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Doing Business

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I. Introduction

For the past 30 years, Peru has experienced solid economic growth, followed by a process modernization and development. This sustained growth, together with the constitutional recognition that the essential principles of a social market economy apply in our economy, has been the best incentive for attracting substantial foreign investment across various industries.

The development of the agribusiness, fishing, and mining industries, as well as the execution of major infrastructure projects, mainly in the areas of energy, gas, and transportation, have contributed to the growth of the domestic market and the expansion of international trade. As a result, Peru has become one of the most attractive countries for investment in Latin America.

Additionally, beyond negotiating and entering into a series of trade agreements with key partners such as the United States, China, and other international players, Peru is continuously working to position itself in the global market and to secure a greater share of the benefits of the global economy. It is doing so by strengthening trade ties with nations in the Pacific Rim and by concluding a series of international trade agreements with a broad and ambitious scope. As such, Peru is a member of the Pacific Alliance, together with leading Latin American economies such as Mexico, Chile, and Colombia, and has signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) along with major economies of the Pacific Rim.

This paper briefly describes the main provisions of the Peruvian legal framework[1] that may be of interest to persons or entities wishing to invest or do business in Peru. This includes, among other aspects, the regulations relating to foreign investment, as well as the corporate structures available for doing business in Peru.

It is important to note that the most appropriate structure for each business must be evaluated on a case-by-case basis; therefore, this document does not constitute, equate to, or replace legal advice.

1 This document was updated in 2026, when all the rules and regulations referenced were in force. For further details on their application, it is recommended to seek legal advice.

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II. Peru to the world

IN AN EFFORT TO INTEGRATE 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 FOREIGN INVESTMENT.

1. INVESTMENT AGREEMENTS

Peru has entered into several bilateral investment treaties that are currently in force:

BILATERAL INVESTMENT TREATIES (BITS)	
Argentina	Netherlands
Belgium – Luxembourg	Norway
Canada	Paraguay
Colombia	People’s Republic of China
Cuba	Portuguese Republic
Czech Republic	Romania
Denmark	Spain
El Salvador	Sweden
Finland	Switzerland
France	Thailand
Germany	United Kingdom
Italy	Venezuela
Japan	
Malaysia	

INVESTMENT CHAPTERS IN TREATIES

Peru has also signed several treaties with investment chapters that are currently in force, including:

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

The Free Trade Agreement between Hong Kong and Peru was signed on November 15, 2024, and as of the date of preparation of this document, it is not yet in force.

2. 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.

3. DOUBLE TAXATION TREATIES

Similarly, Peru has signed agreements with the aim of avoiding double taxation for taxpayers resident in the contracting states. Currently, the agreements in force are:

Brazil	Pacific Alliance
Canada	Portugal
Chile	Switzerland
Japan	South Korea
Mexico	The Andean Community (Bolivia, Colombia and Ecuador)

In November 2025, Peru ratified the Convention for the Avoidance of Double Taxation with the United Kingdom. This convention will enter into force on January 21, 2026; however, it will be applicable in Peru starting January 1, 2027.

It is important to note that, following Peru's deposit of the instrument of ratification of the Multilateral Instrument to Implement Tax Treaty–Related Measures to Prevent Base Erosion and Profit Shifting (MLI) with the OECD, several existing treaties will be modified in order to incorporate international tax standards.

4. COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP)

In March 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was signed. Peru signed this agreement with major economies in the Pacific Rim, such as Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore, and Vietnam. The CPTPP came into effect for Peru on September 19, 2021.

On December 15, 2024, the United Kingdom's Accession Protocol to the CPTPP entered into force, bringing the total number of member countries to 12.

This agreement strengthens Peru's strategic presence in the Asia-Pacific region, whose countries are major APEC economies, consolidates the goal of achieving free trade, and contributes to the country's aim of being considered a stable and investor-friendly destination.

5. 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 trade integration composed by Chile, Colombia, Mexico and Peru. It seeks to create a deeply integrated area that advances the free circulation of goods, services, capital, and people to boost the economic growth and competitiveness of the member countries. In addition, it aims to become a platform for global outreach, particularly oriented towards the Asia-Pacific region.

Following the formal establishment of the mechanism through the Framework Agreement, the member countries of the Pacific Alliance brought into force in May 2016 the Additional Protocol to the Framework Agreement, a trade agreement that constituted a first substantive step toward the free circulation of goods and services. This Protocol allowed for the immediate elimination of 92% of tariffs, with full liberalization projected by 2030.

Furthermore, through the disciplines negotiated in the aforementioned document, the bilateral trade agreements signed between Chile, Colombia, Mexico, and Peru were improved and complemented to create greater opportunities related to rules of origin accumulation and integration into regional production chains, offering a wide and diverse range of products with higher added value.

To connect with the Asia-Pacific region, the Pacific Alliance signed a Free Trade Agreement with Singapore, ratified by Peru in 2023, and is currently negotiating high-standard economic and trade agreements with Australia, Canada, and New Zealand, aiming to grant these countries the status of Associate States and contribute to the establishment of productive linkages.

In sum, the Pacific Alliance provides tools for economic operators in the four member countries by defining clear rules for the exchange of goods and services, strengthening trade facilitation and generating greater investment flows, thereby promoting both corporate and commercial strategies and actions. In its 14 years of existence, the Pacific Alliance has become a mechanism that contributes to citizen well-being.

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

6. ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

On the other hand, Peru's economic success and continued expansion has prompted the country's interest in 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 seeks to generate in foreign investors the confidence that the country is implementing the right policies to ensure solid economic growth in the future.

7. BASIC CONSIDERATIONS FOR INVESTING IN PERU[2]

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

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	In general terms, they do not exist, except for the prohibition of foreigners acquiring or owning land or water within 50 km. of Peru's borders, as well as some specific limitations applying to certain regulated sectors.
Legal stability agreements (general regime)	Available to investors who commit to investing the minimum amounts provided by law (US$ 10 million for the mining and hydrocarbons sectors, and US$ 5 million for other sectors), as well as to the local companies receiving such investment. The legal stability agreements grant tax stability with respect to income tax and other guarantees, under the terms set forth under the law.
Restrictions on foreign exchange	Unrestricted.
VAT	18%.
Restrictions on hiring foreign personnel	Corporations may hire foreign personnel for up to 20% of the total number of workers and 30% of total payroll, except in certain cases.
Restrictions on foreigners' property ownership rights	Within 50 km of national borders, foreigners are not allowed to acquire or own rights over land or water, except in cases of public necessity expressly declared by supreme decree.
Remittance of profits	Fully allowed.

2 Exceptions to this overview may apply.

III. Available corporate structures

A. Permanent Structures

1. FREQUENTLY USED CORPORATE STRUCTURES

The corporation (*sociedad anónima*) and the limited liability commercial company (*sociedad comercial de responsabilidad limitada*) are the most relevant and commonly used corporate forms in Peru. Both are regulated by the General Corporations Law ("LGS"), which has been in force since January 1, 1998.

The LGS Law recognizes and regulates seven types of corporations:

i. Stock corporations, in its three corporate forms: ordinary corporation - S.A.; closely held corporation - S.A.C.; and publicly held corporation - S.A.A.
ii. General partnership.
iii. Limited partnership.
iv. Limited partnership by shares.
v. Limited liability commercial company.
vi. Ordinary civil society.
vii. Limited liability company.

Likewise, Legislative Decree No. 1409 and its regulations govern the so-called Simplified Closed Joint Stock Company (*Sociedad por Acciones Cerrada Simplificada* – S.A.C.S.). This corporate form, which only allows natural persons as shareholders, aims to simplify the incorporation process, although its adoption in practice has been limited. In turn, Law No. 31072 created the Benefit and Collective Interest Companies, also known as "BIC companies." BIC companies do not constitute an autonomous corporate form; rather, they refer to companies that incorporate into their corporate purpose the commitment to generate a positive impact on society and the environment, in addition to providing economic benefit to their shareholders.

The corporation (*sociedad anónima*) is the most used corporate form for organizing businesses in Peru. In general terms, the Peruvian regulation governing corporations is similar to that of other jurisdictions. Peruvian legislation provides for three types of corporations: (i) the ordinary corporation (S.A.); (ii) the closely held corporation (S.A.C.); and (iii) the publicly held corporation (S.A.A.). While these three types share the essential characteristics of the corporate form—such as a share capital composed of capital contributed by the shareholders and divided into shares representing a proportional part of such capital, as well as the limited liability of shareholders, who are liable only up to the amount of their respective contributions—corporate legislation establishes certain differences among them, including the following:

(i) The specific provisions applicable to the closely held corporation (*Sociedad Anónima Cerrada* – S.A.C.) incorporate certain features typical of personalist entities. As a result, this corporate form is generally regarded as the most suitable when there is a small number of shareholders who are closely involved in the management of the company. In light of the personal nature of this form, the law grants greater flexibility and exempts it from certain requirements applicable to the other types of corporations. Likewise, given the importance of the shareholders' personal characteristics in the ownership and management of the company's capital, the shares of a S.A.C. may not be registered with the Public Registry of the Securities Market.

(ii) At the opposite end of the spectrum, the publicly held corporation (Sociedad Anónima Abierta – S.A.A.) is designed for larger companies with an orientation toward participation in the securities market. Accordingly, for a company to adopt this form, it must meet one or more of the following conditions: (a) having carried out a primary public offering of shares or securities convertible into shares; (b) having more than 750 shareholders; (c) more than 35% of its share capital is held by 175 or more shareholders, excluding from such count those shareholders whose individual holdings do not reach two per thousand of the capital or exceed 5% thereof; (d) having been originally incorporated under this form; or (e) having all voting shareholders unanimously approve its adoption of this regime. A publicly held corporation must register its shares in the Public Registry of the Securities Market, which entails that their trading and free transferability may not be restricted, except as expressly provided in the LGS. This type of company is subject to the supervision of the Superintendence of the Securities Market (SMV).

(iii) The regular or ordinary corporation (S.A.) occupies an intermediate position between the S.A.C. and the S.A.A., so it is usually advisable in circumstances where the distinguishing features of the special forms described above are not present.

Without prejudice to the existing differences, the rules applicable to the limited liability commercial company (Sociedad Comercial de Responsabilidad Limitada – S.R.L.) are similar to those governing the closely held corporation, in view of the relevance of the personal characteristics of those participating as partners in this type of entity.

a. General Features

These are the most relevant features of the ordinary corporation, closely held corporation, and limited liability companies.

	Ordinary Corporation (*Sociedad Anónima - S.A.*)	**Closely Held Corporation (*Sociedad Anónima Cerrada - S.A.C.*)**	**Limited Liability Commercial Company (*Sociedad Comercial de Responsabilidad Limitada - S.R.L.*)**
MINIMUM NUMBER OF FOUNDING PARTNERS/ SHAREHOLDERS	2		
LIABILITY OF SHAREHOLDERS/ PARTNERS	Limited to the contributions made by the shareholders or partners, as applicable.		
INITIAL SHARE CAPITAL	The LGS does not require a minimum amount of share capital for the incorporation of a company. However, in certain regulated sectors, specific regulations do establish minimum capital requirements for carrying out particular activities (for example, companies within the financial system, pension fund administrators, and labor intermediation companies).		

CAPITAL STOCK	Shares Different classes of shares may exist, which are distinguished by the rights they grant to their holders, the obligations to which such holders are subject, or both. Shares of the same class grant identical rights and are subject to the same obligations. The company may also issue non-voting shares, which grant their holders the right to receive dividends on a preferential basis, as provided in the bylaws. Accordingly, if distributable profits exist, the company must make a preferential dividend payment to the holders of non-voting shares.		Membership Interests
MAXIMUM NUMBER OF SHAREHOLDERS/ MEMBERS	750 (if this number is exceeded, the corporation must adapt to the publicly held corporation (S.A.A.) regime).	20	
LIMITATIONS ON THE TRANSFER OF SHARES/ MEMBERSHIP INTERESTS AND OTHER FORMALITIES	There are no restrictions imposed by law. However, the bylaws may establish a right of first refusal in favor of the other shareholders or the company, as well as other agreements. Transfers are formalized privately and recorded in the company's share ledger.	The LGS establishes a right of first refusal in favor of the other shareholders and the company. The bylaws may exclude such right or include other agreements. Transfers are carried out privately and recorded in the company's share ledger.	The law establishes a right of first refusal in favor of the other partners. The bylaws may exclude such preferential right and/ or introduce other agreements. Transfers must be formalized by public deed and registered with the Public Registry.
DISTRIBUTION OF PROFITS	Generally, profits are distributed among the holders of shares or membership interests in proportion to the capital contributions they have made.		
	Corporations are required to allocate at least ten percent (10%) of the distributable profits of each fiscal year, after deducting income tax, to a legal reserve until it reaches an amount equivalent to one-fifth of the share capital.		Not applicable.
SHAREHOLDER OR PARTNER AGREEMENTS	Shareholder or partner agreements, or agreements between them and third parties, are valid and enforceable against the company in all matters that concern it, from the moment they are properly communicated. In the event of a conflict between such agreements and the provisions of the articles of incorporation or bylaws, the latter shall prevail.		

b. Management

The following table provides an overview of the governing bodies of the ordinary corporation (S.A.), the closely held corporation (S.A.C.), and the limited liability commercial company (S.R.L.):

	General Stock Corporation **(*Sociedad Anónima* - S.A.)**	**Closely Held Corporation** **(*Sociedad Anónima Cerrada* - S.A.C.)**	**Limited Liability Company** ***Sociedad de (Responsabilidad Limitada* - S.R.L.)**
BOARD OF DIRECTORS	The existence of a board of directors as a governing body is mandatory under the LGS. Directors are elected by the shareholders. The board must consist of at least three (3) members. Directors are not required to be shareholders unless otherwise stipulated in the bylaws. Directors must expressly accept their appointment and may be removed at any time. There are no restrictions regarding the nationality or residence of directors.	The existence of a board of directors as a governing body is optional under the LGS. Directors are appointed by the shareholders. The board must consist of at least three (3) members. Directors are not required to be shareholders, unless otherwise provided in the company's bylaws. Directors must expressly accept their appointment and may be removed at any time. There are no restrictions regarding the nationality or residence of directors.	Does not have a Board of Directors.

