



Peru's Business and Investment Guide

2018 / 2019

December 2018



ProInversión

Private Investment Promotion Agency - Peru



Ministry
of Foreign Affairs



Building a better
working world



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Fore word



Peru is one of the most important countries in Latin America. Its diverse characteristics include a variety of climates, a vast territorial expanse, significant natural resources, people with great skills and high academic standards, and a solid economic and industrial background. Today, Peru is considered one of the world's leading emerging markets, with a solid recent history of economic stability based on an uninterrupted average annual growth over the past 20 years of 4.6% of its Gross Domestic Product (GDP). Likewise, it is notable for its people, who are characterized by their productivity and entrepreneurship. These factors make Peru an excellent destination for foreign investment.

This Business and Investment Guide is a tool for foreign and national investors, providing key information on the country's current economic situation and the principal tax, legal, and labor issues, as well as on how to incorporate businesses in Peru, and general information on how to invest and do business in the country. It also contains a complete directory of Peruvian embassies and consulates abroad, as well as contacts of interest to investors.

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Words from the President of the Republic of Peru



Martín Vizcarra Cornejo
President of the Republic of Peru

Dear friends:

In recent years, Peru has proven time and again that it has a sound economy, as reflected in the sustained growth of its GDP at an annual average of nearly 6% over the last decade, in addition to its exchange rate stability and low inflation levels.

The modernization of the country's government and economy is a national goal, and a priority of my administration, with a view to improving the quality of life of all Peruvians. While economic stability has helped lift over 9 million Peruvians out of poverty in recent years, there is still a great deal of work to be done. To tackle this challenge, we must procure the commitment of all economic agents, government actors, and civil society as a whole.

We are committed to ensuring that Peru is an accessible and safe country for doing business, with clear and stable rules. We pledge to foster investment, innovation, and diversification, with the goal of promoting a modern economy marked by growing productivity and competitiveness, based on national entrepreneurship driven by micro, small, and medium-sized enterprises. We also seek to consolidate equitable growth that benefits all

of the country's regions, without excluding any social groups. We are dedicated to eliminating internal barriers to growth, with the goal of achieving an integrated economy in which we can take full advantage of the opportunities offered by globalization.

Peru's modernization also means that we must continue to bolster institutionality, prevent social conflicts, and fight corruption. It is also critical to reduce the level of informality in our economy, making public administration more transparent in an effort to tighten bonds between state and citizens and strengthen Peru's image in the eyes of foreign investors.

In 2018, we expect public spending to grow by 9.9% at all levels of government. We are allocating resources to decentralized projects that can be implemented quickly, as well as to the performance of reconstruction and public works, along with megaprojects. We also predict a 5.5% growth in private investment this year, thanks to the economic acceleration driven by new mining projects and the recovery of investment in infrastructure.

We predict that the Peruvian economy will grow by an average of 4.4% during the 2019-2020 period, driven, among other factors, by increased private investment. The growth rate is expected to hit 5% by 2021, when we will commemorate the bicentennial anniversary of Peruvian independence. This means that the poverty rate will fall to 18% by then, from its current level of 21.7%.

Clearly, the challenges faced by our government are complex, and the role of foreign investment is critical in helping to tackle the issues we face. I am firmly convinced that this Peru's Business and Investment Guide 2018-2019 will be extremely helpful in drawing attention to the many opportunities available in Peru.

I invite you to make the most of the many strengths and advantages offered by Peru, making us a reliable destination for investments and a potential hub for business development in South America.

EY Peru: Challenges to achieve sustainable growth



Paulo Pantigoso Velloso da Silveira
Country Managing Partner
EY Peru
Editor



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ey.com/PE/EYPeruLibrary

From the beginning of the new millennium through 2018, Peru has achieved an impressive cumulative growth of 139% of its Gross Domestic Product (GDP) accompanied by a cumulative inflation during the same period of just 65%, the best rates of their kind in all of Latin America. In monetary terms, poverty has been reduced by half in recent years, with more Peruvians living in better conditions, with a brighter future. Nowadays, Peru is a true economic miracle nearly 20 years after the end of its history of hyperinflation and terrorism, which have given way to the best possible conditions of stability, respect, and promotion of investment in the Region, becoming the fifth largest economy in South America - measured in purchasing power parity - after Brazil, Argentina, Colombia, and Chile. Together with this economic progress, national pride has experienced sustained growth, rooted in our knowledge that we will continue to conquer the world together as a result of our own effort. This pride also stems from the rich historical legacy that influences our flourishing awareness of Peruvian identity, manifested, for example, in our cuisine and tourist attractions. Effectively, our entrepreneurial nature, as well as the exploitation and processing of our resources are changing our cities markedly, along with our way of life, and articulating a new Peru.

This growth comes with the challenge of sustaining it, which in turn demands an increase in productivity based on improvements in educational quality, infrastructure, domestic security, productive efficiency and modernity, the reduction of bureaucracy, and the implementation of much needed reforms. Indeed, with a Gross Domestic Product (GDP) per capita measured in Purchasing Power Parity (PPP) estimated at approximately

US\$13,334 for 2017, Peru crosses a development threshold where it is forced to avoid falling into a group of nations inserted in the so-called “middle-income trap.” This trap occurs when the growth of GDP per capita slows considerably after a period of rapid growth (generally, when the PPP reaches between US\$10,000 and US\$15,000) and could be attributed to a phenomenon of complacency with the relative success achieved, causing the continuous reforms so necessary for progress to stagnate. With all of this, Peru is just beginning its “demographic bonus” period, where 65% of its population between the ages of 15 and 64 reach their highest records of production, consumption, savings, and investment. This is why it cannot fail to take advantage of this historic moment of definitive consolidation as a country making the jump from a developing economy to a developed nation. In effect, the “demographic bonus” is expected to last until 2048.

Some of the challenges and opportunities that our Peru has prioritized in order to maintain the economic stability it has achieved are as follows: the concrete challenges of eradicating poverty and extreme poverty; prioritizing investment in technological innovation; improving the quality of education; fostering private investment and infrastructure investment and positioning itself in the region as a bustling hub of international trade, thanks to the implementation of treaties strategically signed with the world’s primary economies, which account for 89% of our exports; sustaining a powerful domestic demand; promoting productive diversification; consolidating itself as an international reference point in cuisine and tourism; improving the management of public health, domestic security, and the environment; redesigning decentralization and

regionalization; implementing a revamped, efficient and committed public administration, which makes it possible to implement and execute projects and investments, and which, in turn, enables the timely development of said projects through appropriate, optimized and efficient proceedings; resolving social conflicts in a timely manner; fighting corruption; fostering social inclusion; fighting against drug trafficking and eliminating the remnants of terrorism.

The sustainable annual growth potential of Peru’s GDP is above 4.5% and if, for example, over a period of ten continuous years it maintained an annual average growth rate of 6%, counted as from 2018, it would reach a Gross Domestic Product (GDP) per capita, measured in Purchasing Power Parity (PPP) of approximately US\$20,000 in 2027.

Peru is growing rapidly and, consequently, this creates new and better business opportunities. By this Business and Investment Guide, we, as EY, commit ourselves to support Peru’s growth by helping companies to start, grow and succeed.

If you are a foreign investor interested in investing in Peru, you may also approach the nearest Peruvian Diplomatic or Consular Mission, the details of which are included at the end of this Guide.

Finally, we have provided readers with the most recent data on the country’s outstanding economic performance, as well as important technical information on how to establish businesses in the country. We invite you to read through, and to contact us should you have any questions or comments.

What to expect for Peru by 2030?

Below is a summary of some of the challenges we wish to highlight for the reader and the investor, based on a reading of this Business and Investment Guide, as well as other publications, so that your business investments in Peru help make it a better country. These are some of the goals that we as a country hope to achieve by the end of 2030.

Peru is a country with a solid macroeconomic framework, supported by consistent macroeconomic policy fundamentals, an efficient management of public finances, a diverse investment portfolio, and a healthy management of public debt and fiscal balance.

This leads to economic growth driven by five main factors:

1. The evolution of the mining industry
2. The execution of infrastructure projects
3. The growth of the middle class
4. Solid macroeconomic fundamentals
5. The development of agribusiness, tourism and cuisine



Peru: full member country of the OECD and the First World

Poverty reduction at 7% and eradication of extreme poverty: major dissemination and efficiency of social programs

Respect and sustainable utilization of the environment and geological diversity

Strengthening of the democracy and the rule of law

Average life expectancy reaches 89 years (75 years currently, according to INEI)

Improvement of spending per capita for health: child malnutrition decreases to 7% (12.9% as at 2017)

Inequality of revenue is reduced on a national level (Gini coefficient from 0.438 (2016) to 0.38)

Prevention of risks of disaster and vulnerability in relation to climate change

Productive diversification, identified, promoted and achieved

Access to water and sanitation and electricity services to 90 and 99%, respectively

Modern infrastructure in transport, information technologies, communications, energy, sanitation and utilities

Over 50 Peruvian, multi Latin and/or global economic groups

Hub of business meetings in South America

More water diversions from other basins, in addition to Chavimochic, thus irrigating coastal regions

68% of the population of working age (15-65 years old)

Increase of Peru's investment in education from 3.7% of the GDP (2016) to 8%

Universal Health Insurance; annual public spending no lower than 6% of the GDP

Model of a consolidated democracy with power balance and a dynamic market serving the country and citizenship

Elimination of the necessity of a visa for the first 50 economies in the world

100% of our exports under FTAs

Non-traditional exports make up 40% of total exports

Top quality basic and tertiary education

Urban population 78%, rural population 22%

Increased importance, economic and political visibility in an international context

Peru is a country free of the "middle-income trap"

Peru reaches 80 points (out of 100) in the index of economic freedom and ranks first in South American (68.7 points as at 2018)

Largest economy and formal employment; thus reducing informality

Investment grade AAA: risk free

Human Development Index (UNDP) higher than 0.800 (0.734 in 2014)

World power in fisheries, fish farming and traditional exploitation

Consolidated advantage in energy costs on a regional level (utilization of gas, hydric and wind energy)

Investment grade AAA: risk free

General progress of indicators of political stability, corruption control and judicial independence; absence of violence

8 million tourists a year; 2.5 million entering directly through Chinchero Airport, Cusco

Boosted production, consumption and investment utilizing the demographic bonus: maintains long-term growth

Economic model established as a long-term program

Strengthening of communications integrating 100% of the country and utilization of the first Peruvian satellite

Leader in modern agriculture: innovative watering system in the Sechura desert enables the extension by 550,000 ha, equivalent to more than an extra 35% of the modern agricultural border as at 2015

Destination for regional and global talent immigration

South American country with the least violence (according to UNDP)

Country leader in experience of public-private partnerships

More than US\$15 billion per annum in infrastructure concessions

Enhancement of a greater number of archeological sites in the country out of a total of 44,000

Boosting of tourism, hotel management and cuisine: hotel pole in the North of Peru

Six lines of the Lima Train Station

Words from the Minister of Foreign Affairs for the Peru's Business and Investment Guide 2018-2019



Néstor Popolizio Bardales
Minister of Foreign Affairs

Dear readers,

The Peru's Business and Investment Guide 2018-2019 is a vital tool for investors and businesspeople interested in joining in Peru's growth and the benefits it offers, giving them an inside look at our country's favorable investment climate and providing them with the contacts and opportunities they need to do business.

This Guide contains information on the macroeconomic, legal, tax, sectorial, labor, and financial framework in place in Peru. It also showcases the economic progress that our country has achieved. Of particular note are the credit ratings issued by Standard & Poor's and Fitch Ratings, who have given Peru a long-term foreign currency sovereign rating of "BBB+," proving that the country is in a position to successfully weather adverse external conditions, as demonstrated during the financial crisis of 2008.

The Guide also provides investors and entrepreneurs with information on a significant number of international agreements in place that facilitate investment and trade, most notably the twenty-six reciprocal investment promotion and protection agreements, nineteen free trade agreements entered into with countries and regional integration spaces, and eight Avoidance of Double Taxation Agreements.

Peru currently offers major opportunities for investing and doing business. Over the last years, we have continually spearheaded economic growth in the region. With appropriate macroeconomic policies, we will continue to consolidate and augment that growth. We have excellent relations at the regional, hemispherical, and global levels, as demonstrated in the successful organization of different international forums, as well as our participation in major international organizations, in which we have sought to foster multilateralism. Likewise, Peru recently assumed the presidency, for a period of



one year, in two major integration processes: The Pacific Alliance and the Andean Community. In light of the foregoing, it is clear that the international community views our country as a prime example of political and economic continuity and stability.

It is also important to note the efforts Peru is currently making with a view to joining the Organization for Economic Co-operation and Development (OECD), which have helped raise standards and foster best practices, consequently improving the quality of our public policies and the services the Peruvian state provides to its citizens. Thanks to these efforts, we succeeded in maintaining a solid economy in recent years, with sustained GDP growth, exchange rate stability, and low inflation levels.

The Ministry of Foreign Affairs is committed to promoting the capture of foreign investments and the export of Peruvian goods and services to international markets. We believe these to be the

most powerful tools for promoting sustainable and inclusive economic development, creating jobs, and fostering social well-being. One of our main duties is to promote our country's image abroad. This Guide is a valuable aide in this task, and we are pleased to present it to all of you. We hope you find it useful.

Words from the Minister of Economy and Finance for the Peru's Business and Investment Guide 2018/2019



Carlos Augusto Oliva Neyra
Minister of Economy and Finance

A Solid Foundation for Future Growth

Thus far in 2018, Peru's economy has exhibited clear signs of recovery. During the second quarter, the GDP grew by 5.4% and private investment rose by 8.5%, the best results recorded for these variables in the last five years. The evolution of economic activity remains on track to close out the year with a growth of about 4.0%. As a result, the Peruvian economy will continue to be one of the most dynamic in the region.

During the 2019-2020 period, the development of a number of mining projects (some of which are already underway) and increased progress in major infrastructure projects will help GDP growth to exceed 4.0%, on average. While such growth is acceptable, it needs to be accelerated so we can continue to reduce poverty, create high-quality jobs, and improve the living conditions of the country's inhabitants. With this goal in mind, we are implementing a number of economy policy measures aimed at consolidating the foundation for sustained growth, pushing GDP growth closer to 4.5% by 2022, what is being done?

To increase competitiveness, we are developing a National Competitiveness Policy that will promote the efficient use of production factors. To achieve this, we have published the draft of a document that proposes eight pillars underlying concrete actions aimed at fostering competitiveness, so that we can receive comments from different sectors of society. One essential part of this strategy is the development of the National Infrastructure Plan, which has received support from multilateral organisms and the government of the United Kingdom.

As for government spending, the management processes are being improved for the Invierte.pe public spending system, along with the State Contracting Act. Meanwhile, on the private side, modifications have been made to the Public-Private Partnership (PPP) and Works for Taxes (OxI) mechanisms, which are expected to encourage increased participation by the private sector in the development of the country's infrastructure.



PERU

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With the goal of promoting production diversification and the development of micro, small, and medium-sized enterprises (MSMEs), measures have been published to foster secure and predictable public demand, with high quality standards, via Myperu Procurements. A new business incorporation regimen was also published, for a business form known as the Simplified Closely Held Corporation (Sociedad por Acciones Cerrada Simplificada, or SACS). Additionally, tools were approved to help MSMEs reduce their financing costs via the Crecer Fund. The Security Interest Information System (SIGM) was also published to allow for a more flexible use of security interests, at lower costs.

In an effort to help implement public policies while ensuring sustainability and fiscal responsibility, as well as the state's efficiency in providing better goods and services to its citizens, the government has approved a new statutory framework to modernize the financial administration of the public sector, consolidating the best international practices

in public finance management, which will be enacted on a progressive, orderly basis.

Finally, sustained growth requires continued macroeconomic stability. Among other things, this means guaranteeing the sustainability of public finances. To this end, the government has taken steps to reduce tax avoidance and evasion, aligned with best international practices and standards. Actions have also been taken for the digital transformation of the tax system, with an emphasis on the widespread use of electronic payment vouchers.

We have created a solid foundation for future growth, making Peru a truly attractive destination for investors.

Words from the General Director of Economic Promotion for the Peru's Business and Investment Guide 2018/2019



Silvia Alfaro Espinosa
General Director of Economic Promotion
Ministry of Foreign Affairs

Dear readers,

In 2021, Peru will celebrate 200 years of independence. This occasion deserves to be marked as the commemoration of a democratic, prosperous country that offers equal opportunities within a framework of respect for human rights and the state under the rule of law. Our national policies are aligned with the Sustainable Development Goals of the United Nations Agenda 2030. This also brings us into alignment with the objectives of the Organization for Economic Co-operation and Development (OECD), an organization to which Peru aspires to adhere in the shortest time possible.

In recent years, foreign investment, free market policies, and trade agreements have made a decisive contribution to the notable growth of Peru's Gross Domestic Product, along with our country's image of stability wellbeing in the eyes of international observers. At the same time, the strengthening of our institutions, transparency, and efforts to streamline administrative processes have convinced more and more investors to invest in Peru every day. Nevertheless, we still must continue to wage the war against corruption that we have begun, as well as formalizing our economy.

To sustain this progress and growth, the different institutions of the Peruvian state, the private sector,

and academia must work to forge synergies, such as the one achieved with this invaluable publication. This extremely useful tool provides users with knowledge of the framework in place for doing business in our country.

The Peru of today faces great challenges in overcoming the enormous infrastructure gap that affects our competitiveness, as well as improving production quality standards and modernizing our logistics chain. After the damages caused by the Coastal El Niño Phenomenon last year, we have been forced to give serious thought to not only the massive destruction that occurred, but our own shortcomings: the nonexistent or precarious infrastructure, particularly in strategic sectors such as transport, housing, education, health, and agriculture, which represents a gap of at least US\$160 billion.

As for our presence on the international economic stage, we have made solid progress in recent years toward a wide-ranging integration with our main trading partners, especially as part of the Pacific Alliance, which includes the region's fastest-growing economies, based on a shared worldview and the free movement of goods, capital, services, and people.

You can download the digital version of this Business and Investment Guide by scanning the QR code or through the following web address:
<http://www.rree.gob.pe/sitepages/guias.aspx>



Peru has also tackled other challenges in the run-up to the bicentennial of its independence in 2021. Our main priorities as a country, in the short and medium term, include the following objectives:

1. Substantially improve the quality of public policies and the services that the Peruvian state provides to its citizens, with the goal of fostering our economic, social, and institutional development. In this regard, the standards and best practices promoted by the OECD provide an unbeatable framework, which we have been gradually implementing.
2. Achieve a qualitative leap in infrastructure, in addition to promoting a diversified economy, by boosting the industrial sector and improving the quality of education, technological training, and innovation.
3. Increase our exports, both qualitatively and quantitatively, with the goal of reaching US\$70 billion as soon as possible. To achieve this, we are strengthening the institutional framework necessary for traditional exporters, especially in the mining and industrial fisheries sectors, to continue investing and expanding their operations, while also fostering the development
4. Guarantee that the country's economic development is not merely "coastal development," making sure that the entire country benefits equitably in the highland and jungle regions, which requires better infrastructure in these areas.

of SMEs and their internationalization. As for receptive tourism, our goal is to hit 7 million visitors by 2021, for which purpose we are investing in airports, infrastructure, and initiatives to diversify the industry.

In a single generation, we Peruvians have achieved an incredible transformation based on the consolidation of democracy, economic stability and openness, the creation and development of a social inclusion policy with economic growth. As a result, we are embracing ever more ambitious aspirations, objectives, and goals.

I invite you to continue placing your trust in Peru, investing in its citizens as we continue to look to the future with unmatched optimism.

Words from the Executive Director of ProInversión for the Peru's Business and Investment Guide 2018/2019



Alberto Ñecco Tello
Executive Director
Peruvian Private Investment Promotion Agency (ProInversión)

Given the country's macroeconomic stability and legal framework—one of the most accessible and favorable to foreign direct investment—Peru has managed to consolidate the highest growth rate and lowest inflation rate in the region. These achievements are also a reflection of the trust that investors have placed in the Peruvian economy. Indeed, Peru has now received an investment grade rating from the three major agencies (S&P, Moody's, and Fitch), with the second best rating in Latin America.

Although the growth of the Peruvian economy in 2017 was moderate, at a rate of 2.5%, it is now recovering and on track to exceed rates of 4% starting this year, according to the BCRP.

Under these circumstances, ProInversión plays a fundamental role in contributing to the country's economic dynamism and fostering its growth potential through public-private partnerships (PPPs),

which can help to close Peru's infrastructure gap and thus increase its economy competitiveness. To achieve this, we have focused on the following pillars:

- Become a hub for excellence, working with the best financial, technical, and legal consultants during the structuring stage, and advising our grantors along these same lines during the formulation stage.
- Promote private investment, actively socializing PPPs and Projects in Assets.
- Bolster our commercial strategy, attracting the best potential bidders for projects in portfolio.
- Reinforce our organizational structure, attracting talent and using KPIs to consolidate the agency's efficient and effective performance.



At present, ProlInversión has a project portfolio in excess of US\$11 billion for the 2018-2020 period, not including projects whose CAPEX amount is not yet defined, as well as major projects—particularly in the transportation sector—that will be granted in the coming months, which may bring the portfolio to over US\$20 billion. Three of the largest investments in the current portfolio will be made in the hydrocarbons, transportation, and water and sanitation sectors.

In the hydrocarbons sector, one of the most interesting projects is the "Massive Use of Natural Gas - Distribution System via Natural Gas Network in the Regions of Apurímac, Ayacucho, Huancavelica, Junín, Cusco, Puno, and Ucayali". This gas distribution project involves an investment of US\$400 million, with the contract scheduled to be awarded in the last quarter of 2018.

In the transportation sector, the "Huancayo-Huancavelica Railway" is a major project with an

estimated investment value of US\$235 million, with the contract to be awarded during the first half of 2019.

In the water and sanitation sector, we have the "Head Gate Intake and Penstock Works for the Supply of Drinking Water to Lima," valued at US\$700 million, with the contract to be awarded in 2019.

It is important to highlight the fact that Peru offers investors unrestricted access to the different sectors, where they may compete freely without any kind of discrimination. Investors also receive guarantees regarding private property and the free movement of capital.

We invite investors to explore the investment possibilities available in Peru, and to share in the benefits of the country's promising development.





Background Information

1

Government

Peru is a constitutional democratic republic with a multi-party system. Under the current Constitution of 1993, the President is the Head of State and Government, elected for a five-year period, without the possibility of running for immediate re-election. The President designates the Prime Minister and the rest of the Cabinet. There is a 130-member unicameral Congress elected for a five-year term. Bills may be proposed either by the Executive or by the Legislative Branches, and they become law after being passed through Congress and enacted by the President of the Republic of Peru. The Judiciary and the National Electoral Board are independent institutions.

The Peruvian Government is directly elected and voting is compulsory for all citizens between the ages of 18 and 70. Peru has some of the best macroeconomic indicators in Latin America, with an expected Gross Domestic Product (GDP) growth rate well above the regional average.

> Country Overview

Type of Government	► Constitutional Republic.
Legal System	► Constitutional State of Law based on laws and codes.
Executive Branch	► President of the Republic: Head of State and Government. ► Elections: Every five years by popular vote (consecutive re-election not permitted). Next elections: 2021. ► Cabinet: The Cabinet of Ministers is appointed by the President.
Legislative Branch	► Unicameral Congress (a bill has been submitted to there is a bill to adopt bicameralism). ► 130 seats. ► Members are elected by popular vote for a period of five years. ► Next elections: 2021.
Judiciary Branch	► Judges are appointed by the National Judge Selection and Evaluation Board.
Main Autonomous Entities	► Constitutional Court. ► National Electoral Board. ► Controller General's Office. ► Central Reserve Bank of Peru (BCRP). ► Superintendency of Banking and Insurance (SBS) and Private Pension Fund Management Companies (AFP).
Regional Governments	► 25 Regional Governments (including the Constitutional Province of Callao).
Local Governments	► 196 Provincial Municipalities. ► 1,676 District Municipalities.

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> Country Overview (continued)

International Relations

- Peru has numerous economic cooperation and Free Trade Agreements (FTAs) with multiple countries (see Section II.2: Trade Agreements).
- Member of the United Nations since 1945 and a member of the Security Council in 2006 and 2007.
- Member of the World Trade Organization (WTO) since 1995.
- Member of the Pacific Alliance since its creation in 2011.
- In 1998, it became a member of the Asia Pacific Economic Cooperation (APEC) hosting the APEC and EU-LAC summits in 2008 and the Arab-South American Summit (ASPA) in 2012. In 2013, it hosted the World Economic Forum on Latin America.
- Peru was the site of the COP 20 (Climate Summit organized by the UN) in 2014; and hosted the World Bank (WB) and International Monetary Fund (IMF) Annual Assembly in 2015. It also hosted the Asia Pacific Economic Cooperation (APEC) Summit in 2016. Likewise, it hosted the Summit of the Americas in 2018.

Sources: Peruvian Constitution, CIA - The World Factbook, United Nations (UN), Ministry of Foreign Affairs (MRE)

2

Geography

Peru is located on the west central coast of South America. It is bordered by the Pacific Ocean to the west, by Chile to the south, by Brazil and Bolivia to the east, and by Colombia and Ecuador to the north. With a total land area of 1,285,215.60 km², Peru is the third largest country in South America after Argentina and Brazil, and can be divided geographically into three natural regions:

- The Coast, a narrow strip measuring approximately 3,080 km long. Although it accounts for only 11.7% of Peru's territory, it is home to approximately 18.1 million inhabitants. Lima, the political and financial capital of the country, is located in this Region.
- The Highlands, or Sierra, is the site of the Andean Mountain Range, covering 27.9% of the national territory and serving as home to approximately 9.5 million inhabitants. This Region contains the country's major mineral deposits.
- The Amazon Rainforest or Selva is the largest region and occupies 60.4% of the country's territory, rich in petroleum and forest resources. There are approximately 4.4 million inhabitants in this area.

> Peru



Population

32.1 million (estimate for 2018)

Urban: 76.6%

Rural: 23.4%



Area

1,285,215.60 km²



Currency*

Sol (S/)

S/1 = US\$0.302

US\$1 = S/3.309



Main languages

Spanish, Quechua and Aymara



Religion

Freedom of Religion

Principal Roman Catholic



Climate

Ranges from tropical in the Amazon Region to dry along the Coast, Temperate to very cold in the Highlands



Time Zone

GMT - 5 (Greenwich Mean Time minus five hours). There is no daylight saving time, and there is only one time zone throughout the entire country



Natural Resources

Gold, copper, silver, zinc, lead, hydrocarbons, fisheries, phosphates and agricultural products such as coffee, potato, rice, cotton, asparagus, cocoa and organic banana, artichokes, sugar, quinoa, blueberries and corn.



*Interbank exchange rate as at October 1, 2018

Sources: Central Reserve Bank of Peru (BCRP), International Monetary Fund (IMF)

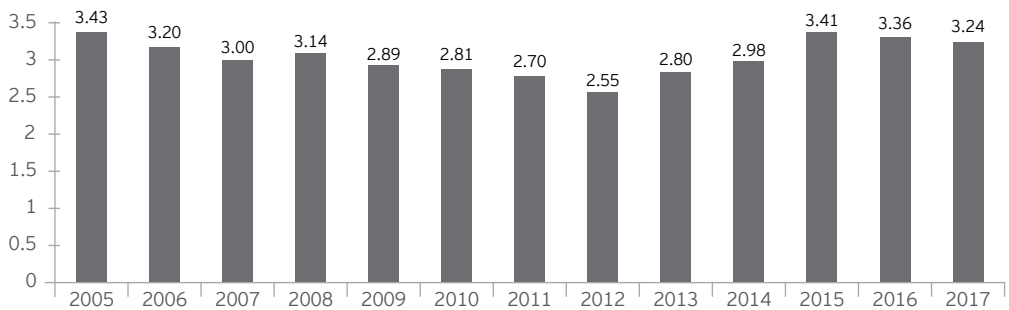
3

Currency

The official currency of Peru is the Sol (S/). The country has a free-floating exchange rate regime, with the government occasionally intervening for purposes of stabilization. As at October 1, 2018, banks were buying US Dollars at S/3.307 and selling them at S/3.309. The gray market has very similar exchange rates.

The Sol is one of the least volatile currencies in the world, exhibiting firmness in the face of international market and currency fluctuations. The Central Reserve Bank of Peru (BCRP) implements fiscal stimulus and liquidity control measures. There are no restrictions or limitations on the number of bank accounts in foreign currency or the remittance of funds abroad that an individual or legal entity may make.

› Exchange Rate Evolution: Soles per US\$1 (End of Each Year)



Source: Central Reserve Bank of Peru (BCRP)

4

Economy

Gross Domestic Product (GDP)	► US\$215 billion (2017)
GDP per Capita	► US\$6,762 (2017)
GDP per Capita (Purchasing Power Parity / PPP)	► US\$13,334 (2017)
Net International Reserves	► US\$63,621 million (as at December 31, 2017)
Foreign Debt	► US\$22.7 billion (2017)
Total Public Debt	► US\$52.6 billion or 24.9% of the GDP (2017)
Fixed Gross Investment	► 21.7% of the GDP (2017)
Unemployment Rate	► 6.9% (estimate for 2017)
Population Living Below the Poverty Line	► 21.7% (2017)
Minimum Wage	► S/930 (approximately US\$282)
Principal Destinations of Peruvian Exports	► Germany, Brazil, Canada, Chile, China, South Korea, India, Japan, Spain, Switzerland, United States and Netherlands
Principal Exports	► Gold, copper, silver, zinc, lead, crude oil and byproducts, coffee, potatoes, asparagus, paprika, organic bananas, quinoa, artichoke, berries, mango, cacao, textiles, fishmeal, and urea
Principal Countries of Origin of Imports to Peru	► Germany, Argentina, Brazil, Chile, China, Colombia, South Korea, Ecuador, Spain, United States, Japan and Mexico
Principal Imports	► Petroleum and byproducts, electronic items, plastics, machinery, vehicles, iron and steel, wheat and paper

Sources: Central Reserve Bank of Peru (BCRP), Ministry of Economy and Finance (MEF), International Labor Organization (ILO), National Institute of Statistics and Information (INEI), International Monetary Fund (IMF), EY, Apoyo

With a population of 32.1 million (the estimate for 2018), Peru also has rich deposits of copper, silver, gold, lead, zinc, natural gas, petroleum, and urea. Due to climate variations in its regions, as well as its natural and cultural resources, it is internationally classified as a mega-diverse country.

Peru's economy reflects its varied geography. The abundance of resources is found mainly in mineral deposits in the mountainous regions, while its extensive maritime territory has always traditionally yielded excellent fishing resources. Despite the fluctuations of the world economy, the administration has resisted pressures for fiscal spending and has used the savings generated by the high prices of commodities between 2006 and 2008, investing in 2011 and 2012 in infrastructure and in social aid programs, paying off part of the public debt, and increasing assets.

The Peruvian economy is now at the start of an acceleration phase, thanks to the implementation of a countercyclical macroeconomic policy and a favorable external environment. Thus, following growth of 2.5% in 2017, the GDP rose by 4.3% during the first half of 2018—its highest rate in four and a half years—and growth rates of 4.0% are predicted for all of 2018 and 2019.

According to the Organization for Economic Cooperation and Development (OECD), if Peru grows at rates in excess of 5% annually, it could become a high-income country by 2025. Likewise, this same growth would reduce the poverty rate to 18.0% by 2021 (2017: 21.7%).

Peru also stands out for its controlled inflation, with anchored expectations with the target range set by the Peruvian Central Reserve Bank (BCRP) (between

1% and 3%), thus reporting the lowest rates out of all the countries that follow this same system in Latin America. In fact, 2018 marked 21 years of single-digit annual inflation rates.

The Peruvian economy is likewise notable for its gross public debt ratio, which is expected to gradually moderate until dropping to 26% of the GDP in 2022, well below the mean for emerging countries (55.5% of GDP) and countries with a similar credit rating (42.2% of GDP).

Peru is predicted to maintain a comfortable level of international reserves, which are equivalent to 28% of the GDP at 18 months of imports, as of July 2018. As a result of the estimated evolution over the coming years of its public finances and its economy in general, Peruvian public debt has maintained its credit rating (S&P and Fitch Rating: BBB+ / Moody's: A3), with a stable outlook, unlike the downward revisions experienced by other countries in the region.

Peru is a member country of the Pacific Alliance, an entity that seeks to free up the commercial exchange of goods and services, the free circulation of people and capital, and promote cooperation mechanisms between the member countries, i.e. Peru, Chile, Mexico, and Colombia. Peru is also following a Country Program executed with the Organization for Economic Cooperation and Development (OECD) to strengthen its public policies.

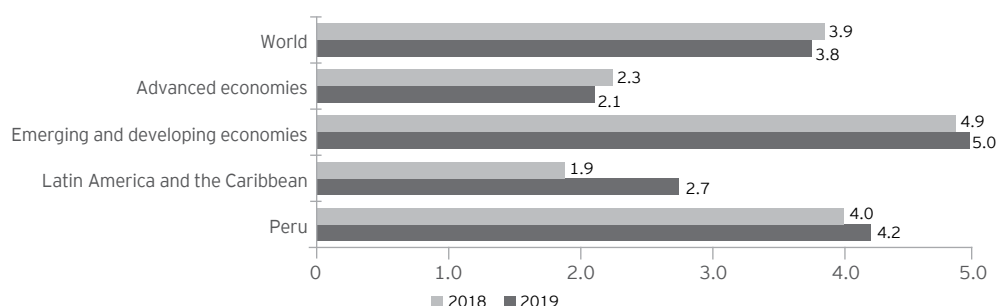
The total GDP and GDP per capita (measured in Purchasing Power Parity - PPP) of the major economies of Latin America, according to the International Monetary Fund (IMF) as at 2017 and projected to 2022, are given below.

› *GDP and GDP per Capita (Purchasing Power Parity-PPP) of the Major Economies of Latin America (2017 and 2020)*

Country	2017		2022	
	GDP in US\$ Billions (PPP)	GDP per Capita in US\$ Billions (PPP)	GDP in US\$ Billions (PPP)	GDP per Capita in US\$ Billions (PPP)
Chile	451	24,537	583	30,082
Argentina	920	20,875	1,175	25,232
Mexico	2,458	19,902	3,121	24,133
Venezuela	381	12,114	319	9,573
Brazil	3,240	15,603	4,008	18,661
Colombia	714	14,485	931	17,947
Peru	424	13,334	567	16,892

Source: International Monetary Fund (IMF), World Economic Database, April 2018

› *GDP Growth in Major Economies (Percentage Change)*



Sources: Central Reserve Bank of Peru (BCRP), Ministry of Economy and Finance (MEF)

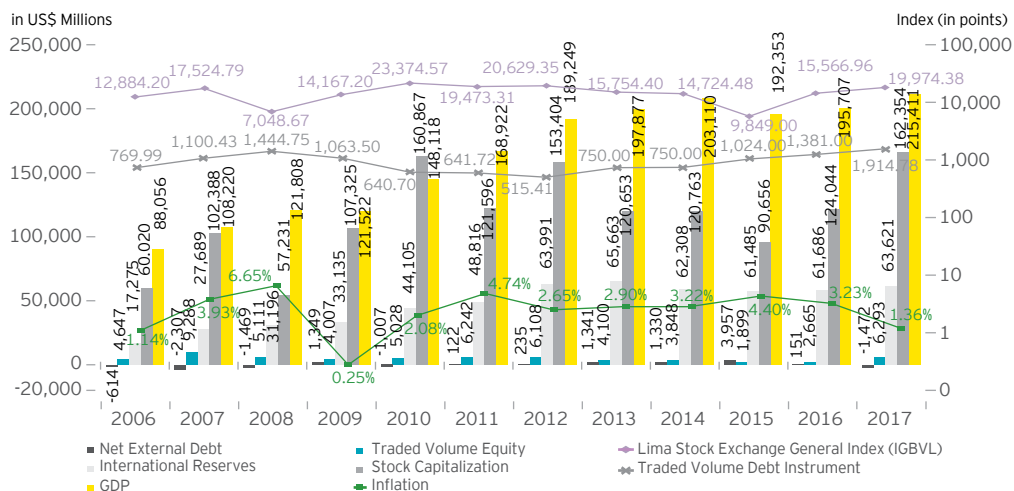
Peru has signed a number of Free Trade Agreements (FTAs) covering approximately 89% of its exports as at December 31, 2017. Free Trade Agreements (FTAs) have been entered into with the United States, China, Thailand, the European Union, the European Free Trade Association (EFTA), the Southern Common Market (MERCOSUR), South Korea, Canada, Costa Rica, Chile, Honduras, Mexico, Venezuela, Panama, Japan, Singapore, Cuba, the Pacific Alliance and the Andean Community. It also has 26 Bilateral Reciprocal Investment Promotion and Protection Agreements (APPRI). Finally, Peru has concluded trade negotiations corresponding to the Trans-Pacific Partnership Agreement, which includes Canada, Chile, Singapore, Australia, and New Zealand, among others (also refer to Section II.2 Trade Agreements).

The Free Trade Agreement (FTA) with the United States entered into force on February 1, 2009, opened the way to greater trade and investment between both countries. Likewise, the Free Trade Agreement (FTA) with China became effective in 2010. More recently, the Free Trade Agreement (FTA) with Japan came into force on March 1, 2012. Additionally, Peru has entered into the Framework Agreement for the Pacific Alliance in April 2011. Peru forms part of this trading bloc together with Chile, Colombia, and Mexico, which is aimed at encouraging regional integration and the greater growth, development, and competitiveness of their economies, as well as achieving the free circulation of goods, services, capital, and people (also refer to Section II.3 The Pacific Alliance).

Peru's main traditional exports are gold, copper, petroleum oil, natural gas, zinc, lead, iron, fishmeal, and coffee, and its principal trading partners are the United States, China, Australia, Brazil, Chile,

Belgium, Bulgaria, the United Arab Emirates, the Philippines, Switzerland, South Korea, Japan, Canada, Germany, Spain, India, The United Kingdom, Panama, and Italy.

