or liquidation agreements, or of the creditors' meetings decisions in general, and therefore, the Peruvian insolvency system is highly "privatized" at its core. INDECOPI only fulfills a role of supervision and control of legality (requirements and approval of majorities, mandatory regulation, compliance with bankruptcy regulation, non-existence of abuse of rights, etc.).

The creditors' meeting's agreements and decisions can only be challenged by the debtor or by creditors representing at least 10% of the total credits recognized by INDECOPI Bankruptcy Procedures Commission, based on the non-observance of the provisions contained in the legal system, breach of legal formalities, or in case of abuse of law.

In a liquidation scenario, payment of allowed credits will have the following order of precedence:

- First: Salaries and labor benefits owed to workers, as well as contributions to pension funds (public and private) and required debt to ESSALUD-Social Security of Health.
- Second: Alimony credits (only applicable for bankruptcy of individuals).
- Third: Credits secured by mortgages, guarantees involving movable assets (pledges), warrants or precautionary measures against the debtor's assets, provided that said guarantees or liens were duly registered and the precautionary measures were attached before the commencement of the bankruptcy process.
- Fourth: Tax debts including taxes, fees, rates, contributions, interests and fines.
- Fifth: All remaining unsecured credits that were not considered above.

If liquidation within a bankruptcy proceeding ends with the liquidation of the entire debtor's estate and credits remain unpaid, then the debtor will be declared bankrupt at the liquidator's request in civil court.

On the other hand, during the economic crisis generated by the COVID-19, the Expedited Bankruptcy Refinancing Procedure ("PARC") was created. This exceptional and transitory bankruptcy procedure regulated by Legislative Decree No. 1511, published on May 11, 2020, allows legal entities affected by the economic crisis caused by the pandemic, negotiate with their creditors and agree to a rescheduling ordered the payment of all its obligations; and thus avoid their insolvency, and bankruptcy.

Legal entities will be able to take advantage of this procedure from June 8 to December 31, 2020, for which they must meet the following conditions:

1. Be classified in the Financial System, in the category of "Normal" or "With Potential Problems".
2. Not being subject to an ordinary bankruptcy procedure or a preventive bankruptcy proceedings that are published in the Bankruptcy Bulletin.
3. Not to have accumulated losses, deducting the reserves, whose amount is greater than one third of the paid-in capital stock.
4. Not being in any of the grounds for dissolution provided for in Article 407 of the General Law of Corporations.
5. Submit, through INDECOPI's virtual table, the application to start the PARC following the format established by this entity, containing certain documentation and information.

All creditors approved by the Bankruptcy Proceedings Committee (excluding labor creditors and credit holders who hold link with the debtor, in the terms established in the General Law of the Bankruptcy System) will meet in a meeting to be held virtually and recorded electronically to decide the approval of the Business Refinancing Plan ("PRE").

The approval or disapproval of the PRE determines the conclusion of the PARC, without it being The Committee's pronouncement is necessary for this purpose.