GENERAL MANAGER	The management of company is also carried out by one or more managers, and there must be at least one general manager. Managers may be removed at any time by the body that appointed them, whether it is the shareholders' general meeting or the board of directors. The LGS establishes that the general manager, by virtue of their appointment and unless otherwise stipulated, has broad powers of legal and administrative representation, as well as authority to dispose of and encumber the company's assets and rights, and may enter into all types of acts, contracts, and transactions necessary to fulfill the company's corporate purpose.	The general manager is responsible for the management and legal representation of the company.The manager may be removed at any time by the shareholder's general meeting. The LGS provides that, by virtue of their appointment and unless otherwise stipulated, the general manager has broad powers of procedural and administrative representation, as well as authority to manage and encumber the assets and rights of the company, and may enter into all types of acts, contracts, and transactions necessary for the fulfillment of the corporate purpose.
GENERAL SHARE-HOLDERS' MEETING	The General Shareholders' or Partners' Meeting, as applicable, constitutes the supreme governing body of the company. The LGS establishes the formal requirements for its convening, the quorum and minimum majorities required to adopt valid resolutions, as well as the matters that fall within the exclusive competence of this body.	

c. Incorporation Process

The process of incorporating a company usually takes approximately fifteen (15) business days. If the founders are non-domiciled entities or individuals who are not in the country at the time of incorporation, they must have duly granted powers of attorney to formalize the company's formation. If prior registration of such powers is required, an additional period of approximately fifteen (15) business days should be considered.

The following outlines the steps required to incorporate a company in Peru:

Step	Time for Completion
Granting powers to incorporate the company.[3]	Up to 15 business days. These documents must be legalized and registered prior to the incorporation of the company.
Verification of the availability of the company name.	1 business day.
Preparation of the memorandum of incorporation and execution of the corresponding public deed before a Notary Public.	2 - 5 business days.
Deposit of at least 25% of the share capital in a local bank account and obtaining the corresponding certificate.	1 business day.
Registration of the memorandum of incorporation in the Public Registry.	2 - 7 business days approximately.
Obtaining the Taxpayer Identification Number (RUC).	2 business days.
Legalization of corporate books.	1 business day.

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/Incumbency

2. BRANCHES

As an alternative to incorporating a company, it is possible to opt for the establishment of a branch.

Branches lack independent legal personality with respect to their parent company; however, they are subject to Peruvian law regarding the scope of their operations. They also have permanent legal representation and enjoy managerial autonomy within the activities assigned to them by the parent company, in accordance with the powers granted to their representatives.

The following table outlines the requirements and procedure for establishing a branch in Peru.

ESTABLISHMENT	By means of a public deed containing, at a minimum, the following information: (a) a certificate of good standing of the parent company in its country of origin, including evidence that neither its articles of incorporation nor its bylaws prevent the establishment of branches abroad; (b) a copy of the articles of incorporation and bylaws, or their equivalents; and (c) the resolution to establish the branch in Peru, which shall indicate: (c.1) the capital allocated to the branch for the activities to be carried out in the country; (c.2) the branch's activities and a statement that such activities form part of the parent company's corporate purpose; (c.3) the branch's registered address; (c.4) the appointment of at least one permanent legal representative in the country, specifying the powers granted thereto; and (c.5) a declaration that the parent company submits to the laws of Peru in order to be liable for the obligations incurred by the branch.
LIABILITY	The parent company is liable for all obligations incurred by the branch. Any agreement exempting responsibility is considered null and void.
ALLOCATED CAPITAL	The allocated capital shall be equal to the total amount of assets that the parent company assigns to the branch for the development of its activities. The LGS does not require a minimum amount of allocated capital.
ADMINISTRATION	Branches must have at least one permanent legal representative in Peru, who must have the necessary powers to bind the parent company for the transactions carried out by the branch.
REMITTANCE OF PROFITS	There are no limitations on the remittance of profits by a branch to its parent company.

3. JOINT VENTURES AND OTHER PARTNERSHIP AGREEMENTS

Peruvian law expressly regulates two types of partnership agreements: the consortium and the association in participation contract. This list is not exhaustive, so other associative contracts, such as joint ventures or risk-sharing agreements, are also permitted under Peruvian law, without requiring specific regulation.

A consortium is an agreement in which two or more parties associate to participate in a particular business, sharing profits and reducing transaction costs. Consortia does not create a separate legal entity from their members, although specific rules may apply for tax purposes.

Meanwhile, LGS defines an association in participation agreement as a contract by virtue of which one person, referred to as the managing party, grants to another person or persons, referred to as participants, a share in the results or profits of one or more businesses or enterprises of the managing party. In return, the participant generally makes a contribution to the business. In this type of agreement, the identity of the participant is not necessarily disclosed to the third parties with whom the managing party conducts the business operations.

B. Agency / Reseller / Franchising / Distribution Networks

Peruvian law does not have any specific regulations for the establishment, requirements or treatment of agency, distributors, franchises or distribution networks, except in some regulated industries. Likewise, there are no rules for the protection of the agent or distributor. Consequently, any agency, distribution or franchise business conducted by Peruvian entities will be governed by the provisions of the contract entered into between the parties and the general provisions applicable to contracts and obligations.

Franchise agreements may be registered before the National Institute for the Defense of Competition and the Protection of Intellectual Property (Indecopi), as the competent Peruvian authority responsible for trademark registration.

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

Foreign companies may establish representative offices and "non-permanent" establishments without the need for any registration or approval, except in certain regulated industries, such as banks and insurance companies. These types of establishments must have sufficient powers of representation so that the agreements signed by these establishments are enforceable under Peruvian law.

D. Prior Authorizations

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, activities involving natural resources, both renewable and nonrenewable, require prior authorization or granting of a concession by the competent governmental authorities.

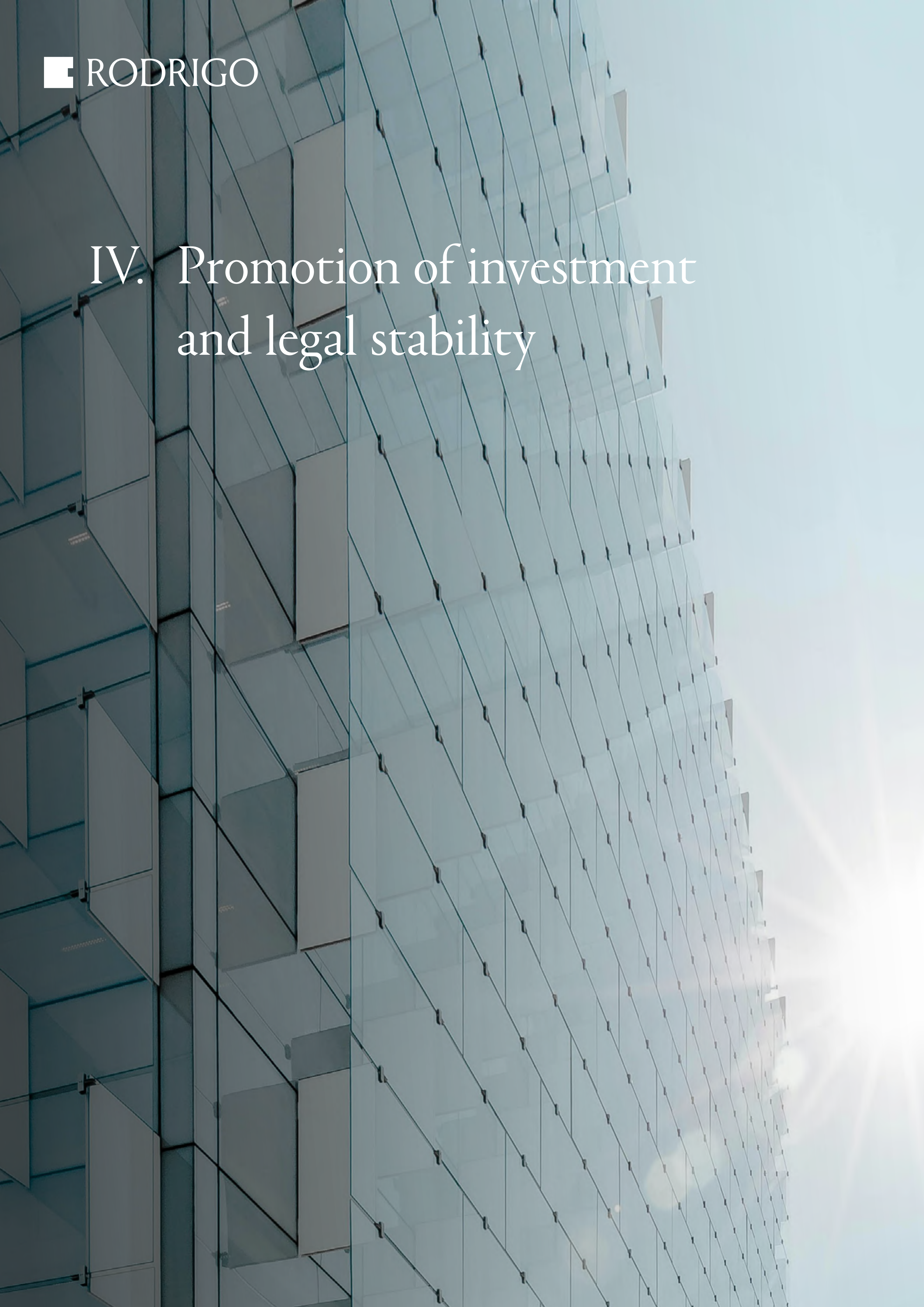
E. Sensitive Industries / Restrictions on Foreign Ownership

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 J. on property law and real estate investment.

F. Political Risk and Related Issues

For most of the 21st century, Peru has been characterized by macroeconomic stability, fiscal soundness, moderate public debt, and one of the lowest annual inflation rates in the region. Despite the COVID-19 pandemic and a period of political instability in recent years, Peru maintains its investment grade status. The economic chapter of the Peruvian Constitution promotes private initiative, guarantees equal treatment between domestic and foreign investment, allows for the free availability of foreign currency, and authorizes the State to provide guarantees through stability agreements (contracts with the force of law).

Specifically, by allowing the legal stability agreements described below, the State provides investors and the companies that receive their investments with a tool to protect themselves from country risk.

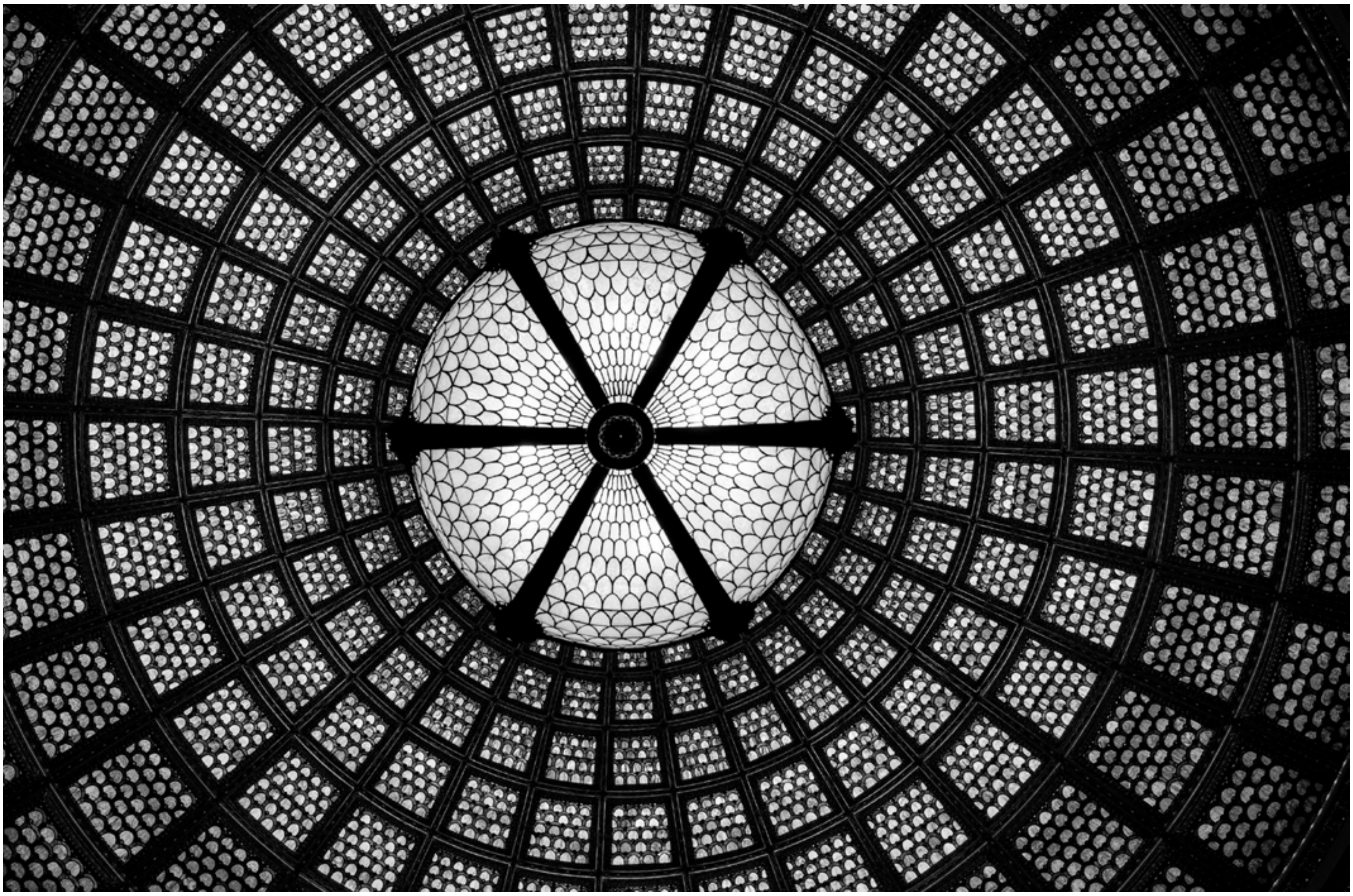


IV. Promotion of investment and legal stability

A. Legal Framework for Foreign Investment

Peru has a general legal framework that promotes foreign investment and provides guarantees for investors. The key principles governing foreign investment are:

- Foreign investment receives the same treatment as domestic investment (equal treatment).
- Foreign investors are free to invest in any sector of the economy (with certain limited exceptions).
- No prior or express government authorization is required to make foreign investments.
- There are no foreign exchange controls, and the use, convertibility, and transfer of capital are unrestricted.