> Evolution of Financial Indicators

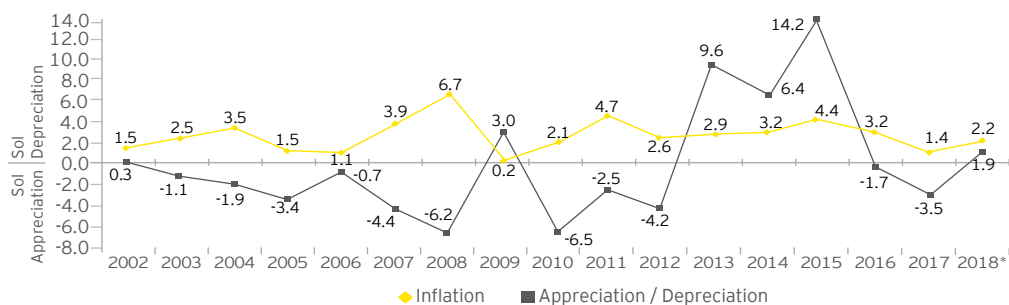


Sources: Central Reserve Bank of Peru (BCRP), Lima Stock Exchange (BVL), Apoyo

Appreciation / Depreciation and Inflation

As of the end of 2017, the inflation rate in Peru was 1.4% (rate of 3.2% in 2016). The annual appreciation

rate of the Sol against the US Dollar for 2017 was 3.5% (appreciation rate of 1.7% in 2016).



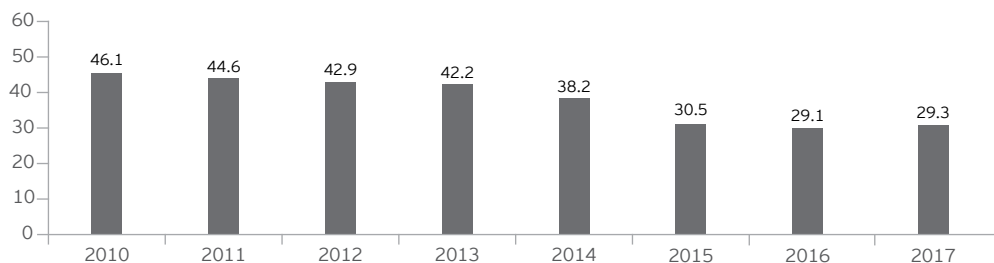
*Exchange rate estimated at S/3.30 according to the 2019-2022 Multiannual Macroeconomic Framework (MMM) of August 2018 / Inflation forecast according to the Inflation Report of September 2018

Sources: Central Reserve Bank of Peru (BCRP), Ministry of Economy and Finance (MEF)

By the end of 2018, inflation is expected to be within the target range set by the Central Reserve Bank of Peru (BCRP) at 2.2%. Meanwhile, as at July of the

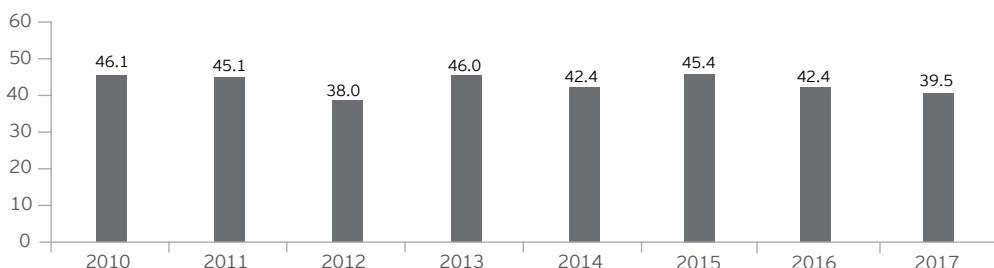
same year, the average interbank interest rate in local currency was 2.8%.

> Dollarization Rate of Bank Credits



Source: Central Reserve Bank of Peru (BCRP)

> Dollarization Rate of Bank Deposits



Source: Central Reserve Bank of Peru (BCRP)

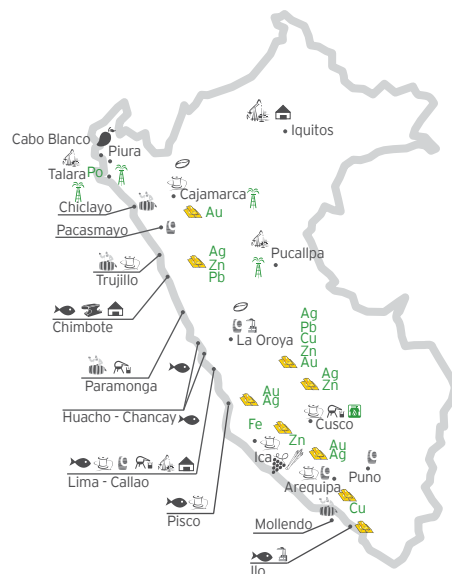
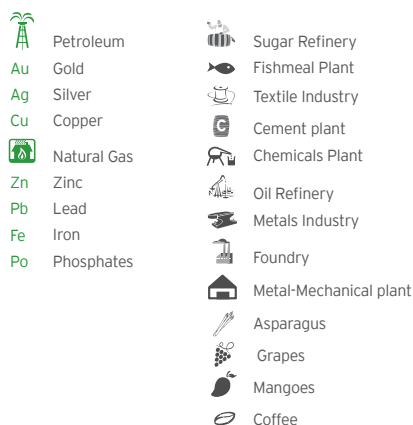
Peru's Main Economic Activities

In 2017, the non-traditional productive markets that registered the highest exports were the fisheries (17.4%) and steelworks and metallurgy (15.9%) markets. The main non-traditional products exported in 2017 were fresh grapes (US\$652 million), avocado (US\$581 million), asparagus (US\$409 million), berries (US\$361 million), unrefined zinc (US\$333 million), shortfin squid and squid (US\$192 million), mangoes (US\$192 million), copper wire (US\$182 million), cocoa grains (US\$132 million), prawns (US\$123 million), quinoa (US\$122 million), artichokes, tangerines, and t-shirts for men and

women. With regard to the traditional products, the most important were gold, copper, silver, lead, zinc, gas, petroleum oil, coffee, fishmeal and natural gas.

In mining, according to the Mineral Commodity Summaries Publication authored by the U.S. State Department, Peru ranked second in the world in 2017 in the production of silver, copper, and zinc; fourth in molybdenum and lead; sixth in tin and gold, besides having large deposits of iron ore, phosphates, manganese, petroleum, and gas.

> Main Economic Activities in the Regions of Peru



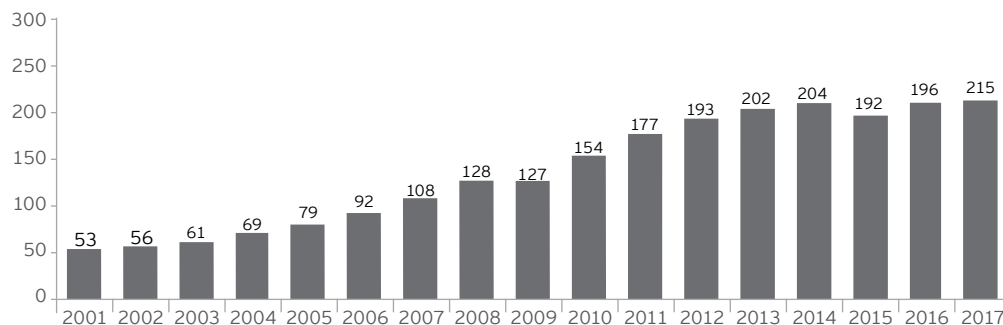
Source: EY

Gross Domestic Product (GDP) / Trade Balance

The Gross Domestic Product (GDP) for 2017 was US\$215 billion. At the end of 2017, total exports came to US\$45,275 million, while imports totaled US\$38,704 million. The main exports came from the mining, hydrocarbons, agricultural and livestock, and fisheries industries.

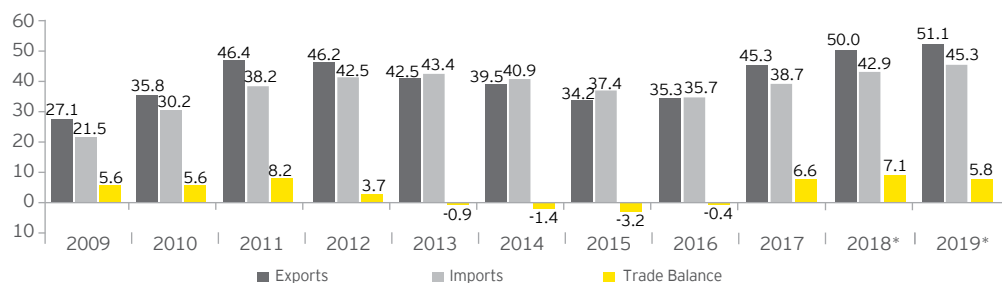
According to the estimations made, Peruvian exports would reach US\$50.0 billion in 2018, while imports would reach an approximate amount of US\$42.9 billion.

> Real Gross Domestic Product (GDP) of Peru (in US\$ Billions)



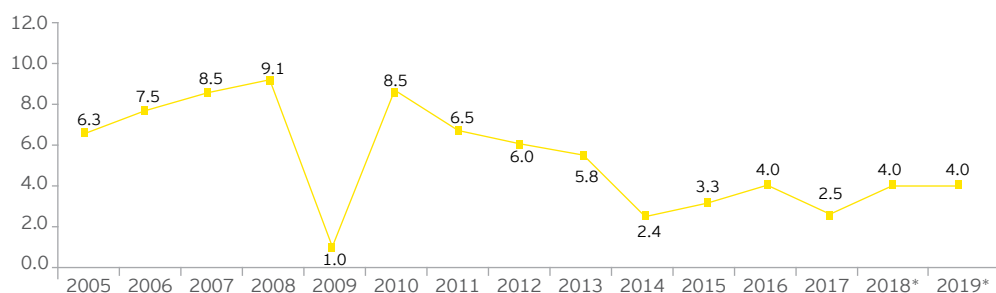
Source: Central Reserve Bank of Peru (BCRP)

> Trade Balance (in US\$ Billions)



*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> Gross Domestic Product (GDP) (Annual Percentage Change)



*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> Gross Domestic Product (GDP) by Industry - Annual % Change

	2014	2015	2016	2017	2018		2019	
					RI*	MMM** 19-22	RI*	MMM** 19-22
Agriculture and livestock	1.4	2.8	2.7	2.8	6.0	5.5	4.0	4.3
Fisheries	-27.9	15.9	-10.1	4.7	30.0	29.3	-4.2	-3.1
Mining	-2.2	15.5	21.1	4.2	-1.1	1.2	5.0	3.0
Hydrocarbons	3.9	-11.5	-5.1	-2.4	-0.4	-1.2	2.2	3.4
Manufacturing	-3.3	-1.7	-1.4	-0.2	5.6	4.2	3.6	3.6
Electricity, gas and water	5.0	6.2	7.3	1.1	3.4	3.3	4.0	3.8
Construction	1.7	-5.9	-3.1	-5.2	6.0	8.5	7.0	7.0
Commerce	4.4	3.9	1.8	1.0	3.3	3.2	3.1	4.0
Other services	4.8	4.2	4.0	3.3	4.5	4.0	3.9	4.8
GDP	2.4	3.3	4.0	2.5	4.0	4.0	4.0	4.2

*Inflation Report of September 2018

**2019-2022 Multiannual Macroeconomic Framework (MMM)

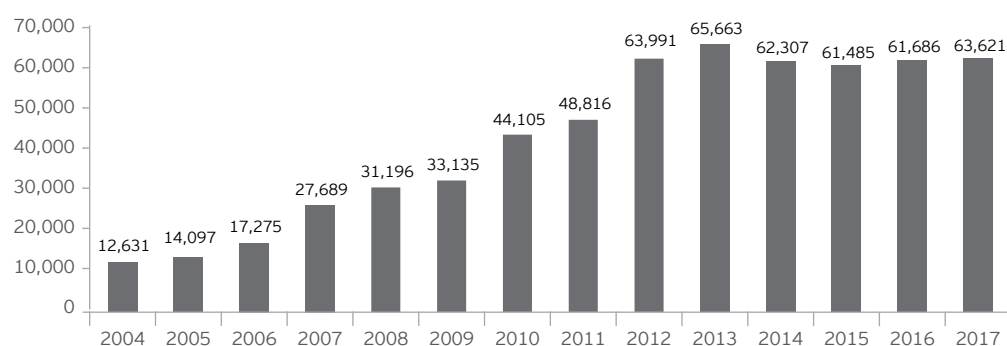
Sources: Central Reserve Bank of Peru (BCRP), Ministry of Economy and Finance (MEF)

› *Composition of Peru's Gross Domestic Product (GDP) by Economic Sector in Percentage, using the Economic Structure with a Base Estimate Year of 2007*



Source: National Institute of Statistics and Information (INEI)

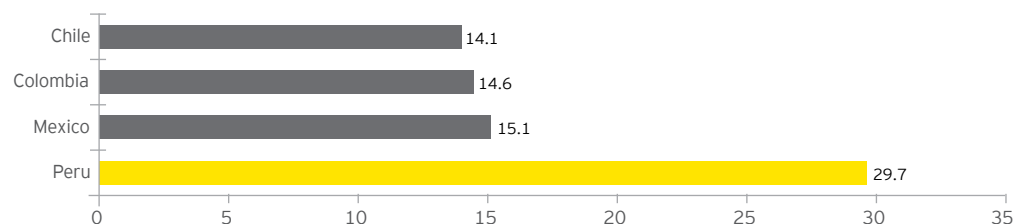
› *Net International Reserves (in US\$ Millions)*



As at December 31, 2017

Source: Central Reserve Bank of Peru (BCRP)

› *Net International Reserves (as a Percentage of the GDP, Estimate for 2017)*



Sources: Bank of Mexico, Bank of the Republic of Colombia, Central Bank of Chile, Central Reserve Bank of Peru (BCRP)

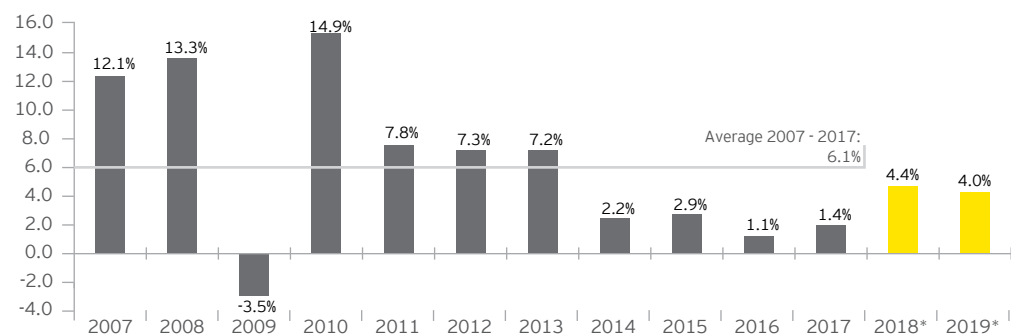
> Gross Domestic Product (GDP) by Type of Expenditure (Percentage Change)

Variables	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
Gross Domestic Product	8.5	6.5	6.0	5.8	2.4	3.3	4.0	4.5	4.0	4.0
Imports	29.3	9.8	10.4	3.6	-1.4	2.4	-1.7	3.6	5.0	4.7
Domestic Demand	14.9	7.8	7.3	7.2	2.2	2.9	1.1	1.4	4.4	4.0
a. Private Consumption	6.3	6.4	5.8	5.3	4.1	3.4	3.5	3.8	3.8	3.6
b. Public Consumption	7.9	4.8	9.4	6.7	10.1	9.5	5.7	3.0	3.4	3.2
Private Investment	22.1	11.4	13.5	6.4	-2.1	-4.5	-4.3	5.0	5.5	6.5
Public Investment	26.7	-18.0	20.8	12.1	-2.0	-7.5	10.3	4.5	9.9	2.8
Exports	4.8	8.8	5.4	-0.9	-0.8	3.3	6.9	5.5	3.5	4.6

*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

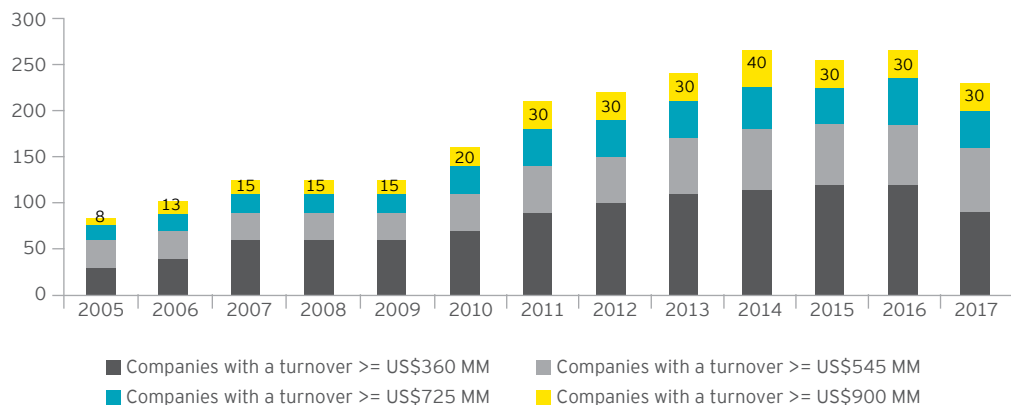
> Domestic Demand (Percentage Change)



*Inflation Report of September 2018

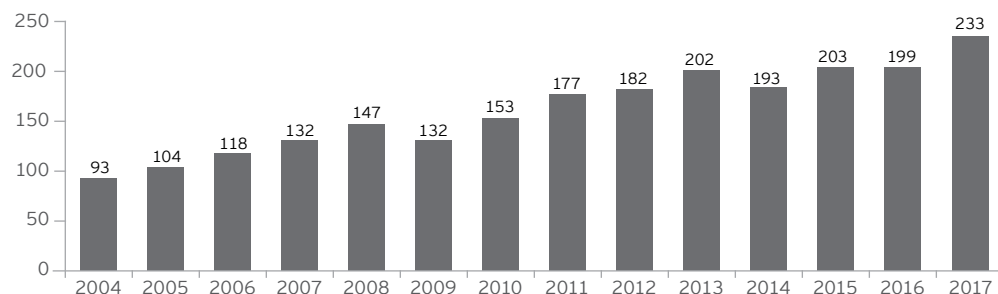
Source: Central Reserve Bank of Peru (BCRP)

> Number of Companies with Annual Revenues of More than US\$360 Million (More than One Billion Soles)



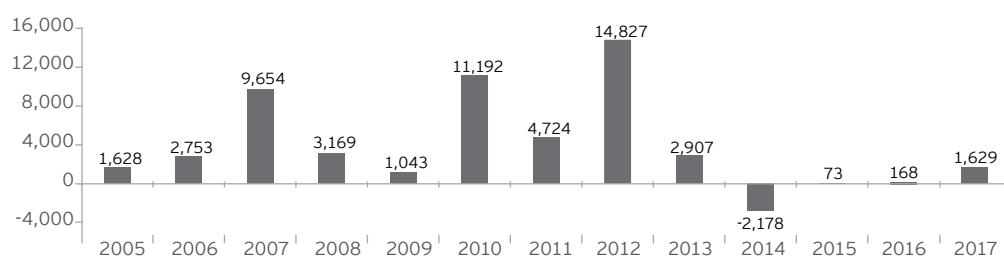
Sources: Peru Top Publications, Top 10k Companies in Peru 2018

> Number of Companies in Peru with Exports of a Value of More than US\$20 Million



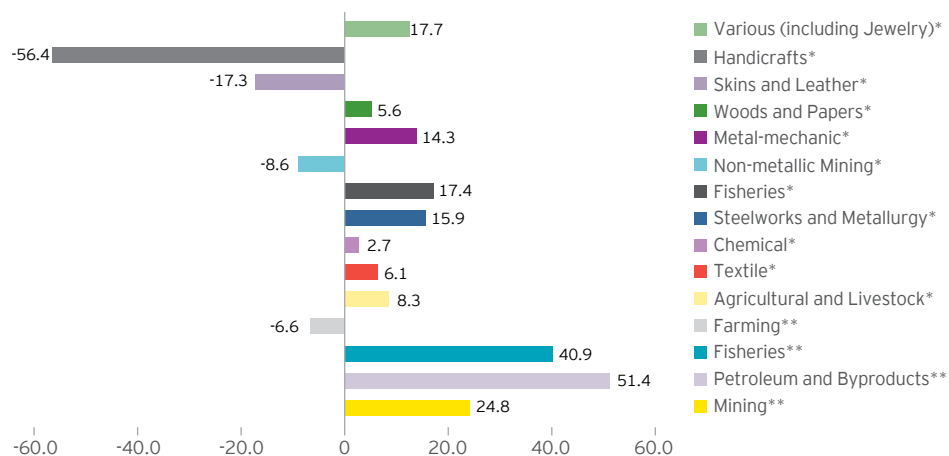
Source: National Superintendency of Tax Administration (SUNAT)

> Balance of Payments (in US\$ Millions)



Source: Central Reserve Bank of Peru (BCRP)

> Annual Change in Exports by Economic Sector, in Percentage (2017/2016)

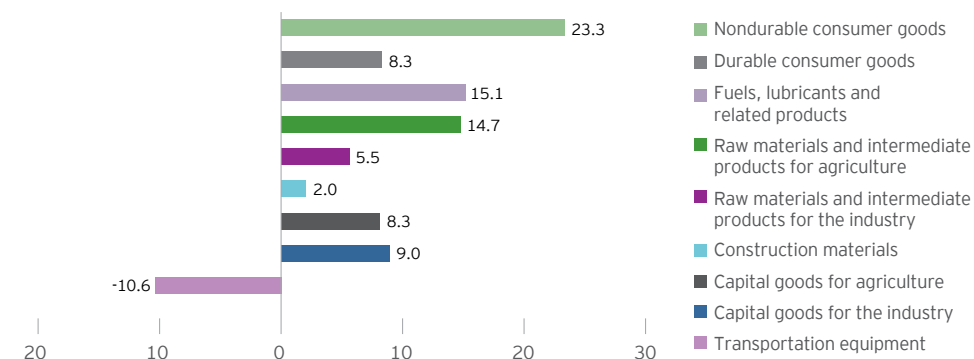


*Non-traditional

**Traditional

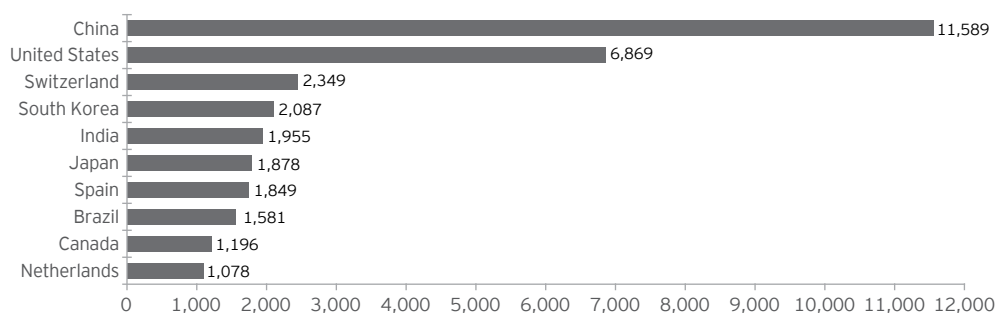
Source: Lima Chamber of Commerce (CCL)

> *Annual Change in Imports by Economic Sector, in Percentage (2017/2016)*



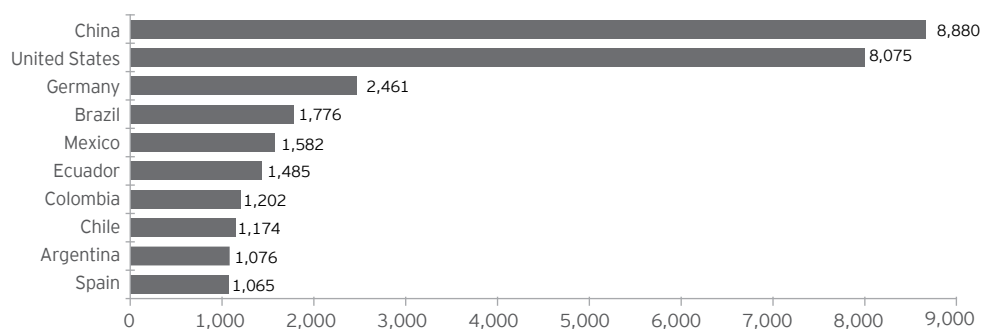
Source: Lima Chamber of Commerce (CCL)

> *Exports by Trading Partner in US\$ Millions - Top Ten Partners (2017)*



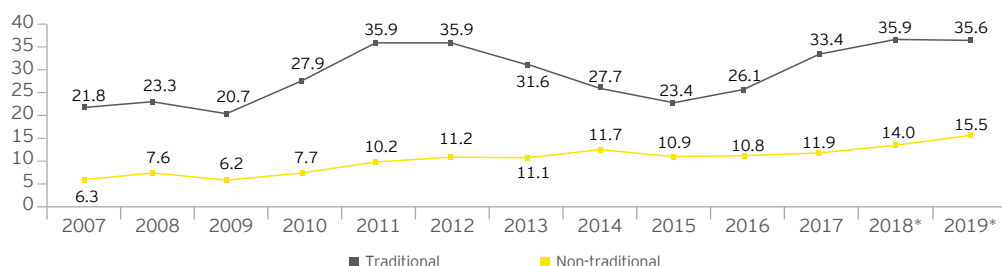
Source: National Superintendency of Tax Administration (SUNAT)

> *Imports by Trading Partner in US\$ Millions - Top Ten Partners (2017)*



Source: National Superintendency of Tax Administration (SUNAT)

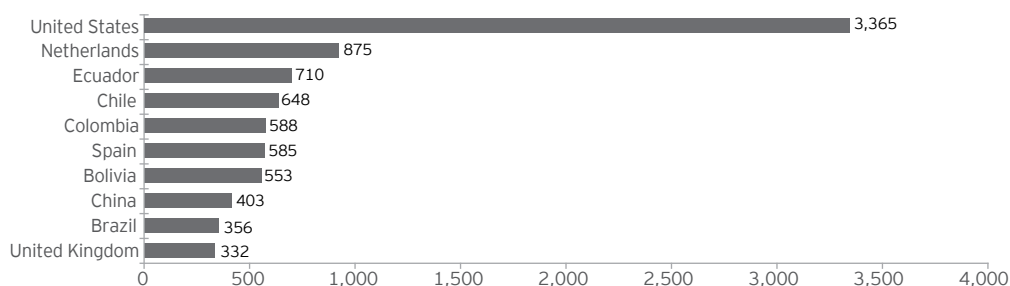
> Traditional and Non-Traditional Exports in US\$ Billions



*Inflation Report of September 2018

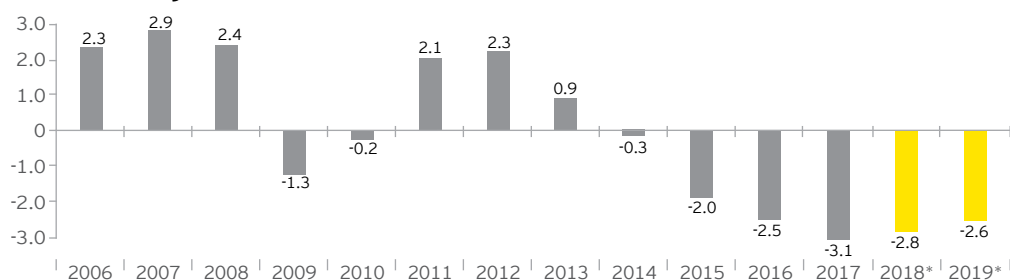
Sources: ComexPeru, Central Reserve Bank of Peru (BCRP)

> Non-Traditional Exports by Trading Partner in US\$ Millions (2017)



Source: Lima Chamber of Commerce (CCL)

> Economic Results (Fiscal Surplus / Deficit) of the Non-Financial Public Sector (as a Percentage of the Gross Domestic Product - GDP)

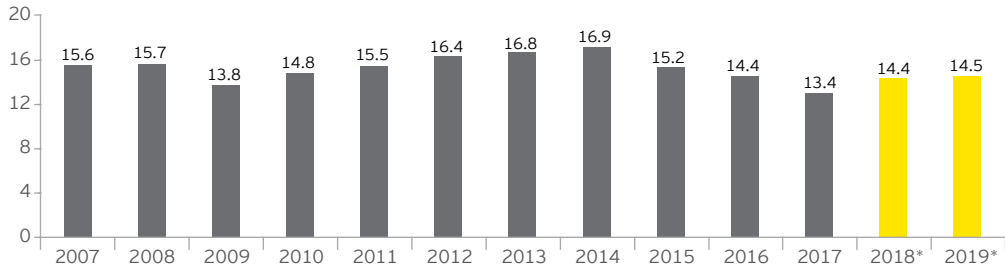


*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

In 2017, the amount of tax collected amounted to S/93,475 million, and the number of registered taxpayers increased in 7.2% in comparison to 2016.

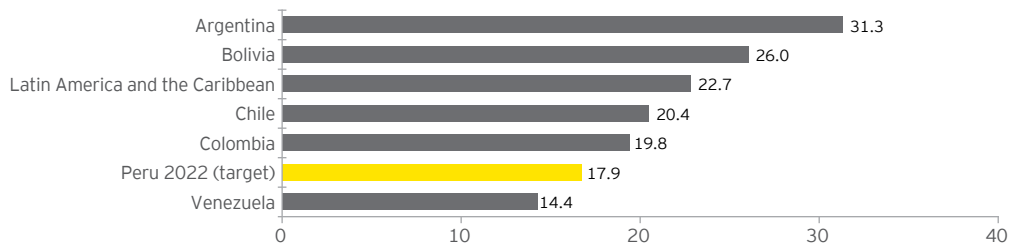
› *Tax Burden (as a Percentage of the Gross Domestic Product - GDP)*



*Inflation Report of September 2018

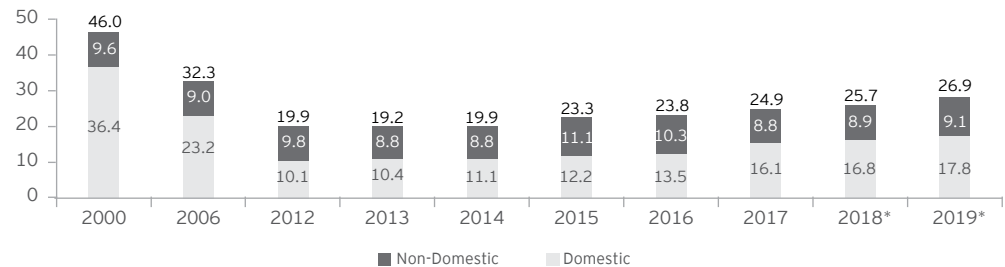
Sources: Central Reserve Bank of Peru (BCRP), National Superintendency of Tax Administration (SUNAT)

› *Tax Burden in Latin America and the Caribbean (as a Percentage of the Gross Domestic Product - GDP) (2016)*



Source: Ministry of Economy and Finance (MEF)

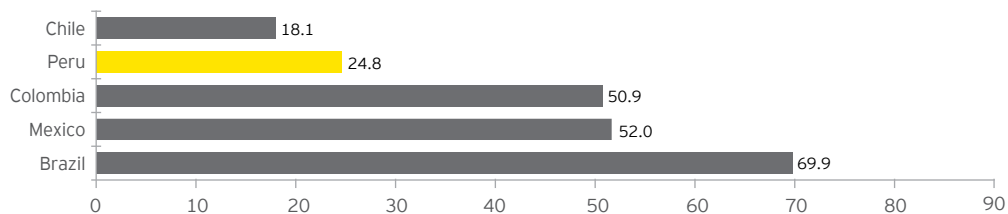
› *Public Debt (as a Percentage of the Gross Domestic Product - GDP)*



*Inflation Report of September 2018

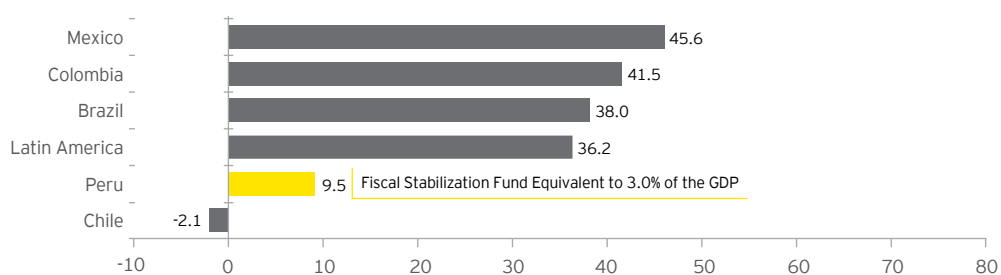
Source: Central Reserve Bank of Peru (BCRP)

› **Total Public Debt in 2017 in Latin America**
(as a Percentage of the Gross Domestic Product - GDP)



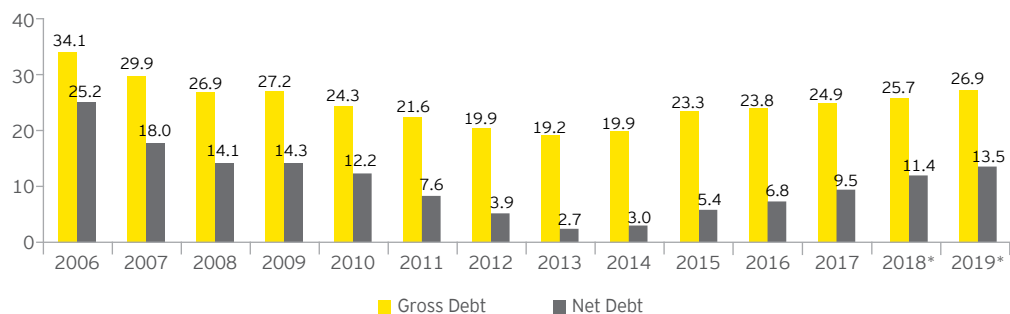
Fuente: Banco Central de Reserva del Perú

› **Net Public Debt in 2017 in Latin America**
(as a Percentage of the Gross Domestic Product - GDP)



Source: Central Reserve Bank of Peru (BCRP)

› **Debt of Non-Financial Public Sector (as a Percentage of the Gross Domestic Product - GDP)**



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

5

Country Risk and Investment Grade

Peru has been given good forecasts by the best-known risk rating agencies, which have not only ratified the country's investment grade, but have also raised the Peruvian sovereign credit rating. The factors that back this rating are the solid economic prospects reflected in a growth of 2.5% of the Gross Domestic Product (GDP) for 2017, and an estimated 4.0% for 2018 (as of June of 2018). These economic forecasts are backed by the rapid growth in investment and the significant drop in fiscal and external vulnerabilities, all within the context of several sources of growth, with low inflation and strong macroeconomic fundamentals. Obtaining the investment grade has permitted Peru to attract a great deal of international attention.

Recently, an increasing number of multinational corporations have been looking at Peru with greater interest. The subsequent increase in jobs and decrease in poverty will predictably help improve social welfare.

The progress made in watching out for the tax results, the promotion of investment in important job creation sources (such as infrastructure, mining, hydrocarbons and telecommunications), the implementation of tenders as a specific "countercyclical" measure in response to the economic slowdown (i.e. infrastructural projects of the Line 2 of the Electric Train, the General San Martin Port Terminal - Pisco, among others) as well as the measures taken to modify the tax system included in Sections V and VI of this Guide (Taxes and Labor System, respectively) allow us to observe how Peru aims its development towards improving its level of investment.

> Peru's Investment Grade Ratings

Country	S&P	Fitch	Moody's
Chile	A+	A	A1
Peru	BBB+	BBB+	A3
Mexico	BBB+	BBB+	A3
Colombia	BBB-	BBB	Baa2
Uruguay	BBB	BBB-	Baa2
Paraguay	BB	BB	Ba1
Brazil	BB-	BB-	Ba2
Bolivia	BB-	BB-	Ba3
Argentina	B+	B	B2
Ecuador	B-	B-	B3
Venezuela	SD	RD	C

As of September 2018

Sources: Standard & Poor's, Fitch Ratings, Moody's

S&P / Fitch	Moody's	Feature
AAA	Aaa	Risk Free
AA+, AA, AA-	Aa1, Aa2, Aa3	High Grade
A+, A, A-	A1, A2, A3	High Repayment Capacity
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	Moderate Repayment Capacity
BB+, BB, BB-	Ba1, Ba2, Ba3	Some Repayment Capacity
B+, B, B-	B1, B2, B3	Highly Uncertain Repayment Capacity
CCC+, CCC, CCC-, CC	Caa1, Caa2, Caa3	Extremely Vulnerable to Default
SD/RD	C	Default

Source: Bloomberg

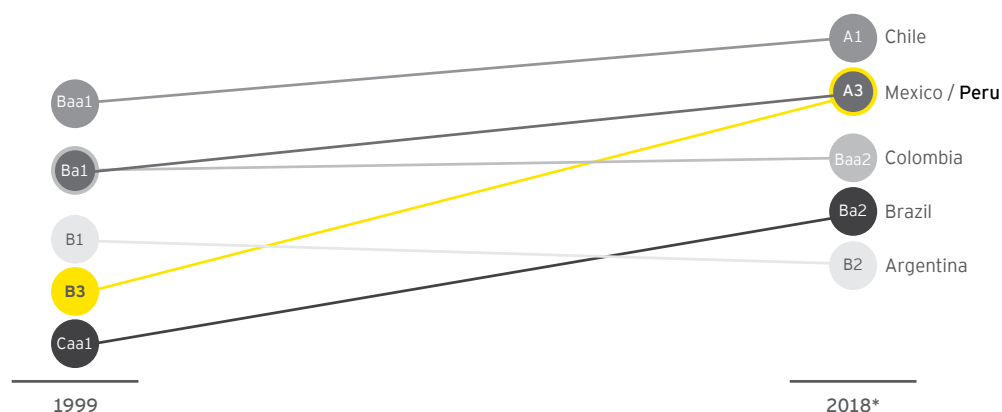
> Evolution of the Long-Term Debt Rating in Foreign Currency

Agency	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fitch	BB	BB+	BB+	BBB-	BBB-	BBB-	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
S&P	BB	BB+	BB+	BBB-	BBB-	BBB-	BBB	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
Moody's	Ba3	Ba3	Ba2	Ba1	Baa3	Baa3	Baa3	Baa2	Baa2	A3	A3	A3	A3	A3

As of August 2018

Sources: Standard & Poor's, Fitch Ratings, Moody's

> Risk Rating of the Region According to Moody's



*As of August 2018

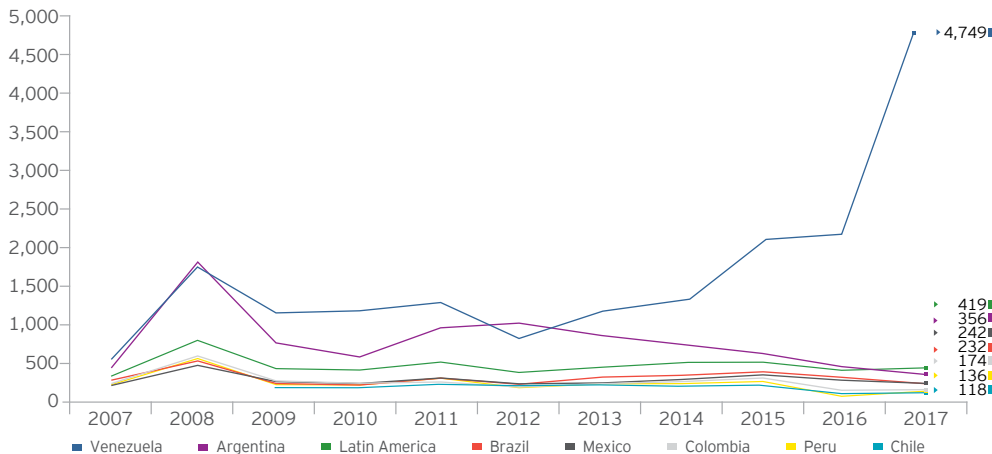
Source: Moody's

Country Risk

As of December 31, 2017, Peru had a country risk of 136 base points, ranking second-lowest in Latin

America. This score is less than half of the regional average (419 points).