B. Stability Agreements for Investment Protection

As part of its legal framework, Peru maintains a general legal stability regime, implemented through the execution of legal stability agreements ("CEJ") by both investors and Peruvian companies receiving such investment. Through CEJs, the State guarantees the continued effect of certain legal regimes for a specific period, provided that investors and/or recipient companies assume certain obligations. In addition, specific legal stability regimes exist for certain sectors, such as mining and hydrocarbons.

CEJs have the force of law between the parties. This means that the contracting parties (one of which is the State) must abide by their terms and cannot unilaterally modify or nullify them. Consequently, the State may not unilaterally amend a CEJ through the enactment of new legislation, nor terminate it for reasons other than those for termination due to breach as established in the CEJ itself.

CEJs may be entered into at any time, provided the applicable legal requirements are met. While the general rule is that the execution of a CEJ should precede a new investment, there are specific rules that allow the effects of the CEJ to extend to investments made even before their execution, provided that the CEJ are executed within twelve months of the date of the investment.

As a general rule, the term of validity of CEJs is ten (10) years, and the period to make the committed investment under them is two (2) years. However, in the case of CEJs entered into by companies that have signed public-private partnership contracts under Law No. 32441, as well as their investors, the term of the corresponding CEJ may be extended for the entire term of the public-private partnership contract. In such cases, the period to carry out the investment may also be determined in accordance with the provisions of the respective contract.

1. REQUIREMENTS APPLICABLE TO INVESTORS UNDER THE GENERAL LEGAL STABILITY REGIME

Although there are various types of investment that may allow for the execution of a CEJ, the most common occurs through capital contributions to a Peruvian company. Under this modality, an investor—whether foreign or domestic—may enter into a CEJ with the State provided they commit to contributing US$ 5 million to the share capital of a local company within a period of two (2) years, except in the mining and hydrocarbons sectors, where the minimum investment is US$ 10 million. Additionally, the investment must be channeled through the Peruvian financial system.

2. REQUIREMENTS APPLICABLE TO INVESTMENT RECIPIENT COMPANIES UNDER THE GENERAL LEGAL STABILITY REGIME

Recipient companies may also enter into a CEJ with the State, provided that at least one of their investors meets the requirements established under the applicable legislation and has signed a CEJ in such capacity.

By entering into a CEJ, recipient companies may benefit from the stability of labor regulations and export promotion regimes. They may also access the tax stability regime under the Income Tax Law, provided that they meet at least one of the following conditions:

- The new investments they receive represent an amount greater than 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

- That the new investments involve the acquisition of more than 50% of the shares of a company owned, directly or indirectly, by the State, as is the case with privatized companies.

3. RIGHTS GUARANTEED UNDER CEJS

a. For investors (foreign and domestic):

CEJs guarantee investors, for the duration of their term and in relation to the committed investment, legal stability with respect to the laws in force at the time of their execution, covering the following regimes and rights:

- Income Tax: Dividends and any other form of profit participation to which foreign investors are entitled will not be affected by modifications or new taxes introduced during the term of the CEJ. Additionally, the right to freely use foreign currency is guaranteed (applicable only to foreign investors).
- Right to freely remit capital, profits, dividends, and royalties, without any limitation or restriction (applicable only to foreign investors).
- The right to use the most favorable exchange rate available in the market.
- The right to non-discrimination.

b. For the recipient companies of the investment:

The CEJs guarantee recipient companies of the investment, during their term, legal stability of the regulations in force at the time of their execution, in relation to the following regimes and rights:

- Income Tax (provided that at least one of the aforementioned requirements is met): While the CEJ remains in force, any changes to the Income Tax regime will not apply to the recipient company, although the company must pay Income Tax at a rate 2% higher than the rate in effect at the time the CEJ was executed. With this exception, the taxable base will be calculated according to the same rates, deductions, and brackets established in the legislation in force at the time of the CEJ's execution. This protection applies regardless of whether such changes are favorable or unfavorable to the company.
- Employee Hiring Regime.
- Export Promotion Regime.

RODRIGO

V. Applicable legal framework

A. Foreign Exchange

There are no foreign exchange controls, registration requirements, authorizations, or similar restrictions for the transfer of foreign currency to or from Peru. Likewise, no prior approval from any government authority is required to conduct transactions in foreign currency or to hold such currency. Any currency may be converted into Peruvian soles at the most favorable exchange rate available in the market and/or used in any transaction in Peru, provided the parties so agree.

Bank accounts may be opened in U.S. dollars or other currencies, depending on the offerings of financial institutions. Similarly, credit facilities may be arranged in U.S. dollars or any other currency without the need for special authorization.

B. Immigration and Visa Requirements

Any foreign citizen –tourist, businessperson 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.

1. BUSINESS

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, and who do not intend to work or earn incomes from a Peruvian-source company.

Business visas are issued by Peruvian Consulates abroad in the country of birth or residence of the foreign citizen, after complying with the requirements (valid passport, a letter of invitation of the Peruvian company and presentation of the foreign company, form, fee payment, etc.) requested. Business visa may be issued from 5 to 10 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[4], 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 type of visa may stay in the country up to 183 calendar days per year, continuously or in different periods, without extension.

4 For nationals of China and India, provided they can prove they hold visas with a minimum validity from certain countries, and/or permanent residence from certain countries.

2. DESIGNATED WORKER (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.

The term of stay for the resident designated worker is 365 days, extendable; while for the temporary designated worker, it is 183 days, extendable for the same term.

3. RESIDENT WORKER

Foreign workers who wish to work for a local employer and reside in Peru may opt for the migratory status of a resident worker.

To do so, they must sign an employment contract that must be registered before the Labor Administrative Authority.

This migratory status may also be granted to workers of a transnational company or international corporation who are displaced to Peru to work with a company of the same economic group or holding company to work as senior management or trustworthy personnel or as specialist or specialized personnel.

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.

1. IMPORT

Only domiciled entities or individuals may act as importers of foreign goods to be used or consumed 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 Section V., item D. on “Taxation and Cross-Border Transactions” in this document).

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 this system does not apply, such as, for example, imports made by importers designated as VAT withholding agents or definitive imports derived from temporary imports. 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.

2. 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.

3. 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 may 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.

4. 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.

5. 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.

6. 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.

7. 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 Rim, 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
United Kingdom	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
Agreements that will enter into force in the near future	
Guatemala	Hong Kong
Brazil (Economic and Commercial Deepening Agreement)	Indonesia

8. 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.

1. 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 only obtain fifth category income, among others, are not required to register in the RUC. In principle, non-domiciled taxpayers would not have to register in the RUC either; however, there are some cases in which the tax authorities demanded compliance with such requirement as a condition for processing their requests for refund of undue and/or excess payments.

2. 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.

3. 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 “Peruvian source income” includes, among others, income originated or produced by: (i) properties located in Peru: (ii) loans and investments when the capital is placed or economically used in Peru, or the payer is domiciled in Peru; (iii) digital and technical assistance services, when they are economically used within the national territory; (iv) royalties, when they are paid by a subject domiciled in Peru, or when the goods or rights for which they are paid are economically used in Peru; (v) personal work performed in the national territory; (vi) civil, commercial, business or any other kind of activities performed in the national territory; (vii) among others.

4. INDIVIDUAL INCOME TAX RULES

For domiciled individuals, capital income (first and second category) is taxed at an “effective rate” of income tax of 5%[5]. On the other hand, the income tax applicable to the sum of net labor income derived from the rendering of dependent services (fifth category income) and independent services (fourth category income) plus net foreign source income, is determined by applying a progressive, cumulative scale.

In greater detail, the net earned income is determined by applying, in the first place, the legal deductions provided for in the LIR. In the case of income derived from the individual and independent exercise of a profession, art, science or trade, the Income Tax Law recognizes a legal deduction of 20% (this deduction does not apply to income derived from the performance of the functions of a company director, trustee, agent, business manager, executor and similar). The legal deduction of 7 UIT (=US$ 10,240.00 approximately) is applied to the sum of labor income (fourth and fifth category income).

Additionally, from fourth and fifth category income, taxpayers may deduct up to a maximum of 3 UIT (=US$ 380.00 approximately) for the following personal expenses: lease and/or sublease of real estate located in the country that is not exclusively destined to the development of business activities; doctors’ and dentists’ fees for services rendered in the country; fees for services rendered related to any profession, art, science or trade (with the exception of amounts paid for the functions of company directors, agents, receivers, business managers, executors and similar); EsSalud contributions in favor of household workers; among others. It should be noted that, in some cases, only a percentage of the expenses are deductible for tax purposes.

The net earned income is added to net foreign source income. The result derived from such addition is subject to income tax as follows: (i) to the first 5 UIT the rate of 8% is applied; (ii) to the bracket between 5 UIT and 20 UIT the rate of 14% is applied; (iii) to the bracket between 20 UIT and 35 UIT the rate of 17% is applied; (iv) to the bracket between 35 UIT and 45 UIT the rate of 20% is applied; and, (v) to any amount exceeding 45 UIT the rate of 30% is applied. The Income Tax will be equivalent to the sum of the amounts obtained as a result of applying the rates according to the progressive cumulative scale.

The earned income (Peruvian source) received by non-domiciled individuals is taxed via withholding tax at a fixed rate of 30% of net income, without considering the legal deduction of the aforementioned 7 UIT or the additional deduction of up to 3 UIT (referred to in the preceding paragraphs). In the case of fourth category income (self-employment), it is understood that the net income from work is equivalent to 80% of the amount paid to the non-domiciled taxpayer.

5 In the case of capital income, the rate provided in the Income Tax Law (“nominal rate”) is 6.25%. However, this rate is applied to the “net income”, which is the result of deducting from the “gross income” an amount equivalent to 20%. The result of applying the nominal rate to the “net income” is the same as that obtained if the 5% rate is applied to the “gross income”. Hence, it is stated that this type of income is subject to an “effective rate” of 5%.

5. TAXATION OF MINING ACTIVITIES

- **Special Deduction Rules**

In accordance with the provisions of the General Mining Law (LGM), the acquisition value of mining concessions shall be amortized from the year in which, in accordance with the LGM, the minimum production obligation must be met (regardless of the start of actual production) within a term to be determined by the holder of the mining activity at that time. Such term is determined based on the probable life of the deposit, calculated taking into account the proven and probable reserves and the minimum production obligation according to law.

The acquisition value of each mining concession includes the price paid or filing fees (as the case may be), as well as prospecting and exploration expenses incurred up to the date on which, according to the law, the minimum production is required to be met.

Prospecting and exploration expenses may be amortized as part of the acquisition value of the mining concession or fully deducted in the year in which they are incurred, at the taxpayer’s option.

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.

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 deductible from taxable income under this benefit will be only that which corresponds to the portion of the work qualified as a public service, according to the percentage indicated in the approval resolution.

- **Special Mining Tax**

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

The Special Mining Tax is levied on the quarterly operating income of mining companies that originate from the sale of metallic mineral resources in the state in which they are located. The marginal rates of the Special Mining Tax range from 2% to 8.40%. There is no minimum tax. The tax actually paid is a deductible expense for income tax purposes in 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.

6. 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.

In the case of transactions entered into between related parties or carried out from, to or through non-cooperative or low or no taxation countries or territories (known as “tax havens”)[6], or with subjects whose income, revenues or profits from such operations are subject to a preferential tax regime[7], the market value will be considered equivalent to the consideration that would have been agreed with or between independent parties in similar transactions, under identical or similar conditions, following the local rules on transfer pricing.

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.

In the case of services rendered by related parties, among other aspects, the user must prove compliance with the benefit test and provide the documentation and information requested by the Peruvian tax authority, as necessary conditions for the deduction of the respective cost or expense.

For the interpretation of Peruvian transfer pricing rules, it is applied 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 the has force of law. Among other formal transfer pricing obligations, taxpayers subject to the scope of application of the regime which also meet certain conditions must submit to the Peruvian tax authority the following informative declarations: (i) Local Report; (ii) Master Report; and (iii) Country-by-Country Report. Failure to comply with these obligations generates tax penalties.

6 Non-cooperating or low or zero-tax countries or territories are those listed in the annex of the Income Tax Law Regulations.
7 A country or territory will be considered to have a preferential tax regime if it meets at least two of the following criteria: (i) it does not have a Tax Information Exchange Agreement or a Double Taxation Treaty that includes an information exchange clause, or, if such agreements exist, the information exchange is not effectively implemented or is restricted; (ii) it lacks a legal, regulatory, or administrative transparency regime; (iii) it has an applicable Income Tax rate of 0%, or a rate that is less than 60% of what would apply in Peru to income of the same nature for resident taxpayers; (iv) it excludes residents of the same country or territory (or the beneficiaries are prevented from operating in the domestic market); or (v) it has been classified by the OECD as having harmful or potentially harmful tax regimes.

7. INTERNATIONAL TAX TRANSPARENCY REGIME (RFTI)

Under the RFTI, taxpayers domiciled in Peru who are owners of Non-Domiciled Controlled Entities must recognize as their own (i.e., “attribute”) foreign source passive income from such entities in the same year in which such income is accrued, paying the corresponding tax for such concepts.

Those entities of any nature, not domiciled in Peru, that comply with the following three conditions qualify as “Non-Domiciled Controlled Entities”: (i) they have a different legal status from that of the persons that compose them (by regulatory provision, entities such as corporations, investment funds, trusts, partnerships, associations and foundations meet this criterion); (ii) they are established or domiciled in tax havens or in territories in which their passive income is not subject to income tax or, being so, it is equal to or less than 75% of the income tax that would correspond in Peru to the income of the same nature; and, (iii) are owned by taxpayers domiciled in Peru (which is understood to be fulfilled when the taxpayer, alone or with its related parties in Peru, has an interest of more than 50% of the capital, results or voting rights of the entity).

Examples of “passive income” are, among others: dividends, interest, royalties, rental income, capital gains from the alienation of rights, real estate and securities. Passive income from Peruvian sources (e.g., dividends derived from companies incorporated in Peru) is not subject to the RTFI.

As an exception, there are some passive incomes that are not attributable under the FTTR, so they will only be subject to income tax when they are effectively distributed in favor of the owner (domiciled in Peru) of the Non-Domiciled Controlled Entity. Such is the case, for example, of: (i) income from Peruvian sources; and (ii) income that was subject to income tax in a country other than the one in which the Controlled Non-Domiciled Entity is incorporated, at a rate higher than 75% of the Peruvian income tax that would have been applicable on income of the same nature.

8. GENERAL SALES TAX (IGV)

- **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.

  Likewise, individuals who do not engage in business activity and who use digital services provided by non-resident entities in Peru are considered VAT taxpayers, although such transactions are not required to be habitual.

- **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**

  This regime allows the holders of mining concessions that carry out mining exploration activities, which are still in a pre-productive stage and that sign an Exploration Investment Contract with the Peruvian State, to recover the VAT paid on imports or local purchases of certain goods and on the acquisition of certain services and construction contracts related to the referred activities, provided that the requirements and formalities provided in the legislation on the matter are complied with. This regime will be in force until December 31, 2027.

9. TEMPORARY 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 and is determined by applying a rate of 0.4% on the amount of the value of net assets exceeding S/ 1 million (the portion not exceeding this amount is not taxed) In principle, taxpayers have the option of considering ITAN payments: as a deductible expense; or as a credit to be offset against the monthly payments on account and the annual income tax regularization payment and the 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.

10. FINANCIAL TRANSACTION TAX (ITF)

The ITF applies, among others, to the following transactions: (i) credit or debit made to bank accounts of the Peruvian financial system (except for the movement of accounts of the same account holder); (ii) payments to a Peruvian financial system company; (iii) the acquisition of cashier’s checks, bank certificates, traveler’s checks, or other financial instruments; (iv) money transfers or remittances made through a financial system company or a funds transfer company.

The ITF rate is 0.005% and must be withheld by the companies of the financial system or by funds transfer companies, as applicable.

11. SELECTIVE CONSUMPTION TAX (ISC)

The ISC (Impuesto selectivo al consumo) levies the import and local sale of goods, such as cars, cigars and similar, alcoholic and non-alcoholic beverages and fuel. Casino games, slot machines and remote sports betting and gaming are also included.

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.

12. PROPERTY TAX

Individuals and legal entities that, as of January 1 of any year, are owners of any property (urban or rustic), will be taxpayers of the Property Tax for such year. This municipal tax is payable annually and is calculated by applying a progressive rate to the total value of the properties owned by the taxpayer in each district jurisdiction.

The progressive rate is applied as follows: (i) the rate of 0.2% is applied to the first 15 UIT; (ii) the rate of 0.6% is applied to the first 15 UIT and up to 60 UIT; and (iii) the rate of 1% is applied to all amounts exceeding 60 UIT. The Property Tax will be equivalent to the sum of the amounts obtained as a result of applying the rates according to the progressive cumulative scale.

The tax law provides for certain legal deductions or tax exemptions (e.g., for rural properties used and dedicated to agricultural activity, for pensioners who own a single property, among others).

13. PROPERTY TRANSFER TAX (ALCABALA)

This municipal tax is payable immediately and is levied on transfers of ownership of urban or rural real estate for valuable consideration or free of charge. In this case, the taxpayer is the purchaser or acquirer of the property, and the tax rate is 3%, applicable on the transfer value of the property transferred (whichever is higher).

The first 10 UIT of the value of the property is not taxed. The first sale of real estate made by construction companies will not be subject to the Alcabala Tax. In addition, the regulation also establishes a list of entities[8] and transfers[9] that are not subject to this tax.

14. TAX ON CASINO GAMES AND SLOT MACHINES AND TAX ON REMOTE GAMING AND REMOTE SPORTS BETTING

The taxpayer of the Tax on Casino Games and Slot Machines is the one who operates physical establishments with casino games and slot machines, having the respective authorizations for such purpose.

8 Central Government, Regions and Municipalities, foreign governments, international organizations, religious entities, the General Volunteer Firefighters Corps of Peru, universities, and educational institutions.

9 Advances on legitimate fractional shares, those resulting from death, the transfer of ships and aircraft, the division and distribution of the hereditary estate, the transfer of fractional shares between heirs or original co-owners, among others.

The Tax on Casino Games and Slot Machines is levied on a monthly basis and results from applying the rate of 12% on the difference between the monthly net income minus the maintenance expenses (equivalent to 2% of the monthly net income). The taxable base is determined independently for each activity and each establishment. The amount paid for this tax will be deductible for the determination of the third category gross income.

On the other hand, the Tax on Remote Gaming and Remote Sports Betting taxes the operation of remote gaming and/or remote sports betting developed on technological platforms (with the corresponding authorization granted by MINCETUR). Taxpayers of this tax are legal entities incorporated in Peru, branches established in Peru of foreign legal entities, and/or legal entities incorporated abroad, that carry out the aforementioned activity (with the respective authorization).

The Remote Gaming and Remote Sports Betting Tax is also levied on a monthly basis and results from applying a 12% rate on the difference between the net monthly income minus the maintenance expenses (equivalent to 2% of the net monthly income). The taxable base will be determined independently for each remote gaming or remote sports betting technological platform. The tax paid by taxpayers domiciled in Peru will be a deductible expense for IR purposes.

15. 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 enter into such agreements, the companies must be selected by the Regional and Local Governments in accordance with certain legal norms. Moreover, the companies must be registered in the National Registry of Suppliers of the Supervisory Body of State Contracting - 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).

- **Special Depreciation Regime - Law No. 31652**

  During the 2023 and 2024 fiscal years, for Income Tax purposes, buildings and constructions may be depreciated with a maximum of 33.33% per year (under the general regime, the annual depreciation rate is 5%) provided that such assets were used exclusively for business development and the following conditions were met: (i) construction began on or after January 1, 2023 (the start of construction is understood to be the moment in which the building license or other document established by the Regulations was obtained); and, (ii) that by December 31, 2024, the construction had a work progress of at least 80%. This regime also applied to taxpayers that, during 2023 and 2024, acquired property constructions that met these conditions.

  Likewise, hybrid or electric land transportation vehicles (except railroads), acquired in fiscal years 2023 and 2024, could be depreciated by a maximum of 50% per year.

  This regime no longer applies to new investments made starting in 2025 but will continue to apply to taxpayers who have met the requirements within the legal deadline.

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 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; (iv) pension systems and taxes on compensations.

1. LABOR CONTRACTS, NON-LABOR CONTRACTS AND THIRD-PARTY CONTRACTS

EMPLOYMENT CONTRACTS	**Indefinite-Term Employment Contract** • 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. However, it is advisable to agree the terms of the contract in writing.
	Fixed-Term Contracts Fixed-term employment is extraordinary, and requires an explicit justification in a writing contract. It applies in the following cases: • Starting or increasing operations: Contracts for start-ups or new business activities for a maximum term of 3 years; • Market needs: Contracts executed in order to meet business production due to demand significant variations for a maximum term of five years; • Corporate restructuring: For substitution, expansion or modification of the company's activities or production methods, for a maximum term of 2 years; • Temporary: For temporary needs, other than the workplace's regular activities, for a maximum term of 6 months; • Substitution: To temporarily replace a permanent employee of the company whose employment is suspended, or who is temporarily assigned to other tasks;

EMPLOYMENT CONTRACTS	• <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 carry out a specific work or service (consisting of a previously established object and with a determined or determinable 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. Maximum cumulative term for any fix-term contract is five years.
	Part-Time Contracts When the working day of the employee is less than 4 hours a day, on average. • Must be in writing. • It does not require prior authorization, although the contract must be submitted to the Ministry of Labor (however, there is currently no administrative procedure for this). • It does not generate the right of: (i) protection against dismissal, (ii) Severance Pay (CTS), and (iii) full vacations (only 6 days per year).
	New Telework Law and New Telework Regulations The new Telework Law and the new Telework Regulations replaced the legislation on remote work and sought to regulate all existing work-from-home schemes. In order to implement teleworking, a written agreement between the employer and the worker is required, which is subject to several requirements. Teleworking can be total or partial. Teleworkers can perform their work within the Peruvian territory as well as outside of it. In the second case, they must comply with the corresponding immigration, labor and tax regulations. The employer's duties include: (i) provide or compensate the worker for internet, electricity and equipment, unless otherwise agreed; (ii) establish appropriate communication channels that guarantee rapid and effective communication; (iii) be responsible for the safety and health of its workers (work accidents and occupational diseases) while they are teleworking;(iv) respect the digital disconnection; (v) train the teleworker in the use of digital applications and information security, in safety and health in telework, in prevention of sexual harassment in telework, and in personal data protection, security and digital trust;(vi) establish the conditions for removing confidential documentation from the employer's facilities for teleworking; and (vii) establish active breaks during the workday.

COLLECTIVE AGREEMENTS	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). 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. A recent and questioned regulatory rule prevents the extension of conventional benefits to workers outside the union's scope. If the parties do not reach an agreement through collect 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 *optional* arbitration. Peruvian Constitution recognizes workers' right to strike.
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** • 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 • 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** • 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 bus. • The workers assigned to the user company may not exceed 20% of the total number of its workers, except in complementary or specialized services.

LABOR INTERMEDIATION AND OUTSOURCING	**Outsourcing Services** • The purpose of outsourcing is to decentralize or assign part of the contracting party's core activity to a contractor or subcontractor. • Supreme Decree No. 001-2022-TR has prohibited the outsourcing of "activities that form the core of the employer's business." Although this prohibition was declared an illegal bureaucratic barrier by Indecopi and its non-application was ordered with general effect, the Constitutional Court has issued rulings validating the constitutionality of the prohibition. While these rulings are not binding precedent, they are likely to influence other cases. The effective application of this regulation still depends on the resolution of pending public action before the Supreme Court and the suspended proceedings before Indecopi. • The outsourcing company must: (i) be in charge of an integral part of the contracting party's activities; (ii) perform them at its own account and risk; (iii) have its own financial, material, or technical resources; (iv) be responsible for the results of its activities; and (v) have its workers under its exclusive subordination. • Additionally, it should meet the following characteristic elements: (i) plurality of clients; (ii) sufficient equipment; (iii) capital investment; and (iv) compensation that demonstrates it is not merely a personnel supply. • When the assignment or delegation involves a core activity of the user company, and there is continuous staff rotation, the companies are jointly liable for wages, statutory benefits, and social security obligations, up to one year after the staff rotation.
UNIONS	• Workers may form unions with the scope they deem appropriate (company, company groups, union, branch, among others). • A company union requires at least 20 members. Unions at other levels require a minimum of 50 members. Membership is voluntary and is governed by its bylaws. • Unions represent employees in its company/industry facing collective conflicts and complaints.

2. LABOR CONDITIONS

AGE	• 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 a higher age threshold. • 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	• 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, Andean migrants, workers covered by the Mercosur Agreement, etc.); and (ii) to exempted workers (professional or specialized technical personnel, senior management personnel for a new business activity, etc.)
WORKING DAY	• 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%. Compensation for equivalent rest periods may be agreed. • Cumulative or irregular working days are valid, but the maximum verification cycle may not exceed three weeks.
SALARY	• 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. • 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	• It is approximately US$ 305 (S/1,130.00) per month. Part-time workers are paid proportionally. • The minimum wage for night-shift workers (from 10:00 p.m. to 6:00 a.m.) is 35% more than the living wage.

3. LABOR BENEFITS

VACATION	• 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 or company representatives with autonomy to define the timing of their own rest.

<table>
<tr><td>REST DAY/ PAID HOLIDAYS</td><td>

- Rest day per week refers to 24 continuous hours at minimum, preferably Sundays.
- In addition, workers are entitled to pay rest on the following holidays: January 1 (New Year's Day), Holy Week (Holy Thursday and Friday), May 1 (Labor Day), June 7 (Battle of Arica and Flag Day), June 29 (San Pedro and San Pablo), July 23 (Commemoration of the heroic sacrifice of Captain FAP José Abelardo Quiñones Gonzales), July 28 and 29 (National Holidays), August 6 (Battle of Junín), August 30 (Santa Rosa de Lima), October 8 (Battle of Angamos), November 1 (All Saints), December 8 (Immaculate Conception), December 9 (Battle of Ayacucho) and December 25 (Christmas).

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<tr><td rowspan="3">LEAVE AND BENEFITS</td><td>

Maternity Leave

- Female workers are entitled to 49 days of prenatal leave and 49 days of postnatal leave.
- Female workers are free to partially or totally defer prenatal rest and accumulate it to postnatal leave, as well as any pending vacation.
- 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.

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Paternity Leave

The working father is entitled to 10 consecutive calendar days. It is extended:

(i) To 20 days, for premature births and multiple births.

(ii) To 30 days, for births with terminal congenital disease or severe disability.

(iii) To 30 days, for serious complications in the mother's health.

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.

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Leave for medical assistance and rehabilitation therapy for family members with disabilities

- 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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LEAVE AND BENEFITS	**Leave for workers whose immediate family being under terminal or serious medical conditions or having suffered a serious accident** • 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.
	Leave for workers with children diagnosed with cancer • 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.
	Adoption Leave • 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.
	Other leave • **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.

LEAVE AND BENEFITS	• **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. • **Preventive oncology exams:** Employees must be granted paid leave of up to 2 working days per year, consecutive or not, to perform preventive oncology exams. These days are subject to compensation. • **Preventive oncological exams for women:** Female workers are entitled to one day of paid leave per year to carry out their medical exams for early detection of breast and cervical cancer. • **Death of family members:** Workers must be granted leave of up to 5 calendar days in the event of the death of their spouse, parents, children and siblings. These days may be extended if the death occurs in a different geographical location, considering the distance. • **Polling Station Members who have completed the training process:** One day of paid, non-compensable leave must be granted, provided the citizen has completed the training process. This leave will be effective within 90 days of the election date and is in addition to any leave that may be required for the citizen to perform their role as a polling station member.
FAMILY ALLOWANCE	• It is granted to employees whose salary is not regulated by collective agreements and have children under 18. The benefit may be extended if children study at a university or superior education center until they become 24 years old, and if children over 18 have severe disability. • It is equal to 10% of the living wage.

PROFIT SHARING	• Employees of companies that generate income, except for those that employ up to 20 workers, are entitled to participate in the profits of such companies. • 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)	• Employees 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 approximately half of the remuneration. The total monthly amount that the employee receives regularly for his or her work, whether in cash or in kind, is computed.
MANDATORY LEGAL BONUSES	• 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	• 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	• Employer with more than 50 workers must hire employees with disabilities representing at minimum 3% of its payroll. • Reasonable adjustments may be set for them, both in the selection process and during the employment relationship.

WORKERS' TERMINATION	• 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. • There is a trend towards the award of compensation for moral injury, as an additional means of redress in cases of arbitrary dismissal.