> Country Risk Indicator (in Base Points)

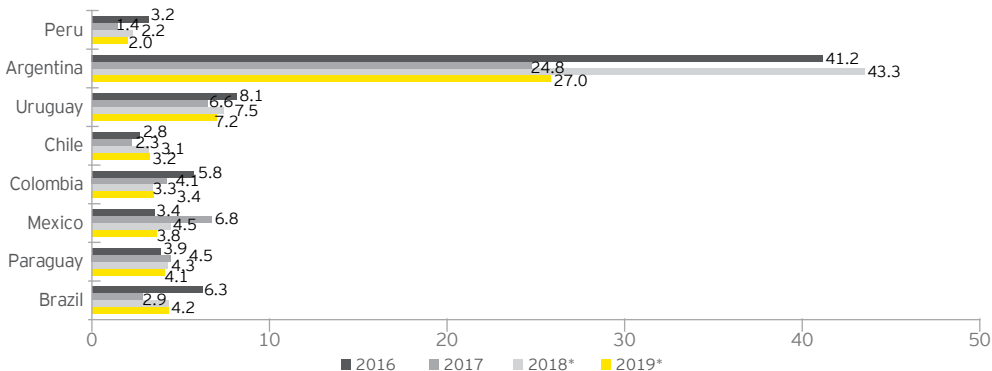


Source: Central Reserve Bank of Peru (BCRP)

Additionally, in early January 2018, Bloomberg Markets positioned Peru as the ninth emerging market with the greatest international projection, based on the country's advantages, such as low share prices and their possible increase in the future.

As may be seen in the following charts, Peru's level of inflation is one of the lowest in Latin America, with a rate of 1.4% in 2017, and an estimated range of 1% and 3% for 2018. In addition, over the past decade, the Peruvian economy had the lowest average annual inflation rate in Latin America, at 2.5%, below that of Chile (2.9%) Colombia (4.6%) and Brazil (6.0%).

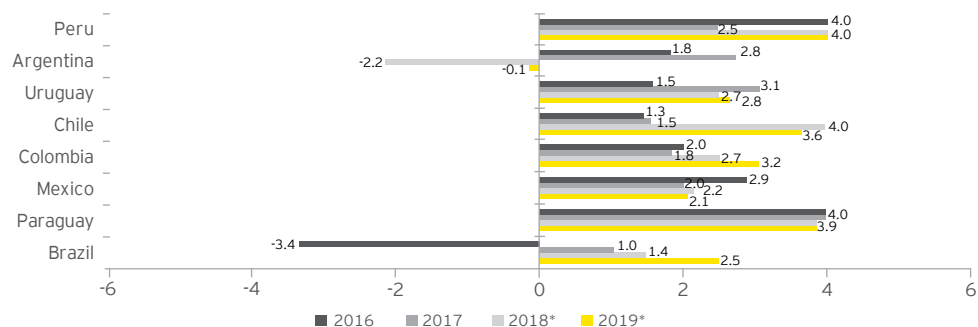
> Estimated Inflation Rates in Latin America (in Percentage)



*Estimate

Sources: Latin America Consensus Forecast (September 2018), Central Reserve Bank of Peru (BCRP)

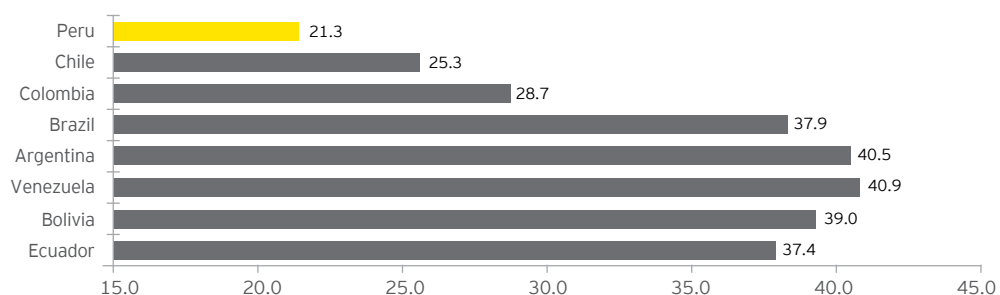
> Estimated Gross Domestic Product (GDP) Growth Percentage Rates in Latin America



*Estimate

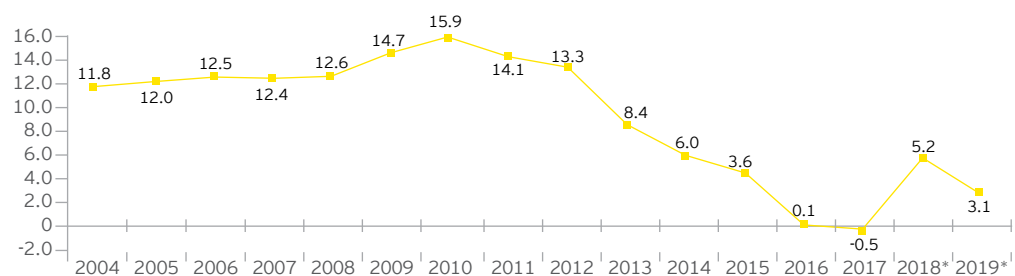
Sources: Latin America Consensus Forecast (September 2018), Central Reserve Bank of Peru (BCRP)

> Public Spending in Latin America as a Percentage of the Gross Domestic Product - GDP (2017)



Source: International Monetary Fund (IMF)

> Public Spending in Peru (Real Percentage Change)



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

Main Indicators of Some of the Country's Regions:

Indicators	Arequipa	Cusco	La Libertad	Lambayeque
Total Population (2018)	1,329,802	1,338,898	1,928,197	1,290,617
Urban Population (%)	90.0%	53.8%	78.2%	81.5%
Rural Population (%)	10.0%	46.2%	21.8%	18.5%
Economically Active Population (PEA %)	53.8%	58.4%	52.8%	50.9%
GDP with Constant Prices (Billions of Soles) - 2016	29,699	21,829	20,442	11,091
GDP per Capita with Constant Prices (Soles) - 2016	22,823	16,482	10,859	8,727
Main Activities	Agriculture, Livestock, Fisheries, Mining and Industry	Agriculture, Commerce and Mining	Agriculture, Fisheries, Mining, Manufacturing and Construction	Agriculture, Fisheries, Manufacturing
Main Products	Onions, rice, wheat, beans	Potato, corn, onions, carrots	Asparagus, sugar cane, potato, cement	Sugar cane, beans, cotton, paprika
Main projects	Awarded contracts - Projects			
		1. 220 Kv Tintaya - Azángaro Transmission Line (US\$12 million)	1. Salaverry Port Terminal (US\$229 million)	
	In the Process of Evaluation			
		1. Mass use of natural gas (US\$350 million)		
	Invitation to tender			
	1. Installation of broadband (US\$369 million)		1. Repowering of a 500 KV Transmission Line to 1,000 MVA, and +400/-150 MVAR reactive variable power compensator (US\$90 million)	

Sources: National Institute of Statistics and Information (INEI), Central Reserve Bank of Peru (BCRP), ProlInversión

6

In the period 2011-2017, ProInversión granted the concession of 42 projects, in the form of Public-Private Partnerships (PPP). A total of US\$14 billion shall be invested in these projects, a figure that will contribute towards the dynamism of the main economic sectors of the country.

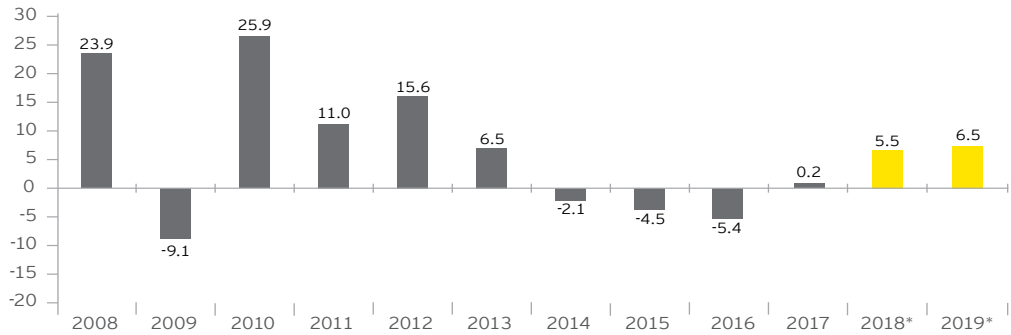
Investment

> Investment Projects: Concessions in 2017-2019 (in US\$ Millions)

	Estimated Investment
Awarded	3,655
- Broadband for comprehensive connectivity and social development of the Amazonas, Ica, Lima, Junín, Puno, Moquegua and Tacna regions.	538
- 500 KV Mantaro-Nueva Yanango-Carapongo link and associated substations, and 500 KV Nueva Yanango - Nueva Huánuco link and associated substations	272
- Amazon waterway	95
- 220 KV Tintaya - Azángaro transmission line	12
- 138 kV Aguaytía - Pucallpa transmission line	9
- Michiquillay mining project	2,500
- Salaverry Port Terminal	229
To Be Awarded	3,383
► Invitation to Tender	1,799
- Mass use of natural gas - Distribution of natural gas through pipeline networks in the Apurímac, Ayacucho, Huancavelica, Junín and Cusco, Puno and Ucayali regions.	400
- Head and transportation works for the supply of drinking water to Lima	700
- Stretch 4 of the Longitudinal Sierra Highway: Huancayo-Izcuchaca-Mayocc-Ayacucho and Ayacucho-Andahuaylas- Puente Sahuinto / Dv. Pisco-Huaytará-Ayacucho	464
- Huancayo - Huancavelica railway	235
► Pending Invitation to Tender	1,584
- Ancón Industrial Park	500
- Installation of broadband for San Martín, La Libertad, Pasco, Huánuco, Arequipa, and Áncash	359
- 500 Kv La Niña-Piura link, and associated substations, lines and extensions	200
- 220 Kv Pariñas-Nueva Tumbes link, and associated substations and extensions	90
- 220 Kv Tingo María-Aguaytía link, and associated substations, lines and extensions	160
- Repowering of Carabayllo - Chimbote - Trujillo 500 KV Transmission Line to 1,000 MVA, and +400/-150 MVAR reactive variable power compensator in the 500 kV Trujillo Norte substation	144
- 500 kV transmission line in the Piura Nueva - Frontera substation	110
- New Piura High Complexity Hospital	21
- New Chimbote High Complexity Hospital	
- Improvement of the sewage and wastewater treatment system of the city of Puerto Maldonado - district of Tambopata, province of Tambopata, Region of Madre de Dios	

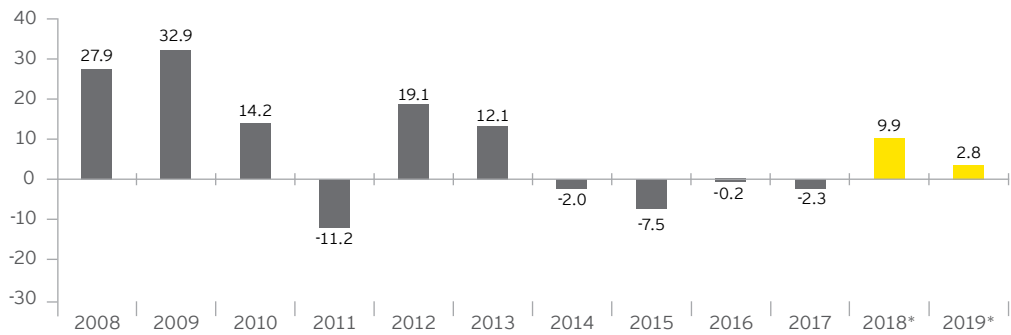
Source: ProInversión

> Private Investment (Percentage Change)



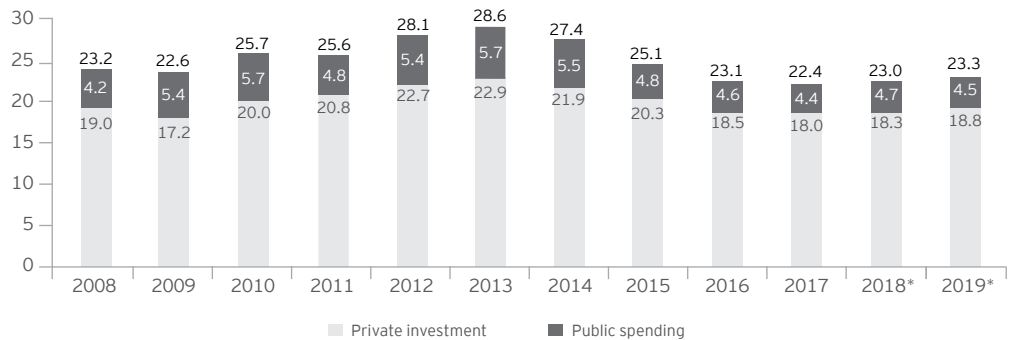
*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> Public Investment (Percentage Change)



*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> Fixed Gross Investment (as a Percentage of the Gross Domestic Product - GDP)



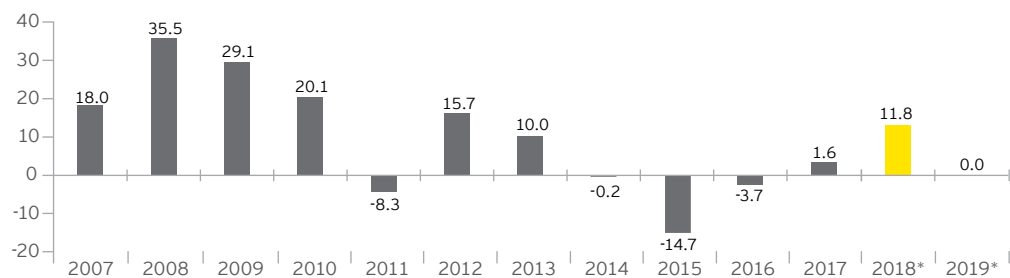
*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> Medium and Long Term Infrastructure Gap (US\$ Millions)

Industry	Medium-Term Gap 2016-2020	Gap 2021-2025	Long-Term Gap 2016-2025
Water and Sanitation	6,970	5,282	12,252
▸ Drinking Water	1,624	1,004	2,629
▸ Sanitation	5,345	4,278	9,623
Telecommunications	12,603	14,432	27,036
▸ Mobile Telephony	2,522	4,362	6,884
▸ Broadband	10,081	10,070	20,151
Transport	21,253	36,246	57,499
▸ Railways	7,613	9,370	16,983
▸ Roads	11,184	20,667	31,850
▸ Airports	1,419	959	2,378
▸ Seaports	1,037	5,250	6,287
Energy	11,388	19,387	30,775
Health	9,472	9,472	18,944
Education	2,592	1,976	4,568
▸ Pre-school	1,037	585	1,621
▸ Primary	137	137	274
▸ Secondary	1,418	1,254	2,672
Hydraulic	4,537	3,940	8,477
Total	68,815	90,734	159,549

Source: National Infrastructure Plan 2016-2025 - Association for the Promotion of National Infrastructure (AFIN)

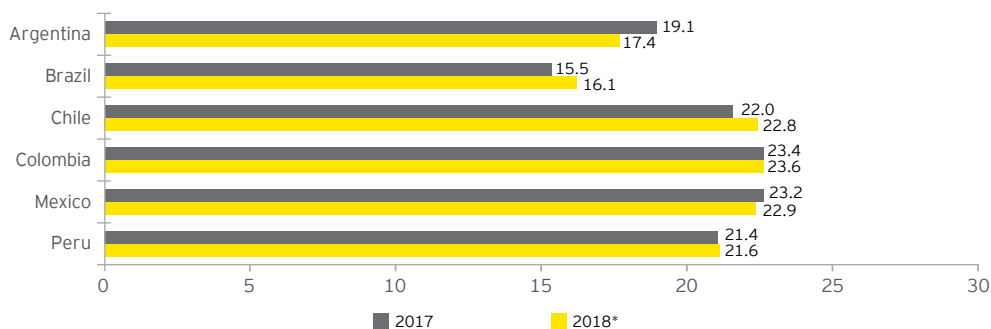
> Gross Fixed Capital Formation (Real Percentage Change)



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

> *Total Investment (as a Percentage of the Gross Domestic Product (GDP))*



*Estimate

Source: International Monetary Fund (IMF)

> *Direct Foreign Investment Stock by Sector in US\$ Millions*

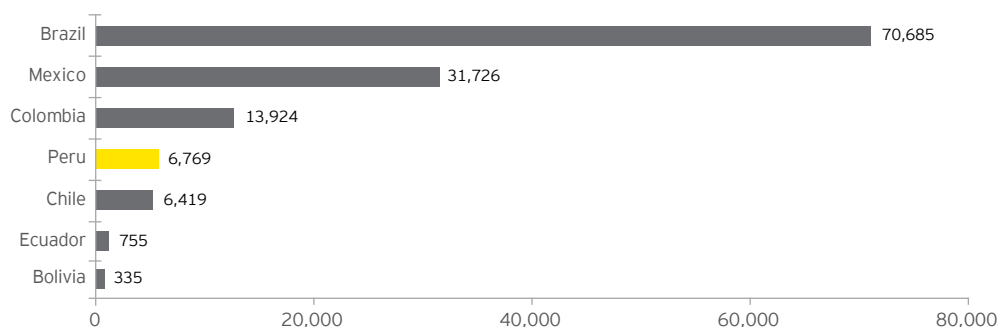


Mining	22.0%
Communications	20.7%
Finance	18.3%
Energy	13.4%
Industry	12.5%
Commerce	3.3%
Oil	2.6%
Services	2.6%
Construction	1.5%
Others	3.1%

Sector	2017
Mining	5,648
Communications	5,324
Finance	4,695
Energy	3,446
Industry	3,218
Commerce	851
Oil	680
Services	672
Construction	386
Others	764
Total	25,684

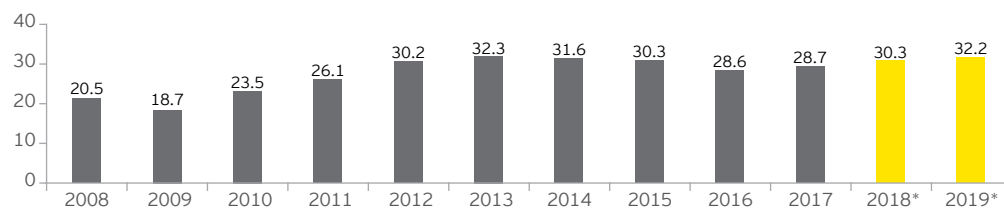
Source: ProInversión

> *Direct Foreign Investment in Latin America (in US\$ Millions)(2017)*



Source: Ministry of Economy and Finance (MEF)

> Private Investment (in US\$ Billions)



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

> Investment Projects for 2018

Sector	Projects	Estimated sector investment (in US\$ Millions)
Transportation	► Salaverry Port Terminal - Awarded	229
Telecommunications	► Broadband: Áncash, Arequipa, Huánuco, La Libertad, Pasco and San Martín	359
Mining	► Proyecto Minero Michiquillay - Awarded ► Colca Mining Project *	2,500
Energy	► Mass use of natural gas ► Carabayllo transmission line	490
Water and Sanitation	► Power compensator in Trujillo Substation ► Wastewater Treatment Plant (PTAR) for the Lake Titicaca Basin	263

*Amount to be defined

Source: ProInversión

> Investment Projects for 2019-2020

Sector	Projects	Estimated sector investment (in US\$ Millions)
Transportation	► Huancayo - Huancavelica railway ► Marcona port terminal ► Chimbote port terminal	4,203
Energy	► Peripheral ring road ► New road concessions ► Integrated Gas Transportation System - Southern area of the country* ► Other projects	430
Water and Sanitation	► 220 kV Tingo María - Aguaytía Link ► 500 kV La Niña - Piura Link ► 220 kV Pariñas - Nueva Tumbes Link ► Headworks ► PTAR for Huancayo, Tambo and Chilca	832
Health	► PTAR for Puerto Maldonado ► Other projects ► ESSALUD Chimbote ► ESSALUD Piura	1,122
Education	► Other projects ► Schools at Risk (CER)	329
Irrigation	► High-Performance Schools (COAR) ► Water consolidation works in Ica	399

*Amount to be defined

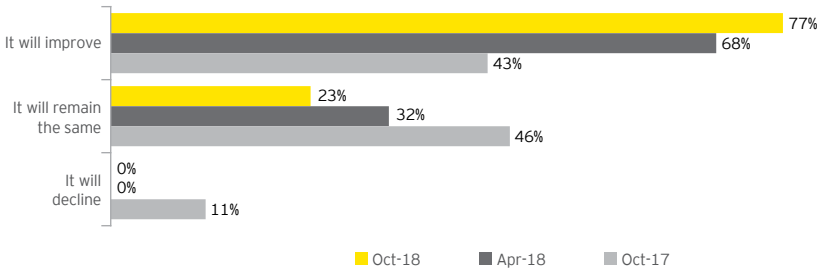
Source: ProInversión

During the period 2018-2020, there are plans to award contracts for an estimated amount of more than US\$11.2 billion. The transportation sector accounts for 40% of the investments of ProInversión; mining accounts for 23%; health accounts for 10%; water and sanitation accounts for 9%, among others.

On a sixth month basis, EY prepares the "Confidence Barometer for Investment in Peru." For the Investor's interest, please find below the latest evolution of the barometer indicators as of October 2018:

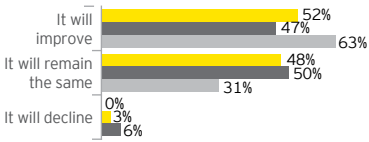
> 19° Confidence Barometer for Investment - EY

► What is your perspective on the state of the local economy today?

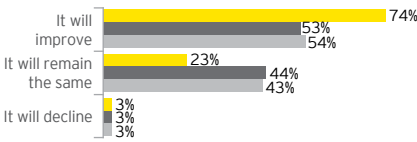


► Indicate your level of trust in the following points at the local level:

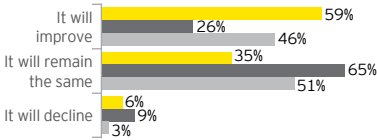
Corporate earnings



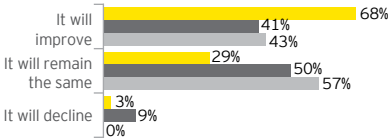
Credit availability



Short-term market stability



Valuation outlook for shares/stock market

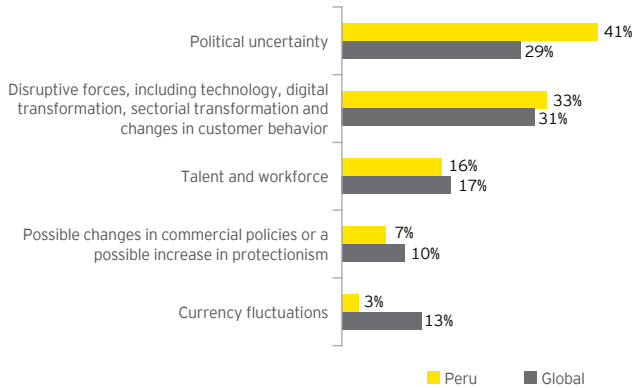


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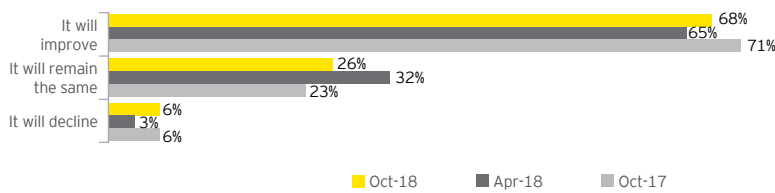
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> 19° Confidence Barometer for Investment - EY (continued)

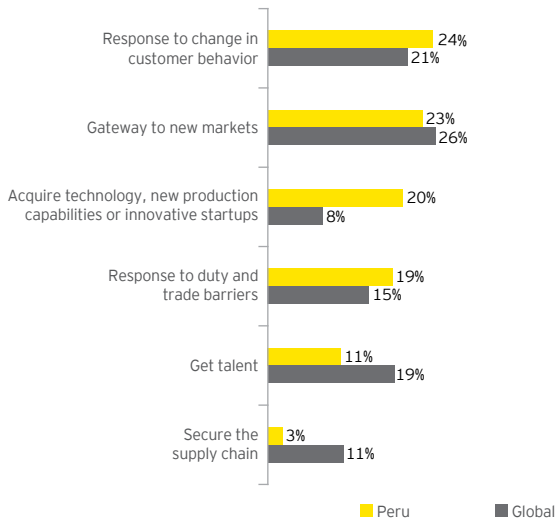
► What do you think will be the greatest short-term risk to the growth of your business?



► Do you expect the government of your country to increase infrastructure expenditures in the following 12 months?



► Which are the main strategic drivers to search for acquisitions?



You can find the updated version of this Barometer at: www.ey.com/PE/EYPeruLibrary

7

Population and Human Development

The estimated population of Peru for 2018 is approximately 32.2 million (31.8 million in 2017) of which approximately 10.3 million (2018) reside in Lima (including the population of the Constitutional Province of Callao). The national workforce (total Economically Active Population - PEA) is estimated at around 16.9 million people (2016).

The main religion is Roman Catholicism, and the principal official languages are Spanish and Quechua. The Aymara language is also spoken, mostly in the Southern Highland Region, along with various other native languages, particularly in the Amazon Jungle Region. As of 2017, the literacy rate was 94.1% of the population over age 15.

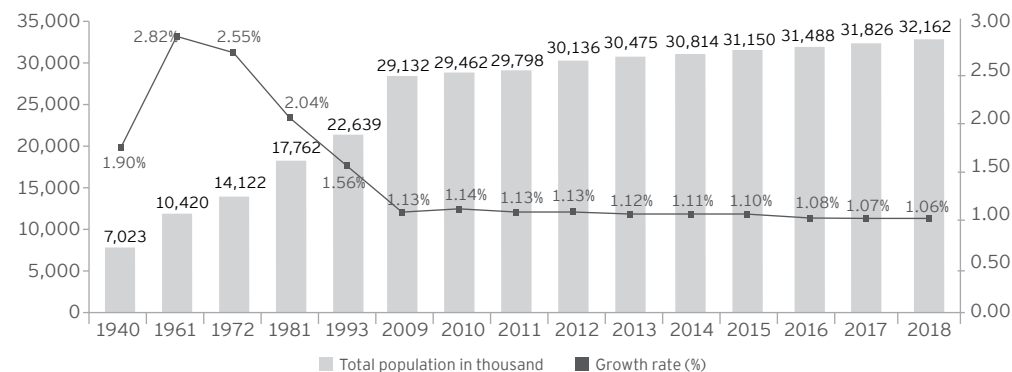
> Population summary

Population	<ul style="list-style-type: none"> ▶ 32.2 million (estimate for 2018) ▶ 76.7% live in urban areas (2015)
Age Range	<ul style="list-style-type: none"> ▶ 0 - 14 years old: 26.7% (2018) ▶ 15 - 64 years old: 66.2% (2018) ▶ 65 years or older: 7.1% (2018)
Growth Rate	▶ 1.1% (estimate for 2018)
Birth Rate	▶ 17.7 births / 1,000 people (estimate for 2018)
Mortality Rate	▶ 5.7 deaths / 1,000 people (estimate for 2018)
Gender Ratio	▶ Births: 1.03 male / female (2018)
Life Expectancy at Birth	▶ 75.2 years (estimate for 2018)

Source: National Institute of Statistics and Information (INEI)

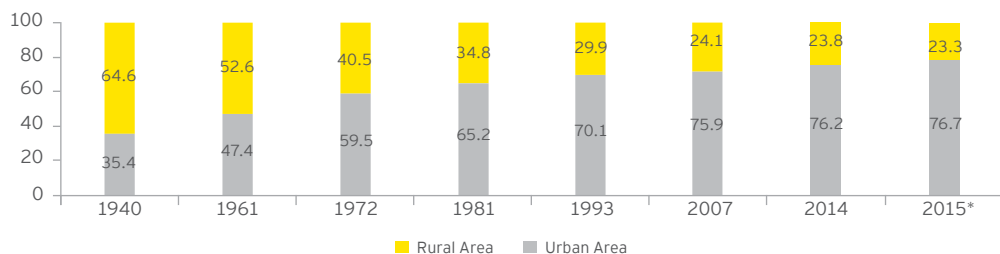
Over the past four years, the population has grown by an average of 1.08% annually.

> Total Population and Average Annual Growth Rate in Percentage



Source: National Institute of Statistics and Information (INEI)

> Population Census by Area of Residence

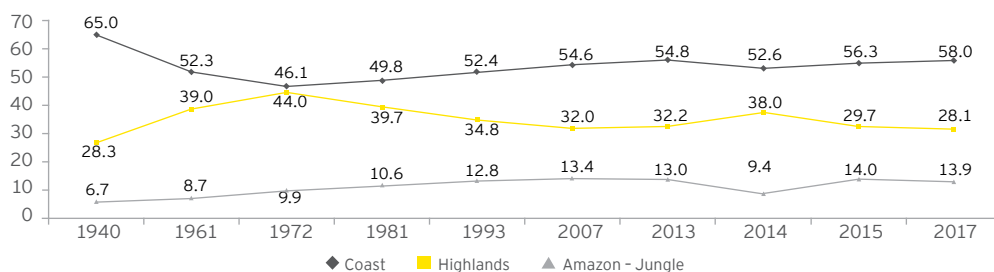


*Estimate; information taken from National Censuses through 2007
Source: National Institute of Statistics and Information (INEI)

Furthermore, in 2017, the male population was greater than the female population by 0.3%. On the other hand, the population on the Coast accounted

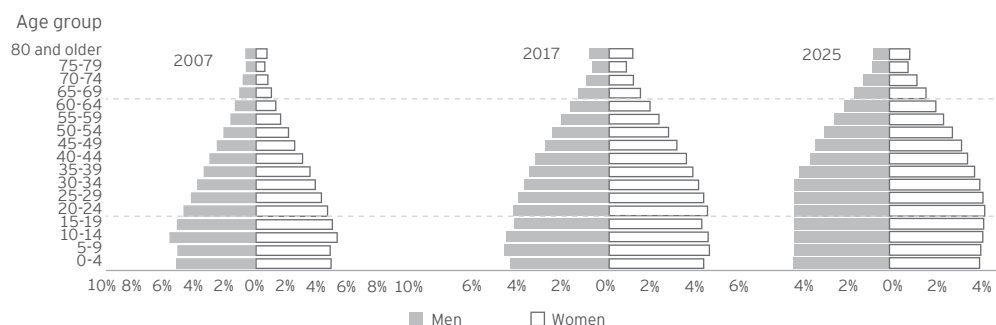
for 56.3% of the total population, while the population of the Highlands was 29.7%, and that of the Jungle was 14.0%.

> Evolution of the Census Population by Natural Region in Percentage



Source: National Institute of Statistics and Information (INEI)

> Evolution of the Population Pyramid



Source: National Institute of Statistics and Information (INEI)

Of the total Peruvian population, 67.2% is between the ages of 15-64, while the Economically Active Population (EAP) as of 2017 was 55.1% of the total, giving Peru a “demographic bonus” effect, which may be simply explained as the structural benefit of its population being of an age to produce and consume. It is estimated that this high percentage of workforce will extend its maximum registration period for up to three and a half more decades, and the power of this “demographic bonus” is that of

fostering greater production, consumption, savings, and investment. Perhaps the most important aspect of this demographic overview is that Peru has the advantage of practically just having begun its “demographic bonus” period, which will provide it with the conditions to make the necessary public and private investments in order to cover the demands and opportunities that arise from the consumption of its “demographic bonus” period.

> Transformation of the Social Structure in Peru

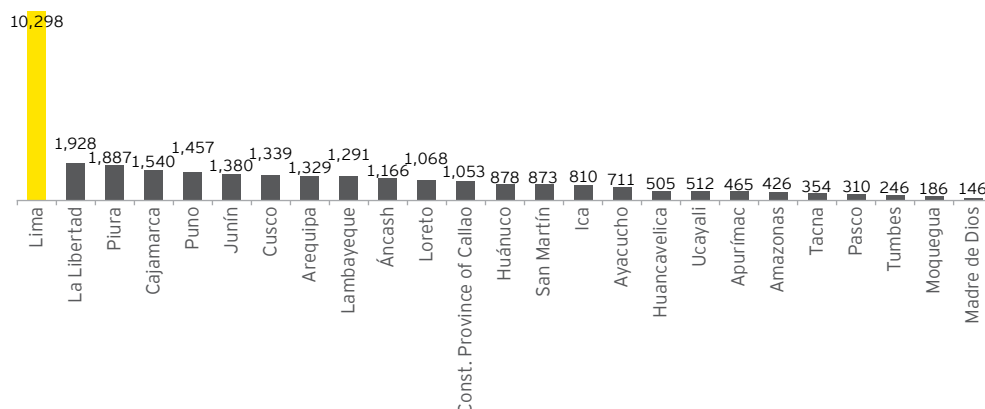


Sources: National Institute of Statistics and Information (INEI), Peruvian Association of Market Research Companies (APEIM), Rolando Arellano Cueva

According to the information provided by the National Institute of Statistics and Information (INEI) and the Peruvian Association of Market Research Companies (APEIM) the distribution by levels of social structure of urban Peru, which as a whole accounts for an estimated 77% of the national population, has suffered an important change if its trend over the past 15 years is considered. As observed in the following graph, in the year 2000 the socioeconomic distribution that included the Socioeconomic Levels (SEL) ABC represented 30% of the urban population, while the remaining 70% was comprised by the SEL DE.

As from that date and only up to 2017, the Gross Domestic Product (GDP) grew 132%, a fact that has significantly influenced the change in distribution of the profile of urban Peru and in the “geometry of the social structure” of the country. Thus, today, there has been a change from a distribution of the “triangular” type of social structure, to a “rhomboid” type of structure, in urban Peru and a “quasi-rhomboid” structure in urban Lima. This conclusion is based on the analysis of the almost equal distribution of the percentage of the SEL ABC with 53%, vs. the SEL DE with 47% at a national urban level, while this evolution has been further noticeable in urban Lima, where the distribution of the SEL ABC already accounts for 71% of the population vs. the percentage distribution of the SEL DE with the remaining 29%.

> Projected Population by Department in Thousands (2018)



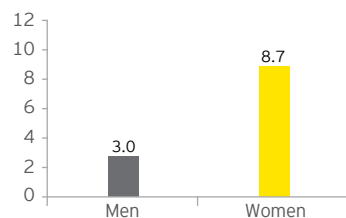
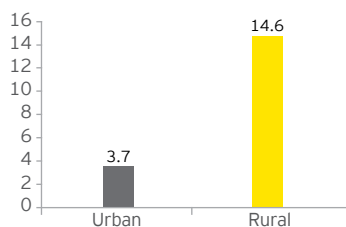
Source: National Institute of Statistics and Information (INEI)

Coinciding with the population percentages by Region, the three most populous departments of Peru belong to the Coast Region: Lima, Piura and La Libertad, followed by Cajamarca, Puno, Junin, Cusco, and Arequipa.

illiterate rural population represented 14.6%, while the percentage in urban areas came to 3.7%. Of the total male population over the age of 15, 3% were illiterate as of 2017, while 8.7% of women over the age of 15 did not know how to read or write. These percentages keep decreasing year by year.