4. PENSION SYSTEMS AND TAXES ON SALARY

PENSION SYSTEMS	There are currently two main pension systems. In both cases, the contribution is paid by the worker, but must be withheld and paid by the employer: **National Pension System** • 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. **Private Pension System** • It refers to Private Pension Fund Administrators (AFP). This is an individual account pension system. • Affiliated members contribute from 11% to 13.5% approximately of their payroll. The pension will depend on the amount accrued at the time of retirement. In September 2024, Law No. 32123, the Peruvian Pension System Modernization Law, was published. This law introduces amendments aimed at improving the coverage and equity of the pension system. However, its entry into force is subject to the publication of its regulations. The main amendments are: (i) the minimum age for early retirement (increased from 50 to 55 years); (ii) the right to a minimum pension under the private regime; and (iii) the contribution based on consumption.
ESSSALUD SOCIAL SECURITY AND INCOME TAX	**EsSalud Social Security Health Insurance** • 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. **Income Tax** • This tax is levied on all work-related incomes. It is charged to the worker, but must be withheld and paid by the employer.

F. Antitrust and Competition

In Peru, free competition is structured around two complementary mechanisms: ex ante control and ex post control. Ex ante control is implemented through the Law on Prior Control of Business Concentration Transactions, while ex post control is exercised through the analysis and sanctioning of anticompetitive conduct. In both cases, the National Institute for the Defense of Competition and the Protection of Intellectual Property (Indecopi) is the authority responsible for enforcing these mechanisms.

Anti-competitive conduct is prohibited and sanctioned by the Law for the Repression of Anti-competitive Conduct[10] (LRCA) and in some cases also by the Criminal Code[11] (CP).

Administrative penalties are determined and executed by the competition authority (Indecopi or OSIPTEL in the case of the telecommunications market) on a case-by-case basis. The Law for the Repression of Anticompetitive Conduct (LRCA) applies to, and where appropriate sanctions, individuals and entities that participate in the unlawful conduct in the investigated market. However, in the case of infringements classified as absolute prohibitions, it may also sanction individuals or entities that, without participating in that market or directly in the anticompetitive agreement, act as planners, intermediaries, or facilitators of the anticompetitive 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.

The Criminal Code only sanctions practices classified as absolute prohibitions under the Law for the Repression of Anticompetitive Conduct (LRCA).The competition authority, after the issuance of the final decision on the existence of an anti-competitive agreement or practice subject to an absolute prohibition, must inform the Public Prosecutor's Office of this decision, including the identity of the person who benefited from the leniency programme. Criminal sanctions are determined and enforced by the Judiciary and are investigated by the Public Prosecutor's Office, which, once it becomes aware of the facts, initiates a preliminary investigation for the commission of the crime of abuse of economic power.

10 Whose Single Ordered Text was adopted by Supreme Decree No. 111-2024-PCM, published on October 12, 2024.
11 Adopted by Legislative Decree No. 635, published on April 8, 1991; amended by the Law Amending the Criminal Code and the Code of Consumer Protection and Defense (Law No. 31040) and Law No. 31775.

1. 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 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.

Such conducts are sanctioned even when the dominant position derives from a legal provision or from an administrative act, contract or regulation. It is important to note that all conducts of abuse of dominance constitute relative prohibitions.

2. 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 profit of each of their members.

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 prices, commercial conditions, limit production or sale, distribute customers, suppliers or markets, or establish positions or abstentions in bids (bid-rigging). The aforementioned practices are those that are criminally sanctioned by the Criminal Code.

3. 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 these cases, the competition authority must demonstrate that the practice has or may have a negative impact on competition.

4. 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. It should also be noted that the competition authority has broad powers to gather information, including the ability to review computers, phones, and other devices of the investigated parties, among other investigative measures.

5. 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 the competition authority. 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, the competition authority 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, the competition authority often punishes individuals who participated in anti-competitive conduct on behalf of sanctioned companies.

As of August 2020, anti-competitive practices considered absolute prohibitions are covered by the CP as offences of a criminal nature, therefore, such offences result in sentences of imprisonment 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.

6. THE LENIENCY PROGRAM (LENIENCY)

According to the LRCA, and provided that certain requirements are met, any of the persons, natural or legal, involved in a horizontal collusive agreement may request the competition authority 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.

Whoever takes advantage of the Leniency Program and manages to be completely exonerated by the competition authority will also be exempt from criminal liability.

7. BUSINESS CONCENTRATION CONTROL

In Peru, the business concentration prior control regime is in force since 2021. The applicable legal framework is comprised by (i) Law No. 31112, "Law that establishes prior control of business concentration operations"; (ii) the regulations of said Law approved by Supreme Decree 039-2021-PCM; (iii) the "Guidelines for the Calculation of Notification Thresholds", approved by Resolution 022-2021/CLC-INDECOPI and (iv) the "Guidelines for the Qualification and Analysis of Business Concentration Transactions," approved by Resolution No. 103-2022/CLC-INDECOPI.

This regime, applicable to all economic activities, requires economic agents to request prior approval from Indecopi for business concentration transactions that concurrently meet the three (3) requirements established in the regime and detailed in section 2 below.

The main aspects of the business concentration control regime are as follows:

1. **Business concentration operations:** the following are business concentration operations, and therefore could be subject to prior control by Indecopi:

    a. A merger of two or more economic agents, which were independent before the operation, whatever the form of corporate organization of the merging entities or of the entity resulting from the merger.

    b. The acquisition by one or more economic agents, directly or indirectly, of rights that allow them, individually or jointly, to exercise control over all or part of one or more economic agents.

    c. The formation by two or more independent economic agents of a *joint venture* or any other analogous contractual modality that implies the acquisition of joint control over one or more economic agents, in such a way that said economic agent performs the functions of an autonomous economic entity.

    d. The acquisition by an economic agent of direct or indirect control, by any means, of operating productive assets of one or more other economic agents.

It should be noted that the four (4) types of transactions described above are not the only operations subject to the prior authorization procedure. As long as there is a change of control, and the requirements are met, an operation could be subject to the regime[12].

For the purposes of analyzing a corporate control structure operation, Indecopi also considers as a single business concentration operation the set of acts or operations carried out between the same economic agents within a period of two (2) years, and the concentration operation must be notified prior to the execution of the last transaction or act that allows the thresholds to be exceeded.

12 For example, the amendment of a shareholders' agreement involving a change in control may qualify as a concentration subject to the prior authorization regime

2. **Business concentration operations subject to the authorization procedure:** In order to determine whether or not a transaction must go through the merger control regime, three (3) conditions must be verified simultaneously:

   a. That the transaction is executed or has effects in Peru.

   b. That the transaction involves a transfer of control. According to the Law, control is "*the possibility of exercising a decisive and continuous influence over an economic agent through (i) ownership or use rights over all or part of a company's assets; or (ii) rights or contracts that allow decisive and continuous influence over the composition, deliberations, or decisions of a company's bodies, thereby directly or indirectly determining its competitive strategy*."

   c. That both parties jointly exceed the two (2) thresholds described in the following numeral:

3. **Thresholds:** The business concentration structures are subject to prior control when the parties comply, concurrently, with the following thresholds[13]:

   - The total sum of the value of sales or annual gross income or value of assets in the country of the companies involved in the business concentration operation has reached, during the fiscal year prior to that in which the operation is notified, a value equal to or greater than 118,000 UIT (the "Joint Threshold").

   - The value of the annual sales or gross income or value of assets in the country of at least two of the companies involved in the business concentration operation have reached, during the fiscal year prior to the one in which the operation is notified, a value equal to or higher than 18,000 UIT each (the "Individual Threshold").

   The Guidelines state that the UIT to be used must *be "the UIT in force as of the last day of the fiscal year prior to the date of notification of the transaction, that is, as of December 31 of the previous year*". Consequently, the threshold amounts applicable to all transactions to be reported in 2025 are as follows:

Year of the Transaction	UIT AMOUNT (2024)	THRESHOLDS	
		Individual	Set
2026	PEN 5,350.00	PEN 96,300,000	PEN 631,300,000

   Likewise, with respect to currency, the Guidelines state that in "*cases where amounts are expressed in a currency other than the Peruvian sol, the applicable exchange rate shall be the average selling exchange rate for the twelve (12) months prior to the notification, as published by the Central Reserve Bank.*"

13 When calculating the thresholds, the Law does not differentiate between the sectors or industries of the agents that participate in the concentration of operations under its jurisdiction.

4. **Operations that do not comply with the requirements:** For the registration and recordation of a business concentration transaction by notaries and public registrars, the parties must submit a sworn statement indicating that the transaction to be registered is not subject to the prior authorization procedure established in Law No. 31112.

   Now, in the event that a business concentration operation is not subject to the merger control regime. 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 aforementioned thresholds are not exceeded. This power may be exercised by Indecopi up to one (1) year after the formal closing of the transaction.

5. **Term and duration of proceedings.** The authorization procedure by Indecopi may entail one or two phases, depending on the transaction to be analyzed and the possible effects that it may have on the relevant market.

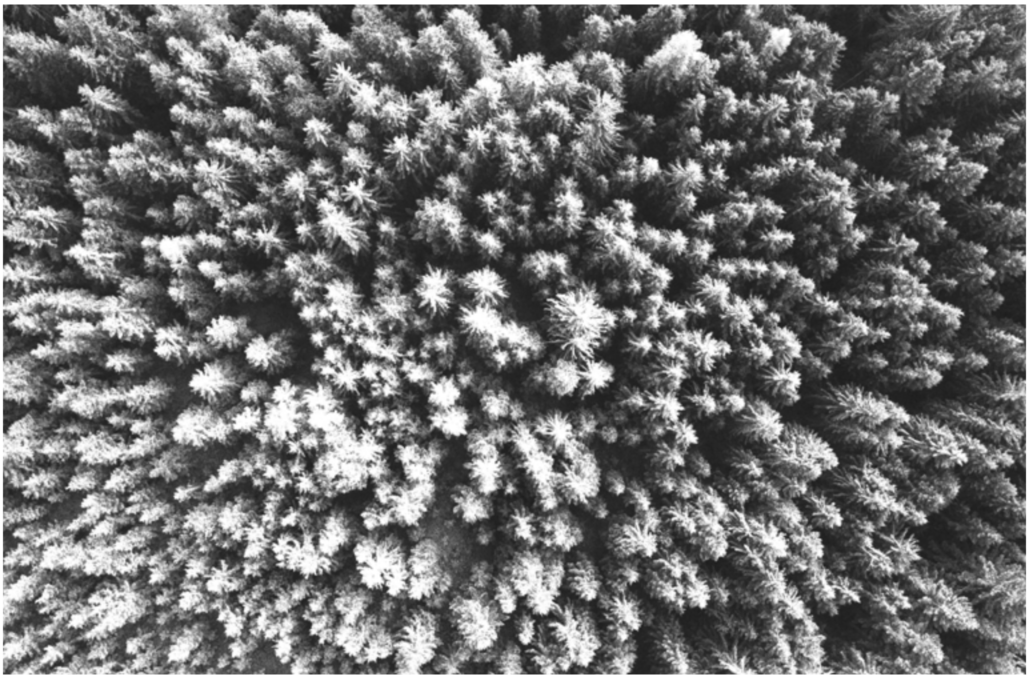
   The first phase culminates with the authorization of Indecopi in cases that do not involve competition concerns. This phase lasts a maximum of sixty (60) business days (including the notification period) and concludes with Indecopi's approval of the transaction. In case the authority does not issue a decision within the term, the transaction shall be deemed to be approved by the application of the positive administrative silence. Only when a business concentration operation has competition concerns or involves companies with a significant participation in the relevant market, Indecopi initiates the second phase of the analysis, which lasts a maximum of ninety (90) working days (extendable for an additional thirty (30) working days, with prior justification).

6. **Termination of proceedings:** Once the business concentration operation has been analyzed, the Law states that Indecopi may: (i) authorize the transaction; (ii) authorize the transaction with conditions aimed at avoiding or mitigating the possible effects that could arise from the business concentration transaction; or (iii) not authorize the transaction. Indecopi's decisions may be appealed.

7. **Fines and non-compliance:** Failure to comply with the regime leads to fines and corrective measures. The amount of these fines could be up to a maximum amount equivalent to 12% of the gross sales or income received by the infringer, or its economic group, related to all its economic activities, corresponding to the fiscal year immediately prior to the issuance of Indecopi's resolution.

   Indecopi may impose corrective measures aimed at undoing the business concentration operation when possible. Notwithstanding the foregoing, the Law indicates that a business concentration operation which should have been submitted to the prior control procedure has no legal effect whatsoever, as long as it does not have the prior authorization of Indecopi.

   It must be noted that formally closing a transaction before obtaining Indecopi's authorization is not the only case of infringement of the business concentration control regime. Thus, actions such as sharing sensitive information between the parties, integrating operations or influencing in any way the company's competitive strategy (exercising some kind of control, even de facto) before obtaining Indecopi's authorization may be considered as a punishable infringement.



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.

Supreme Decree No. 013-2024-MINAM of November 28, 2024, regulated the stages, requirements, and deadlines of the Single Procedure of the SENACE Environmental Certification Process (“PUPCA”), which aims to establish a uniform, participatory, predictable, and efficient environmental impact assessment framework, which entered into force on January 1, 2025.

In accordance with SEIA regulations, the classification of the environmental impact of investment projects, as well as the applicable environmental management instruments, is as follows:

CATEGORY	LEVEL OF IMPACT	MANAGEMENT INSTRUMENT
I	Low negative environmental impact	Environmental Impact Statement (DIA)
II	Moderate negative environmental impact	Semi-detailed Environmental Impact Statement (EIAsd)
III	High negative environmental impact	Detailed Environmental Impact Statement (EIAd)

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.

Currently, SENACE is competent to evaluate and approve the following environmental management instruments:

(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 activities in the Transport sector was assumed.

(iii) On August 14, 2017, authority to approve the Detailed Environmental Impact Assessments for activities in the Agriculture sector 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, it assumed the 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).

(vi) On August 2, 2021, it assumed the authority to evaluate the Detailed Environmental Impact Studies for activities in the Housing and Construction sector.

(vii) On May 2, 2024, it assumed powers to evaluate Environmental Impact Studies Details of sector activities of the health sector.

(viii) On February 1, 2026, it assumes the authority to evaluate Detailed Environmental Impact Assessments for Industrial and Domestic Trade activities.

It is important to mention that, progressively, SENACE will assume the aforementioned skills to assess environmental studies of additional economic sectors.

The Tourism, Fisheries and Aquaculture sectors are expected to complete the transfer of functions to SENACE on December 31, 2026. The Communications, Health, Defense, Culture, Justice and Education sectors are expected to begin the transfer process between the second half of 2026 and the first half of 2029.

There are also other public entities with the authority to grant permits and/or authorizations that may be required by the owner of a project (depending on the nature of the project), such as the Natural Service of Natural Areas Protected by the State - SERNANP, the National Water Authority - ANA, the General Directorate of Environmental Health - DIGESA, and the Ministry of Culture.

Within this framework, on February 28, 2025, the National Forest and Wildlife Service – SERFOR published Executive Directorate Resolution No. D000044-2025-MIDAGRI-SERFOR-DE, through which the Guidelines for the granting of deforestation authorizations were approved. Among other aspects, these guidelines establish the obligation of project holders to carry out ecosystem compensation for the affected area in another area with an ecosystem similar in conditions and dimensions.

Additionally, on March 12, 2025, Supreme Decree No. 004-2025-MC was published, which amended the Regulation on Archaeological Interventions approved by Supreme Decree No. 011-2022-MC. Among other aspects, it establishes the conditions for the implementation of the “Surface Archaeological Diagnosis” (a private document containing the archaeological analysis of an area to determine whether archaeological evidence is present on the surface of that area).

It is worth mentioning that Law No. 303227 created the Global Environmental Certification procedure with the purpose of progressively incorporating into a single administrative procedure (i.e., the approval procedure of the environmental management instrument) the simultaneous approval of different permits, licenses and authorizations by the aforementioned public entities. The Regulation of Title II of Law No. 303227 - which refers to the Global Environmental Certification - was approved by Supreme Decree No. 005-2016-MINAM, published on July 19, 2016.

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 the 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. 00019-2025-OEFA/CD adopted the New OEFA Supervision Regulations, adding principles of institutional coordination and various obligations of the supervisor. Likewise, through Board of Directors Resolution No. 00013-

2020-OEFA/CD, modified by Board of Directors Resolution No. 00002-2024-OEFA/CD, the Evaluation Regulations of the Environmental Assessment and Supervision Agency were approved.

In addition, the OEFA is gradually assuming evaluation, monitoring and sanctions duties and jurisdiction, and to date, not all economic sectors are under the jurisdiction of the OEFA, but some ministries and regional governments maintain the authority to supervise, supervise and sanction in environmental matters, as established by current legislation. Specifically, the OEFA has assumed the competences of the mining and energy sectors (hydrocarbons and electricity), medium and large-scale fishery and aquaculture, manufacturing industry and domestic trade, agriculture, education, housing and construction, justice, culture, solid waste, and environmental consulting firms.

It is important to mention that in recent years the government has issued regulations and draft regulations to strengthen environmental institutions and regulate the environmental aspects of the different sectors. Among the most relevant are the following:

(i) Environmental Protection Regulations for projects related to housing, urban planning, construction, and sanitation activities, approved by Supreme Decree No. 015-2012-VIVIENDA, as amended by Supreme Decree No. 008-2025-VIVIENDA.

(ii) Environmental Management Regulation approved by Supreme Decree No. 017-2015-PRODUCE, modified by Supreme Decree No. 006-2019-PRODUCE.

(iii) Regulation for Environmental Protection in Hydrocarbon Activities, approved by Supreme Decree No. 039-2014-EM.

(iv) Environmental Protection Regulation for the transportation sector, approved by Supreme Decree No. 004-2017-MTC.

(v) Environmental Management Regulations for the Fishing and Aquaculture Subsectors, approved by Supreme Decree No. 012-2019-PRODUCE, modified by Supreme Decree No. 004-2023-PRODUCE and Supreme Decree No. 013-2025-PRODUCE.

(vi) Regulation for Environmental Protection in Electrical Activities, approved by Supreme Decree No. 014-2019-EM.

(vii) Environmental Protection Regulation for Mining Exploration Activities, approved by Supreme Decree No. 042-2017-EM, amended by Supreme Decree No. 019-2020-EM and by Supreme Decree No. 028-2023-EM.

(viii) Environmental Management Regulations for the Tourism Sector, approved by Supreme Decree No. 003-2023-MINCETUR.

(ix) Regulation for Environmental Protection and Management for Mining Activities of Exploitation, Processing, General Labor, Transportation, and Storage, approved by Supreme Decree No. 040-2014-EM, as amended by Supreme Decree No. 005-2020-EM and Supreme Decree No. 006-2025-EM.

(x) Environmental Management Regulations for the Agricultural Sector, approved by Supreme Decree No. 006-2024-MIDAGRI, as amended by Supreme Decree No. 005-2025-MIDAGRI.

(xi) Environmental Protection and Management Regulations for the Justice and Human Rights Sector, approved by Supreme Decree No. 011-2024-JUS.

(xii) Environmental Management Regulation for the Communications Sector, approved by Supreme Decree No. 023-2024-MTC.

(xiii) Regulations for the National Environmental Information System (SINIA), approved by Supreme Decree No. 034-2021-MINAM.

(xiv) The Comprehensive Solid Waste Management Law, approved by Legislative Decree No. 1278, which establishes the general aspects for solid waste management, was amended by Legislative Decree No. 1501 and by Law No. 31896, whose regulations were approved by Supreme Decree No. 014-2017-MINAM, amended by Supreme Decree No. 001-2022-MINAM.

Likewise, the Special Regime for the Management and Handling of End-of-Life Tires was approved by Supreme Decree No. 024-2021-MINAM, as well as the new Regime for the Management and Handling of Waste Electrical and Electronic Equipment, approved by Supreme Decree No. 009-2019-MINAM, which was amended by Supreme Decree No. 035-2021-MINAM.

(xv) Supreme Decree No. 010-2020-MINAM, modified by Supreme Decree No. 001-2024-MINAM, in order to establish the provisions for the submission of the corrective environmental management instrument for solid waste infrastructure.

(xvi) Law No. 30884, Law that regulates single-use plastic and disposable containers or packaging, in order to promote the reduction of the adverse impact of single-use plastic, plastic marine, river and lake trash, and other similar pollutants, on human health and the environment.

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. For example, the Regulations for Citizen Participation in the environmental management of the Fishery and Aquaculture subsectors have been approved by Supreme Decree No. 017-2022-PRODUCE, and the Regulation of Citizen Participation for the realization of Electrical Activities, by means of the Supreme Decree No. 016-2023-EM (as amended by Supreme Decree No. 017-2025-EM).

Likewise, within the framework of ILO Convention No. 169, administrative measures (i.e., administrative acts that allow the initiation of a certain activity) and legislative measures that may affect native or indigenous peoples require prior consultation proceedings which must be carried out by the authority responsible for issuing the administrative and/or legislative measure in question, in accordance with the provisions of Law No. 29785, the Law on the Right to Prior Consultation of Indigenous or Native Peoples, and its Regulations, approved by Supreme Decree No. 001-2012-MC.

Finally, once the project is completed, the owners of the investment project are obliged to carry out remediation and closure activities to restore the areas disturbed by their activities and return the area where the project was executed, as far as possible, to its original state. A novelty in relation to the closure and post-closure stage was incorporated for the mining sector by Law No. 31347, which amended Law No. 28090, Law that regulates the closure of mines, in relation to the regime of guarantees for the closure of mines, as well as in relation to the joint and several liability of directors and majority shareholders with respect to environmental damages resulting from the abandonment of mining units in the closure stage.

On the other hand, on April 18, 2018, the Framework Law on Climate Change, Law No. 30754, was approved in order to establish the principles, general approaches and provisions regarding public policies for managing climate change adaptation and mitigation measures, in order to reduce the country's vulnerability to climate change, take advantage of the opportunities of low-carbon growth and comply with the international commitments assumed by the State before the United Nations Framework Convention on Climate Change. The afore mentioned Law has been regulated by Supreme Decree No. 013-2019-MINAM, establishing -for example- the creation of the National Registry of Mitigation Measures – RENAMI (implemented by Supreme Decree No. 010-2024-MINAM), where all the information referred to the level of progress of emission reductions and increase of Greenhouse Gas (GHG) removals from mitigation measures will be registered, as well as the transfers of GHG emission reduction units.

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, modified by Supreme Decree No. 005-2023-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.

Finally, it is important to mention that, through Supreme Decree No. 003-2022-MINAM, modified by Supreme Decree No. 001-2023-MINAM, a climate emergency was declared of national interest in the country, with the aim of urgently executing measures to implement climate action, in accordance with the commitments assumed under the NDCs by 2030.

H. Consumer Protection and Product Liability

The Consumer Protection and Defense Code (Law 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 -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 is the competent national administrative authority responsible for verifying compliance with consumer protection regulations. Its decisions may be appealed before the Specialized Consumer Protection Chamber of the Indecopi Court.

Likewise, depending on the amount or matter in dispute, the Summary Proceedings Resolution Bodies are competent to rule on consumer protection matters in the first administrative instance. In these cases, the Consumer Protection Commission will review the decisions in second administrative instance.

The Consumer Protection and Defense Code protects consumers in a “consumer relationship” or in a preliminary stage thereof. It applies to: (i) any “consumer 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 the purposes of the Code, the following definitions apply: (i) **consumers** are natural or legal persons who acquire, use, or enjoy products or services as final recipients for their own benefit or that of their family group, acting in a sphere unrelated to a business or professional activity; and (ii) **suppliers** are natural or legal persons who, on a regular basis, manufacture, produce, handle, condition, mix, package, store, prepare, sell, or supply products, or provide services of any nature to consumers.

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 supplier 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 supplier 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 extent of relevant or material information to be provided to the consumer will depend on the nature of the goods or services offered. The Consumer Protection and Defense Code contain various provisions establishing the information to be provided to the consumer for certain types of goods and services.

(ii) **Suitability:** the “service supplier” 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 supplier 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.

The Consumer Protection and Defense Code prohibit consumer discrimination. The supplier 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.

(i) **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 guaranties are not imposed on optical products).

(ii) **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.

(iii) **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. COMPLAINTS BOOK

Through Law No. 31435, published on March 22, 2022, the Consumer Protection and Defense Code was amended reducing the deadlines for addressing consumer claims and complaints. Thus, currently, the supplier must address any claim or complaint from the consumer and must respond to it within fifteen (15) calendar days, which cannot be extended.

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).

All suppliers that carry out economic activities in establishments open to the public are required to have a Complaints Book.

The complaints book is a document of a physical or virtual nature provided by suppliers in which consumers register their claims or complaints about the products or services offered in a particular commercial establishment.

A claim is filed when the consumer expresses a disagreement related to the goods or services provided. On the other hand, a complaint is filed when the consumer expresses a disagreement that is not related to the goods sold or supplied or the services provided.

Each of the commercial establishments (physical or virtual) open to the public must have a Book, which must be in a visible place on the premises and easily accessible to the public and with a Notice indicating its existence. The Book must follow the format approved by Indecopi, which is included as ANNEX 1 and 2 of Supreme Decree No. 011-2011-PCM, amended by Supreme Decree No. 006-2014-PCM and Supreme Decree No. 101-2022-PCM.

On November 11, 2025, Law No. 32495 was published, amending the Consumer Protection and Defense Code in order to clarify the obligation of e-commerce platforms to maintain a Complaints Book. In general terms, the law provides that any e-commerce platform that intermediates the contracting or acquisition of goods or services must implement a Complaints Book, in either physical or virtual format, accessible to consumers. It also establishes that digital platforms must display, in a visible and easily accessible manner, the link to the Complaints Book, in order to inform consumers of its existence and the procedure for submitting complaints or claims.

5. DANGEROUS PRODUCTS AND RECALLS

The Consumer Protection and Defense Code establishes a set of obligations for suppliers regarding the risks posed by the products or services they offer.

When a product or service presents a risk that is foreseeable due to its nature or components, the supplier must take the necessary measures for its proper conservation, handling, and transportation, warning the consumer of said risk, as well as the correct method of use of the product or service, and the actions to be taken in the event of damage. The supplier’s actions must not increase the foreseeable risk.

If, after a product or service has been introduced to the market, previously unforeseen or unforeseen risks are detected, the supplier must act immediately. The details of the supplier’s duties and the procedure to follow in these cases are established in Supreme Decree No. 050-2016-PCM (“Supreme Decree approving the Regulation establishing the procedure for communicating warnings and alerts regarding unforeseen risks of products or services placed on the market that affect the health and/or safety of consumers”).

Recently, Law No. 32230 introduced the Dangerous Products and Services Alert System (Consumer Alert System). This mechanism aims to disseminate relevant information about products and services that pose unforeseen or unforeseeable risks. Indecopi is responsible for managing this system and may request information, disseminate alerts, and monitor compliance with the warning and alert communication procedure.

6. 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 monetary fine) to a fine of up to 450 UIT (US$ 750,000 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. Unfair competition and advertising

Legislative Decree No. 1044, Law for the Repression of Unfair Competition, regulates acts of unfair competition, which include acts that are configured through advertising. This Law applies to any person, natural or legal, who participates in the market offering or demanding goods or services.

The referred rule applies to those acts whose effects or purpose, directly or indirectly, is to compete in the market. It also applies to any act of unfair competition that produces or may produce effects in all or part of the national territory, even if such act has originated abroad.

The Commission for the Control of Unfair Competition of Indecopi is the national administrative entity responsible for the verification of compliance with the rules governing acts of unfair competition and advertising activity. Its decisions may be appealed before the Antitrust Chamber, which resolves in the second and final administrative instance.

The Law for Repression of Unfair Competition includes a comprehensive (but not exhaustive) list of acts considered unfair competition. In the case of advertising, its dissemination does not require prior authorization or supervision by the authority. Compliance with the rules governing advertising will be monitored once the advertisement has been disseminated in the market.

The evaluation by the authority of an advertisement is made in a comprehensive manner, that is to say, on the whole content of the advertisement, including words, images, sounds, among others, considering that the addressee of the advertisement makes a comprehensive and superficial analysis of the advertisement. In the case of an advertising campaign, all the pieces that compose it will be analyzed as a whole.

The responsibility for proving the truthfulness and accuracy of the objective statements disseminated in the market with respect to certain goods or services lies with the person who has disseminated such statements in its capacity as advertiser.

The administrative liability arising from the commission of acts of unfair competition through advertising corresponds, in all cases, to the advertiser. However, the media shall also be administratively liable for the commission of acts of unfair competition that infringe broadcasting rules that regulate, condition or prohibit the communication of certain contents or the advertising of certain types of products. This liability is independent of the liability of the advertiser. Additionally, the advertising agency will also be administratively liable when the commission of acts of unfair competition is generated by an advertising content different from the characteristics of the advertised good or service. This liability is also independent from that of the advertiser.