In 2017, the national illiteracy rate totaled 5.9% of the population aged 15 and over. Thus, considering the total national population aged 15 and over, the

> Illiteracy Rate of the Population Aged 15 and Over, by Sex and Area of Residence (2016)



Source: National Institute of Statistics and Information (INEI)

Human Development

The Human Development Index (HDI) is a compound index that measures the average advances in three basic dimensions of human development: a long and healthy life; knowledge; decent standard of living, via the combination of indicators for life expectancy, educational achievements, and income. The HDI defines a minimum and maximum value for each dimension (called “objectives”) and then

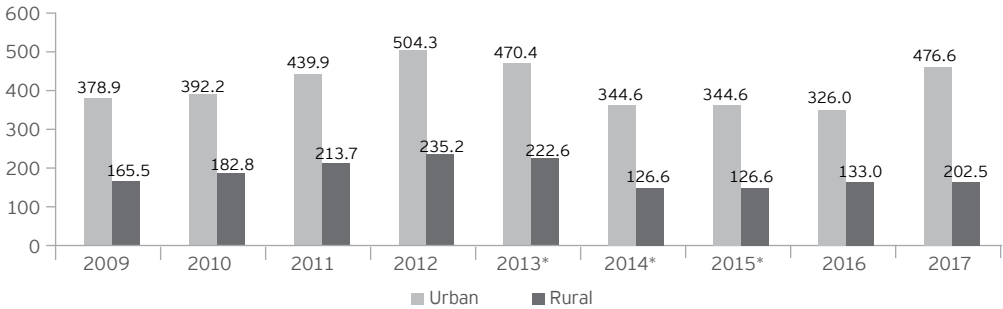
shows the position of each country with regard to these objective values, expressed in the form of a value between 0 and 1. According to the 2015 Human Development Report issued by the United Nations Development Program (UNDP) the ranking and evolution of the six principal countries in Latin America are as follows:

Ranking	Classification Country	1980	1990	2000	2005	2011	2012	2013	2014	2015	Growth Rate 2015 / 1980
	World Total	0.561	0.600	0.639	0.666	0.692	0.694	0.702	0.711	0.717	28%
	Latin America and the Caribbean	0.574	0.623	0.683	0.708	0.739	0.741	0.740	0.748	0.751	31%
Very high human development											
45	► Argentina	0.675	0.701	0.755	0.771	0.810	0.811	0.808	0.836	0.827	23%
38	► Chile	0.638	0.702	0.759	0.789	0.817	0.819	0.822	0.832	0.847	33%
High human development											
77	► Mexico	0.598	0.654	0.723	0.745	0.773	0.775	0.756	0.756	0.762	27%
79	► Brasil	0.522	0.590	0.669	0.699	0.728	0.730	0.744	0.755	0.754	44%
87	► Peru	0.580	0.619	0.679	0.699	0.738	0.741	0.737	0.734	0.740	28%
95	► Colombia	0.556	0.600	0.658	0.681	0.717	0.719	0.711	0.720	0.727	31%

Note: The ranking refers to each country's position in the world classification for 2015.

Source: United Nations Development Program (UNDP)

> Real Monthly Income Per Capita According to Geographic Regions (in US\$)

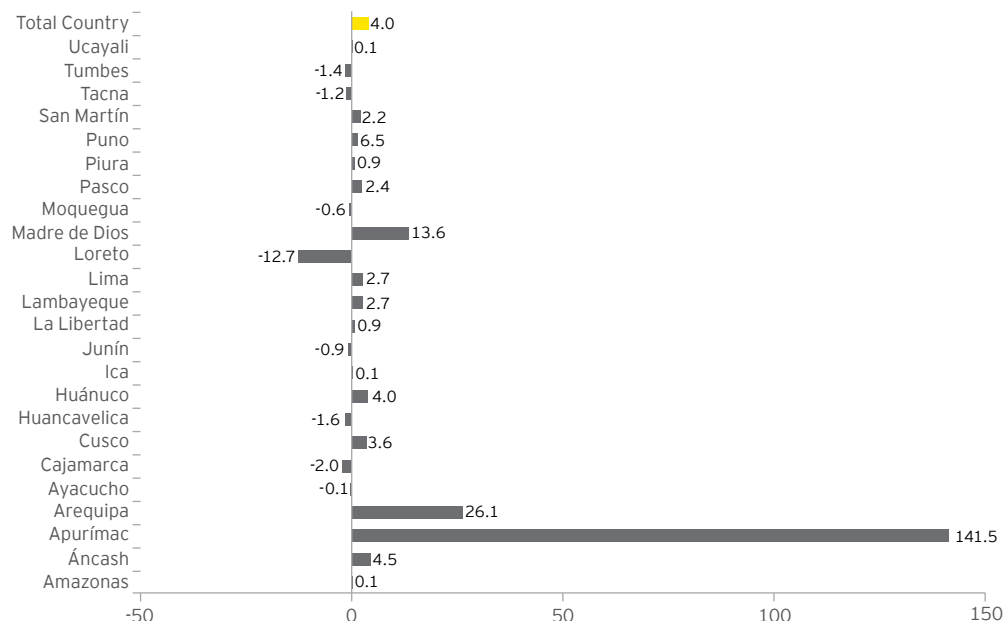


Note: In March 2018, the minimum wage increased to S/930 (approximately US\$282).

*Decrease explained mainly through the devaluation of the Sol against the US Dollar

Source: National Institute of Statistics and Information (INEI)

› Annual Change of the GDP per Region in Percent, Tax-Free Constant Values (2016)



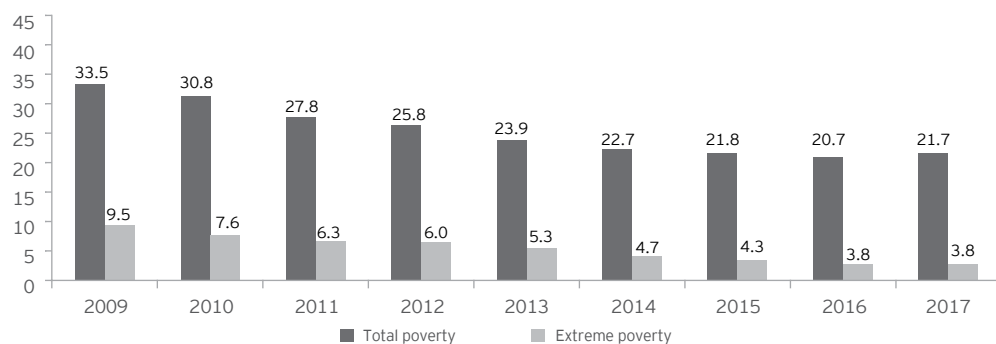
Source: National Institute of Statistics and Information (INEI)

8

Both the boost of economic growth and the coverage of social programs contribute to the relief and reduction of poverty incidence. If the growth trend is maintained in 5% towards 2021, the poverty rate would be reduced to 18% by 2021.

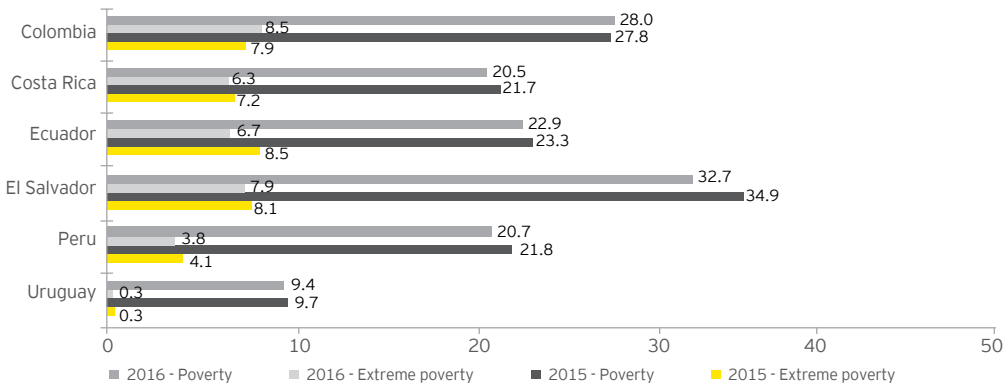
Poverty and Employment

› Total Incidence of Poverty (in Percentage)



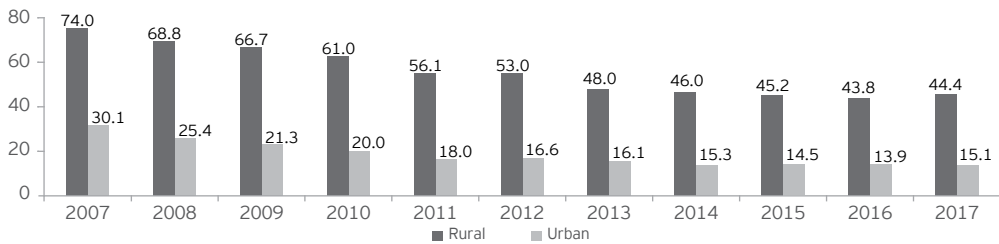
Source: National Institute of Statistics and Information (INEI)

> Poverty rate in Latin America (%)



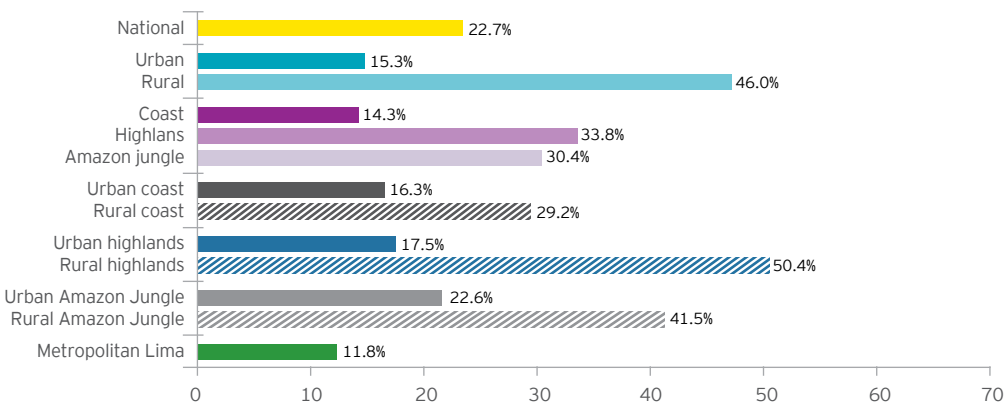
Source: Economic Commission for Latin America and the Caribbean (CEPAL)

> Poverty Rate by Area of Residence (in Percentage)



Source: National Institute of Statistics and Information (INEI)

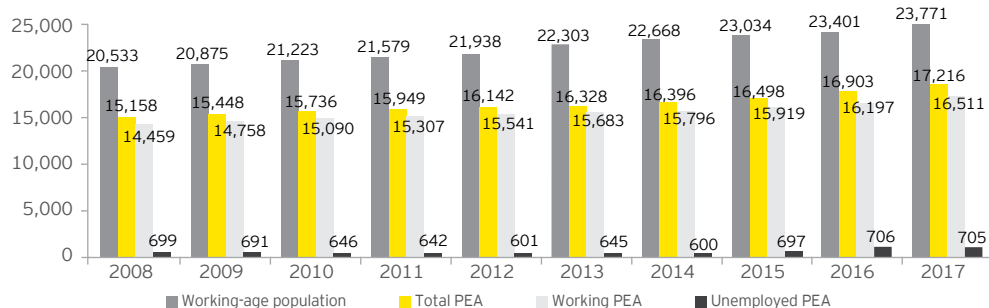
> Total Incidence of Poverty by Geographic Area (2017)



Source: National Institute of Statistics and Information (INEI)

In 2017, the Economically Active Population (PEA) of the country amounted to 17.2 million people, with 16.5 million working PEA

> Evolution of the Economically Active Population (Thousands of People)



Source: National Institute of Statistics and Information (INEI)

> Working-age Population by Activity Conditions

Activity Conditions	2010	2011	2012	2013	2014	2015	2016	2017
Working-Age Population (WAP)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In Thousands	21,223.5	21,579.4	21,938.0	23,303.4	22,668.6	23,034.2	23,401.6	23,771.7
Economically Active Population (PEA)	74.1	73.9	72.8	73.2	72.3	71.6	72.2	72.4
- Employed PEA (%)	95.9	96.0	96.3	96.0	96.3	96.5	95.8	96.3
- Unemployed PEA (%)	4.1	4.0	3.7	4.0	3.7	4.2	4.2	3.7
Economically Inactive Population (EIP) (as % of the EIP)	25.9	26.1	27.2	26.8	27.7	28.6	27.8	27.6

Source: National Institute of Statistics and Information (INEI)

> Employment and Unemployment Rate - 2017 (in Percentage)

Department	Employment Rate	Unemployment Rate
Amazonas	98.4	1.6
Ancash	97.1	2.9
Apurímac	98.2	1.8
Arequipa	95.7	4.3
Ayacucho	96.9	3.1
Cajamarca	98.1	1.9
Callao*	93.6	6.4
Cusco	97.2	2.8
Huancavelica	97.6	2.4
Huánuco	96.9	3.1
Ica	97.2	2.8
Junín	97.9	2.1
La Libertad	97.1	2.9

Department	Employment Rate	Unemployment Rate
Lambayeque	96.4	3.6
Lima	93.3	6.7
Loreto	97.7	2.3
Madre de Dios	98.5	1.5
Moquegua	95.7	4.3
Pasco	95.9	4.1
Piura	97.2	2.8
Puno	97.0	3.0
San Martín	97.7	2.3
Tacna	95.8	4.2
Tumbes	95.8	4.2
Ucayali	97.3	2.7
Total	95.9	4.1

*Constitutional Province

Source: National Institute of Statistics and Information (INEI)

Among the activities that generate the highest monthly incomes from employment are Mining, Public Administration, Services, Construction, Fisheries and Agriculture.

> Average Monthly Labor Remuneration by Department in US\$ (2017)

Department	Income US\$	Department	Income US\$
Lima	593.3	Lambayeque	343.8
Moquegua	521.8	Áncash	336.6
Madre de Dios	515.5	Cusco	328.8
Callao*	493.7	Pasco	324.6
Arequipa	477.1	Piura	323.5
Ica	421.2	Amazonas	298.7
Tacna	418.2	Huánuco	288.2
Tumbes	389.4	Ayacucho	278.6
La Libertad	388.0	Apurímac	278.2
Loreto	360.5	Cajamarca	260.4
Ucayali	360.3	Puno	252.9
Junín	350.7	Huancavelica	218.9
San Martín	348.6		

*Constitutional Province

Source: National Institute of Statistics and Information (INEI)

Gini Index

The Gini Index measures income inequality. This indicator is a number between zero and one, where zero implies perfect equality in the distribution of the income and one implies perfect inequality (in other words, as if only one person or home that concentrates all the income exists). The referred coefficient is calculated for several countries of Latin America as follows:

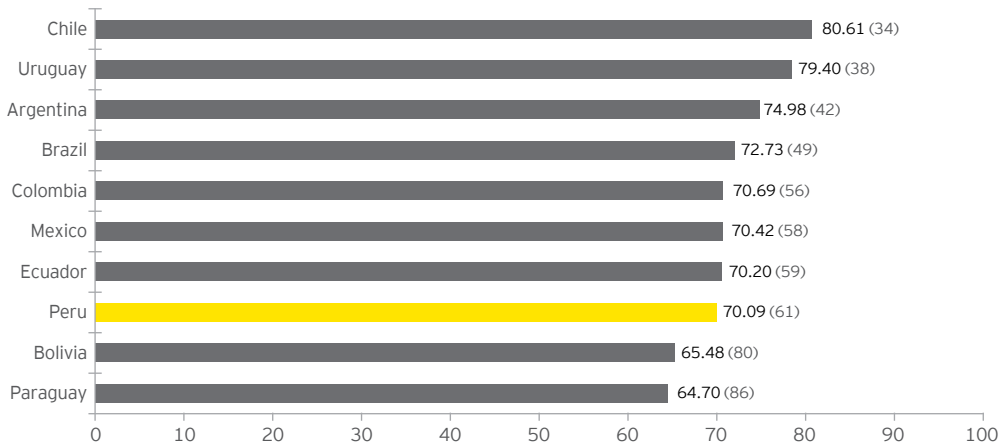
Latin America / Gini Index			
Country		Country	
Argentina (2016)	0.424	Guatemala (2014)	0.483
Bolivia (2016)	0.446	Honduras (2016)	0.500
Brazil (2015)	0.513	Mexico (2016)	0.434
Chile (2015)	0.477	Nicaragua (2014)	0.462
Colombia (2016)	0.508	Panama (2016)	0.504
Costa Rica (2016)	0.487	Paraguay (2016)	0.479
Dominican Republic (2016)	0.453	Peru (2016)	0.438
Ecuador (2016)	0.450	Uruguay (2016)	0.397
El Salvador (2016)	0.400	Venezuela (2006)	0.469

Sources: World Bank, National Institute of Statistics and Information (INEI)

Social Progress Index

The Social Progress Index, developed by Social Progress Imperative, groups social and environmental indicators within three large dimensions: Basic Human Needs, Foundations of Wellbeing, and Opportunity. Peru is considered to be in the Upper Middle Social Progress tier, with a score of 70.09 points, ranking 61 out of the 146 countries analyzed.

> Social Progress Index 2018



Source: Social Progress Imperative 2018



The background is a complex abstract composition. It features a large circular cutout on the left side, revealing a perspective view of a hallway with a yellow wall, a red wall, and a green wall. The rest of the image is filled with various colorful brushstrokes and textures in shades of green, yellow, red, and white, creating a dynamic and artistic feel.

Business Environment

1

Investment Promotion Conditions

Legislation and Trends in Foreign Investment in Peru

Peru seeks to attract both domestic and foreign investment in all sectors of the economy. To achieve this, it has taken the necessary steps to establish a consistent investment policy that eliminates any barriers that foreign investors may face. As a result, Peru is considered a country with one of the most open investment systems in the world.

Peru has adopted a legal framework for investments that requires no previous authorization for foreign investment. In this regard, foreign investments are allowed without restrictions in the large majority of economic activities. The activities with restrictions are very specific, such as air transportation, sea transportation, private safety and surveillance and the manufacture of war weaponry.

Additionally, Peru has a legal framework to protect the economic stability of investors and to reduce government interference in economic activities. The Peruvian government guarantees legal stability to national and foreign investors with regard to the legislation governing income tax and specifically, distribution of dividends. Foreign investors with the right to obtain legal and tax stability are those willing to invest in Peru for a period of no less than two years and for a minimum amount of US\$10 million in the Mining and/or Hydrocarbons sectors, or US\$5 million in any other economic activity.

Peru's legal provisions, regulations, and practices do not discriminate between domestic and foreign corporations. There are no restrictions on repatriation of profits, international transfers of capital, or foreign exchange practices. The remittance of interest and royalties is also not restricted in any way. Foreign currency may be allocated to acquire goods abroad or cover financial obligations, provided the operator complies with Peruvian tax laws.

Favorable Legal Framework for Foreign Investors

Peru offers a legal framework¹ that protects foreign investors' interests by offering them:

- ▶ An equal and non-discriminatory treatment
- ▶ Unrestricted access to the majority of economic sectors
- ▶ Free capital transfer

Additionally, Peruvian and foreign investors are provided with:

Right to free competition

- ▶ Guarantee of private property (no expropriations or nationalizations)
- ▶ Freedom to acquire shares in Peruvian corporations
- ▶ Freedom to access internal and external credit
- ▶ Freedom to transfer royalties and profits from their investment
- ▶ Simplicity for most operations, whether in local currency (Sol) or U.S. Dollars, without foreign exchange controls.

- ▶ A country with a vast network of investment agreements and membership in the Investment Committee of the Organization for Economic Co-operation and Development (OECD)

Direct foreign investments must be registered with the Agency for the Promotion of Private Investment (ProInversión).

Foreign investors may remit abroad the net profits (without any restriction whatsoever) from their registered investments, as well as transferring their shares, ownership interests, or participatory rights, perform capital reductions, and dissolve or wind-up their companies.

Recognition of Favorable Investment Climate

According to the Global Competitiveness Index ranking, Peru is among the top countries in Latin America in terms of macroeconomic environment, market size, financial market development, labor market efficiency, and goods market efficiency.

	2015 - 2016		2016 - 2017		2017 - 2018	
	Ranking	Score	Ranking	Score	Ranking	Score
Peru Total	69/140	4.24	67/138	4.22	72/137	4.22
SUB-INDEXES						
Basic requirements	76	4.52	77	4.43	79	4.45
Institutions	116	3.26	106	3.30	116	3.22
Infrastructure	89	3.54	89	3.57	86	3.77
Macroeconomic Environment	23	5.89	33	5.44	37	5.35
Health and Basic Education	100	5.39	98	5.33	93	5.44
Efficiency Enhancers	60	4.19	57	4.26	64	4.22
Tertiary Education	82	4.08	80	4.13	81	4.10
Goods Market Efficiency	60	4.47	65	4.37	75	4.28
Labor Market Efficiency	64	4.33	61	4.34	64	4.27
Financial Market Development	30	4.49	26	4.75	35	4.51
Technological Readiness	88	3.30	88	3.56	86	3.73
Market Size	48	4.47	48	4.40	48	4.45
Innovation and Sophistication Factors	106	3.34	108	3.30	103	3.33
Business Sophistication	81	3.93	78	3.78	80	3.81
Innovation	116	2.76	119	2.82	113	2.85

Source: World Economic Forum 2017-2018

¹Constitutional provisions; "Foreign Investment Act," Legislative Order (Decreto Legislativo) 662; "Framework Law for the Growth of Private Investment," Legislative Order 757; "Act for the Promotion of Private Investment in Public Infrastructure and Utility Works," as amended, and Regulations thereof. Taken from ProInversión.

Ease of Doing Business in Peru

According to Doing Business 2019, Peru ranks 68th out of 190 countries in terms of ease of starting a company and doing business, and ranks third in

> Doing Business

Ranking for Latin America	
Ranking	Country
54	Mexico
56	Chile
64	Puerto Rico (United States)
65	Colombia
67	Costa Rica
68	Peru
79	Panama
95	Uruguay
98	Guatemala
102	Dominican Republic
109	Brazil

Source: World Bank (WB) - Doing Business 2019

South America. According to Forbes 2018, Peru ranks 60th among the best countries for doing business, and ranks fifth in Latin America.

> Forbes

Best countries for Doing Business	
Ranking	Country
33	Chile
45	Costa Rica
54	Uruguay
57	Mexico
60	Peru
61	Colombia
64	Panama
74	Brazil
92	El Salvador
94	Guatemala
112	Paraguay

Source: Forbes 2018

The following are the principal indicators for the investment climate:

Indicators	Peru	Latin America and the Caribbean
Starting a business		
▸ Number of procedures	7.0	8.4
▸ Time (days)	26.5	31.7
▸ Cost (% of per capita income)	10.0	37.5
▸ Registration of minimum paid up capital (% of per capita income)	0.0	2.1
Construction permits		
▸ Number of procedures	15.0	15.7
▸ Time (days)	188.0	191.8
▸ Cost (% of per capita income)	1.1	3.2
Property registration		
▸ Number of procedures	5.0	7.2
▸ Time (days)	7.5	63.3
▸ Cost (% of property value)	3.3	5.8
Electricity service		
▸ Number of procedures	5.0	5.5
▸ Time (days)	67.0	66.0
▸ Cost (% of property value)	349.6	927.4
Access to credit		
▸ Strength of legal rights index (0-12)	8.0	5.3
▸ Depth of credit information index (0-8)	8.0	4.8
▸ Coverage of Public Records Offices (% of adults)	37.4	14.0
▸ Coverage of private entities (% of adults)	100.0	43.1
Protecting minority investors from conflict regulations		
▸ Interest regulation index (0-10)	7.0	5.3
▸ Corporate governance index (0-10)	5.3	4.1
▸ Minority investor protection index (0-10)	6.2	4.8
Paying taxes		
▸ Number of tax payments per year	9.0	28.0
▸ Time (hours per year)	260.0	332.1
▸ Total tax rate (% of profit)	35.6	46.6
Trading across borders		
▸ Time to export: compliance with border regulations (hours)	48.0	62.5
▸ Export costs: compliance with border regulations (US\$)	460.0	526.5
▸ Time to import: compliance with border regulations (hours)	72.0	64.4
▸ Import costs: compliance with border regulations (hours)	583.0	684.0
Enforcing contracts		
▸ Time (days)	426.0	767.1
▸ Cost (% of amounts claimed)	35.7	31.4
▸ Legal proceedings quality index (0-18)	8.5	8.4
Resolving bankruptcy		
▸ Time (years)	3.1	2.9
▸ Cost (% of assets)	7.0	16.8
▸ Recovery rate (cents per US\$)	29.7	30.8

Source: World Bank (WB) - Doing Business 2018

> Global Competitiveness Ranking 2016 (Latin America)

Country	2015	2016	2017	2018
Chile	35	36	35	35
Mexico	39	45	48	51
Peru	54	54	55	54
Argentina	59	55	58	56
Colombia	51	51	54	58
Brazil	56	57	61	60
Venezuela	61	61	63	63

Raking by Factors for Peru	2015	2016	2017	2018
Financial Performance	50	50	50	55
Government Efficiency	37	41	43	47
Business Efficiency	50	50	55	51
Infrastructure	60	59	61	61

Sources: Institute for Management Development (IMD), Centrum Católica

Financial Climate Index of Latin America

Financial Climate Index is the result of the Latin American Financial Survey, carried out by the IFO Institute of Germany and the Getúlio Vargas Foundation of Brazil. This survey is prepared every three months and serves for the monitoring and

anticipation of the financial tendencies of the countries and financial blocs.

In July 2018, Peru reached 16.6 points, ranking fourth in Latin America.

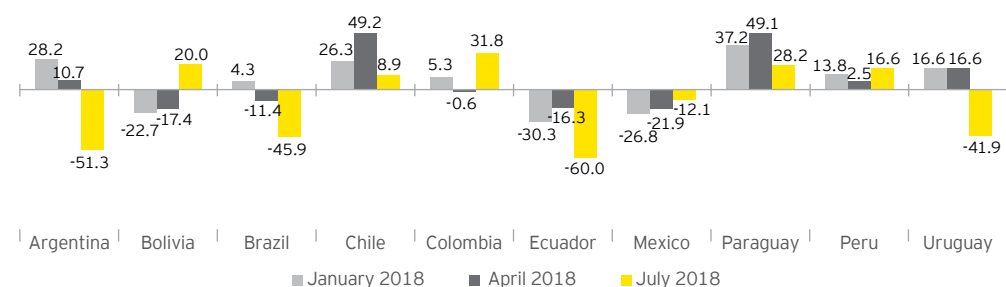
> Business Climate Index (BCI) in Latin America

Ranking	Country	ICE
1	Colombia	31.8
2	Paraguay	28.2
3	Bolivia	20.0
4	Peru	16.6
5	Chile	8.9

Ranking	Country	ICE
6	Mexico	-12.1
7	Uruguay	-41.9
8	Brazil	-45.9
9	Argentina	-51.3
10	Ecuador	-60.0

Source: Latin American Business Survey - IFO Institute, Getúlio Vargas Foundation, July 2018

> Business Climate Index in Latin America



Source: Latin American Business Survey - IFO Institute, Getúlio Vargas Foundation, July 2018

Index of Economic Freedom

According to the 2018 Index of Economic Freedom prepared by The Heritage Foundation, which includes an analysis of the environment and economic freedom of each country based on ten indicators covering issues such as compliance with the law, the level of government intervention, market openness, and efficient State regulations, the overall results obtained confirm that promoting economic freedom in terms of the rule of law, government, regulations, and open markets generates a broad economic dynamism. Thus, boosting these levels will prove significant in order to sustain the wealth of nations, as well as being the most effective way to eradicate poverty.

Below is a summary of this ranking:

Economies	Worldwide Ranking	Latin American Ranking	2018 Score
China, Hong Kong	1	-	90.2
Singapore	2	-	88.8
Australia	5	-	80.9
Canada	9	1	77.7
Chile	20	3	75.2
Colombia	42	6	68.9
Uruguay	38	4	69.2
Peru	43	7	68.7
Mexico	63	12	64.8
Paraguay	82	17	62.1
Brazil	153	27	51.4
Ecuador	165	28	48.5
Bolivia	173	30	44.1
Argentina	144	26	52.3
Venezuela	179	32	25.2

Source: The Heritage Foundation - 2018

Furthermore, Peru has obtained the best score in the "sound money" indicator (9.6 points out of 10) among the countries of Latin America, according to the last Economic Freedom index prepared by the Fraser Institute. Thus, Peru stands out for adopting policies that generate low and stable inflation rates, as well as for avoiding regulations that restrict the use of other currencies.

Emerging and Growth-Leading Economies (EAGLEs)

The emerging and growth-leading economies (EAGLEs) are elected every year by the BBVA Research, based on how their performance contributes to global growth. In order to do this, it is important to analyze their economic relevance and performance compared to the entire set of developed economies. Currently, there are fourteen economies qualified as EAGLEs such as China, India, Indonesia, Brazil, Russia, Turkey, Mexico, Nigeria, Saudi Arabia, the Philippines, Pakistan, Iraq, Bangladesh and Thailand. In addition, within the group of key emerging economies complementing the above, there is a group known as "Nest" ("Nest" of EAGLE economies) which consists of 16 economies, and it is expected that - together with the EAGLE economies - they will contribute 78% to global growth between 2014 and 2024. Peru is part of this group of "Nest" economies, with a growth over and above the forecast for this group of economies. Worth noting is the average annual growth projected for Peru up to 2024, which is 2.4%.

> *Contribution to Global Growth between 2014 and 2024*

	Country	Estimated Annual Variation of GDP	Estimated World Percentage of Share in GDP Growth
EAGLE's	China	7.3	30.3
	India	7.3	11.4
	Indonesia	5.0	2.7
	Brazil	0.1	1.9
	Russia	0.6	2.0
	Turkey	2.9	1.6
	Mexico	2.2	1.5
	Saudi Arabia	3.5	1.2
	Nigeria	6.3	1.1
	Thailand	0.9	1.0
	Philippines	6.1	0.8
	Iraq	-2.1	0.8
	Pakistan	4.7	0.8
	Bangladesh	6.1	0.7
Nest	Colombia	4.6	0.9
	Malaysia	6.0	0.8
	Vietnam	6.0	0.8
	Poland	3.3	0.7
	Egypt	2.2	0.6
	Iran	4.3	0.6
	Peru	2.4	0.6
	South Africa	1.5	0.6
	Chile	1.9	0.5

Source: BBVA Research Peru 2015

Among the reasons why it is possible to predict such a favorable performance from these emerging economies, is the planning and implementation of prudent policies aimed at maintaining macroeconomic stability in the long term, as well as an awareness that their development is closely linked to a deep connection with the world in commercial and financial terms. However, a key factor in the good performance of emerging economies has been, especially in Peru, the role played by the middle class population, since their increase in purchasing power, has led to the transition of the sector from poverty to an emerging situation. This means that consumption patterns of these countries will cause - if they have not already done so - a change that will work for a wider variety of industries.

Entrepreneurship

The Global Entrepreneurship Monitor (GEM) is the largest study worldwide aimed at investigating the attitudes, activities and characteristics of the individuals who participate in entrepreneurial activities, as well as the impact of entrepreneurship in the economic development of the countries. This study divides the countries into three blocs: resource-based economies, efficiency-based economies and innovation-based economies. Each one of these blocs shows the country's performance in terms of its economic development; in other words, the countries with low income that base their economy on the extraction of natural resources are located in the first bloc. The developed countries are

situated between the innovation-based economies and medium income countries, such as Peru, within the efficiency-based economies.

The Global Entrepreneurship Monitor (GEM) defines the Entrepreneurial Activity Rate (EAR) as the number of entrepreneurial ventures among the economically Active Population (PEA). In addition, it shows other results such as the perception of opportunities, of capacities, the fear of failure and entrepreneurial intentions, obtained from the surveys carried out on entrepreneurs of each country.

> Worldwide Rate of Entrepreneurial Activity - 2017/2018

Countries	Rate of Entrepreneurial Activity	Entrepreneurial Intentions (%)
1. Ecuador	29.6	48.2
2. Guatemala	24.8	46.5
3. Peru	24.6	43.2
4. Lebanon	24.1	32.5
5. Chile	23.8	45.8
6. Vietnam	23.3	25.0
7. Madagascar	21.8	39.8
8. Malaysia	21.6	17.6
9. Thailand	21.6	37.4
10. Brazil	20.3	15.3

Source: Global Entrepreneurship Monitor (GEM)

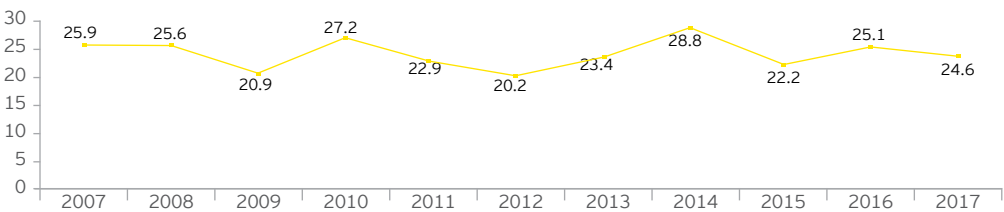
> Entrepreneurial Attitudes and Perceptions According to the Global Entrepreneurship Monitor (GEM) - 2018 (% of the Population between 18 and 64 Years)

Country	Perception of Opportunities (%)	Perception of Capacities (%)	Fear of Failure (%)	Entrepreneurial Intentions (%)
Argentina	29.7	43.1	37.8	13.4
Brazil	46.4	55.9	39.8	15.3
Chile	55.5	61.8	29.4	45.8
Colombia	52.4	68.5	26.1	52.5
Ecuador	51.2	74.1	27.1	48.2
Guatemala	53.3	64.5	32.4	46.5
Mexico	36.4	50.1	28.4	13.2
Panama	48.9	57.6	24.0	20.8
Peru	55.8	67.6	30.7	43.2
Puerto Rico	28.0	46.7	28.6	18.3
Uruguay	36.9	57.5	31.0	27.4
Average	44.9	58.8	30.5	31.3

Source: Global Entrepreneurship Monitor (GEM)

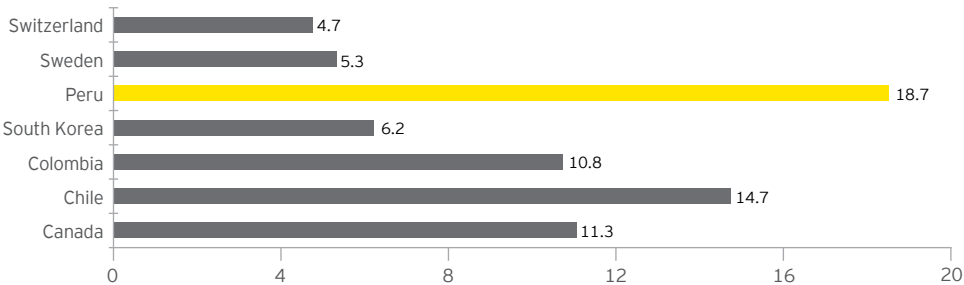
In 2017, Peru obtained an Entrepreneurial Activity Rate (EAR) of 24.6%, thereby situating it among the top ten entrepreneurial countries of the world. According to the Index of the Global Entrepreneurship Monitor (GEM) 25 out of every 100 Peruvians carry out an entrepreneurial activity mainly in microenterprises and the perception of opportunities and entrepreneurial intentions (55.8% and 43.2%, respectively) is very much above the regional average (44.9% and 31.3%, respectively).

> *Evolution of the Rate of Entrepreneurial Activity According to Global Entrepreneurship Monitor (GME) in Peru*



Source: Global Entrepreneurship Monitor (GEM)

> *New Entrepreneurs (2017): Percentage of the Population Aged between 18 and 64 Years who are currently the Owners of a New Enterprise Which has not Been in Operation for More than 42 Months or Less than 3 Months*



Source: Global Entrepreneurship Monitor (GEM)

2

Trade Agreements

Peru's development strategy is based on an economy opened to the world and competitive in its export offer. It has been a successful strategy that has permitted the country to consolidate its foreign trade as an instrument for economic development and the reduction of poverty.

International trade negotiations, which have benefited from rigorous macroeconomic management and its consequent stability, have allowed the Peruvian economy to gradually tackle and reduce its external vulnerability in times of crisis such as in the current international situation. In recent years, Peru has negotiated Free Trade Agreements (FTA) with large and medium-sized markets.

As of 2017, 89% of Peru's exports are covered by Free Trade Agreements (FTAs) currently in force. This enables Peruvian products to enter, subject to the rules of origin of each trade agreement, under preferential conditions to over 55 countries, including the United States, China, Canada, Japan, South Korea, Thailand, Singapore and the member countries of the European Union, MERCOSUR, among others.

This market openness and the trade agreements that Peru has signed have permitted an increase in the number of exported products and exporting companies, particularly in non-traditional exports. Despite the fact that exports of traditional products still represent 73% of the country's total exports, it is clear that the trade agreements have allowed the country to diversify its offer of non-traditional goods.

Additionally, these trade agreements are a valuable instrument for attracting direct foreign investment and boosting increased productivity in companies, as well as the transfer of technology through the lower cost of imports of capital goods and quality inputs. Trade agreements provide an incentive to the processes of convergence of international standards, which has enabled more Peruvian companies to improve their management and logistics practices.

Peru has also negotiated Bilateral Investment Agreements.

The principal rights protected include:

- ▶ The right to a minimum level of treatment according to customary international law
- ▶ The right to receive the same treatment as domestic investors
- ▶ The right to receive indemnity in case of expropriation
- ▶ The right to the free transfer of profits
- ▶ The Most Favored Nation Clause, under which the best terms and conditions given to foreign partners is made available to any other third country partner
- ▶ The possibility of accessing international courts specialized in investment issues in case of disputes.

In an effort to strengthen and consolidate Peru's image as an attractive destination for investments, there are currently 45 agreements in force:

- ▶ 26 Bilateral Investment Agreements: Germany, Argentina, Australia, Colombia, Canada, Chile, China, Cuba, Denmark, El Salvador, Spain, Finland, France, Italy, Japan, Malaysia, Netherlands, Paraguay, Portugal, United Kingdom, Czech Republic, Romania, Sweden, Thailand, the Belgium-Luxembourg Economic Union and Venezuela.
- ▶ 19 Free Trade Agreements (FTAs): Southern Common Market (MERCOSUR), Cuba, Asia Pacific Economic Cooperation (APEC) Forum, Chile, Mexico, United States, Canada, Singapore, China, European Free Trade Association (EFTA), South Korea, Thailand, Japan, Panama, European Union, Costa Rica, Venezuela, Pacific Alliance and Honduras.