In accordance with the provisions of the Law for the Repression of Unfair Competition, the contravention of any of the provisions set forth therein may be sanctioned according to the following detail:

(i) **Financial sanctions:** from a reprimand to a fine, depending on the type of infringement: (a) minor infringement that did not have any real effect on the market: a reprimand; (b) minor infringement: up to 50 UIT (approximately US$ 83,500); (c) serious infringement: up to 250 UIT (approximately US$ 420,000); and (d) very serious infringement: up to 700 UIT (approximately US$ 1,167,000).

For purposes of determining the seriousness of the infraction and the application of the corresponding fines, the Commission shall take into account the following criteria:

a) The illicit benefit resulting from the commission of the infraction;

b) The probability of detection of the infringement;

c) The modality and scope of the act of unfair competition;

d) The size of the market concerned;

e) The market share of the infringer;

f) The effect of the act of unfair competition on actual or potential competitors, on other agents participating in the competitive process and on consumers or users;

g) The duration in time of the act of unfair competition; and,

h) The recidivism or reiteration in the commission of an act of unfair competition.

(ii) **Precautionary measures:** measures intended to ensure the effectiveness of the final decision and prevent further damage to the concerned party. Among these measures are: the cessation of the infringing act, the confiscation and/or immobilization of the infringing products, the temporary closure of the establishment, among others.

(iii) **Corrective measures:** are those measures whose purpose is to reestablish fair competition in the market. These measures include the cessation of the infringing act, the removal of the effects produced by the infringing act, the confiscation and/or destruction of the infringing products, the temporary closing of the establishment, the rectification of misleading information, the publication of the conviction, among others.

(iv) **Fines for non-compliance:** if the fine imposed or any of the ordered precautionary or corrective measures are not paid, additional sanctions may be imposed.

J. Property Law and Real Estate Investment

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. The prohibition of property owned by foreigners in the border area is not absolute, since due to public necessity and through a supreme decree such property can be authorized. Third, the development of various legal mechanisms to ensure that the acquisition, transfer, and use of real estate are carried out in a more dynamic and secure manner.

1. PRIVATE AND PUBLIC REAL ESTATE

Investors interested in acquiring real estate 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 or five years, which it is known as “acquisitive prescription of ownership.”

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. There is also the option to purchase agreement, under which one party undertakes to enter into a sale and purchase agreement within a specified period, while the other party has the right to decide whether or not to execute the contract, and conditions precedent may be included to be fulfilled by the parties.

Within private lands, there is a special type of real estate whose transfer is subject to specific formalities. These are properties owned by peasant and native communities in which the sale of such property must be approved by the respective community assemblies in compliance with the applicable legal provisions and the internal rules of each community. In accordance with the resolutions of the assemblies, the persons expressly authorized to act on behalf of the community will execute the contract.

On the other hand, except in cases of donations and mortgages, which have certain formalities, agreements related to real estate may generally be executed by simple mutual consent. However, in practice, and due to the need to assert rights over property against third parties, it is advisable to execute the contract with formalities that evidence its 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.

Publicly owned real estate may be classified as either public domain property —property intended for public use or allocated to a public purpose— or as private property of the State. These assets are subject to different legal regimes depending on whether they consist of land with or without buildings. In both cases, there is a highly specialized regulatory framework that establishes a series of formal requirements for their use by private parties through agreements such as sale and purchase, exchange, easement, surface rights, usufruct, among others.For this purpose, it is necessary to follow administrative procedures before the entity that owns the real estate, comply with the legal requirements established for each type of transaction, and participate in public auctions or tenders, competing with other bidders for the acquisition of the intended right. As a general rule, these rights are acquired through public auction, although there is extensive regulation that allows for direct allocation in the case of public investment projects.

Unlike privately owned real estate, State-owned property cannot be acquired through acquisitive prescription, unless such prescription had been completed prior to November 24, 2010.

2. URBAN AND RURAL REAL ESTATE

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

Urban real estate is located within areas that have urban planning instruments and typically hosts commercial, industrial, residential, public service, and other activities characteristic of urban zones. When a specific purpose is intended for the urban property to be acquired, it is particularly important to first obtain from the relevant local government certificates that detail —among other information— the permitted uses or activities and the construction parameters that must be observed. Such certificates are valid for three (3) years, and while they remain in force, the holder may rely on the information contained therein, even if regulatory changes occur that modify the permitted uses and parameters of the property.

Rural properties are those located outside urban areas and are typically intended for extractive, agricultural, livestock, countryside, and similar activities. Currently, there is a debate regarding the requirement to obtain licenses and permits to construct and carry out economic activities of an urban nature on rural properties. However, in most cases, it is possible to change the land use from rural to urban by following a relatively complex procedure before the competent local governments, after which the property becomes fully authorized for the development of economic activities.

3. REGISTRY SYSTEM

The National Administration of Public Registries (SUNARP) is the entity that administers 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 real estate (lands and buildings), the identity of the owner, and to check whether the title is affected by mortgages, charges and liens of a judicial or extrajudicial nature.

While registration in the Public Registry is not mandatory for establishing rights over real estate, it is the preferred mechanism for asserting rights against third parties, and is therefore always recommended.

In this sense, 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. In principle, those who appear as owners in this system are duly entitled to sell the properties of which they are owners.

4. 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 (via expropriation) 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 can only discuss the value of the compensation in arbitration or before the Judiciary. Expropriation is always in favor of the Republic of Peru only.

In recent years, the State has increasingly relied on this mechanism to acquire real estate and allocate it to infrastructure projects such as roads, ports, airports, mass transit systems, among others. The accumulated deficit in this area explains the frequent use of expropriation. In this context, the State has issued various legal provisions establishing procedures to acquire ownership and possession of real estate in a simpler and faster manner, which must be strictly complied with to avoid potential legal challenges in the future.

K. Intellectual Property

1. 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. No prior use of the trademark or a declaration of intent to use is required to obtain registration.

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 three and five months approximately. If oppositions are filed, the procedure – at first instance – would take twelve 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 Specialized Administrative 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. Use licenses may also 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.

2. 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 five 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, licenses, 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.

3. 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.

L. 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 several 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 issued by the SBS is 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 Coinsurance 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. Also, in 2023, the SBS approved the Regulation of Credit Insurance, Surety and Bonds (Resolution SBS No. 0332-2023) in order to strengthen the regulation of these products. This regulation established provisions for the risk management of such insurance, among others.

In addition, the SBS has promoted the regulation of remote systems for the commercialization of mass insurance through SBS Resolution No. 277-2021, which facilitated the possibility for insurance companies, brokers and marketers to efficiently promote insurance offerings through non-face-to-face mechanisms.

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.

M. Internet regulations / E-Commerce

The legal and regulatory framework for electronic transactions in Peru is broad and regulates various aspects including consumer protection, personal data protection, computer crimes, digital security, electronic signatures, digital payments, tax aspects on the sale of digital products and services, among others.

In general terms, the Civil Code regulates non-face-to-face contracting and recognizes the use of electronic and digital means as a valid way to manifest the will and perfect consent in any legal action.

The parties involved in an e-commerce relationship (consumers and suppliers) must respect the principles of good faith and transparency in their consumer relations. Suppliers must have terms and conditions in their digital channels that clearly specify the conditions for the acquisition of goods or services. Likewise, they must establish privacy and cookie policies that duly regulate the use of their users' data as provided by the Peruvian Personal Data Protection Law, enacted by Law No. 29733 (the "LPD"), and its regulations approved by Supreme Decree No. 003-2013-JUS. Also, they must have a virtual Complaints Book which must necessarily be hosted on the home page of their website.

In terms of consumer protection, there is no specific rule that regulates the situation of the consumer who contracts through digital channels, however, to fill this gap, the Code of Consumer Protection and Defense (hereinafter, the Code) is used, a rule that contains the minimum provisions for the protection of consumers. Likewise, the National Institute for the Defense of Competition and Protection of Intellectual Property (Indecopi) is in charge of resolving consumer claims against e-commerce suppliers. The rules of the Code apply to: (i) any "consumer relationship" that originates in Peruvian territory or produces effects in such territory (even if it originates elsewhere); and, (ii) transactions that do not involve payment of consideration but have a commercial purpose aimed at promoting consumption. It is worth mentioning that in the last few years several regulatory reform initiatives have been presented that seek to have a specific regulation for the protection of e-commerce consumers; however, they are still under review before Congress.

The use of electronic signatures is expressly regulated by Law No. 27269, Law on Digital Signatures and Certificates (Law of Signatures), and its Regulations, which recognize three types of electronic signatures (simple electronic signature, advanced electronic signature and digital signature). These rules establish that the digital signature has the same validity and legal effectiveness as the use of a handwritten signature, as long as it has been generated by a duly accredited digital certification service provider within the Official Electronic Signature Infrastructure (IOFE). On the other hand, although "simple or advanced electronic signatures" do not provide the same legal protection (in terms of identification of the signer and non-repudiation of the document subscribed) as a digital signature or a handwritten signature, it is valid to use such electronic signatures as a valid expression of will, provided that no specific legal or contractual provision is violated.

The burden of proof will depend on each type of electronic signature:

a) In the event of a dispute over the authorship of the simple or advanced electronic signature, the burden of proof falls on the person who invokes it as authentic.

b) In the event of a dispute regarding the use of a qualified electronic or digital signature, the burden of proof is reversed and, consequently, whoever denies authorship must demonstrate that the signature is apocryphal.

On the other hand, in recent years, several issues related to the Internet have been regulated, such as electronic money, digital wallets, anti-spam regulations, domain name registration, e-government, computer crimes, liability of digital platforms of collaborative economy, online gambling, payment gateways and payment systems through QR Code, etc.

In the area of digital payments, the Central Reserve Bank of Peru (BCRP) has strengthened the regulatory framework of the National Payments System, defining Payment Service Providers (PSPs) as legal entities domiciled or incorporated in Peru that offer Payment Services within that system, and identifying the Payment Services Entity (ESP) as the PSP that is not authorized by the competent authority to offer deposit or electronic money accounts. It also distinguishes between Payment Infrastructures (Payment Systems and Payment Agreements) and introduces the concept of a Prominent Payment Agreement, as well as the possibility of direct or indirect participation in such infrastructures. In practice, this classification is relevant to determine whether a prior authorization scheme or an informational registration applies, depending on the role of the provider and the infrastructure in which it operates.

In parallel, there are specific BCRP regulations applicable to certain services. For example, for QR Code payment services, the BCRP expressly regulates Digital Wallet Providers, QR Code Providers, and Payment Networks, establishing obligations such as having regulations/contracts consistent with the applicable legal framework, security and privacy policies, risk management documentation, and registration with the BCRP for certain providers.

On the other hand, if the model involves (i) transfers of funds to/from Funds Accounts (e.g., deposit accounts, electronic money accounts, credit card lines, or others), or (ii) the provision of or participation in infrastructures (Payment Agreements or Payment Systems), or (iii) services regulated by specific circulars (e.g., QR), it will be necessary to review its classification as a PSP/ESP, the relevant role (direct/indirect participant; administrator, etc.), and the applicable registration/authorization and risk management/security obligations.

Likewise, two additional regulations issued by the Central Reserve Bank of Peru (BCRP) should be noted: (i) Circular No. 0027-2022-BCRP, which regulates key aspects of participants in a card payment agreement; and (ii) the Regulation on Interoperability of Payment Services, whose purpose is to establish the conditions under which different payment service providers may interconnect and process transactions efficiently, benefiting users through greater coverage and more options when making digital payments.
In particular, within Card Payment Agreements, the BCRP regulates card payment services and establishes obligations such as registration for informational purposes for Card Payment Networks, Issuers, Acquirers, and Payment Facilitators; and emphasizes transparency in fees as a mechanism to ensure that merchants have relevant information when contracting payment services, thereby promoting competition.

Likewise, with respect to the regulations applicable to online gambling, Supreme Decree No. 005-2023 approved the Regulation of Law No. 31557, “Law that regulates online games and online sports betting”, which was subsequently amended by Law No. 31806. This law establishes the regulation of online sports betting activities in Peru. Among its main provisions is that the operators of technological platforms that exploit remote games or offer online betting must have an authorization or license granted by the competent authority in order to operate. Likewise, other components and related suppliers, such as payment gateways, integrated systems, game programs, among others, must undergo a process of approval. registration and in some cases of approval. This regulation establishes that the owners of the technological platforms of online gambling houses must pay a special tax of 12% on the net profits obtained.

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 subject to Income Tax.

N. Financing Issues / Payments

The execution of financing agreements with foreign financial entities is not subject to any restrictions, nor does it require prior authorization from, or registration with, the Central Bank of Peru, the Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS) or any other similar entity. 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 carried out by financial leasing companies. If such companies have either of the two characteristics set forth in the applicable regulation, they must be domiciled in Peru and be duly authorized by the SBS to carry out their operations. Companies engaged in financial leasing operations that do not have any of these characteristics will be considered as financial leasing companies outside the scope of the Banking Law, and must only register with the SBS to carry out their operations.

O. Securities Regulations

Securities transactions are mainly regulated by the Securities Market Law (SML). This law applies to securities that qualify as transferable securities, that is, that are issued in bulk, that are freely negotiable, and that grant their holders credit rights, participation rights or similar rights of an economic nature. Transferable securities may be offered publicly or privately.

1. SECURITY OFFERINGS

All securities that are offered publicly, except for the exceptions expressly provided for in the law, must be previously registered in the Public Registry of the Securities Market (RPMV) administered by the SMV (Securities Market Superintendence), as well as comply with certain other requirements. Among the current exceptions to the aforementioned rule are securities offerings made by the State and securities offerings registered or authorized in the countries of the Pacific Alliance (comprised of Peru, Chile, Colombia and Mexico) and/or the Latin American Integrated Market - MILA (comprised of stock exchanges and securities depository or registry entities of those countries, as mentioned below). Also exempted are securities offered in the framework of the FPF (Financial Participatory Financing), which is subject to the special rules governing this type of activities.

In order to carry out a public offering of securities, the LMV, as well as its regulatory rules issued by the SMV, establishes certain standards, such as transparency and timely disclosure of relevant information to potential investors. All information disclosed to the market for such purposes must be disclosed through the channels provided in the rules for such dissemination and be submitted to the RPMV, and the information disclosed must be true, clear, sufficient and timely. The information submitted to the RPMV is freely accessible, unless it is declared confidential under certain circumstances provided for in the legislation.