It should be noted that Peru has a signed agreement with the Overseas Private Investment Corporation (OPIC) and a Constitutive Agreement with the Multilateral Investment Guaranty Agency (MIGA). Peru has also signed the International Convention

for Settlement of Investment Disputes (ICSID) of the World Bank (WB) as an alternative for resolving disputes that might arise between investors covered by the International Centre for Settlement of Investment Disputes (ICSID) and the Peruvian State.

Additionally, eight agreements have been signed to avoid double taxation with Chile, Canada, the Andean Community of Nations (CAN), Brazil, Mexico, South Korea, Switzerland and Portugal.

List of trade agreements in force:

▶ Multilateral Agreements:

- World Trade Organization (WTO)

▶ Regional Agreements:

- Andean Community of Nations (CAN) - Bolivia, Colombia, Ecuador, and Peru
- Additional Protocol to the Pacific Alliance Framework Agreement (Colombia, Chile, Mexico and Peru).

▶ Bilateral Agreements:

- A European Free Trade Association (EFTA) - Switzerland, Iceland, Liechtenstein, and Norway
- Canada
- Chile
- China
- Costa Rica
- Cuba
- European Union
- Honduras
- Japan
- Mexico
- Panama
- Singapore
- Southern Common Market (MERCOSUR) - Argentina, Brazil, Paraguay, Uruguay and Venezuela.
- South Korea
- Thailand
- United States
- Venezuela

► **Pending Entry into Force:**

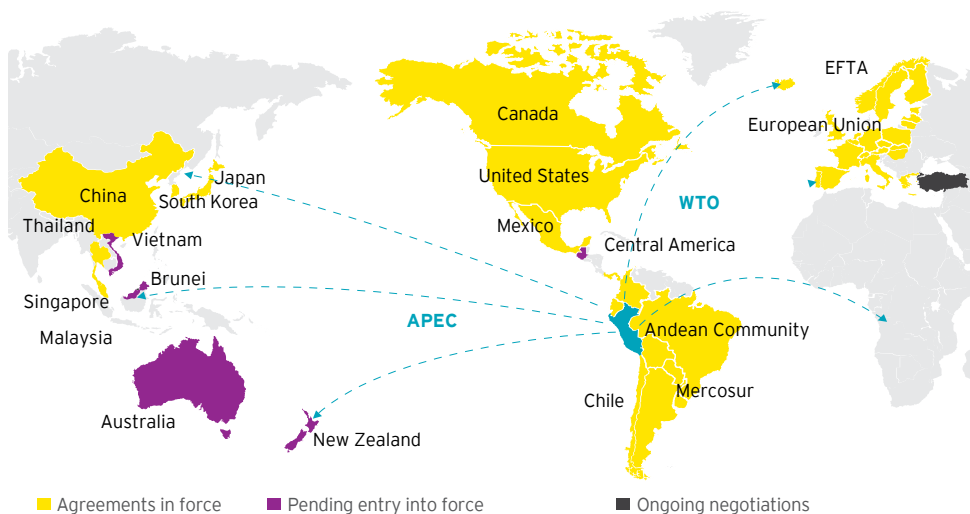
- Australia
- Brazil
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) - Brunei, Chile, New Zealand, Singapore, Australia, Malaysia, Vietnam, Canada, Mexico, Japan, and Peru
- Guatemala

► **Ongoing Negotiations:**

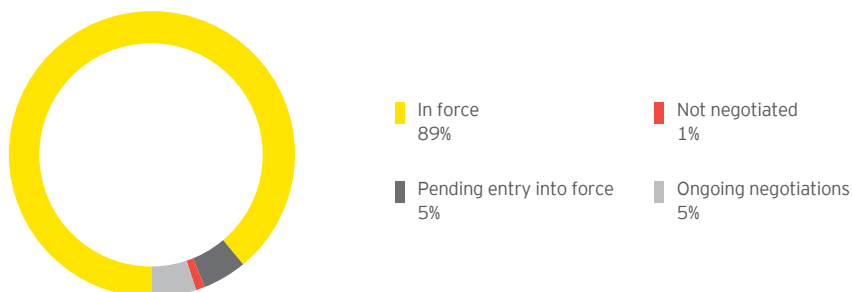
- DOHA Development Round
- El Salvador
- India
- Trade in Services Agreement (TISA)
- Turkey

It must be pointed out that Peru is an active member of the Asia Pacific Economic Cooperation (APEC) Forum, together with 20 other economies from that Region. It is also a member country of the Latin American Integration Association (ALADI) and a State Member of the Southern Common Market (MERCOSUR). Recently and through the Country Program, Peru will be allowed to participate in the committees of the Organization for Economic Cooperation and Development (OECD). This represents a key tool for Peru for the success of the strategy and the process aimed at succeeding with the entry of Peru in said organization.

The following map shows the status of Peru's agreements, exports under these agreements, and a brief summary of the main instruments:



► **Exports from Peru According to Markets with Trade Agreements**



Source: Ministry of Foreign Trade and Tourism (MINCETUR)

In Force

1. Peru - China Free Trade Agreement (FTA)

In economic terms, China has been the fastest growing economy worldwide over the past two decades (around 10% per year of sustained growth). The entry into force of this Agreement in March 2010 has opened up a market of 1.4 billion inhabitants, of which 350 million are consumers with high purchasing power.

Exports to China had grown at an approximate average rate of 36% per year during the 2016-2017 period. Peru's principal exports to China are copper, fishmeal, and iron ore, lead and zinc. Among the main Peruvian products benefitting from the trade agreement are giant squid, cuttlefish and squid, fresh grapes, avocado, mango, barley, paprika, tara powder, and fine wool yarn, etc. In exchange, China ships machinery, mobile telephones, laptops and high technology products to Peru.

The FTA establishes clear rules of the game, within a transparent and predictable framework through which it will not only contribute to increasing bilateral trade, but also boost Chinese investment in Peru, principally in the industries of mining, agriculture, electricity, wind power, oil and gas, and fisheries.

EY and the Ministry of Foreign Affairs have the Chinese version of this Peru's Business and Investment Guide 2016/2017. You can download it free of charge at:
www.ey.com/PE/EYPeruLibrary

2. Peru - United States Trade Promotion Act

Peru had access to certain unilateral preferential customs duties with the United States starting in 1991, granted by the U.S. Congress to Andean Countries through the Andean Trade Preference Act (ATPA), which remained in force until 2001. These preferential duties were renewed in 2002 with the enactment of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) under which they remained in force until 2010.

In 2004, Peru initiated negotiations for a Free Trade Agreement (FTA) with the United States, and in 2009 the Peru - United States Free Trade Act entered into force. Just two years after entering into force, 418 new products were exported, of which 96% were non-traditional products, most notably in the areas of Metal-Mechanical (32%), Chemicals (20%), and Textiles (11%).

The main products exported to the United States are minerals, metals, textiles, fish products, crude oil, coffee, cocoa, handicrafts, paprika, artichokes, grapes, mangoes, tangerines and asparagus. In 2017, exports reached US\$6,869 million, of which golden exports accounted for 26%, while asparagus, fresh grapes and avocado 10%.

3. Peru - European Union (EU) Free Trade Agreement (FTA)

The Trade Agreement with the European Union (EU) is part of a business strategy to expand and develop the export supply of Peru. It became effective on March 2013. The European Union constitutes a market of great opportunities with over 515 million inhabitants and per capita income levels, which are among the highest in the world.

The European Union is one of the main destinations for Peruvian exports, with a share of 14% of the total exports in 2017. Furthermore, this Region registered a direct foreign investment in Peru with a share of 35% of the capital stock from Spain and the United Kingdom.

With the entry into force of the Peru - European Union (EU) FTA, custom duties were removed in 99.3% of Peru's exports, benefiting 95% of custom duty lines for agricultural products, such as asparagus, avocados, coffee, fruits of the genus capsicum (for example, paprika and chili peppers) artichokes, among others.

The execution of the agreement between the Republic of Peru and the European Union on visa exemptions for short-term stays, signed on March 14, 2016 in the city of Brussels, in the Kingdom of Belgium, was a major achievement that will facilitate business investment contacts by Peruvian businesspeople in Europe. Under this agreement, Peruvian citizens can enter the following 30 countries without a short-term visa: Germany, Austria, Belgium, Denmark, Slovakia, Slovenia, Spain, Estonia, Finland, France, Sweden, Czech Republic, Hungary, Italy, Latvia, Lithuania, Luxemburg, Malta, The Netherlands, Poland, Portugal, Greece, Iceland, Liechtenstein, Norway, Switzerland, Bulgaria, Croatia, Cyprus, and Romania. This decision came about as a result of increased economic relations with the European Union, a decline in irregular migration flows, and the opportunities offered by the economic growth registered in Peru.

4. Peru - Japan Free Trade Agreement (FTA)

The Economic Partnership Agreement between Peru and Japan was entered into on May 31, 2011. As from its entry into force in March 2012, Peruvian products such as coffee, asparagus, sachu inchi, giant squid, fish oil, copper, lead, zinc, purple corn, giant corn from Cusco, swordfish, among others, may enter the Japanese market with preferential access.

In 2017, Japan was the seventh top destination for Peruvian exports, for a total value of US\$1.8 billion, consisting mainly of minerals and agricultural products.

5. Peru - South Korea Free Trade Agreement (FTA)

The Free Trade Agreement (FTA) between Peru and South Korea was signed on March 21, 2011, in Seoul, Korea, and it became effective on August 1, 2011. With this trade agreement, Peru gains access to a market of 50.4 million inhabitants, with a GDP per capita of US\$37,940. For Peruvian exports, this represents a significant number of potential consumers and a major opportunity for Peru's export supply.

Peruvian non-traditional exports reap the most benefit from this Agreement, since, according to the Peruvian Ministry of Foreign Trade and Tourism (MINCETUR) the Korean market has a preference for high quality fresh products, such as agricultural and fisheries products from Peru.

South Korea was the fifth destination of Peruvian exports during 2017, with a total of US\$2.1 billion, the bulk of which is represented by fisheries and agricultural products. In turn, it is the fifth country of origin of our imports, with a total of US\$1.0 billion in the same year. The main products imported from Korea are vehicles and telephones.

6. Peru - Singapore and Peru - Thailand Free Trade Agreements (FTAs) in Order to Accelerate the Liberalization of the Commerce of Merchandise and the Facilitation of Commerce

In the context of the policy of rapprochement with the Asian market, Peru executed the Peru - Singapore Free Trade Agreement (FTA) on May 29, 2008. Unlike Thailand and the case of most Asian countries, which import mainly minerals from Peru, Singapore is a very important non-traditional Peruvian exports destination. The main products exported to Singapore, which are already benefiting from this Agreement, which entered into force on August 1, 2009, are cocoa, grapes, t-shirts, shirts, asparagus, shellfish, and other marine products. Singapore is one of the main ports of entry into East Asia; thus, the Agreement will enable Peruvian products to be admitted under better conditions throughout the Region, boost greater investments and consolidate the Peruvian strategy of becoming the center of Asian operations in South America.

In the case of Thailand, the Protocol to Accelerate the Liberalization of the Trade of Goods and Facilitation of Trade was signed in the city of Busan, South Korea, on November 19, 2005, and entered into force on December 31, 2011. The main products exported to Thailand include zinc and copper ore; fishmeal, fish powder, and fish pellets; cuttlefish; and fresh grapes. The tariff liberalization agreed to with Thailand encompasses approximately 75% of both countries' tariff subheadings. The subheadings corresponding to Basket A were immediately liberalized; while those corresponding to Basket B were scheduled for liberalization five years after the entry into force of the Protocol.

7. Peru - MERCOSUR Economic Complementation Agreement (ACE)

Economic Complementation Agreement 58 (ACE 58) was signed between Peru and the MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) on November 30, 2005 and became effective on January 2006. Subsequently, in 2006 the Protocol for Venezuela's Accession to the MERCOSUR was signed, and there has been a trade agreement with this country since 2012.

The purpose of this Agreement was to establish a legal framework for integration, to facilitate business trade between member countries, through the elimination of tariff and non-tariff measures affecting trade in goods and services. Therefore, since January 1, 2012, products exported to Argentina and Brazil enter these countries with a rate of 0% in customs duties.

The main products exported to MERCOSUR are minerals and copper products, zinc ores, silver, olives, varnishes, calcium phosphates, cotton shirts, tara and dyes. The Peru - MERCOSUR trade reached US\$5,748 million in 2017, which accounts for 6.9% of the Peruvian trade.

8. Peru - Mexico Trade Integration Agreement

The Trade Integration Agreement was entered into by and between Peru and Mexico on April 6, 2011, and became effective on February 1, 2012. This Agreement opened up a 122.3 million people market, allowing our exports preferential access to over 12,000 products, such as canned fish, cookies, paprika, timber, shrimp, and other products. On the other hand, the importation from Mexico of consumer goods and household appliances and technological products will allow Peruvian consumers access to a wider variety and quality of products, at lower prices. Additionally, rules are being consolidated to promote the already strong Mexican investment existing in Peru, as well as the Peruvian investments in said country.

9. Andean Community of Nations (CAN)

Peru, together with other South American countries (Bolivia, Colombia and Ecuador) is a member of the Andean Community of Nations (CAN) since 1997. Within this framework, there are agreements related to lower customs duties for goods, sub-regional liberalization of service markets, community regulations regarding intellectual property, land, air and water transport, telecommunications, etc. An important part of Peruvian trade regulations is governed by the commitments made under this forum. However, in its policy of trade liberalization with other countries and blocs, Peru deepened the liberalization of trade and the opening of its market to much higher levels, and with commitments that are broader in scope than those arising from the CAN.

10. Peru - Canada Free Trade Agreement (FTAs)

The Free Trade Agreement between Peru and Canada was signed in Lima on May 29, 2008 and entered into full force and effect on August 1, 2009. This agreement is a major commercial treaty that incorporates chapters on the National Treatment and Access to Markets, the Facilitation of Trade, Investment, Trans border Trading of Services, Telecommunications, Financial Services, Competition Policies, Public Contracting, E-Commerce, Labor and Environmental issues, among others. It must be noted that the main products exported to Canada are gold, silver, copper, lead, fish oil, fishmeal, handicrafts and textiles.

11. Peru - Chile Free Trade Agreement (FTAs)

This Agreement is effective as from March 1, 2009. It extends the Economic Complementation Agreement (ACE No. 38) signed by Peru and Chile in 1998, together with its annexes, protocols and other regulatory tools.

In 2016, there was a total exemption in the trading of goods between the two countries. Bilateral commercial exchange has increased five times from US\$442 million in the year previous to the entry into force to US\$2,243 million in 2017.

12. Asia Pacific Economic Cooperation (APEC) Forum

Asia Pacific Economic Cooperation (APEC) is an informal consultation forum to promote economic cooperation, economic growth, and the expansion of trade among its members. Unlike the World Trade Organization (WTO) and other multilateral forums, APEC does not comprise a trade treaty or agreement involving binding obligations. On the contrary, it is based on non-binding individual action plans on trade and investment liberalization and facilitation; a collective action plan to closely coordinate the adoption of modern and efficient processes aimed at simplifying requirements and procedures for the various productive transactions; and the economic and technical cooperation among its members. Peru is active in the work of this forum, and it participates in the definition of the lines of action and its organization. As it was in 2008, in 2016 Peru was once again the host of the APEC forum, the ministerial meetings, and the summit of leaders of the 21 economies making up the forum.

APEC countries account for approximately 60% of the global Gross Domestic Product (GDP), 50% of world trade, and around 50% of the world population.

13. World Trade Organization (WTO)

The WTO is the world's largest forum on the administration of the multilateral legal framework that regulates world trade and certain other aspects, such as intellectual property, investment measures, or the environment in those areas related to trade. It is also a dispute resolution mechanism for differences on trade policies, as well as the most important negotiation forum in matters of world trade. It is made up of 164 members (as at August 2018). Peru has been a member of the WTO since its creation in 1995, and all commercial agreements reached at the WTO have been ratified by and incorporated into its domestic law.

14. Pacific Alliance

The Pacific Alliance is a trade bloc consisting of four Latin American countries: Chile, Colombia, Mexico, and Peru. This proposal was unveiled in Peru, on April 28, 2011, through the Declaration of Lima. The aim of this partnership is to encourage regional integration and further growth, development, and competitiveness of its member countries' economies, and to progressively move closer to the goal of achieving the free movement of goods, services, capital, and people. Among these agreements to form part of the Pacific Alliance, an essential requirement set forth is that all new members of the alliance must have in place the rule of law, democracy, and constitutional order in the country.

The countries members of the Pacific Alliance represent 36% of Latin America's Gross Domestic Product (GDP) and 2.7% of the global GDP. Together, they would be the eighth largest economy in the world. Trade represents 41% of Latin America and the Caribbean. Additionally, by 2016, they were able to obtain US\$42 billion in Direct Foreign Investment (DFI).

The four member countries of the Pacific Alliance have agreed to the elimination of visas between them. Under this commitment, Mexico's Department of Foreign Affairs (SRE) announced - on November 9, 2012 - the abolition of visas for Peruvian citizens. Furthermore, the Integrated Latin American Stock Market known as MILA is currently in operation. This initiative aims at achieving the stock market integration of Colombia, Peru, Chile and Mexico, which were formally incorporated in June 2014. Furthermore, the average inflation in 2017 was 3.6%, below the average of Latin America. In addition, in February of 2014, Chile, Colombia, Mexico, and Peru signed an agreement that immediately liberalized 92% of trade from the payment of custom duty tariffs and a uniform customs system has been established, which entered into force on May 1, 2016. Finally, the standardization of the technical

and health provisions, as well as the elimination of health barriers on exports shall be carried out after the entry into effect of the Agreement.

The Pacific Alliance has 55 Observer Members, and the Associated State figure was created in order to negotiate trade agreements with countries interested in having a more profound relationship with the Pacific Alliance.

Also see the following Section II.3 on the Pacific Alliance.

The Ministry of Foreign Affairs and EY have a Guide of the Pacific Alliance 2018/2019. You may download it free of charge at: www.ey.com/PE/EYPeruLibrary

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

On March 8, 2018, Foreign Trade Ministers from 12 countries of the Asia-Pacific region signed the text of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

They signed the CPTPP, in addition to Peru, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore and Vietnam. Together, they represent a market of almost 500 million people with a GDP of US\$10,200 billion, representing more than 13% of the global economy and an average GDP per capita of approximately US\$28,000.

The Agreement has entered the stage of internal improvement which, in many cases, implies prior approval by the respective Parliaments of each country that has signed it. Among the items included in the agreement, there are issues related to regional integration, regulatory coherence, economic development, access of SMEs to markets, competitiveness and transparency, as well as commitments to liberalize the trade of goods and services of the last generation Free Trade Agreements.

Peru has become one of the only three nations in Latin America to be part of the largest free trade zone in the world, covering countries on 3 continents (America, Asia and Oceania). It is the area with the greatest economic projection in the immediate future due to the growth of its middle class. For Peru, the CPTPP represents a great commercial platform to diversify the destinations of its exports in 10 countries improving the conditions of the Free Trade Agreements in force with some of them. Likewise, the CPTPP will allow Peru to enter 5 new markets (Australia, Brunei Darussalam, Malaysia, New Zealand and Vietnam) under a single homogeneous set of rules.

In 2017, Peru exported to the CPTPP countries US\$10,641 million, which represented 24% of the total Peruvian exports. These figures describe the magnitude of the space for growth of Peruvian exports. It should be noted that the potential market generated in fruits and vegetables, Andean grains, fishery products and cotton and alpaca textile products is valued at more than US\$2,500 million. In this sense, growth opportunities for non-traditional exports within the CPTPP block are also expanded. Likewise, the CPTPP will contribute to convert Peru into a hub, attracting South American investment to export with preferences to the other countries of the CPTPP, and investment from the Asia-Pacific to export to the rest of South America through the commercial agreements that Peru has signed with the countries of the region.

16. Peru's Upcoming Trade Agreements

As part of efforts deployed to expand and strengthen the market for Peruvian products worldwide, Peru and Turkey begun negotiations for a Free Trade Agreement (FTA) between the two countries on January 20, 2014. An important fact is that it has been decided for the negotiations to include liberalization of trade in services, which is something that Turkey had never negotiated in earlier agreements from the start. The products enjoying a greater interest on the part of Turkey include mining, fisheries, livestock, leather, and fur.

Central America and the Caribbean are other regions where a significant business and investment potential for Peruvian companies has been identified. Final arrangements are being made to materialize the trade with Guatemala and Honduras. Likewise, negotiations have been initiated with El Salvador, Nicaragua and Cuba, which are expected to be concluded in a short period.

Peru is also taking the initiative to promote the start of trade negotiations with India and the Indonesia. For that purpose, the corresponding feasibility studies have already been undertaken. One of the interests in future negotiations with India is to strengthen openness and trade preferences for Peru in a market that concentrates one sixth (1/6th) of the world's population. In an initial MINCETUR study, 61 Peruvian products have been identified (52 belonging to the Non-traditional Sector) in which Peru has significant comparative advantages and where India would have a relatively high purchasing power.

In addition, Peru is evaluating the possibility of proposing a feasibility study to enter into a trade agreement with the Russian Federation, which would open up, for Peru, a market in an economy that represents 23% of world's exports and 1.8% of the world's imports. In this regard, MINCETUR has determined that custom duty tariff liberalization between the two countries could generate an increase in bilateral exports of 36% for Peru, emphasizing, for the Peruvian side, the ability to export fresh grapes, colorants, tangerines, capsicum, zinc oxide, fresh mangoes, and other products.

On October 2, 2012, Peru also signed a Framework Agreement for Economic, Commercial, Technical and Investment Cooperation with Member States of the Gulf Cooperation Council, made up of Saudi Arabia, Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates. The Agreement is the first one signed with a South American country.

The possibility to continue negotiating trade agreements with Israel, South Africa or Morocco is not ruled out.

Peru's Entry to the Schengen Area

Since March 2016, Peruvians no longer require a Schengen visa, thanks to notable improvements in the economic, social, and political spheres, setting the stage for the elimination of restrictions and leading to a more profound integration between Peru and its European trading partners. Peruvian may now travel to the 26 countries of the European Union, as well as Iceland, Liechtenstein, Norway, and Switzerland, without a visa for a period of up to 90 days out of every 180-day period for purposes of tourism.

This situation is the result of a process whereby Peru has worked, through its foreign policy, to achieve a greater integration within the international community, using instruments such as trade agreements and cooperation agreements, both bilateral and multilateral. Similarly, the progress made by the country in terms of security, irregular immigration and human rights, as well as the economic benefits for the European bloc of having Peru as one of its principal economic partners due to the current conditions of its economic growth, have been crucial for this development.

With regard to the integration between the European continent and Peru, it must be noted that this approach has been operated at three levels: an initial macro level based on the cooperation and integration actions taken between the EU and the Community of American and Caribbean States (CELAC) an intermediate level within the context of the agreement between the EU and the Andean Community of Nations (CAN) and a third level that includes the bilateral relations between Peru and Europe.

Thanks to the progressive reduction of the barriers to enter the Schengen area, Peru will have the capacity to consolidate trade and investment alternatives with 30 European countries.

For further information on Peruvian trade agreements, visit:
www.acuerdoscomerciales.gob.pe

3

Pacific Alliance

The Pacific Alliance, comprised by Chile, Colombia, Mexico and Peru, is one of the most relevant regional integration efforts of the last few decades. Its objectives are aimed at facilitating the liberalization of the commercial exchange of goods and services, the free circulation of persons and capitals, as well as at boosting cooperation among the member countries.

Considered as an economic unit, the Pacific Alliance is the eighth economy of the world, contributing more than 36% of the Gross Domestic Product (GDP) of Latin America and the Caribbean. It has a collective population of more than 223 million persons and it is expected to become, as a bloc, the fourth contributor to the growth of the world over the next five years. The Pacific Alliance offers relevant competitive advantages and a wide network of trade agreements involving the most developed economies of the world, clearly aimed at the Asia-Pacific region.

The common denominator of the member countries of the Pacific Alliance is their openness to foreign investment, as well as the enforcement of macroeconomic policies that promote private initiative and free trade. They also share a recent history of economic stability and in fact occupy the first four positions in the ranking of the investment level rating by country, in Latin America, besides growing an average of double per year than the average Latin American country. The average Gross Domestic Product (GDP) per capita of the Pacific Alliance is close to US\$18,000, measured in "purchasing power parity" or "PPP" and its population is largely young, thereby comprising a market with a constantly growing purchasing power and that has a majority "demographic bonus" in its joint population structure that provides power in terms of production and productivity, consumption, savings and investment capacity.

The Pacific Alliance is an initiative for regional integration, adopted by the Presidents of Chile, Colombia, Mexico and Peru on April 28, 2011. It constitutes the commitment to achieve in-depth integration, by the member countries with the aim of moving towards the free circulation of goods, services, capitals and persons, by facilitating trade and customs cooperation, with a view to promoting further growth, creating jobs, development and competitiveness of the economies of the parties, designed to boost greater wellbeing, overcome socioeconomic inequality and promote the social inclusion of their inhabitants.

With a real accumulated Gross Domestic Product (GDP) of US\$1.95 billion and US\$4.05 billion measured in “Purchasing Power Parity” or “PPP” (and which is equivalent to more than 36% of the GDP of Latin America and the Caribbean) and with an expected average growth in its GDP of 2% for the year 2017, higher than the average of 1.3% forecast for Latin America, the Pacific Alliance is a body of major importance, given its economic relevance and commercial openness, in addition to being the commercial complement of the large world economies, particularly of the Asia-Pacific hub, thereby making it even more attractive.

At present, the Pacific Alliance has received in 2016, more than 40% of the direct foreign investment destined to Latin America, equivalent to almost US\$42 billion. Additionally, in the Pacific Alliance the estimated average inflation and unemployment rates for 2017 of 3.6% and 6.1% respectively, lower than the regional average and the sustained reduction of its poverty rates over the past decade, are the most important highlights.

Individually, the four member countries have obtained better investment level ratings in the entire region, at the close of 2017, which does not only attract investors and benefit their interest rates, but also constitutes a backup for improvements to their macroeconomic and social indicators.

The economic bloc is reinforced by the Integrated Latin American Market (MILA) which is the result of the integration of the stock markets of the member countries. This Market intends to diversify, expand and make more attractive the negotiation of this type of assets in the four countries, with more than 760 different issuers and provides the issuers with larger financing sources, both for local and foreign investors. At the close of 2017, the MILA is the first market by number of listed companies in Latin America and the second in the size of market capitalization with a consolidated value of over US\$1.61 billion.

> Agreements to Avoid Double Taxation

Country	Chile	Colombia	Mexico	Peru
Andean Community (Bolivia, Colombia, Ecuador and Peru)		✓		✓
Argentina	✓		✓	
Australia	✓		✓	
Austria	✓		✓	
Bahrein			✓	
Barbados			✓	
Belgium	✓		✓	
Brazil	✓		✓	✓
Canada	✓	✓	✓	✓
Chile		✓	✓	✓
China	✓		✓	
Colombia	✓		✓	
Croatia	✓			
Czech Republic	✓	✓	✓	
Denmark	✓		✓	
Ecuador	✓		✓	
Estonia			✓	
Finland			✓	
France	✓		✓	
Germany			✓	
Greece			✓	
Hong Kong			✓	
Hungary			✓	
India		✓	✓	
Indonesia			✓	
Ireland	✓		✓	
Iceland			✓	
Israel			✓	
Italy	✓		✓	
Jamaica			✓*	
Japan	✓		✓	
Kuwait			✓	

...

• • •

> **Agreements to Avoid Double Taxation***(continued)*

Country	Chile	Colombia	Mexico	Peru
Latvia			✓	
Lithuania			✓	
Luxembourg			✓	
Malaysia	✓			
Malta			✓	
Mexico	✓	✓		✓
Norway	✓		✓	
New Zealand	✓		✓	
Netherlands			✓	
Panama			✓	
Paraguay	✓			
Peru	✓		✓	
Philippines			✓*	
Poland	✓		✓	
Portugal	✓	✓	✓	✓
Qatar			✓	
Romania			✓	
Russia	✓		✓	
Saudi Arabia			✓*	
Singapore			✓	
Slovakia			✓	
Spain	✓	✓	✓	
South Africa	✓		✓	
South Korea	✓	✓	✓	✓
Sweden	✓		✓	
Switzerland	✓	✓	✓	✓
Thailand	✓			
Turkey			✓	
Ukraine			✓	
United Arab Emirates			✓	
United Kingdom	✓		✓	
United States			✓	
Uruguay			✓	

*Applicable as from 2019

Source: EY

Integrated Latin American Market - MILA

The Lima Stock Exchange - BVL (Peru) the Santiago Stock Exchange - BCS (Chile), the Colombia Stock Exchange - BVC (Colombia) and the Mexican Stock Exchange, along with the security depositories of each country, Cavali, DC, Deceval and INDOVAL, have built their equities (stock) market, with which they seek to diversify, expand, and improve the attractiveness of trading in such assets in the three countries for both local as well as foreign investors.

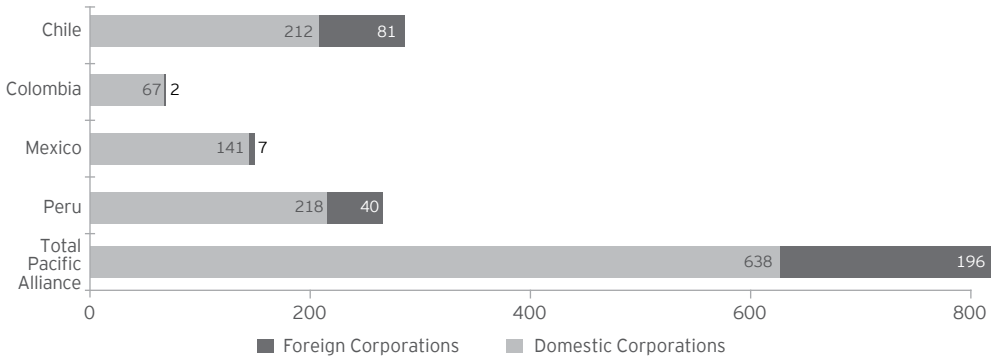
This integration aims at the development of the capital market of the member countries in order to provide investors with a wider range of securities, and issuers with greater sources of funding. It is expected that these countries' joint market will become the first one in the Region as far as number of issuers is concerned.

The investment funds of the Pacific Alliance total US\$200 billion, reaching a number of 1,401 funds: 624 in Mexico, 489 in Chile, 155 in Peru and 133 in Colombia.

In this regard, there is a great initiative known as the funds passport, which will allow for the free trade of investment funds of the Pacific Alliance. With this, the available investment alternatives for investors will increase in such a manner that their portfolios will be diversified and a greater financial inclusion will be promoted.

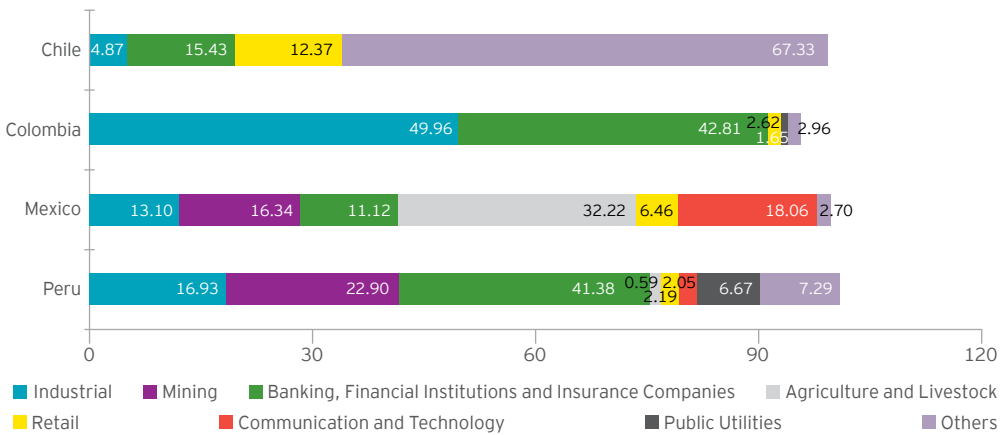
As at December 2017, the total volume traded in the MILA amounted to US\$159.9 billion. Likewise, as at said date, it had more than 760 issuers including the incorporated Mexican issuers. Also at said date, the MILA had 65 brokers with brokerage agreements signed by the stock brokers of Chile, Colombia, Mexico and Peru.

> Number of Listed Companies (2017)



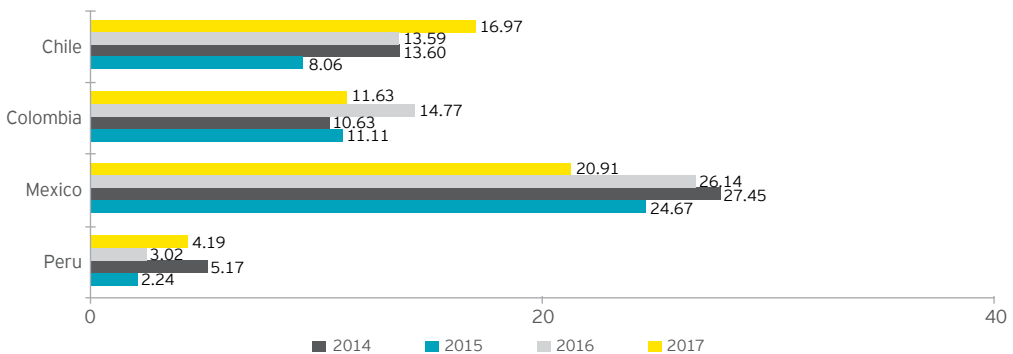
Source: Ibero-American Federation of Stock Exchanges (FIAB)

> Comparison of the Market Capitalization by Sector for Local Companies (in Percentage, 2017)



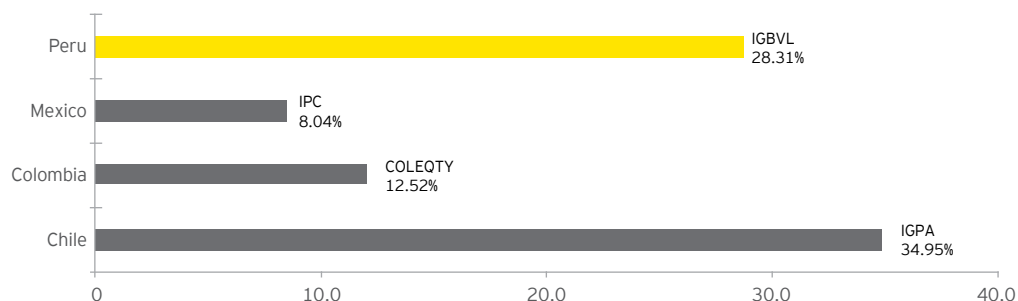
Source: Ibero-American Federation of Stock Exchanges (FIAB)

> Speed of Domestic Stock Rotation (2017)



Source: Ibero-American Federation of Stock Exchanges (FIAB)

> Variation of the General Stock Index 2017 / 2016



Source: Ibero-American Federation of Stock Exchanges (FIAB)

Movement of Persons

The free circulation of persons is one of the key points of the Pacific Alliance. This work group is aimed at the development of topics such as facilitating the migratory traffic, the free circulation of persons, consular cooperation, student and labor cooperation and the exchange of information on migratory flows.

Main Initiatives

Among the main efforts developed it is important to mention the elimination of visas by Mexico for Colombians and Peruvians in 2012 (Chile did not require a visa) as well as the elimination of visas by Peru for businessmen coming from Chile, Colombia and Mexico, for a maximum period of 183 days a year and provided non-remunerated activities are carried out in the country. Likewise, the execution of the Holidays and Work Agreement will allow young citizens of the countries members of the Pacific Alliance, to visit any of the member countries of the Alliance, for recreational and tourism purposes, for

a maximum of 360 days, allowing them to engage in partially remunerated activities during said period, to cover their accommodation costs.

Furthermore, a Guidebook for the national travelers of the member countries has been prepared and mechanisms for consular cooperation have been defined. On the other hand, the Alliance is in the process of evaluating the conditions to establish a safety platform to promptly obtain the list of persons visiting the countries as tourists.

The member countries have signed a Tourism Cooperation Agreement with the aim of strengthening and developing their relations, through the design of actions that seek to increase the flow of tourists among the parties.

For further information visit:
www.mercadomila.com

EY and the Ministry of Foreign Affairs have a Pacific Alliance Business and Investment Guide 2018/2019. You may download it free of charge at: www.ey.com/PE/EYPeruLibrary

4

Promotion Mechanisms for Investment in Infrastructure and Utilities¹

The Peruvian government facilitates access to private investment for a wide range of activities and projects. Mindful of the dynamic role of business activities, Peruvian law recognizes the following types of private involvement: (a) Private Initiative, which may be: i) Self-sustainable or ii) Co-financed (b) Public-Private Partnership (PPP) and (c) Execution of Public Works for the Payment of Taxes.

a. Private Initiative

1. Self-sustainable:

Allows a company to identify new opportunities for investment in government assets, institutions and projects, as well as Public-Private Partnerships (PPPs) whose bid must be presented before the pertinent Private Investment Promotion Body (OPIP).

One of the main characteristics of Self-sustainable Private Initiatives is that they shall have a minimum demand (not to exceed 5% of the total investment cost) or no demand for financial guarantees by the government. Furthermore, with regard to the non-financial guarantees, they shall have a minimum or no probability of requiring the allocation of public funds (this probability must not exceed 10% for each one of the first five years of effectiveness of the guarantee established in the contract).

Self-sustainable Private Initiatives supplement the government's work in the identification of private investment projects.

The main characteristics of Self-sustainable Private Initiatives are:

- ▶ They can be promoted by national or foreign legal entities.
- ▶ They are a Petition of Grace by nature. Therefore, the right of the bidder ends with the presentation of the Private Initiative before the pertinent Private Investment Promotion Body (OPIP) without the possibility of challenging a decision before an administrative or judicial venue.

¹Source: ProInversión

- ▶ They are presented before the competent Private Investment Promotion Body (OPIP) according to the level of government in charge of the project (National, Regional or Local)
- ▶ They must not have an approved Promotion Plan.
- ▶ They require the approval of all the entities related to the project.
- ▶ Amendments and/or extensions may be requested and the bidders must express their agreement or disagreement with the referred amendments and/or extensions.
- ▶ Reasonable evaluation terms
- ▶ Interested third parties will be allowed to submit similar or alternative projects
- ▶ The right to match the best bid (said right is granted to the bidder)
- ▶ Direct award
- ▶ Negotiation of non-essential aspects of the contract
- ▶ Reimbursement of costs (This occurs only if the bidder takes part in the promotion process called, with a valid economic tender and loses out to interested third parties).
- ▶ There is duty of confidentiality.

Documents that must accompany the Self sustainable Private Initiatives as a minimum:

- ▶ Name or trade name of the applicant attaching the power of attorney of the legal representative
- ▶ Type of participation in the private investment
- ▶ Project description:
 - i) Title and type of project
 - ii) Objectives
 - iii) Specific benefits
 - iv) Preliminary engineering of the project
 - v) Reasons as to why the project has been chosen among other alternatives
- ▶ Scope of influence
- ▶ Economic and financial assessment of the project.
- ▶ Preliminary environmental impact assessment and, if relevant, the social and environmental mitigation plan
- ▶ Proposed estimated effectiveness of the corresponding contract

- ▶ Financial and technical capacity of the person proposing the Private Initiative
- ▶ Affidavit expressing that the Private Initiative will not request public co-financing, or financial or nonfinancial guarantees
- ▶ Affidavit of costs incurred in the preparation of the Private Initiative submitted.

2. Co-financed:

Co-financed Private Initiatives enable a national or foreign corporation to identify new opportunities for investment, aimed at developing Public Private Partnership projects of public infrastructure and/or of utilities, in addition to the provision of related services that the government must offer, as well as the development of applied research and/or technological innovation projects.

When are they submitted:

Co-financed Private Initiatives must be submitted before ProInversión by the bidder solely within the first 45 days of the calendar year.

Presentation Requirements:

Co-financed Private Initiatives must, at least, contain contractual terms of more than ten years and a Total Investment Cost of more than 15,000 Tax Units (UIT). In the case of initiatives without an investment component, they must have a Total Project Cost of more than 15,000 Tax Units.

The proposal must include, as a minimum, the following information:

- ▶ Name or trade name of the applicant attaching the power of attorney of the legal representative
- * Description of the project.
 - i) Name and type of the project
 - ii) Area of influence of the project
 - iii) Objectives
 - iv) Social benefits
 - v) Reasons for which this project should be chosen among other alternatives
 - vi) Total Investment Cost and co-financing of the State
 - vii) Schedule of investments and schedule of public funds requirements

- Substantiation of the importance of the project and consistency with the strategic objectives of the entities, and, if appropriate, needs for intervention.
- Analysis and proposed project risk distribution.

Principal Characteristics of Co-financed Private Initiatives:

- Due to its nature of Petition of Grace, the bidder's right ends with the presentation of the Co-financed Private Initiative before ProInversión, without the right to challenge its decision before an administrative or judicial venue.
- They remain confidential and secret as from their date of presentation until they are declared of interest
- Projects of the National Public Investment System (SNIP) Bank of Projects declared feasible can be used.

- Financial guarantees shall be considered minimal if they do not exceed 5% of the Total Investment Cost.
- Guarantees shall not have a minimal or non-existing probability when the probability of allocating public funds does not exceed 10% for each one of the first five years of effectiveness of the guarantee established in the contract.

Non-financial guarantees must have no or low probabilities of demanding the allocation of public funds, as established in the corresponding Regulations.

2. Co-financed:

Are those that require co-financing, or the provision or granting of financial guarantees or non-financial guarantees with a significant probability of demanding the allocation of public funds.

b. Public-Private Partnership (PPP)

Public Private Partnerships (PPPs) are arrangements for participation in private investment, whereby experience, knowledge, equipment, and technology are incorporated, while risks and resources are distributed, preferably of a private nature, in order to create, develop, improve, operate or maintain public infrastructure or to provide public services and/or related services thereof, that the State may need to offer, as well as to develop applied research and/or technological innovation projects and to execute projects in assets, according to the conditions established in the current regulations.

Types of PPPs

1. Self-sustainable:

Are those that meet the following conditions:

They require a minimum or non-existing demand for financial guarantees by the government, as established in the Regulations of the corresponding Legislative Order (*Decreto Legislativo*).

Co-financing shall be construed as any total or partial payment made by the entity to cover the investments and/or operation and maintenance costs, to be delivered in a periodic lump sum and/or any other manner agreed by the parties, within the context of the Public Private Partnership (PPP) contract. Said payment can stem from any source with no specific destination established by law.

The assignment in use, beneficial use, usufruct or under any similar figure, of pre-existing infrastructure or properties shall not be construed as co-financing, provided there is no transfer of ownership and they are directly related to the purpose of the project. Furthermore, payments for the concept of tolls, prices, tariffs, among others collected directly from the end-users or indirectly through companies, including those owned by the government or institutions thereof for ongoing delivery to the holder of the project, within the context of the Public-Private Partnership (PPP) contract shall not be construed as co-financing.

Applicable Principles

- ▶ **Value for Money.** A public service should be provided by a private entity that can offer a better quality for a given cost or the same quality results at a lower cost. The idea is to maximize user satisfaction and enhance the value of money originating from public funds.
- ▶ **Transparency.** All quantitative and qualitative information used in decision-making at the evaluation, development, implementation and accountability stages of the project must be known by all citizens under the principle of disclosure established in Section 3 of the Consolidated Text of the Law for Transparency and Access to Public Information, approved by Executive Order (Decreto Supremo) 043-2003-PCM.
- ▶ **Competition.** Competition is promoted to ensure efficiency and lower costs in the provision of infrastructure and utilities, and to prevent any anti-competitive and/or collusive acts.
- ▶ **Adequate Allocation of Risks.** A suitable distribution of risks must exist between the public and private sectors. In other words, the risks must be assigned to the party with the best capacity to manage them, at a lower cost, considering the public interest and the project's profile.
- ▶ **Budget Responsibility.** Issues to be considered include the government's payment capacity to acquire the financial, firm and contingent commitments arising from the performance of the contracts executed within the context of this law, without compromising the sustainability of public finances, and the regular provision of the services.
- ▶ **General Framework**
 - The investment projects, through the Public-Private Partnership (PPP) and Self-sustainable mechanism shall immediately move onto the project design stage.
 - The investment projects, through the Public-Private Partnership (PPP) and Co-financed mechanism must meet all the requirements

and procedures established in the Law of the National Private Investment System and the Law of the National Debt System, as amended.

- The final design of the Public-Private Partnership (PPP) contract will require the favorable opinion of the competent public entity, as well as, without exception, the favorable opinion of the Ministry of Economy and Finance (MEF). Similarly, the opinion of the pertinent regulatory body will also be required, which must issue said opinion within the same term and exclusively in relation to its legal competencies.

Guarantees in the PPP Scheme

- **Financial Guarantees:** are those unconditional collaterals of immediate execution, granted and provided by the government to support private obligations, arising from loans or bonds issued to finance the PPP projects or to back the government's payment obligations.
- **Non-Financial Guarantees:** are the collaterals provided for in the contract, which have the potential to create payment obligations to the State upon occurrence of one or more risk events arising from a PPP project.

Project Assignment:

The following projects shall be assigned to ProlInversión, in its capacity as the Agency for the Promotion of Private Investment of the National government:

- ▶ The projects of national competence originated by the State's initiative, that are multi-sectorial or that have a Total Investment Cost of more than 15,000 Tax Units (UIT) and those with a Total Project Cost of more than 15,000 Tax Units (UIT) in the case of projects that only imply management, operating and maintenance activities.
- ▶ The projects of national competence originated by Self-sustainable Private Initiatives.

- ▶ The projects originated by Co-financed Private Initiatives; and
- ▶ The projects for which the entity has requested the conduction of the private investment promotion process, according to the provisions set forth in the Section.

The projects that fall within the competency of the Agency for the Promotion of Private Investment of the Regional government, as well as those projects that cover more than one province shall be assigned to the Private Investment Promotion Body.

The projects of the competency of ProInversión shall be assigned to the Private Investment Promotion Body of the Local government.

Types of Public-Private Partnerships (PPPs)

Include all those contracts that foster the active participation of the private sector and those in which the risks are transferred. It also includes those contracts in which the ownership of the public infrastructure, as applicable, is held by, reinvested in or transferred to the State, such as:

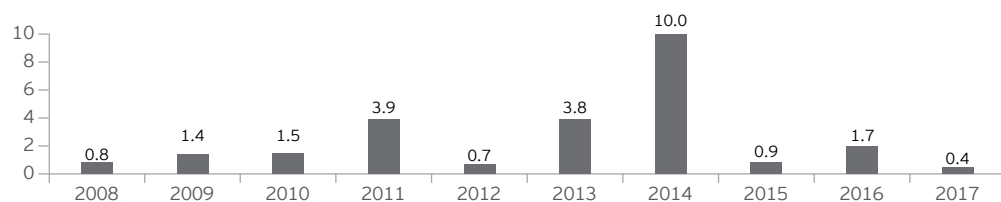
- Concessions
- Joint ventures
- Management agreements
- Shared risk contracts

- Specialization contracts
- Any other type of contract permitted by law

Scope that can include Public-Private Partnerships (PPPs)

- ▶ Public infrastructure in general, including
 - Road networks
 - Airports
 - Ports
 - Logistics platforms
 - Urban infrastructure and recreation
 - Penitentiary, irrigation, health and education infrastructure
- ▶ Utilities
 - Telecommunications
 - Energy and lighting
 - Water and sanitation
 - Other works of social interest related to health and the environment
- ▶ Waste treatment and processing
- ▶ Education
- ▶ Applied research and/or technological and/or innovation projects, among others.
- ▶ Services related to infrastructure
 - Toll and tariff collection systems and other public services that the government may need to provide.

> Projects under the PPP¹ Regime Awarded by ProInversión (Investment Amounts in US\$ Millions)



Source: Agency for the Promotion of Private Investment (ProInversión)

EY has published a document entitled "Public-Private Partnerships and Execution of Public Works for the Payment of Taxes." You can download it free of charge at:
www.ey.com/PE/EYPeruLibrary

¹Includes concessions, private initiatives awarded directly, FITEI projects and other mechanisms.

c. Execution of Public Works for the Payment of Taxes - Law 29230

Law 29230, the Act on the Execution of Public Works for the Payment of Taxes, was established as a mechanism to allow private corporations to carry out rapidly and efficiently public investment projects of the National¹, Regional and Local Governments and Public Universities, to then deduct the total amount of investment from their Income Tax. The Peruvian State issues a Certificate of Public Investment of the National Government - Public Treasury (CIPGN) in the case of the National Government, and Certificates of Regional or Local Public Investment (CIPRL) in the case of Regional, Local Governments and Public Universities, for the amount of the investment made, to be applied by the private companies as a payment of their taxes. In this way, the efficient public-private synergy is materialized and impacts positively on the population.

Private companies, individually or as a consortium, financing public investment projects under this procedure, will benefit by directing financing the execution of public works for the payments of taxes in order to improve the quality of life of the population, thus improving their relations with the community.

Likewise, a recent amendment, through Law 30264 Legislative Order (*Decreto Legislativo*) 1238, incorporates the entities of the National Government within the scope of Law 29230, authorizing said entities, within the scope of their competencies, to execute investment projects within the framework of the National Public Investment System (SNIP) in health, education, tourism, agriculture and irrigation, public order and safety, culture, sanitation, sports and environment, including their maintenance.

Furthermore, Legislative Order (*Decreto Legislativo*) 1238, as amended, has authorized the co-execution of projects between the National and Local Governments, thereby allowing the articulated execution of major infrastructure projects in the above-mentioned priority sectors.

The main objective of the Law is to promote the execution of public investment projects and help narrow the existing gap in infrastructure in the country. To do this, it is necessary, through a process conducted by a special committee, to select the private corporation that will privately finance and implement the project. This process is described in the Regulations of the Law, approved by Executive Order (*Decreto Supremo*) 409-2015-EF.²

Limit for the Issue of CIPRL³ and CIPGN⁴

In March each year, the Ministry of Economy and Finance (MEF) establishes the limit for the issue of the CIPRL authorized for the Regional, Local Governments and public university. Thus, at present, the Regional Governments can execute projects for an amount of up to S/3,725 million (approximately US\$1,118 million) while Local Governments in the country have a total of S/13.1 billion (approximately US\$3.9 billion) while the Public Universities can execute projects for a maximum amount of S/976 million (approximately US\$293 million)⁵. For the National Government, the limit for the issue of CIPGN to finance and/or maintain projects, is the institutional budget of the financing source of ordinary funds held in each fiscal year, to acquire nonfinancial assets and/or goods and services.

¹Entities of the national government in charge of health, educational, tourism, agriculture and irrigation, public order, safety, culture, sanitation, sports and environmental matters.

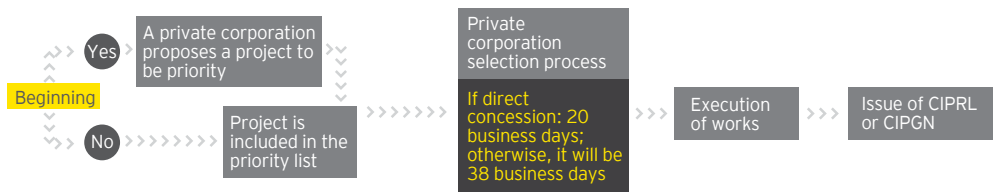
²Executive Order (*Decreto Supremo*) 409-2015-EF, approves the new Regulations of Law 29230 and renders null and void Executive Order (*Decreto Supremo*) 133-2012-EF, published in the Official Gazette "El Peruano" on January 14, 2014.

³CIPRL: Certificates of Regional or Local Public Investment.

⁴CIPGN: Certificate of Public Investment of the National Government - Public Treasury.

⁵Source: Ministry of Economy and Finance (MEF). In its web page, the maximum amounts that each one of the Regional, Local Governments and Public Universities can use through this procedure, are published. The amount is set according to the specific resources, obtained from the canon, overriding fees, royalties, customs revenues and shares.

> Description of the Mechanism of Execution of Public Works for the Payment of Taxes



Source: Public AC

Range of Projects

One of the main incentives established by this mechanism, is the possibility that the private sector may propose to the Public Entity the formulation of technical studies and/or execution of public investment projects meeting the requirements of the National Public Investment System (SNIP) to be incorporated in the list of priority projects. This must be approved by the Highest Authority of the Public Entity.

The website Execution of Public Works for the Payment of Taxes www.obrasporimpuestos.pe, provides a list of projects prioritized by all the public entities that may execute works for the payment of taxes.

Benefits of the Law

Below are the main financial and social benefits provided by the Execution of Public Works for the Payment of Taxes scheme:

Financial and Social Benefits		
For public entities	For private corporations	For society
Accelerates the execution of quality works thereby reducing the gap in infrastructure	Improves the relations with the community	Provides wider coverage of public services
Frees up human resources for the execution of other works required by the population	Actively contributes to the development of the country	Creates direct and indirect employment
Executes works within their management and finances them during a number of year with no interest ¹		Improves the quality of life and the wellbeing of the population

Source: Agency for the Promotion of Private Investment (ProInversión)

¹In the case of Regional Governments, Local Governments and Public Universities.

Characteristics and Use of the CIPRLs by Private Corporations

Private corporations choosing the execution of projects through this mechanism must take the following into account:

- ▶ The amount invested by companies in the execution of public projects is recognized through the CIPGN and/or the CIPRL, which will be issued by the Debt and Treasury Bureau (DGETP) at the request of the National Government¹, Regional Government or Local Government or Public University, once the approval has been granted as to the quality of works and reception thereof
- ▶ The CIPGN and CIPRL may be issued by stage of completion².
- ▶ The CIPGN and CIPRL are negotiable, except when the private company is the executor of the project.
- ▶ The CIPGN and CIPRL are valid for ten years as from their date of issue
- ▶ The CIPGN and CIPRL are used by private companies solely for their payments on account and payments for the regularization of Third Bracket Income Tax, including late payment fees.
- ▶ Private corporations may use the CIPGN or CIPRL in the current period to a maximum of 50% of Income Tax calculated in the Annual Tax Return for the previous fiscal year, being able to use the balance in the following fiscal years, adjusting a 2% revaluation on the unused balance.
- ▶ If the CIPGN or CIPRL were not used by their expiry date, the National Superintendency of Tax Administration (SUNAT) will return to the company any amount due, via negotiable credit notes.

New Incentives for Execution of Public Works for the Payment of Taxes

In the regulatory amendments of the past two years, the following new incentives were established in Executive Order (Decreto Supremo) 409-2015-EF:

- ▶ Direct awarding upon the simple expression of interest by the company
- ▶ Expansion of any type of public investment projects, not only infrastructure related
- ▶ Grouping of projects into a single process
- ▶ Maintenance of the works funded by payment of taxes
- ▶ Use of new funds other than canon and overriding fees
- ▶ Application by Public Universities with a canon of Transfer of Public Works for the Payment of Taxes
- ▶ National Government entities may execute public works for the payment of taxes, in the matter of health, education, tourism, agriculture and irrigation, public order, safety, culture, sanitation, sport and environment
- ▶ Co-execution of projects between the National and Regional Government and between the National and Local Government
- ▶ Financing for the supervision of works charged to CIPRL /CIPGN.

¹National Government entities, in the matter of health, education, tourism, agriculture and irrigation, public order, safety, culture, sanitation, sports and environment.

²Partial CIPGN and CIPRL (quarterly) can be issued for those projects whose execution requires more than six-months.

Peru and the Organization for Economic Co-operation and Development (OECD)

Peru aspires to become a member country of the Organization for Economic Co-operation and Development (OECD). To date, it has made great strides towards the achievement of this goal, since the incorporation of Peru in July 2008 as a signatory of the Declaration on International Investment and Multinational Enterprises of the OECD. As a member, Peru, through ProInversión implemented the National Contact Point in order to diffuse the directives of the OECD for multinational enterprises, taking part in activities and meeting of the OECD Investment Committee. Its participation in the OECD Competence Committee and its entry to the Development Center in 2014 must also be mentioned.

The purpose of the OECD is to analyze, share and disseminate better practices of public policies among its more than 200 committees and work groups, located in countries that represent 70% of the global economy. Similarly, the countries of the OECD and a growing number of emerging and developing economies, share and discuss their governance experiences to improve the services provided to their citizens.

At present, the OECD is comprised by 37 countries: Australia, Austria, Belgium, Canada, Chile, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

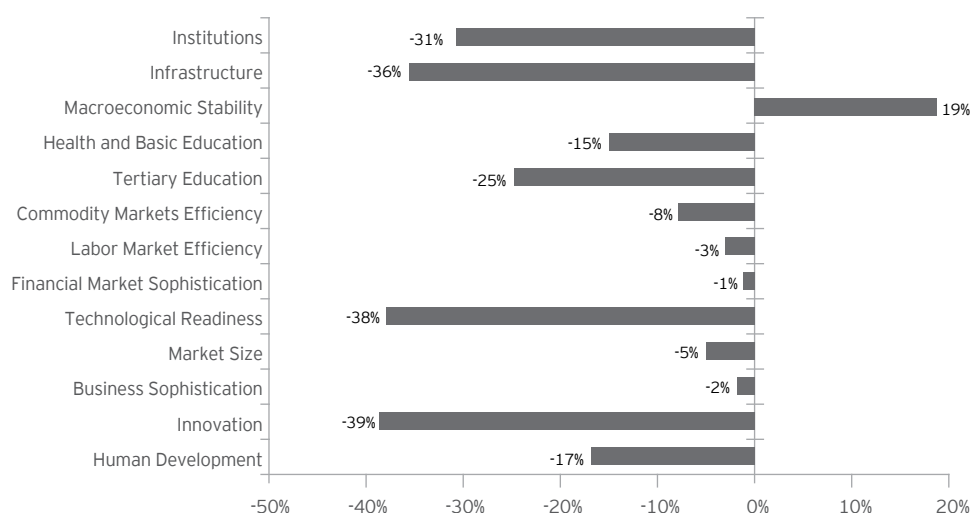
In view of Peru's great potential for economic consolidation, in December of 2014, Peru signed the "Country Program" agreement, aimed at working on strengthening the five required axes that would pave the way to form part of the OECD towards 2021:

1. Identification of barriers to national growth and development
2. Public governance and improvement of institutional issues
3. Anti-corruption and transparency of the State
4. Improvements in human capital and productivity
5. Progress made in environmental matters

Peru's participation in the 2015 - 2016 Country program seeks to improve public policies, which will determine a better government administration and, at the same time, a better administration of services provided to citizens by the State. This organization is a strategic partner in the promotion of structural reforms and it is also a forum where the governments can compare and share their public policy experiences, identify better practices and promote recommendations.

The importance of the Country Program lies in the execution of several studies on educational, health and governance policies, as well as workshops and the participation of international experts on the subject of taxes and regulations, among others. Likewise, it will in all likelihood approach Peru to the different Committees of the OECD, where it may learn of the experiences of other countries, in environmental policy, investments, financial markets, public governance, agriculture, trade and territorial development matters, and in the same way, contribute with its experience in these issues.

› Gaps for Peru as a Percentage of the OECD



Sources: Central Reserve Bank of Peru (BCRP), Inter-American Development Bank (IDB)





Sectorial Analysis

Thanks to the sound economic development and macroeconomic policies aimed at encouraging greater competitiveness, which have translated into increased employment and, therefore, increased domestic consumption, Peruvian industries and services are experiencing important growth, as highlighted below.

1

Mining

The Mining Sector has been and is of great importance to the Peruvian economy. The country's mining tradition has been around since pre-Inca times, ranking to this day as one of the main activities related to the development of Peru. Thus, over the years, mining has contributed approximately one half of the country's revenues, as a result of its exports.

From 2007 to 2017, mining exports have increased in 55.7%, representing 60.5% of the total exports as at 2017. As at December 2017, mining exports were US\$27.1 billion.

> Ore Production (Fine Content - in Thousands)

Mineral	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Copper (FMT)	1,268	1,276	1,247	1,235	1,299	1,376	1,378	1,701	2,354	2,446
Gold (Fine Gr)	179,870	183,995	164,084	166,187	161,545	151,486	140,097	146,823	153,005	151,104
Zinc (FMT)	1,603	1,513	1,470	1,256	1,281	1,351	1,319	1,422	1,337	1,473
Silver (Fine Kg)	3,686	3,923	3,640	3,419	3,481	3,674	3,768	4,102	4,375	4,304
Lead (FMT)	345	302	262	230	249	266	278	316	314	307
Iron (FMT)	5,243	4,489	6,043	7,011	6,685	6,687	7,193	7,321	7,663	8,806
Tin (FMT)	39	38	34	29	26	24	23	20	19	18
Molybdenum (FMT)	17	12	17	19	17	18	18	20	26	28

Source: Ministry of Energy and Mines (MEM)

> Peru's Ranking in World Metals Production - 2017

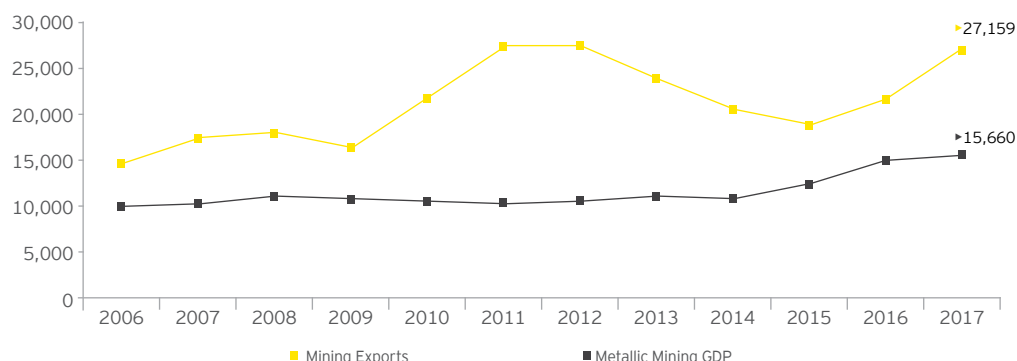
Product	Global Ranking	Latin American Ranking	Producto	Global Ranking	Latin American Ranking
Silver	2	2	Molybdenum	4	2
Tin	6	3	Lead	4	1
Zinc	2	1	Gold	6	1
Copper	2	2	Selenium	10	1
Mercury	5	2	Cadmium	8	2

Source: Mineral Commodity Summaries 2017

Peru is one of the countries with the greatest variety of minerals in the world. It currently has some of the world's largest precious metal and base metal mines. Many of the most important mining companies

around the world, such as Anglo American, Xstrata, Newmont, Glencore, Gold Fields, Freeport McMoRan, Rio Tinto, Chinalco, Barrick and MMG have operations in the country.

> Evolution of Mining Sector Indicators (In US\$ Millions)



Source: Central Reserve Bank of Peru (BCRP)

> Mining Investments by Production Type (in US\$ Millions)

Production	2009	2010	2011	2012	2013	2014	2015	2016	2017
Smelting Plant Equipment	319.8	416.0	1,124.7	1,139.6	1,404.3	873.6	446.2	238.2	286.7
Mining Equipment	499.7	518.1	776.1	525.5	778.8	558.3	654.2	386.9	483.3
Exploration	393.5	615.8	865.4	905.4	774.0	622.3	441.6	366.7	492.1
Exploitation	531.4	737.9	869.7	1,005.4	1,071.9	941.7	792.9	934.4	993.6
Infrastructure	376.4	827.6	1,406.9	1,797.1	1,709.6	1,361.7	1,227.8	1,078.3	1,556.5
Other	504.7	443.8	1,412.3	2,491.9	3,629.2	3,988.7	3,586.9	898.5	720.7
Preparation	196.1	510.3	788.2	638.7	351.1	297.0	375.5	349.2	388.5
Total	2,821.6	4,069.4	7,243.4	8,503.6	9,719.0	8,643.2	7,525.3	4,252.2	4,921.4

Source: Ministry of Energy and Mines (MEM)

This is how Peru finds itself among the six countries with the highest mineral wealth in the world. In 2017, Peru maintained its position as the second largest producer of silver, copper and zinc worldwide. It was also the fourth world producer of molybdenum and lead; and sixth world producer of tin and gold.

The mining industry is one of the main sources of tax revenue in Peru. Furthermore, the Mining Sector is important for its contribution to job creation. As of December of 2017, 199,495 people worked directly in mining activities, and several million people in indirect activities.

During 2017, revenues from mineral exports totaled US\$27.2 billion, representing approximately 60.5% of total exports.

Although Peru has large deposits of various mineral resources, it is estimated that only a small percentage of Peru's mineral reserves are being exploited, since 13.6% of the territory is subject to mining concessions and only 1.34% of the territory is developed for formal mining exploration and exploitation. According to recent statistics, Peruvian production ranges are minimal considering the country's mineral potential. However, using modern techniques and equipment, it is developing the commercial potential of various minerals from regions previously considered inaccessible.

Peru has many regions engaged in mining, a wide variety of world-class mineral deposits, and a very dynamic mining community. It also boasts of an excellent geographical location in the

center of South America, with easy access to the Asian and North American markets. Even within Latin America, Peru enjoys one of the largest potentials for mining exploration and production. Moreover, its clear and simple mining laws, and excellent geological potential, have contributed to Peru attracting one of the largest projects for mineral exploration and development in the world. Therefore, it is believed that Peru has the ability to double or triple production, especially in the area of basic metals.

The following table shows a list of estimated reserves of major minerals in the country. These mineral reserves include the "proven" and "probable" categories, excluding those classified as "possible".

> *Metal Reserves in Millions (2017)*

Metals	Unit of Measurement: Tons
Copper	81,000
Gold	2,300
Zinc	28,000
Silver	93,000
Molybdenum	2,200,000
Tin	105,000

Source: US Geological Survey

> *Register of Mining Claims and Concessions*

Mining Claims and Concessions	2009	2010	2011	2012	2013	2014	2015	2016	2017
Petitions for mining claims	5,235	9,638	9,942	7,247	5,797	6,090	5,796	5,306	5,831
Certificates issued by INGEMMET	3,862	3,991	4,255	4,376	3,722	2,616	2,487	1,446	2,130
Hectares granted by INGEMMET (in thousands)	2,208	2,496	3,012	2,739	1,861	1,314	1,388	686	1,078

Source: Ministry of Energy and Mines (MEM)

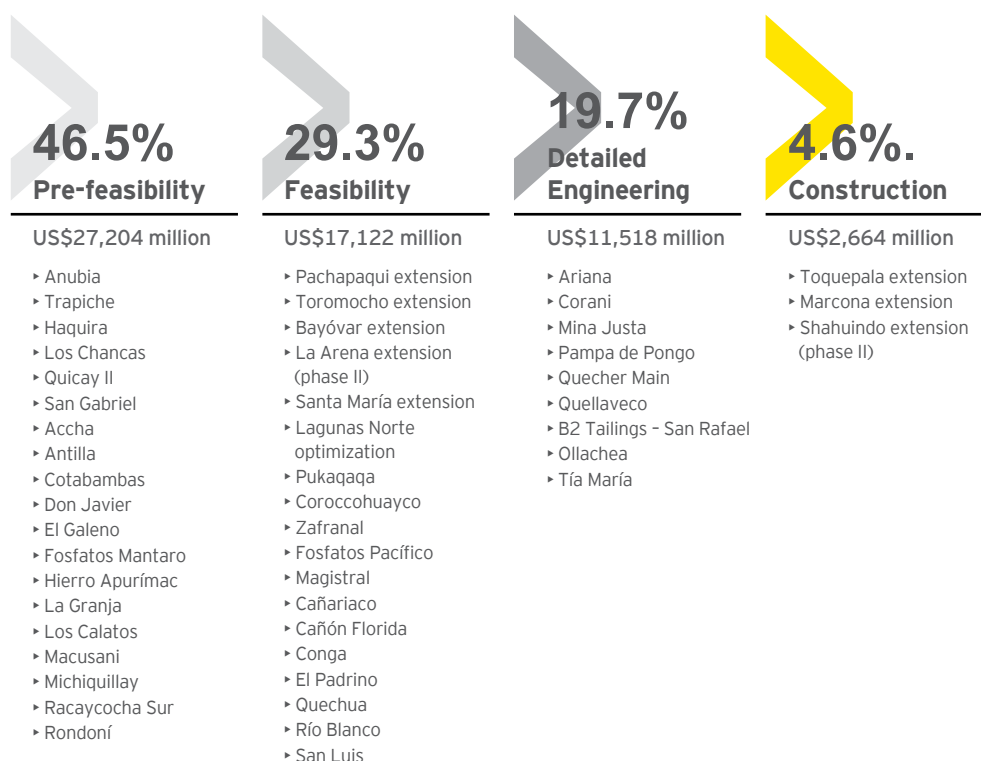
Currently, there is a growing number of exploration projects in Peru, which come mainly from junior Canadian companies. However, medium and large companies in the United States, Australia, China and Brazil are also becoming important investors in exploration. Although there is a great variety in the scale of exploration programs of large, medium and junior companies, it is believed that most large and medium sized companies are concentrating on advanced projects that will lead to production;

or in some cases, that will make them more attractive for acquisition, while the emphasis of junior companies remains at the early exploration stage. Simultaneously, total expenditure on mineral exploration has increased in recent years with some fluctuations, since producers see it as a more economical and less risky means to replace and add mineral reserves. Today, the level and the success of exploration have a direct influence on the future competitiveness of mineral production in Peru.

Mine construction project portfolio is shown herein below:

› Portfolio of Mining Projects

According to the Ministry of Energy and Mines (MEM) investment in mining during 2018-2021 is estimated to be equivalent to US\$58.5 billion. 68.6% shall be invested in copper projects and the majority of the remaining percentage shall be used in gold and iron projects. The following graph and table show the 49 portfolio projects, which comprise those that involve the construction of new mines (greenfield), the extension or restructuring of existing ones (brownfield), as well as those involving the reuse of tailings (greenfield).



Projects are shown in random positions.
Portfolio estimated as at March 2018
Source: Ministry of Energy and Mines (MEM)

Out of the 49 projects, three are currently in the construction phase, which amount to an aggregate investment sum of US\$2.6 billion. The production stage of these projects is expected to begin in the course of 2018. Likewise, nine projects are in the

detailed engineering stage with an investment of US\$11,518 billion; 18 projects are in the feasibility stage with an investment of US\$17.1 billion; and the remaining projects are in the pre-feasibility phase with an investment of US\$27.2 billion.

> Mine Construction Project Portfolio

Construction start date	Commissioning	Project	Operator	Region	Main ore	Current stage	Environmental Impact Assessment (EIA)	Aggregate Investment in (US\$ Millions)
In construction	2018	Toquepala extension	Southern Perú Copper Corporation, Sucursal del Perú	Tacna	Copper	Construction	Approved	1,255
	2018	Marcona extension	Shougang Hierro Perú S.A.A.	Ica	Iron	Construction	Approved	1,300
	2018	Shahuindo extension (phase II)	Shahuindo S.A.C.	Cajamarca	Gold	Construction	Approved	109
2018	2021	Pachapaqui extension	ICM Pachapaqui S.A.C.	Áncash	Zinc	Feasibility	Approved	117
	2020	Toromocho extension	Minera Chinalco Perú S.A	Junín	Copper	Feasibility	Approved	1,300
	2020	Ariana	Ariana Operaciones Mineras S.A.C	Junín	Copper	Detailed Eng.	Approved	125
	2021	Corani	Bear Creek Mining S.A.C.	Puno	Silver	Detailed Eng.	Approved	585
	2021	Mina Justa	Marcobre S.A.C.	Ica	Copper	Detailed Eng.	Approved	1,348
	2022	Pampa de Pongo	Jinzhao Mining Perú S.A.	Arequipa	Iron	Detailed Eng.	Approved	2,500
	2019	Quecher Main	Minera Yanacocha S.R.L.	Cajamarca	Gold	Detailed Eng.	Approved	300
	2022	Quellaveco	Anglo American Quellaveco	Moquegua	Copper	Detailed Eng.	Approved	4,882
	2020	B2 Tailings – San Rafael	Minsur S.A.	Puno	Tin	Detailed Eng.	Approved	200

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> *Mine Construction Project Portfolio* (continued)

Construction start date	Commissioning	Project	Operator	Region	Main ore	Current stage	Environmental Impact Assessment (EIA)	Aggregate Investment in (US\$ Millions)
2019	2020	Bayóvar extension	Compañía Minera Miski Mayo S.R.L.	Piura	Phosphate	Feasibility	Approved	520
	2021	La Arena extension (phase II)	La Arena S.A.	La Libertad	Gold	Feasibility	Approved	130
	2020	Ampliación Santa María	Compañía Minera Poderosa S.A.	La Libertad	Gold	Feasibility	Approved	114
	2021	Optimización Lagunas Norte	Minera Barrick Misquichilca S.A.	La Libertad	Gold	Feasibility	Approved	640
	2022	Pukaqaqa	Nexa Resources Perú. S.A.A.	Huancavelica	Copper	Feasibility	Approved	706
2020	2022	Anubia	Anubia S.A.C.	Apurímac	Copper	Pre-feasibility	Not submitted	90
	2023	Coroccohuayco	Compañía Minera Antapaccay S.A	Cusco	Copper	Feasibility	Approved	590
	2022	Trapiche	El Molle Verde S.A.C.	Apurímac	Copper	Pre-feasibility	Not submitted	650
	2023	Zafranal	Compañía Minera Zafranal S.A.C.	Arequipa	Copper	Feasibility	Not submitted	1,160
2021	2024	Fosfatos Pacífico	Fosfatos del Pacífico S.A.	Piura	Phosphate	Feasibility	Approved	831
	2024	Haquira Minera	Minera Antares Perú S.A.C	Apurímac	Copper	Pre-feasibility	Being prepared	2,824
	2022	Los Chancas	Southern Perú Copper Corporation, Sucursal del Perú	Apurímac	Copper	Pre-feasibility	Not submitted	2,800
	2023	Magistral	Nexa Resources Perú. S.A.A.	Áncash	Copper	Feasibility	Approved	480
	2023	Ollachea	Minera Kuri Kullu S.A.	Puno	Gold	Detailed Eng.	Approved	178
	2023	Quicay II	Corporación Minera Centauro S.A.C	Pasco	Gold	Pre-feasibility	Not submitted	400
	2023	San Gabriel (Former Chucapaca)	Compañía de Minas Buenaventura S.A.A.	Moquegua	Gold	Pre-feasibility	Approved	450

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> *Mine Construction Project Portfolio* (continued)

Construction start date	Commissioning	Project	Operator	Region	Main ore	Current stage	Environmental Impact Assessment (EIA)	Aggregate Investment in (US\$ Millions)
Start date to be determined due to factors associated with corporate decisions, social issues, among other aspects.		Accha	Exploraciones Collasuyo S.A.C.	Cusco	Zinc	Pre-feasibility	Not submitted	346
		Antilla	Panoro Apurímac S.A.	Apurímac	Copper	Pre-feasibility	Not submitted	603
		Cañariaco	Cañariaco Copper Perú S.A.	Lambayeque	Copper	Feasibility	Not submitted	1,600
		Cañón Florida (Ex Bongará)	Nexa Resources Perú. S.A.A.	Amazonas	Zinc	Feasibility	Not submitted	214
		Conga	Minera Yanacocha S.R.L.	Cajamarca	Gold	Feasibility	Approved	4,800
		Cotabambas	Panoro Apurímac S.A.	Apurímac	Copper	Pre-feasibility	Not submitted	1,486
		Don Javier	Junefield Group S.A.	Arequipa	Copper	Pre-feasibility	Not submitted	600
		El Galeno	Lumina Copper S.A.C.	Cajamarca	Copper	Pre-feasibility	Not submitted	3,500
		El Padrino (Former Hilarión)	Nexa Resources Perú. S.A.A.	Áncash	Zinc	Feasibility	En elaboración	470
		Fosfatos Mantaro	Mantaro Perú S.A.C.	Junín	Fosfato	Pre-feasibility	Not submitted	850
		Hierro Apurímac	Apurímac Ferrum S.A.	Apurímac	Hierro	Pre-feasibility	Not submitted	2,900
		La Granja	Rio Tinto Minera Perú Limitada S.A.C	Cajamarca	Copper	Pre-feasibility	Not submitted	5,000
		Los Calatos	Minera Hampton Perú S.A.C	Moquegua	Copper	Pre-feasibility	En elaboración	655
		Macusani	Macusani Yellowcake S.A.C.	Puno	Uranio	Pre-feasibility	Not submitted	300

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> *Mine Construction Project Portfolio* (continued)

Construction start date	Commissioning	Project	Operator	Region	Main ore	Current stage	Environmental Impact Assessment (EIA/d)	Aggregate Investment in (US\$ Millions)
Start date to be determined due to factors associated with corporate decisions, social issues, among other aspects.		Michiquillay	Southern Perú Copper Corporation, Sucursal del Perú	Cajamarca	Copper	Pre-feasibility	Not submitted	2,500
		Quechua	Compañía Minera Quechua S.A.	Cusco	Copper	Feasibility	Not submitted	850
		Racaycocha Sur	Minera Peñoles de Perú S.A.	Áncash	Copper	Pre-feasibility	Not submitted	1,000
		Río Blanco	Río Blanco Copper S.A.	Piura	Copper	Factibilidad	Not submitted	2,500
		Rondoní	Compañía Minera Vichaycocha S.A.	Huánuco	Copper	Pre-feasibility	Not submitted	250
		San Luis	Reliant Ventures S.A.C.	Áncash	Plata	Feasibility	Approved	100
		Tía María	Southern Perú Copper Corporation, Sucursal del Perú	Arequipa	Copper	Detailed Eng.	Approved	1,400
Total								58,507

Portfolio estimated as at March 2018

Source: Ministry of Energy and Mines (MEM)

In addition, Peru has a portfolio of 54 mining exploration projects, the total investment of which amounts to US\$306.5 million. The following

investments correspond to new projects that will be developed in the course of 2018.