On the other hand, Peruvian law establishes that any advertising or notice on financial assets under the competence of the SBS or the SMV, which is made with the purpose of obtaining money from the public, in exchange for a return or a right of an economic nature, and which is made in Peruvian territory using mass media, including virtual media, such as social networks or the internet, may only be made by subjects authorized or supervised by the SMV or the SBS.

2. PUBLIC OFFERINGS

The rules governing the securities market mainly cover the following types of public offerings: (i) the public offerings for the primary placement or sale of securities, (ii) the tender offer - OPA, (iii) the public offerings for the purchase of securities by exclusion from the RPMV - OPC; and (iv) international offerings. To the offers proposing to exchange securities for other securities, or for securities and other assets, called exchange offers, the rules foreseen for the offers indicated in (i), (ii) or (iv), as appropriate.

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 in the RPMV of securities subject to a public offering, as a general rule, an informative prospectus must be filed with the SMV containing all the information considered relevant for investors about the issuer, the offering and the security; the annual audited financial statements for the last two periods (or for the time of incorporation of the issuer) and the last available quarterly financial statements, the annual report for the last two years (or for the time of incorporation of the issuer), as well as some other documents and information described in the applicable regulations, depending on the type of public offering in question.

3. PRIMARY PUBLIC OFFERING OR SALE OF TRANSFERABLE SECURITIES

The primary public offering of securities can be made through individual issues or emission programmes. The latter allow the realization of one or more broadcasts during the term of program registration that is maximum six years. In the case of registering a programme, the issuer is obliged to update the framework information leaflet submitted for the registration of the programme on the third anniversary of that registration. In any case, the placement of the securities is done in merit to the registration of the corresponding issue and can be carried out within three years from the date of registration of the respective issue, and, if the issue corresponds to a program, as long as it remains in force.

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. In the latter case, in the case of securities offerings that are registered with the United States Securities and Exchange Commission or are made under Rule 144A or Regulation S, a special recognition regime has been established with automatic registration and no reporting obligations for issuers.

4. TENDER OFFER (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. It should be noted that the SMV has published a proposed regulatory amendment that provides that the valuation entity be appointed by the party required to launch the tender offer (OPA).

In other cases, the OPA should be the mechanism for acquiring a significant shareholding (Previous tender offer - OPA).

The regulations establish that tender offers of securities through a Peruvian stock exchange may only be made through a voluntary OPA, for which the same requirements established in the regulations for mandatory OPA must be followed.

5. TENDER OFFER FOR SECURITIES BY EXCLUSION FROM THE RPMV - OPC

The request to exclude securities from the RPMV or from a Peruvian Stock Exchange, or the execution of a transaction with similar effects (for example, a spin-off in which investors end up owning unregistered securities), entails the obligation to make a public tender offer (OPC) prior to the exclusion, unless an exception applies.

The OPC must be addressed to all holders of securities that did not participate in the in the exclusion decision or the approval of the transaction with similar effects, at a minimum price set by a valorization entity which is designated by the SMV. It should be noted that the SMV has published a draft regulatory amendment proposing that the valuation entity be appointed by the party required to launch the OPC.

6. INVESTMENTS IN SECURITIES BY LOCAL INSTITUTIONAL INVESTORS

The acquisition of transferable securities and other local or foreign financial instruments by local institutional investors is subject to their own regulations, which specify the characteristics that such transferable securities or instruments must have in order to be eligible for investment by such investors. For example, in the case of investments of pension funds or insurance companies, the rules approved by the SBS must be followed. On the other hand, in the case of investments of a mutual fund or local investment fund, the rules established by the SMV must be followed.

7. LIMA STOCK EXCHANGE

The Lima Stock Exchange (BVL) is currently the only stock exchange in Peru. The BVL has mechanisms for the regular listing of shares and other local and foreign securities. In the case of securities considered as “foreign securities” (for example, those issued abroad by local or foreign issuers), the BVL has implemented simplified listing mechanisms (fast track) that apply to securities that are already listed in certain other markets (dual listing).

Additionally, the BVL has a trading segment in which certain securities registered in the RPMV can be traded for an exclusive offer to Institutional Investors. In the case of offerings of “foreign securities” registered with the U.S. Securities and Exchange Commission - SEC, in which such securities are admitted to trading in a market under SEC supervision, registration in the RPMV and the BVL will be automatic.

The BVL has also implemented a special segment for the listing of junior mining companies, which includes a simplified listing mechanism (fast track) when the securities are previously registered in certain foreign markets specialized in the trading of securities issued by such companies.

In addition, the BVL, together with the Santiago Stock Exchange, the Colombian Stock Exchange, the Mexican Stock Exchange and the corresponding securities depository or registry entities, is part of the Latin American Integrated Market (MILA), in order to facilitate the trading of securities listed on these exchanges among investors in their respective countries. Through MILA, investors can acquire and sell securities in any of these markets through an intermediary in their country of origin.

The BVL, the Santiago Stock Exchange and the Colombian Stock Exchange are currently in the process of creating a single stock market through the eventual integration of their infrastructures and services, and their shareholders and the stock exchanges themselves have signed various agreements to achieve this goal. In November 2023, control of the aforementioned stock exchanges was transferred to a single company, which is expected to accelerate the integration process with a view to the creation of a single regional market. In December 2025, the SMV approved a corporate integration through which control of the BVL and CAVALI was transferred to a new company, called Nuam Internacional SPA, which is expected to become the ultimate holding company of the aforementioned group of entities. The trade name adopted for the promotion of this market is NUAM Exchange.

8. STOCK EXCHANGE INTERMEDIARIES

Stock exchange intermediaries (broker-dealers) are in charge of all transactions carried out on the BVL. In order to carry out their activities, these entities are required to obtain a license from the SMV and are subject to its control and supervision.

Currently, for operations within the framework of MILA, local intermediaries can carry out operations in other stock exchanges through the platforms of the respective foreign exchange intermediaries.

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

9. 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 to act as a securities clearing and settlement institution, being subject to the control and supervision of the latter governmental entity.

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).

10. TAXES

Capital gains derived from the transfer of Peruvian securities by "non-domiciled" persons in Peru are subject to a preferential Income Tax rate of 5%, provided that the securities are traded on the BVL. Otherwise, the applicable rate will be 30%.

P. Guarantees

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

1. MORTGAGE

Real estate may be subject to a mortgage.

For the creation of a mortgage, the following essential requirements must be observed:

- That it be granted with the express consent of the owner of the property or their duly authorized representative.
- That it secure the performance of a specific or determinable obligation.
- That the amount of the encumbrance be determined or determinable.
- That it be executed by means of a public deed, unless otherwise provided by law.
- That the creation of the mortgage be registered with the Real Property Registry.

Once the mortgage is registered in the abovementioned registry, it is considered legally valid and legally effective. As a general rule, the enforcement of a mortgage is carried out through judicial proceedings.

2. SECURITY INTEREST

A security interest over movable property is created over movable assets (present and/or future) in accordance with Peruvian law, and for its validity it must be set forth in writing.

For its proper creation, the security interest over movable property must comply with the formalities and minimum requirements applicable under the relevant law. To be enforceable against third parties, the appropriate publicity mechanism must be used depending on the type of security interest created (generally, registration in the relevant registry).

With the entry into force of the new regulation on security interests over movable property—effective as of March 3, 2025— the registration of such security interests (except for those exceptions established by law) is carried out through the Movable Security Information System – SIGM, an electronic platform administered by the National Superintendence of Public Registries – SUNARP that centralizes the publication of security interests over movable property (and other acts) in Peru. This new system allows each secured creditor to be responsible for the publicity process of its security interest, without review by a Peruvian Public Registrar.

The enforcement of a security interest over movable property may be carried out either judicially or extrajudicially. Likewise, it may be agreed that the secured creditor will be awarded ownership of the asset subject to the security interest, in accordance with the formalities and requirements established by law.

Q. 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 guarantees that apply to nationals. Due process and effective jurisdictional protection are recognized as constitutional rights.

1. JUDICIAL SYSTEM

The Peruvian judicial system is composed of 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 and the specialty, among other factors. Peru has a Civil Law System, unlike Common Law. However, in some cases, case law may constitute a source of law when a judicial precedent (in civil matters), a binding precedent (in constitutional matters) or a binding jurisprudential doctrine (in criminal matters) is established.

Proceedings related to civil and commercial matters are contained in the Code of Civil Procedure, while criminal proceedings are regulated in the Code of Criminal Procedure. This progressively replaced the Code of Criminal Procedure, which remains in force only and exclusively for certain proceedings that were initiated under it. On the other hand, constitutional proceedings are governed by the Code of Constitutional Procedure, while the review of administrative decisions is governed by the Law of Contentious Administrative Proceedings. Labor proceedings are handled under the rules of the Labor Procedure Law.

The Judiciary is organized into 35 judicial districts around the country. First instance is made up of single-judge courts, depending on the specialty. In each judicial district, the Superior Chambers are composed of three members and act as a second instance. However, there are specific proceedings for constitutional, criminal and civil matters in which the Superior Chambers acts as the court of first instance. In those proceedings, the Supreme Court acts as the court of appeals. The Supreme Court is at the highest judicial level and usually reviews cases on matters of objective law. The Chambers of the Supreme Court consist of five members.

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 which is an autonomous body and is not part of the Judiciary.

2. JURISDICTION OF COURTS

There are three main categories to determine the organization of the judiciary system: territory, specialty and hierarchy. Jurisdiction is determined by law. However, in some cases, the parties may agree to submit their disputes to a law and jurisdiction other than Peruvian law.

3. 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).

Recognition and 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 between Peru and the foreign country, the rules of reciprocity (which are presumed) will apply, in which case the judgment issued by the competent foreign court will be admitted and, therefore, enforced by the Peruvian court, unless, in accordance with the laws of the foreign country, judgments issued by Peruvian courts are not admitted in such country, or the judgments issued by Peruvian courts are subject to a re-examination, by the competent foreign court, of the matters addressed in the aforementioned judgment.

4. ARBITRATION

Disputes on matters not subject to mandatory jurisdiction may be submitted to arbitration, provided that the parties have so agreed.

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, in accordance with 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

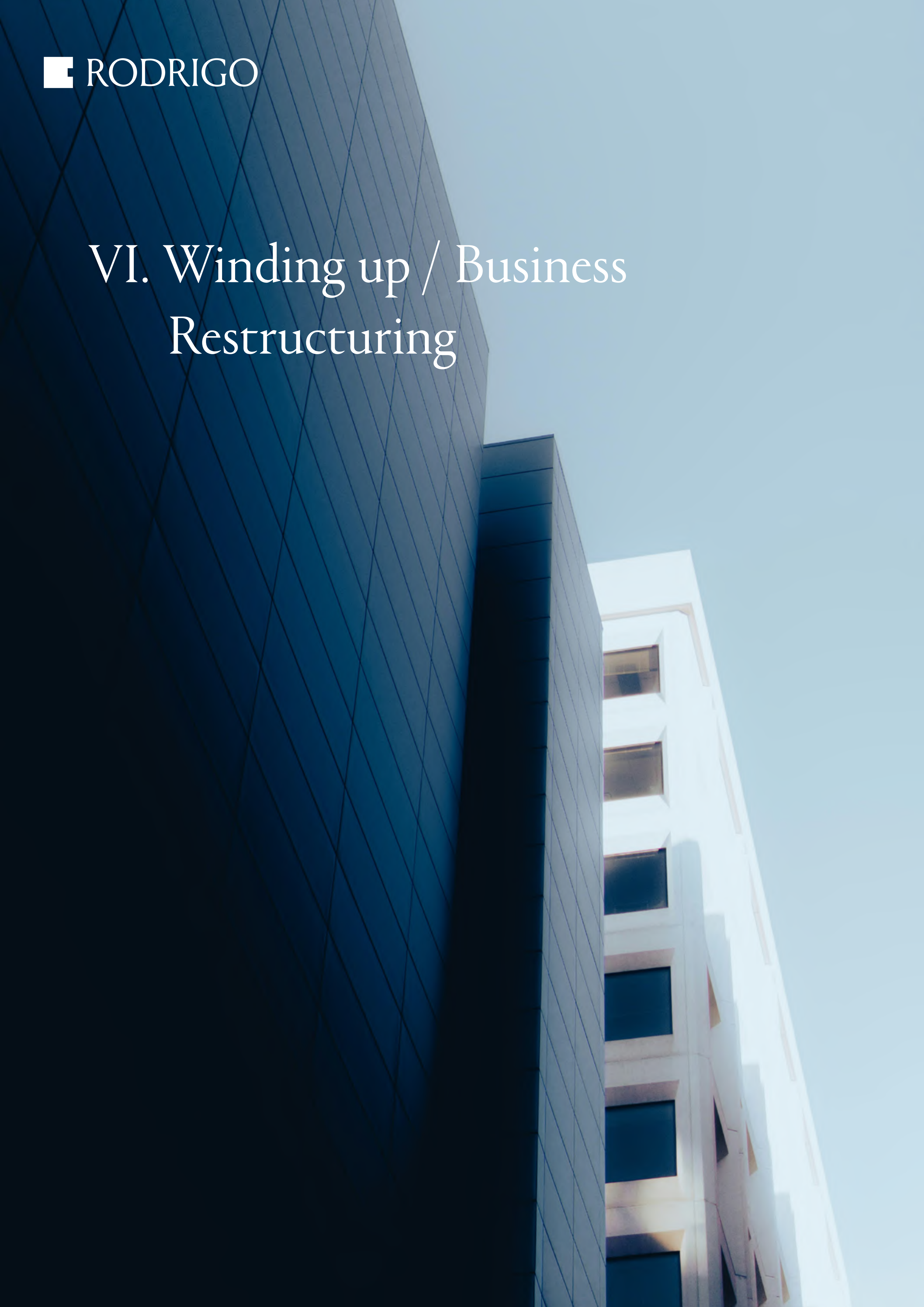
- Inter-American Convention on International Commercial Arbitration, approved in Panama on January 30, 1975.

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.

RODRIGO

VI. Winding up / Business Restructuring



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.

1. 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.

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.

2. 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.

The National Institute for the Defense of Competition and the Protection of Intellectual Property (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.

On the other hand, 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 UITs and are past due for more than 30 days. The ordinary bankruptcy proceeding seeks to create an orderly scenario to allow creditors to decide (by majorities established by law) whether to restructure or liquidate the estate's debtor.

The creditors' meeting is formed by all creditors who hold claims against the bankrupt debtor, which are 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, jurisdictional authority 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 subsequently be declared bankrupt at the liquidator's request before the competent courts.

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