> Mining Exploration Project Portfolio

Nº	Exploration project	Type of exploration	Operator	Region	Aggregate Investment (in US\$ Millions)
Projects with Environmental Impact Assessment instruments approved, but that have not yet communicated the exploration activities start date					
1	Arabella	Brownfield	Empresa Minera los Quenuales S.A.	Lima	1.7
2	Arcata	Brownfield	Compañía Minera Ares S.A.C.	Arequipa	6.0
3	Ares	Brownfield	Compañía Minera Ares S.A.C.	Arequipa	2.0
4	Atalaya (3rd Amendment to semi-detailed EIA)	Greenfield	Compañía Minera Santa Luisa S.A.	Ancash	2.0
5	Berlín	Greenfield	Minera Quilca S.A.C.	Ancash	1.3
6	Caylloma 1,2 and 3 - B Stage (3rd Supporting Technical Report - STR, 1st amendment to semi-detailed EIA)	Brownfield	Minera Bateas S.A.C.	Arequipa	14.3
7	Ccelloccasa	Greenfield	Compañía de Minas Buenaventura S.A.A.	Ayacucho	0.7
8	Chacapampa	Greenfield	Anthony Mining S.A.C.	Apurímac	0.8
9	Champapata	Brownfield	Empresa Minera Los Quenuales S.A.	Lima	1.0
10	Chololo	Greenfield	Questdor S.A.C.	Moquegua	0.8
11	Colorada	Greenfield	Newmont Perú S.R.L.	La Libertad	0.5
12	Esperada	Brownfield	Empresa Minera Los Quenuales S.A.	Lima	1.0
13	Haispe	Greenfield	Minera Haispe S.A.C.	Arequipa	0.9
14	Huilaocollo (Amendment to Environmental Impact Declaration - EID)	Greenfield	Corisur Perú S.A.C.	Tacna	0.8
15	Machcan	Brownfield	Nexa Resources Atacocha S.A.A.	Pasco	24.0
16	Malpaso I	Brownfield	Pan American Silver Huarón S.A.	Huánuco	1.1
17	Mayra	Greenfield	Compañía De Minas Buenaventura S.A.A.	Arequipa	1.0
18	Palca	Brownfield	Compañía Minera Poderosa S.A.	La Libertad	14.9
19	Pampa de Pongo Zone 4 (Amendment to EID)	Greenfield	Jinzhao Mining Perú S.A.	Arequipa	4.1
20	Pinaya	Greenfield	Kaizen Discovery Perú S.A.C.	Arequipa	2.0
21	Platino	Greenfield	Iox Internacional Mines and Minerals Private Limited - Sucursal del Perú	Puno	0.5
22	Pucamarca Regional	Brownfield	Minsur S.A.	Tacna	2.2
23	Racaycocha (4th amendment to semi-detailed EIA)	Greenfield	Minera Peñoles de Perú S.A.	Ancash	12.0
24	Santa Cruz (STR, - EID)	Greenfield	Minera Peñoles de Perú S.A.	Ancash	0.7
25	Satata Icuero	Brownfield	Minera Aurífera Retamas S.A.	La Libertad	1.5
26	Shahuindo	Brownfield	Shahuindo S.A.C.	Cajamarca	13.2
27	Shuco	Brownfield	Empresa Administradora Cerro S.A.C.	Pasco	0.5

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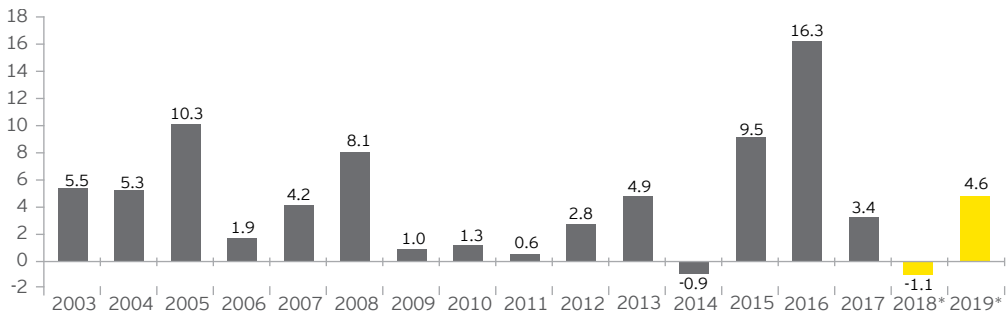
► Mining Exploration Project Portfolio (continuación)

Nº	Exploration project	Type of exploration	Operator	Region	Aggregate Investment (in US\$ Millions)
Projects with Environmental Impact Assessment instruments currently being processed					
28	Tinajas	Greenfield	Hpx Perú Holdings S.A.C.	Arequipa	1.0
29	Agua Blanca	Brownfield	La Arena S.A.	La Libertad	2.1
30	Anamaray (2nd amendment to semi-detailed EIA)	Greenfield	Compañía de Minas Buenaventura S.A.A.	Lima	1.5
31	Berenguela	Greenfield	Sociedad Minera Berenguela S.A.	Puno	10.8
32	Cañón Florida (4th amendment to semi-detailed EIA)	Greenfield	Nexa Resources Perú S.A.A.	Amazonas	8.4
33	Carhuacayán Zone 2 (STR - Amendment to semi-detailed EIA)	Greenfield	Compañía Minera Vichaycocha S.A.C.	Junín	1.0
34	Colorado (STR - Amendment to semi-detailed EIA)	Brownfield	Minera Yanacocha S.R.L.	Cajamarca	2.0
35	Corocchohuayco (2nd amendment to semi-detailed EIA)	Greenfield	Compañía Minera Antapaccay S.A.	Cusco	21.0
36	Cotabambas-Ccalla (2nd amendment to semi-detailed EIA)	Greenfield	Panoro Apurímac S.A.	Apurímac	35.0
37	Cristo de los Andes 1	Greenfield	Minera Antares Perú S.A.C.	Apurímac	5.2
38	La Granja (12th amendment to semi-detailed EIA)	Greenfield	Rio Tinto Minera Perú Limitada S.A.C.	Cajamarca	33.3
39	La Quinua (2nd semi-detailed Environmental Impact Statement - EIS)	Brownfield	Minera Yanacocha S.R.L.	Cajamarca	1.0
40	Los Calatos (STR - Amendment to semi-detailed EIA)	Greenfield	Minera Hampton Perú S.A.C	Moquegua	13.0
41	Maqui (3rd amendment to semi-detailed EIA)	Brownfield	Minera Yanacocha S.R.L.	Cajamarca	0.5
42	Marina Cinco	Brownfield	Consorcio de Ingenieros Ejecutores Mineros S.A. (CIEMSA)	Puno	0.8
43	Oyama Triunfo	Brownfield	Volcan Compañía Minera S.A.A.	Junín	0.6
44	Quenamari (1st amendment to semi-detailed EIA)	Brownfield	Minsur S.A.	Puno	6.0
45	Romina 2	Brownfield	Compañía Minera Chungar S.A.C.	Lima	2.5
46	San José 2	Brownfield	Minera Yanacocha S.R.L.	Cajamarca	2.3
47	San Miguel	Greenfield	Brexia Goldplata Perú S.A.C.	Cusco	1.4
48	San Pedro	Brownfield	Pan American Silver Huarón S.A.	Pasco	4.0
49	Shalipayco (2nd amendment to semi-detailed EIA)	Greenfield	Compañía Minera Shalipayco S.A.C	Junín	2.0
50	Sierra Nevada y Maluelita	Brownfield	Compañía Minera Argentum S.A.	Junín	4.1
51	Soledad	Greenfield	Chakana Resources S.A.C.	Ancash	4.3
52	Tambomayo (Amendment to semi-detailed EIA)	Greenfield	Compañía de Minas Buenaventura S.A.A.	Arequipa	1.5
53	Tantahuatay 4 (Amendment to semi-detailed EIA)	Brownfield	Compañía Minera Coimolache S.A.	Cajamarca	28.0
54	Virú	Greenfield	Core Minerals (Perú) S.A.	La Libertad	2.0
Total					306.5

Portfolio estimated as at March 2018

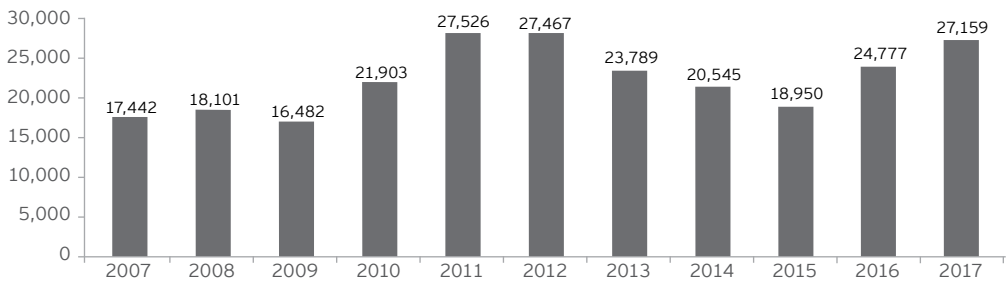
Source: Ministry of Energy and Mines (MEM)

> *Evolution of Mining and Hydrocarbons Production (in Percentage)*



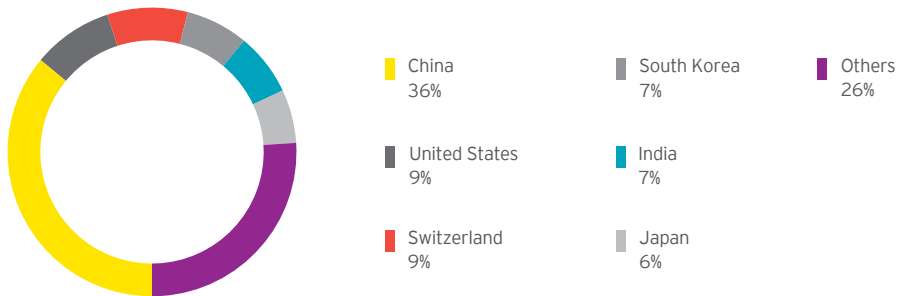
*Inflation Report of September 2018
Source: Central Reserve Bank of Peru (BCRP)

> *Mining Exports (in US\$ Millions)*



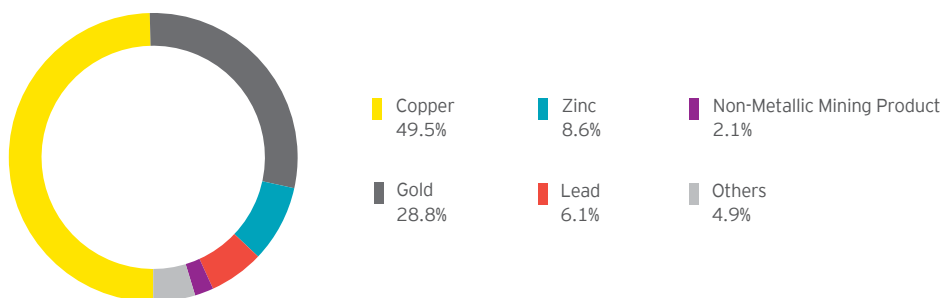
Source: Ministry of Energy and Mines (MEM)

> *Mining Exports by Country of Destination - 2017 (in Percentage)*



Source: Ministry of Energy and Mines (MEM)

> Mining Exports by Mining Product Type - 2017 (in Percentage)



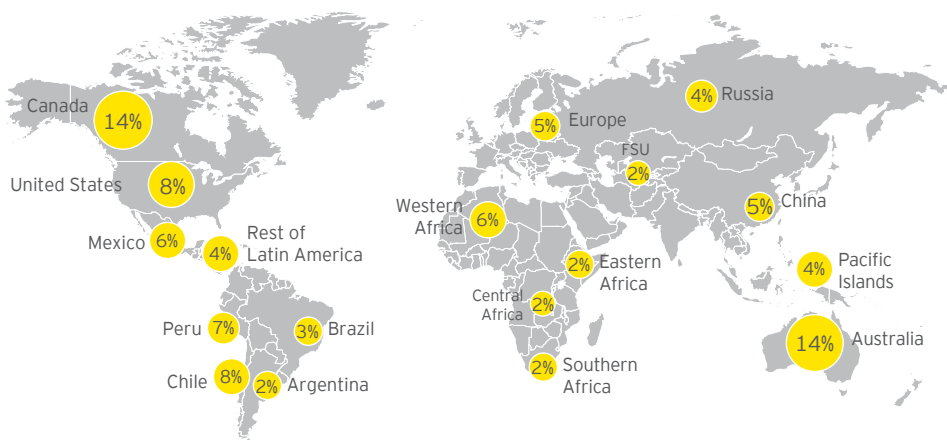
Source: Ministry of Energy and Mines (MEM)

The role of government with respect to mining is that of a regulator, promoter and observer. Currently, government has privatized much of its property and assets in the Mining Sector; thus, large mining operations are in the hands of private domestic and foreign mining companies. Mining companies are not obliged to satisfy the domestic market before exporting their products, and they are not conditioned to sell on official terms or prices. In addition, Peru offers significant business advantages to the mining investors and abundant freedom to import the machinery and equipment needed to

carry out their activities at a lower cost and with less bureaucratic requirements.

The measures introduced by Peru regarding the development of the Mining Sector are yielding favorable results. The major international mining companies perceive the country as an attractive area for investment. Thus, in 2013, Peru attracted a record level of investment in the Mining Sector and became the fifth favorite destination around the world for global investment in mining exploration, and has maintained said placed up until 2017.

> Main Destinations for Mining Investments in the World (2017)

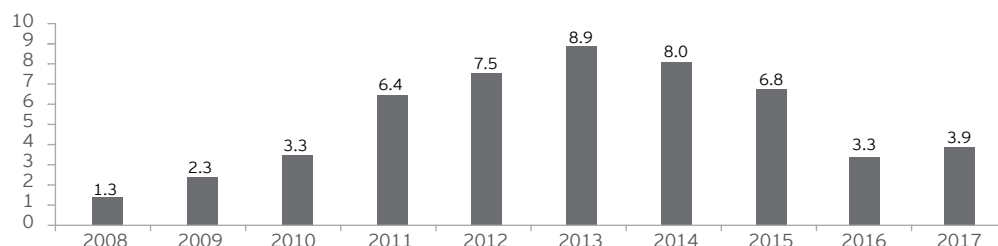


Source: Ministry of Energy and Mines (MEM)

Investment in mining activities reached a figure of US\$3.9 billion in 2017. In addition, mining investment in Peru registered a significant rise over the past few years, the investment in 2017 being three times the investment achieved in 2008, with a significant growth in the areas of ore and treatment

plant equipment, mining equipment, exploration, exploitation, infrastructure and operations expansion preparation. The growth of exports and global positioning are explained by a larger volume of production of the principal minerals.

> Mining Sector Investment (in US\$ Billions)



Source: Ministry of Energy and Mines (MEM)

> Origin of Estimated Mining Projects Portfolio, by Country (in US\$ Millions)

Country	No. of projects	US\$ Million	%
China	6	11,700	20.0%
United Kingdom	5	11,512	19.7%
Canada	11	9,783	16.7%
Mexico	6	9,055	15.5%
United States	3	5,620	9.6%
Peru	8	4,084	7.0%
Australia	2	3,078	5.3%
Others	8	3,677	6.2%
Total	49	58,507	100%

Portfolio estimated as at March 2018

Source: Ministry of Energy and Mines (MEM)

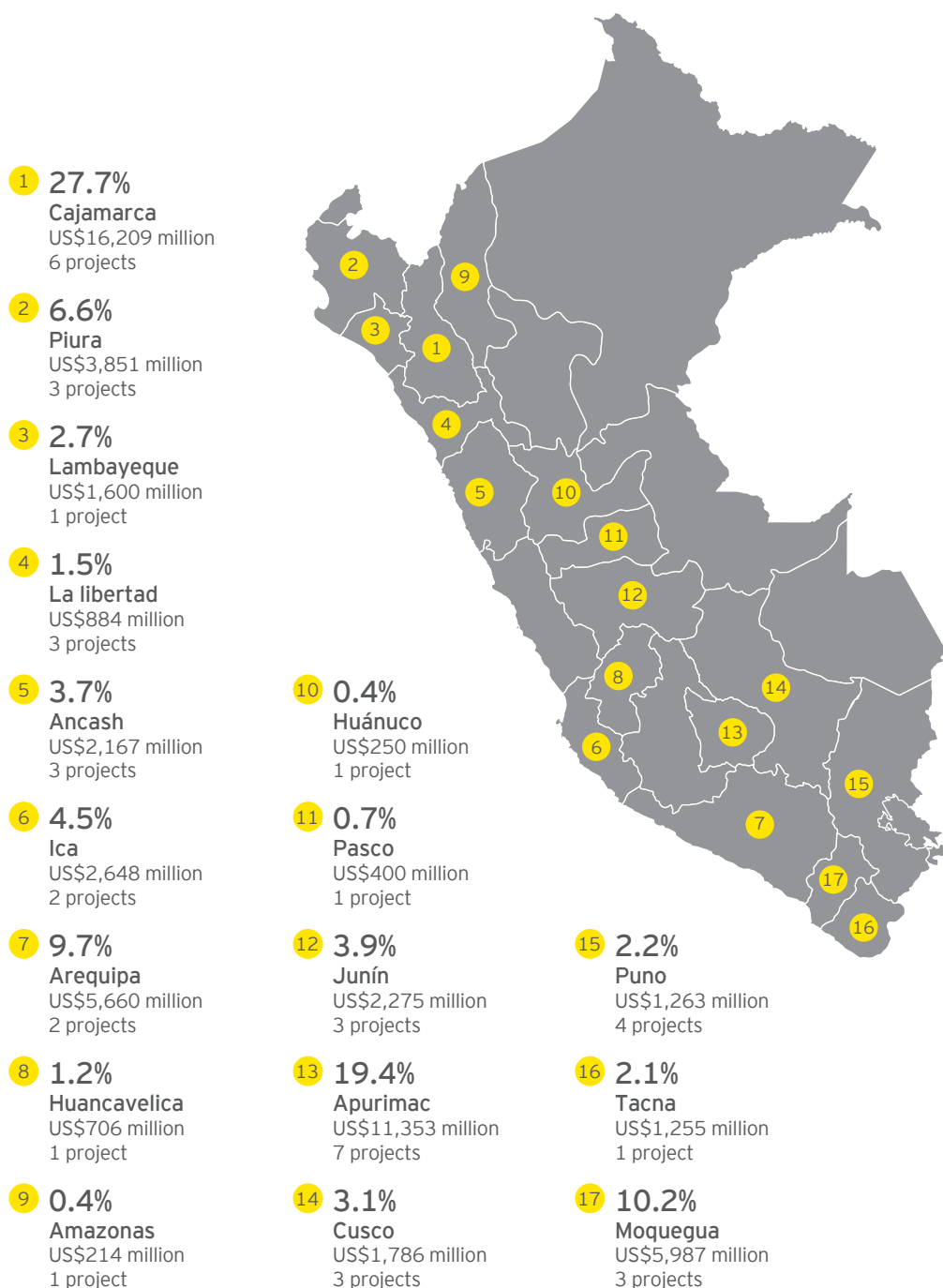
> Estimated Portfolio of Mining Projects - Participation by Predominant Mineral

Metal	No. of projects	US\$ Million	%
Copper	26	40,155	68.6%
Gold	9	7,120	12.2%
Iron	3	6,700	11.5%
Phosphates	3	2,201	3.8%
Zinc	4	1,146	2.0%
Silver	2	685	1.2%
Uranium	1	300	0.5%
Tin	1	200	0.2%
Total	49	58,507	100%

Portfolio estimated as at March 2018

Source: Ministry of Energy and Mines (MEM)

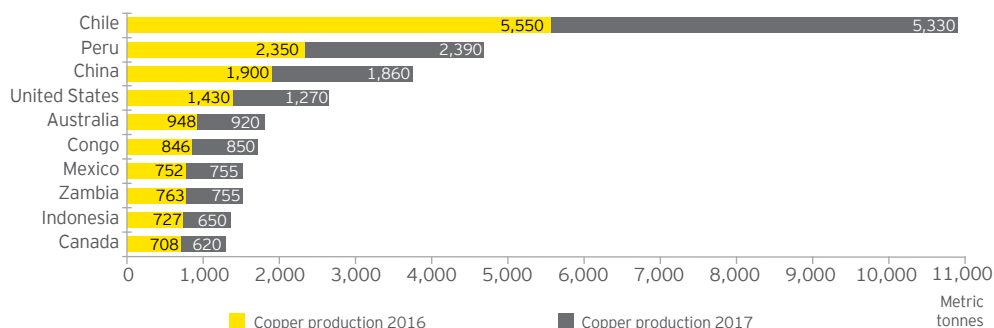
> Geographical Location of the Mine Construction Projects



Project portfolio estimated as at March 2018

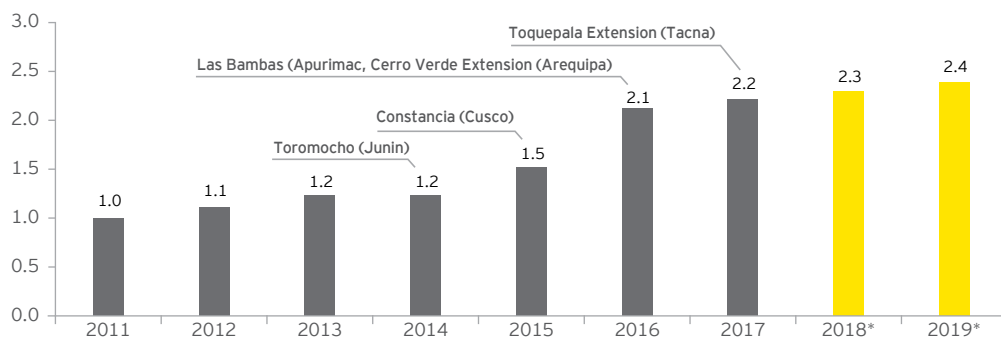
Source: Ministry of Energy and Mines (MEM)

> Geographical Location of the Mine Construction Projects



Source: US Geological Survey

> Copper Production (in Millions of Tons)



*Estimate

Source: Central Reserve Bank of Peru (BCRP)

Peru: Country for Extractive Industries Transparency Initiative (EITI)

The Extractive Industries Transparency Initiative (EITI) is a recognized alliance comprising government agencies, extractive companies, international organizations and civil society sectors to promote the use of standards of transparency in payments performed by the mining, oil and gas companies to each state, and how they channel such income to guarantee the sustainable development of their people.

Peru was the first country in the Americas to join this initiative, due to the great importance and impact of extractive industries on their national income. In February 2012, Peru received the rank of being a country in compliance with the EITI initiative, after satisfying the corresponding audit.

For further information, please visit: www.eiti.org/peru

The Ministry of Foreign Affairs and EY feature a specialized Investment Guide to Mining. You may download it free of charge at: www.ey.com/PE/EYPeruLibrary

2

Financial System, Securities Market, and Pension System

› Financial System Structure

Structure of the Peruvian Financial System	
Banking Institutions	16
Financial Institutions	11
Non-Banking Micro-Finance Institutions	27
▸ Municipal Thrifts (CM)	12
▸ Rural Savings and Loans Institutions (CRAC)	6
▸ Development Institution for Small and Microenterprises	9
Leasing Companies	1
Banco de la Nación	1
Banco Agropecuario	1
Total	57

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

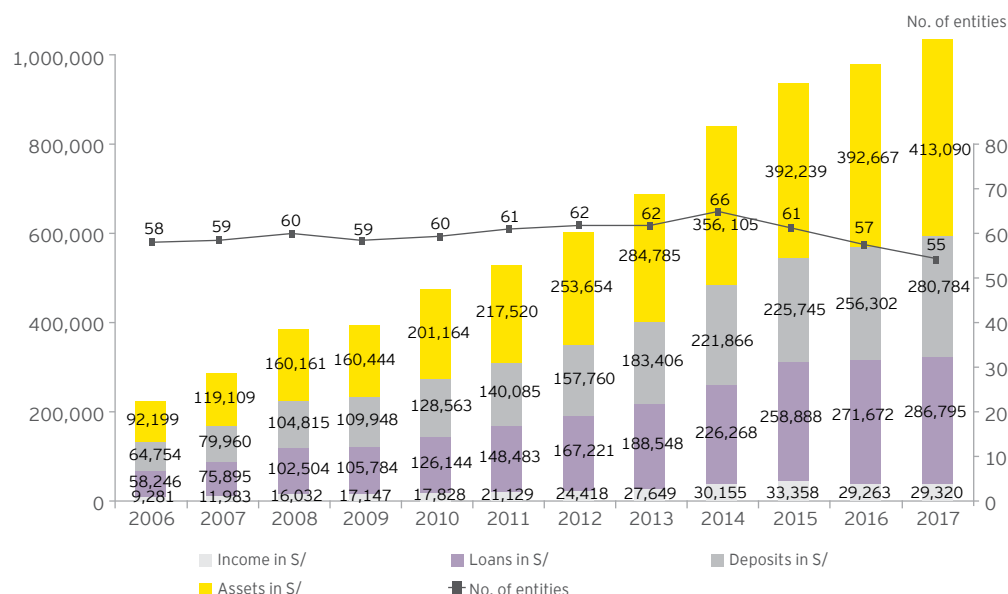
a) Financial System

As at December 31, 2017, the Peruvian Financial System consisted of a total of 57 companies, divided into six groups: Banks (16) Financial Institutions (11) Non-Banking Micro-Finance Institutions (27) Leasing Companies (1) Banco de la Nación (1) and Banco Agropecuario (1). In this structure, Banks had the highest share in terms of assets, with 89.88% of the total, followed by Non-Banking Micro-Finance Institutions, with 6.83%, and Financial Institutions, with 3.23%. The Financial Sector is characterized by the presence of 12 foreign banks, notable for their importance and support of their parent companies. New foreign banks have announced their new presence in the Peruvian market.

In the past ten years, the increased dynamism of the Peruvian economy has caused the Financial Sector to increase by 166% (December 2017/ December 2008) in outstanding loans. It is worth pointing out that the default rate of the Peruvian Financial Sector has remained at low levels in the past ten years, at an average rate of 2.3% (3.04% as of December 2017). Furthermore, the Level of Access to Banking Services (Bancarization) (measured as gross loans on Gross Domestic Product - GDP) increased from 22% in 2007 to 36% in December 2016. This is largely explained by the greater number of branches across the country, which has tripled in the last five years. However, the level of banking penetration is still below the average for the Region, representing an opportunity at the local level, especially in the Retail Sector as consumer, micro and small enterprises loans.

There is a Deposit Insurance Fund (FSD) that aims to protect depositors in the case that a financial institution member of FSD, where they keep deposits, should become bankrupt. The Deposit Insurance Fund (FSD) for the period ending in December 2017 amounted to S/86,508 million (equivalent to US\$26,700 million). It covers all registered and insured deposits that depositors hold in the financial institution.

> Evolution of the Financial System (in Thousands of S/)



Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Evolution of Total Loans Portfolio US\$ Million	
2017	88,490
2016	80,951
2015	75,920
2014	75,776
2013	70,506
2012	66,868
2011	56,236
2010	45,953

Sources: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), Peruvian Banking Association (ASBANC)

Level of Access to Banking Services	
2016	35.7%
2015	36.8%
2014	32.0%
2013	28.6%
2012	26.9%
2011	26.4%
2010	27.2%
2009	25.5%

Sources: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), Peruvian Banking Association (ASBANC)

Level of Default (in Percentage)	
2017	3.0%
2016	2.8%
2015	2.5%
2014	2.5%
2013	2.6%
2012	2.2%
2011	1.8%
2010	1.9%

Sources: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), Peruvian Banking Association (ASBANC)

Evolution of Deposits in US\$ Millions	
2017	86,395
2016	77,667
2015	74,998
2014	74,451
2013	74,270
2012	69,373
2011	58,556
2010	51,629

Sources: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), Peruvian Banking Association (ASBANC)

Corporate Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	12,614.39	15,662.19	17,271.52	19,207
Financial Institutions	3.93	0.86	4.26	3.69
Non-Banking Micro-Finance Institutions	46.06	91.63	125.54	127.15
► Municipal Thrifts	36.57	88.80	124.56	126.17
► Rural Savings and Loans Institutions	9.49	2.83	0.98	0.96
► Development Institution for Small and Microenterprises (EDPYME)	0.00	0.00	0.00	0.00
Leasing Companies	11.59	8.81	4.97	2.80
Banco de la Nación	0.00	0.00	0.00	0.00
Banco Agropecuario	6.42	2.76	2.37	0.47
Total Financial System	12,682.39	15,766.26	17,534.10	19,460.20

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Corporate Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	12,446.39	11,589.55	11,574.71	12,199.20
Financial Institutions	7.42	9.44	6.16	7.36
Non-Banking Micro-Finance Institutions	12.62	19.91	10.0	45.23
► Municipal Thrifts	5.85	17.59	9.41	34.18
► Rural Savings and Loans Institutions	6.77	0.50	0.50	10.96
► Development Institution for Small and Microenterprises (EDPYME)	0.00	1.81	0.09	0.09
Leasing Companies	73.91	51.84	31.29	8.66
Banco de la Nación	0.00	0.00	0.00	0.00
Banco Agropecuario	1.77	8.00	38.22	59.31
Total Financial System	12,542.11	11,678.74	11,660.38	12,319.76

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Medium Business Loans in (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	12,790.08	11,795.36	12,142.56	12,386.46
Financial Institutions	108.76	117.14	155.39	170.15
Non-Banking Micro-Finance Institutions	588.48	498.66	586.53	724.44
► Municipal Thrifts	532.29	485.34	563.08	635.60
► Rural Savings and Loans Institutions	49.28	4.28	15.78	33.27
► Development Institution for Small and Microenterprises (EDPYME)	6.92	9.05	7.67	55.57
Leasing Companies	67.41	62.66	56.08	37.57
Banco de la Nación	0.00	0.00	0.00	0.00
Banco Agropecuario	189.20	211.93	201.24	163.59
Total Financial System	13,743.93	12,685.74	13,141.80	13,482.21

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Small Business Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	4,209.23	4,097.57	4,214.37	4,548.61
Financial Institutions	1,250.39	774.27	802.95	895.79
Non-Banking Micro-Finance Institutions	2,108.44	1,866.31	2,233.68	2,749.41
▸ Municipal Thrifts	1,799.01	1,705.81	2,053.59	2,496.43
▸ Rural Savings and Loans Institutions	191.45	44.35	105.85	159.03
▸ Development Institution for Small and Microenterprises (EDPYME)	117.98	116.16	74.24	93.95
Leasing Companies	10.63	11.15	8.96	9.35
Banco de la Nación	0.00	0.00	0.00	0.00
Banco Agropecuario	279.73	127.93	139.46	124.09
Total Financial System	7,858.42	6,877.23	7,399.42	8,327.25

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Microenterprise Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	499.11	927.55	952.71	1,064.48
Financial Institutions	1,120.28	584.01	634.01	722.63
Non-Banking Micro-Finance Institutions	1,271.86	1,094.25	1,262.76	1,390.09
▸ Municipal Thrifts	997.11	920.41	1,080.05	1,193.03
▸ Rural Savings and Loans Institutions	149.62	68.82	128.04	159.15
▸ Development Institution for Small and Microenterprises (EDPYME)	125.13	105.01	54.67	37.91
Leasing Companies	0.95	0.77	1.12	0.13
Banco de la Nación	0.00	0.00	0.00	0.00
Banco Agropecuario	112.03	119.39	119.52	98.28
Total Financial System	3,004.23	2,725.97	2,970.12	3,275.61

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

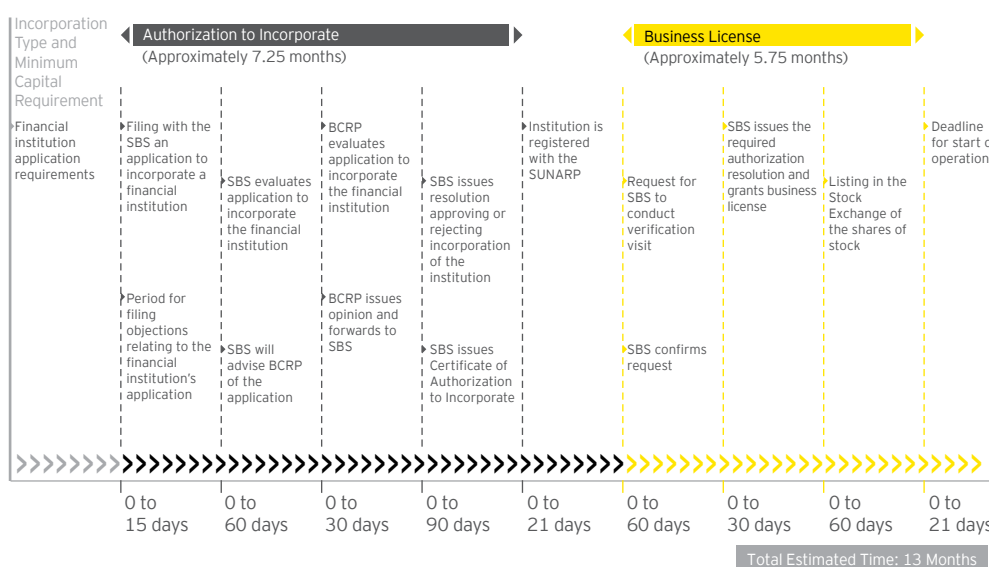
Consumer Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	11,111.58	11,467.45	12,506.44	13,619.76
Financial Institutions	1,269.92	1,176.72	1,340.22	1,608.27
Non-Banking Micro-Finance Institutions	1,027.01	1,064.63	1,307.00	1,645.16
▸ Municipal Thrifts	835.03	792.02	943.57	1,182.03
▸ Rural Savings and Loans Institutions	56.75	14.79	64.16	81.82
▸ Development Institution for Small and Microenterprises (EDPYME)	135.23	257.83	299.27	381.31
Leasing Companies	0.00	0.00	0.00	0.00
Banco de la Nación	1,185.37	1,132.89	1,244.99	1,530.21
Banco Agropecuario	0.00	0.00	0.00	0.00
Total Financial System	14,593.88	14,841.69	16,398.65	18,403.40

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Mortgage Loans (in US\$ Millions)				
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Multi-Purpose Banks	11,007.20	10,850.29	11,472.20	12,738.20
Financial Institutions	27.29	38.81	50.24	69.11
Non-Banking Micro-Finance Institutions	420.76	340.43	393.72	458.14
► Municipal Thrifts	294.50	295.57	343.76	408.80
► Rural Savings and Loans Institutions	70.23	0.12	1.78	3.13
► Development Institution for Small and Microenterprises (EDPYME)	56.04	44.74	48.18	46.21
Leasing Companies	0.00	0.00	0.00	0.00
Banco de la Nación	46.24	48.37	55.96	73.84
Banco Agropecuario	0.00	0.00	0.00	0.00
Total Financial System	11,501.49	11,277.90	11,972.12	13,339.29

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

> Average Time Estimated for the Incorporation of a Financial Institution



Sources: Central Reserve Bank of Peru (BCRP), Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), National Superintendency of Public Records Offices (SUNARP), Lima Stock Exchange (BVL), Stock Exchange Superintendency (SMV), EY

Microfinance Sector

During 2015, the Multilateral Investment Fund (MIF) and the Microfinance Information Exchange (MIX) determined the annual ranking of the Top 100 Microfinance Institutions in Latin America and the Caribbean, and the performance of the institutions was evaluated in three areas: scope, efficiency, and transparency. The first category measures the success

attained in the expansion of financial services; the second category measures the extent to which microfinance reduces costs for its customers; the third category measures the public dissemination of performance results in a comparable and standard manner. As a result, Peru was ranked the top country in microfinances in the world.

Usually, countries with a favorable microfinance environment also have optimal conditions for financial inclusion.

> *Favorable Environment for Microfinance in Latin America (2016)*

Rank	Country	Points out of 100
1	Peru	89
2	Colombia	89
3	Chile	62
4	Mexico	60
5	Uruguay	59
6	Bolivia	56
7	El Salvador	56
8	Nicaragua	55
9	Paraguay	55
10	Dominican Republic	52
11	Brazil	51

Source: The Economist - Intelligence Unit

Rank	Country	Points out of 100
12	Ecuador	50
13	Panama	48
14	Costa Rica	48
15	Honduras	47
16	Jamaica	46
17	Trinidad and Tobago	45
19	Guatemala	40
19	Argentina	39
20	Venezuela	32
21	Haiti	22

b) Securities Market

The Peruvian Securities Market consists of the primary market, in which public and private institutions issue debt and equity instruments, and the secondary market, where financial intermediaries place such instruments in the securities market through trading mechanisms

and platforms, such as the Lima Stock Exchange (BVL). The Lima Stock Exchange General Index (S&P / BVL Peru General) consists of the 32 most traded stocks in the market. Between January and December 2017, the average daily trading volume of the BVL was US\$35.63 million.

> *Average Daily Trading Volume in BVL (in US\$ Millions)*

Year	Volume
2017	35.63
2016	18.26
2015	14.18
2014	22.97
2013	23.82
2012	30.34

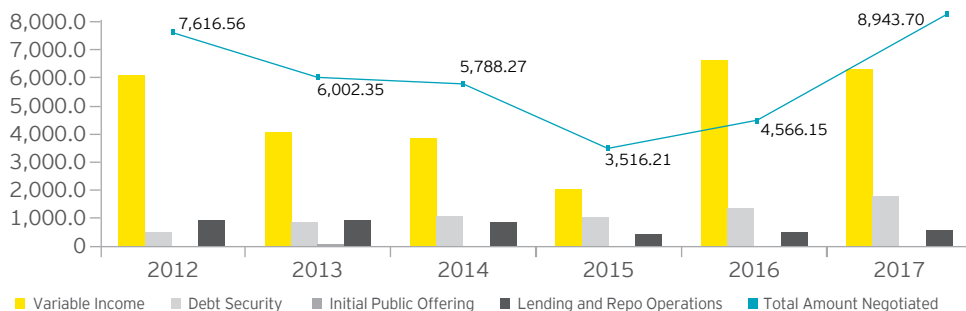
Source: Lima Stock Exchange (BVL)

Year	Volume
2011	31.02
2010	26.89
2009	22.93
2008	31.81
2007	49.61

The Lima Stock Exchange (BVL) is a member of the Latin American Integrated Market (MILA) an entity responsible for integrating the multi-national stock exchange through the use of technological tools and standardization of regulations on the capital market trading.

Regarding authorized stock market brokers, there are 25 brokerage firms (SAB) in the country, responsible for marketing, custody, management, and advice with respect to securities trading (also see Section II.3 Pacific Alliance).

> Main Stock Indexes (in US\$ Millions)



Source: Lima Stock Exchange (BVL)

The Exchange Traded Fund (ETF) is an iShares stock that measures the stock exchange performance of a set of underlying securities of this investment fund. The ETF that measures the performance of securities of the economic performance of Peru (known as EPU) has shown the following evolution as from January 2014:



Source: Bloomberg

c) Private Pension System

The Private Pension System consists of four financial institutions responsible for the management of pension funds in the form of Individual Capitalization Accounts (CIC). The role of the Private Pension Fund Management Companies (AFPs) is to receive input from their affiliates, investing in a manner permitted by law, to provide benefits relating to retirement, disability, survivorship, and funeral expenses.

In mid-2012, the Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS) passed Law 29903 - Reform of the Private Pension System (SPP) whereby it seeks to increase the coverage of pension security, encourage competition between Private Pension Fund Management Companies (AFPs) and increase net returns of pension funds commissions to improve contributors' pensions.

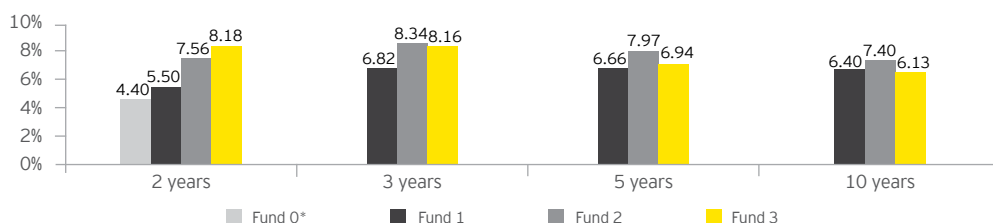
> Pension System Statistics

No. of Active AFP Affiliates	6,604,841
Portfolio administrated by the Private Pension Fund	US\$48,269 billion

Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

Peru has four types of funds to invest in: Fund 0 invests in instruments with very low volatility in order to protect the accumulated capital, and was launched in April 2016. Fund 1 represents investments of low volatility and thereby lower risk, basically fixed income investment. Fund 2 consists of investments of average volatility with a moderate risk, a mix between fixed and variable income. Fund 3 consists of highly volatile investments that imply greater risks..

> Annual Nominal Profitability as of August 2018



*Fund 0 only shows a 2-year profitability since it was launched in 2016.

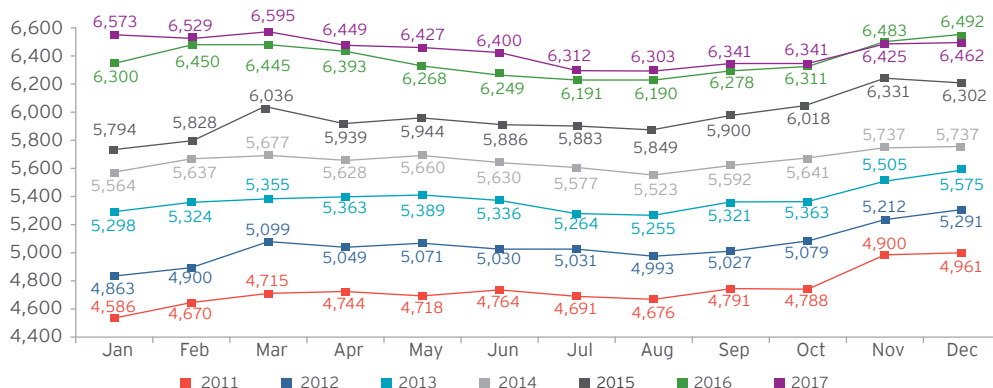
Source: Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS)

3

Electricity

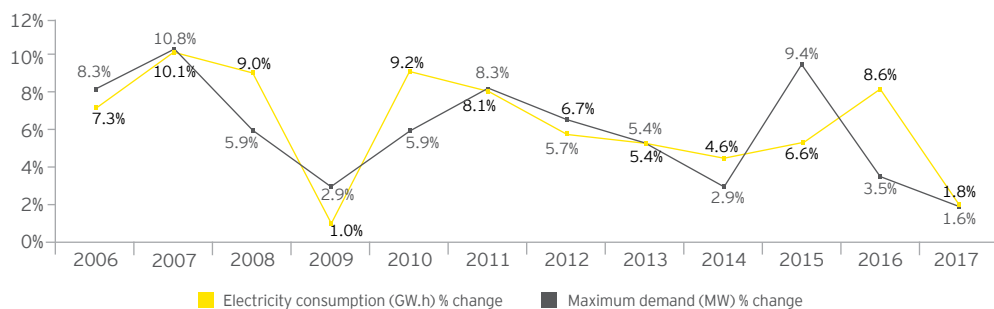
The electricity and water sectors grew by 1.1% in 2017. They are estimated to increase 3.3% in 2018 and 4.0% in 2019.

> Maximum Domestic Electricity Demand (in MWh)



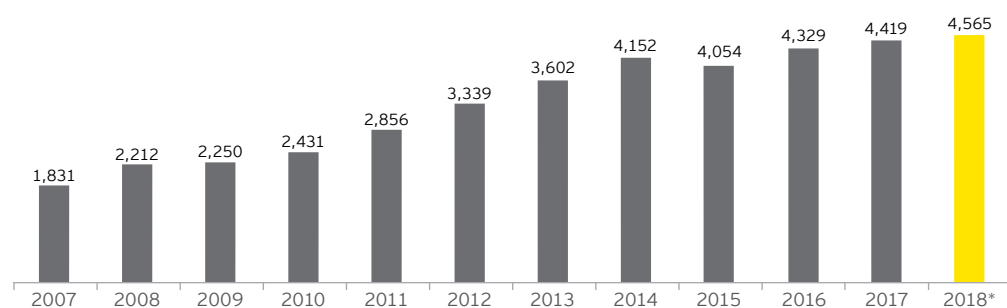
Source: Economic Operation Committee for the National Interconnected System (COES)

> Annual Growth of Electricity Consumption



Source: Economic Operation Committee for the National Interconnected System (COES) - Operational Statistics

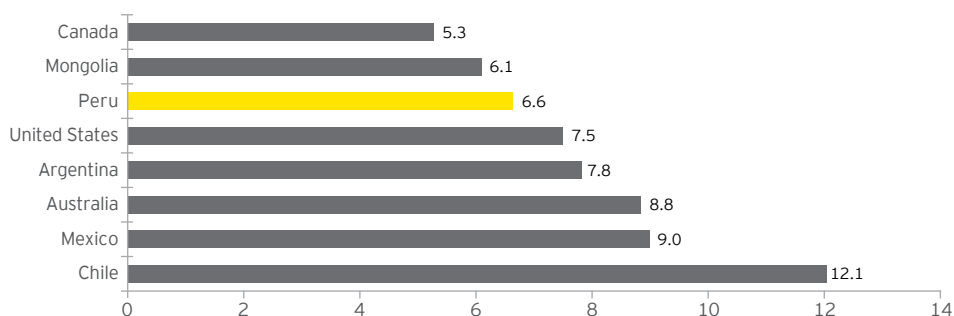
> Sales of Electricity to Final Users (in US\$ Millions)



*Estimate

Source: Supervisory Board for Investment in Energy and Mining (OSINERGMIN)

> Estimated Cost of Electricity by 2020 (in US\$ Cents/kWh)



Source: Ministry of Economy and Finance (MEF)

> Electricity and Water Sector Indicators

Item	2011	2012	2013	2014	2015	2016
GVA Electricity and Water						
▸ Current (in S/ Millions)	7,812	8,601	9,355	10,718	12,622	15,101
▸ Constant (in S/ Million of 2007)	7,066	7,481	7,734	8,133	8,666	9,332
Annual Variation %	8.2	5.9	3.4	5.2	6.6	7.7
Electricity Production (GWh)						
▸ Hydraulic	21,557.3	22,044.0	22,340.2	22,209.5	22,456.2	23,009.6
▸ Thermal	17,244.8	18,919.2	20,839.3	22,880.4	21,262.1	24,020.8
▸ Solar Power	-	55.6	196.9	255.3	230.95	241.8
▸ Wind Power	1.2	1.2	1.2	199.3	590.72	1,054.1
Total	38,803.3	41,020.0	43,377.7	45,544.5	44,539.9	48,326.3
National Electrification Ratio (%)	89.5	91.2	92.3	93.2	95	96
No. of Power Supply Customers (Thousands)	5,497	5,828	6,146	6,439	6,738	6,993
Production of Drinking Water (Thousands of m³)						
▸ National Level	1,320,838	1,325,110	1,358,263	1,374,624	1,404,668	1,411,027
▸ Metropolitan Lima	715,266	715,207	716,745	719,440	748,384	750,559

GVA: Gross Value Added

Sources: National Institute of Statistics and Information (INEI), Economic Operation Committee for the National Interconnected System (COES)

> Investment Means and Return Alternatives in the Electricity Market

Description	Electrical Companies					
	Generation		Transmission		Distribution	
	Renewable energy projects	Non-renewable Energy projects	Projects for the secured transmission system	Projects for the additional transmission system	Non-rural electrification projects	Rural electrification projects
Investment Means						
▸ Own Initiative	✓	✓		✓	✓	✓
▸ International Public Bidding According to Plan*	✓		✓	✓		
▸ Direct Subsidy Approved by Government						✓
Alternatives for the Sale of Electricity						
▸ Spot Market	✓	✓			✓	✓
▸ Free Market	✓	✓			✓	✓
▸ Regulated Market	✓	✓			✓	✓
▸ Auction Market	✓	✓			✓	✓
Other Alternatives for Return on Investment						
▸ Regulated Road Tolls			✓	✓		
▸ Premiums and Benefits of Subsidies	✓		✓			✓

*Estimate

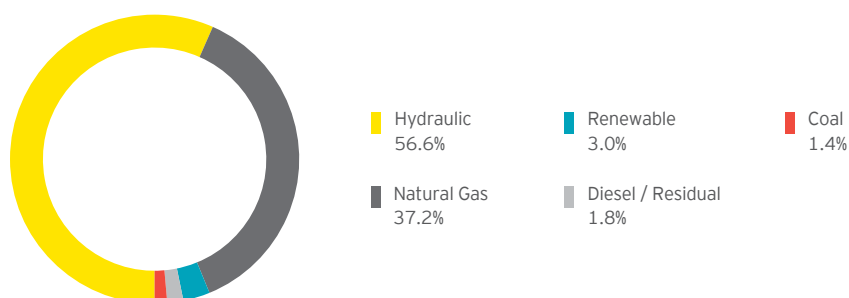
Source: Ministry of Energy and Mines (MEM)

> National Plan for Rural Electrification 2016 - 2025

Period	Total Investment US\$	Beneficiary Population	Period	Total Investment US\$	Beneficiary Population
2016	345,593,645	1,008,648	2021	41,394,764	159,880
2017	229,791,934	606,945	2022	59,761,747	230,396
2018	136,416,160	351,026	2023	23,749,912	86,772
2019	173,427,475	537,532	2024	23,749,912	86,772
2020	94,432,573	225,992	2025	23,820,528	87,030
Total 2016-2025				1,152,138,650	3,380,993

Source: Ministry of Energy and Mines (MEM)

> Electricity Generation by Energy Source (2017)



Source: Economic Operation Committee for the National Interconnected System (COES)

> Project Portfolio - Electricity Sector 2018-2020

Announcement and/or Project	Area	Estimated CAPEX (in US\$ Millions)
Repowering of Carabayllo - Chimbote - Trujillo 500 KV Transmission Line to 1,000 MVA		
This Project consists of the design, financing, construction, operation, and maintenance for the repowering of a stretch of a 500 kV transmission line in the north-central part of the country; and a VAR compensator at the Trujillo Substation. These investments will strengthen the 500 kV transmission system of the National Grid System (SEIN).	Lima, Ancash, and La Libertad	90
La Niña - Piura 500 KV Link		
This Project consists of a 500 kV line that connects the La Niña Substation to the future Piura Nueva Substation, measuring approximately 87 km long. A new substation known as Piura Nueva will be built. To strengthen the 220kV transmission systems, the new substation will be equipped with 220kV transformers.	Piura	132
Pariñas - Nueva Tumbes 220 KV Link		
This Project includes the construction of the following infrastructure:		
► Pariñas - Nueva Tumbes 220 kV Transmission Line (158 km, single circuit)	Tumbes	47
► L-2280-NuevaTumbes 220 kV Transmission Line Shunt		
► Nueva Tumbes Substation		
► Expansion of a cell at Pariñas Substation for output to Nueva Tumbes Substation		

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> *Project Portfolio - Electricity Sector 2018-2020 (continued)*

Announcement and/or Project	Area	Estimated CAPEX (in US\$ Millions)
Tingo María - Aguaytía 220 KV Link		
The Tingo María Nueva - Aguaytía 220 kV Transmission Line (73 km) runs from the planned Tingo María Nueva Substation, located in the district of Rupa-Rupa, province of Leoncio Prado, department of Huánuco, to the Aguaytía Substation owned by Aguaytía Energy, located in the district of Aguaytía, province of Padre Abad, department of Ucayali. These investments will strengthen the transmission system in the eastern part of the country.	Huánuco and Ucayali	20
Nueva Carhuaquero 220 KV Substation, Chinchá Nueva 220/60 KV Substation, Nazca Nueva 220/60 KV Substation, and VAR Compensator at San Juan 220 KV Substation		
These projects are for the granting of the concession for the design, financing, construction, operation, and maintenance of substations (switchyard) that will be used to facilitate works on lines in Chiclayo and Cajamarca in the northern part of Peru, as well as Ica; and allow for greater reliability in the energy supply to the department of Lima.	Cajamarca, Lambayeque, Lima, and Ica	66
Piura Substation 500 KV Transmission Line		
The Comprehensive Peru-Ecuador Interconnection Project includes the construction of a 500 kV transmission line that will join the Chorrillos Substation in Ecuador to the La Niña Substation in Peru (the "Line"). The Line includes the construction of two new intermediate substations: the Pasaje Substation in Ecuador; and the Piura Nueva Substation in Peru. Competent agency: Ministry of Energy and Mines.	Tumbes and Piura	144
New La Planicie Substation		
Upgrade management of ELECTRONOROESTE S.A., via acquisition of new shares with the goal of providing better service to customers in its area of influence. ELECTRONOROESTE S.A. is the company responsible for the distribution and commercialization of electrical energy within the area of its concessions, located in the regions of Piura and Tumbes, where it serves over 405,586,000 customers.	Lima	20
Total Estimated CAPEX		320

Source: ProInversión

4

According to the Supervisory Board for Investment in Energy and Mining, energy investments are estimated to amount US\$3.7 billion by 2021, particularly in hydroelectric power and thermal power plants.

Energy

Capacity for Power Generation with Renewable Energy to be Exploited

As shown below, Peru is one of the countries in Latin America with one of the highest ratios of energy reserves measured as total power / capacity. This ensures relatively cheaper costs of power generation and sustainable reserves within the region.

Energy Type	Total Power (MW)	Country's Installed Capacity (MW)	Total Power / Capacity (Times)
Hydraulic	69,000	3,850	18
Wind	22,000	146	151
Solar	Indefinite	96	-
Biomass	Indefinite	27.4	-
Geothermal	3,000	0	to be exploited

Source: Ministry of Energy and Mines

Generation Dispatch

The table below shows the estimated annual generation dispatch which plans to cover the system demand, separating the power station generation by source: hydraulic, natural gas, wind energy, solar, biomass, coal, residual and diesel.

Source Type	2015		2016		2017		2018	
	GWh	%	GWh	%	GWh	%	GWh	%
Hydraulic	26,717	50.2%	31,210	52.3%	31,783	54.5%	32,819	56.5%
Natural Gas	23,632	44.4%	25,709	43.1%	23,674	40.6%	23,379	40.2%
Coal	628	1.2%	829	1.4%	1,084	1.9%	144	0.2%
Biomass	42	0.1%	42	0.1%	143	0.2%	143	0.2%
Wind	986	1.9%	988	1.7%	987	1.7%	987	1.6%
Solar	256	0.5%	257	0.4%	-	-	-	-
Residual	270	0.5%	231	0.4%	427	0.7%	12	0.0%
Diesel	692	1.3%	447	0.7%	184	0.3%	0	0.0%
Total	53,223	100%	59,713	100%	58,282	100%	63,508	100%

Source: Economic Operation Committee for the National Interconnected System

> Generation Works Program

The 2017-2026 Generation Works Program is shown below. It consists of the generation projects most likely to begin operating:

Date	Generation Projects	Type	MW
2015	Tres Hermanas Wind Farm	Wind Power	90
2016	Puerto Maldonado Thermal Power Plant - Cold Reserve	Dual Fuel Diesel B5/ Natural Gas	18
2016	Pucallpa Thermal Power Plant - Cold Reserve	Dual Fuel Diesel B5/ Natural Gas	40
2016	Chancay Hydroelectric Power Plant	Hydroelectric Power - Renewable Energy Regulation (RER)	19
2016	Chaglla Hydroelectric Power Plant	Hydroelectric Power	406
2016	Cerro del Águila Hydroelectric Power Plant - G1	Hydroelectric Power	170
2016	8 de Agosto Hydroelectric Power Plant	Hydroelectric Power - RER	20
2016	El Carmen Hydroelectric Power Plant	Hydroelectric Power - RER	9
2016	Cerro del Águila Hydroelectric Power Plant - G2	Hydroelectric Power	170
2016	Puerto Bravo Thermal Power Plant - South Energy Node	Dual Fuel Diesel B5/ Natural Gas	500
2016	Cerro del Águila Hydroelectric Power Plant - G3	Hydroelectric Power	170
2016	RenovAndes H1 Hydroelectric Power Plant	Hydroelectric Power -RER	20
2016	Carpapata III Hydroelectric Power Plant	Hydroelectric Power	13
2017	Potrero Hydroelectric Power Plant	Hydroelectric Power -RER	20
2017	Ilo - South Energy Node	Dual Fuel Diesel B5/ Natural Gas	500
2017	Karpa Thermal Power Plant	Hydroelectric Power -RER	20
2017	Malacas Thermal Power Plant - TG6	Turbo Gas	43
2017	Huatziroki I Hydroelectric Power Plant	Hydroelectric Power -RER	11
2017	Yarucaya Hydroelectric Power Plant	Hydroelectric Power -RER	15
2018	Chilca 1 Thermal Power Plant - TG4 + TV2	Combined Cycle	113
2018	La Virgen Hydroelectric Power Plant	Combined Cycle	64
2018	Angel III Hydroelectric Power Plant	Combined Cycle -RER	20
2018	Angel I Hydroelectric Power Plant	Combined Cycle -RER	20
2018	Angel II Hydroelectric Power Plant	Combined Cycle -RER	20
2018	Santa Lorenza I Hydroelectric Power Plant	Combined Cycle -RER	19
2018	Manta Hydroelectric Power Plant	Combined Cycle -RER	20
2018	Hydrika 5 Hydroelectric Power Plant	Combined Cycle -RER	10
2018	Hydrika 2 Hydroelectric Power Plant	Combined Cycle -RER	4

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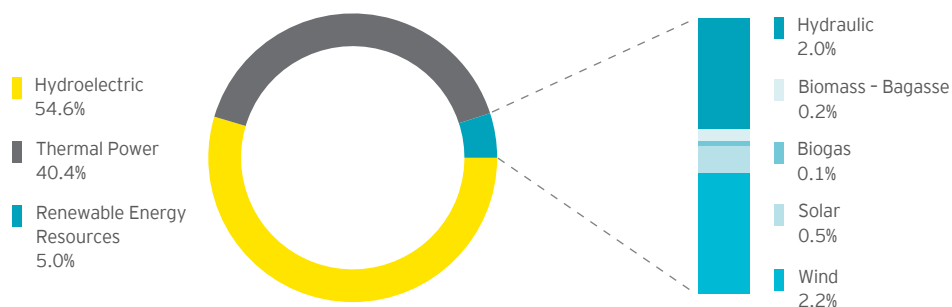
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> Generation Works Program (continued)

Date	Generation Projects	Type	MW
2018	Hydrika 4 Hydroelectric Power Plant	Hydroelectric Power -RER	8
2018	Hydrika 1 Hydroelectric Power Plant	Hydroelectric Power -RER	7
2018	Hydrika 3 Hydroelectric Power Plant	Hydroelectric Power -RER	10
2018	Carhuac Hydroelectric Power Plant	Hydroelectric Power -RER	16
2018	Laguna Azul Hydroelectric Power Plant	Hydroelectric Power -RER	20
2019	Santo Domingo de los Olleros Thermal Power Plant - TV	Combined Cycle	91
2019	Santa Rosa Thermal Power Plant - TV	Combined Cycle	131
2019	Colca Hydroelectric Power Plant	Hydroelectric Power -RER	12
2019	Zaña 1 Hydroelectric Power Plant	Hydroelectric Power -RER	13
2019	Olmos 1 Hydroelectric Power Plant	Hydroelectric Power	50
2019	Iquitos Nueva Thermal Power Plant - Cold Reserve	Dual Fuel Diesel B5/ Natural Gas	81
2020	Pucará Hydroelectric Power Plant	Hydroelectric Power	150
2020	Quillabamba Thermal Power Plant	Turbo Gas	200
2020	Puerto Bravo Thermal Power Plant - Natural Gas	Simple Cycle	630
2020	Ilo Thermal Power Plant - Simple Cycle - Natural Gas	Simple Cycle	610

Source: Report of the Economic Operation Committee for the National Interconnected System /DP-01-2016/ Proposal for the updating of the 2017-2026 Transmission Plan

> Energy Production by Generation Type - 2017



Source: Economic Operation Committee for the National Interconnected System

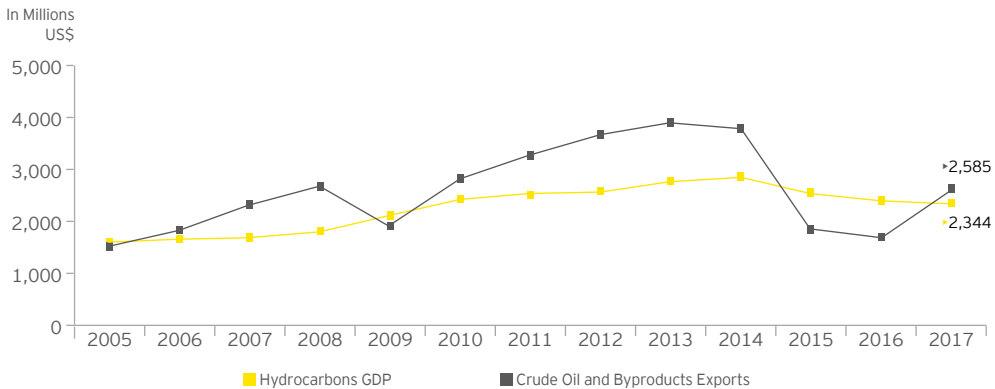
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Hydrocarbons

The Hydrocarbons Sector has become one of the industries with the largest amount of private investment initiatives in the country. Taking the official figures published by the Ministry of Energy and Mines (MEM) in the Annual Book of Hydrocarbon Reserves of December 2016, the proven reserves are estimated in 435 million barrels of crude oil, 790 million barrels of natural gas liquids and 16 trillion cubic feet of natural gas, which combined are equivalent to 3.91 billion barrels of oil. The same Annual Book informs that the hydrocarbon resources of the country are estimated in 14.71 billion barrels of crude oil, 1.55 billion barrels of natural gas liquids and 42.2 trillion cubic feet of natural gas, which combined are equivalent to 23.3 billion barrels of oil. If we compare the estimated hydrocarbon resources with the estimated hydrocarbon reserves, there are major opportunities for exploration in Peru, to discover new proven hydrocarbon reserves.

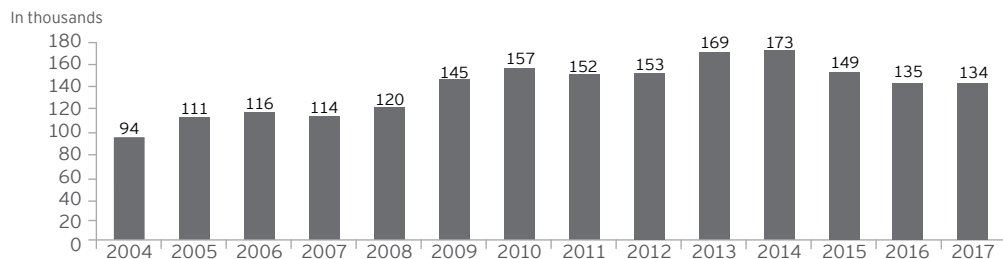
The Hydrocarbons Sector declined by 2.4% in 2017 and it is estimated to decrease 2.0% by 2018 and to grow 7.6% by 2019.

> Evolution of Macroeconomic Indices of the Hydrocarbons Industry (in US\$ Millions)



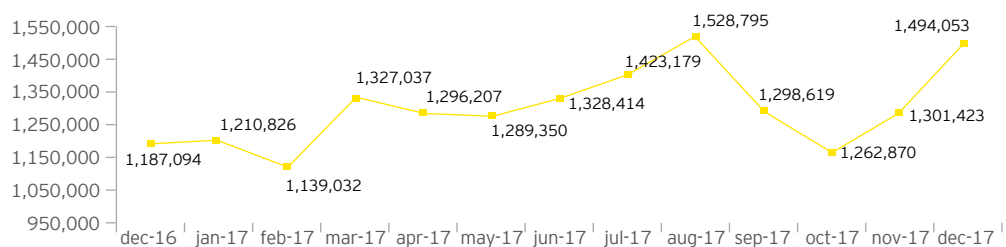
Source: Central Reserve Bank of Peru

> Average Production of Hydrocarbons (Barrels per Day)



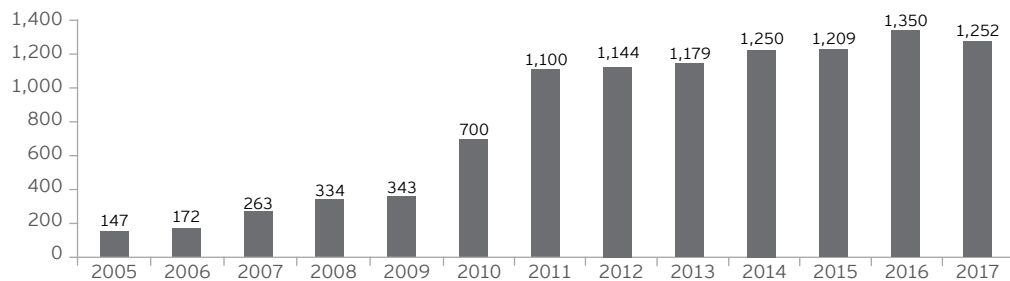
Source: Perupetro

> Oil Production (Barrels)



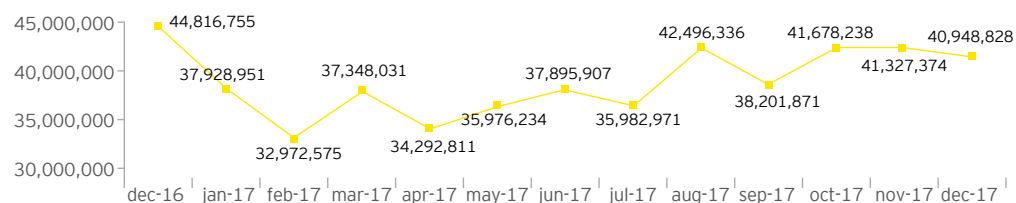
Source: Perupetro

> Natural Gas Production (Million Cubic Feet per Day)



Source: Perupetro

> Natural Gas Production (Thousand Cubic Feet)



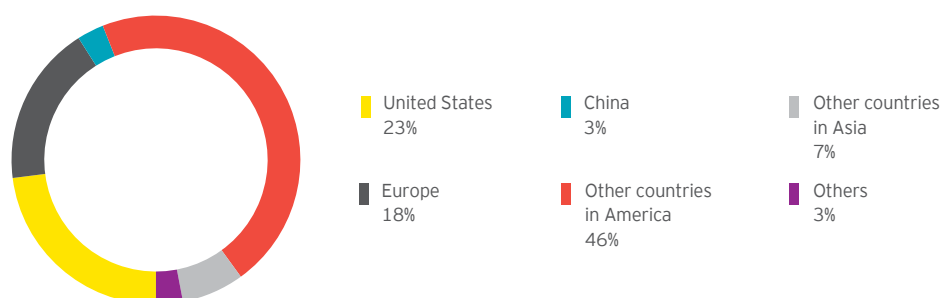
Source: Perupetro

> Hydrocarbons Export (FOB value in US\$ Millions)

Petroleum and Natural Gas	2011	2012	2013	2014	2015	2016	2017
Crude	574	579	538	496	120	24	26
Derivatives	2,710	3,086	3,361	3,280	1,733	1,669	2,560
Natural Gas	1,284	1,331	1,372	786	449	523	772
Total	4,568	4,996	5,271	4,563	2,302	2,216	3,358

Source: National Superintendency of Customs and Tax Administration

> Hydrocarbons Export by Country of Destination - 2017 (in Percentage)



Source: Ministry of Foreign Trade and Tourism

> Oil Contracts

Contract	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Exploration	28	42	65	61	68	66	62	60	50	44	41	26	26
Exploitation	17	19	19	19	19	19	20	20	24	24	25	25	20
Total	45	61	84	80	87	85	82	80	74	68	66	51	46

Source: Perupetro

> Perforated Wells

Well	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Development	69	78	177	185	147	214	222	197	85	101	81	46	137
Confirmatory	0	0	2	2	6	3	5	2	2	0	3	0	0
Exploratory	5	8	7	5	6	6	15	9	7	12	4	1	4
Total	74	86	186	192	159	223	242	208	94	113	88	47	141

Source: Perupetro

The Ministry of Foreign Affairs and EY have an Investment Guide specialized in Hydrocarbons. You may download it free of charge through the following web address: www.ey.com/PE/EYPeruLibrary

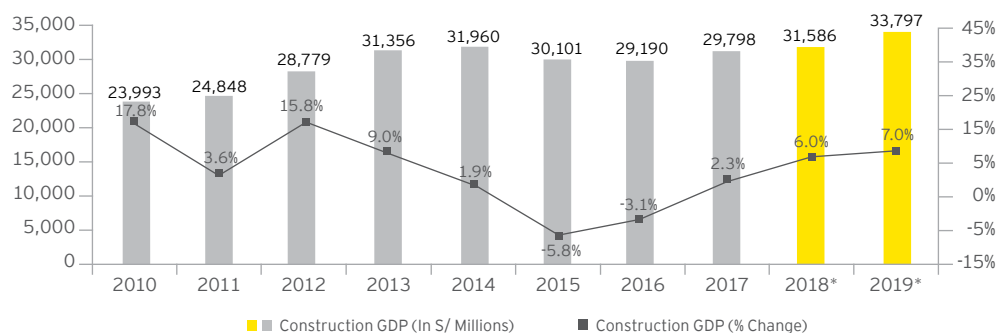
6

Construction

The construction sector is one of the most important and dynamic sectors of the Peruvian economy, as it directly contributes to the creation of basic infrastructure. Growth in this sector has been driven by higher income being earned in households, public and private investments, and improved financing terms for housing acquisition.

The Construction Sector increased by 2.3% in 2017, and is estimated that it will continue to grow in the upcoming years (6.0% in 2018 and 7.0% in 2019).

› *Evolution of Construction Sector in US\$ Millions and Annual Percentage Change in the GDP*



*Inflation Report of September 2018

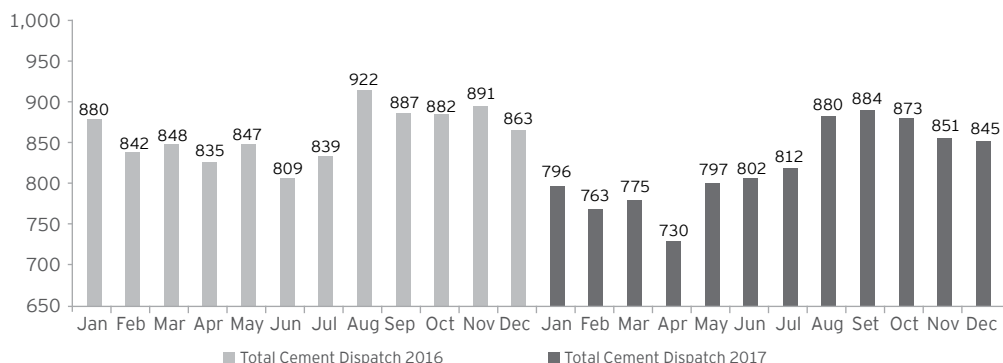
Source: Central Reserve Bank of Peru (BCRP)

The Construction Sector will rise by approximately 6.0% in 2018, due to higher public and private investment, which will boost the execution of

works, most notably road infrastructure works, and execution of real estate projects.

› *Total Cement Dispatch (Thousands of MT)*

Thousand of MT



Source: Cement Manufacturers' Association

> Project Portfolio - Construction Sector 2018-2020

Announcement and/or Project	Area	Estimated investment (in US\$ Millions)
Longitudinal de la Sierra Road - Tranche 4		
This Project consists of the performance of works for the upgrading and repair (117 km), initial periodic maintenance (503 km), and maintenance and operation of approximately 970 km of the Carretera Longitudinal de la Sierra road, a major national route that connects 12 departments and runs through all of the country's Andean regions, from end-to-end.	Junín, Huancavelica, Ayacucho, Apurímac, and Ica	464
Huancayo - Huancavelica Railway		
The comprehensive restoration project for the Huancayo-Huancavelica Railway consists of the design, financing, and implementation of works, procurement of rolling stock, operation and maintenance.	Junín and Huancavelica	235
New San Juan de Marcona Port Terminal		
Concession for the design, financing, construction, operation, and maintenance of a new port terminal for public use, specialized in providing warehousing and loading services for iron and copper concentrates, as well as mining production inputs.	Regions of Ica, Ayacucho, northern part of Arequipa, Apurímac, and Cusco	582
Autopista Internacional del Norte Highway		
Development of the road infrastructure included in the concession of the North Pan-American Highway - Sector: Sullana Turnoff - Tumbes - La Paz International Bridge, as well as the granting of a concession for the design, construction, operation, and maintenance of the road that joins the cities of Sullana, Talara, Los Órganos, Mancora, Zorritos, Tumbes, and Zarumilla, ending at the La Paz International Bridge.	Tumbes and Piura	763
Peripheral Ring Road		
Implement a 33.2 km-long road, from Óvalo 200 Millas to Av. Circunvalación.	Lima and Callao	2,049
Total Estimated Investment		320

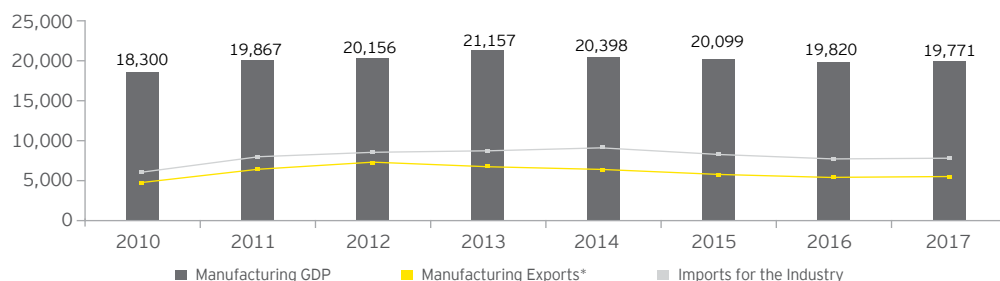
Source: ProInversión

7

Manufacturing

After registering an average annual growth of 6.5% from 2010 to 2013, the manufacturing sector shrank between 2014 and 2017 due to weak internal demand. Nevertheless, the sector is expected to recover its growth trend with rates of 5.1% in 2018 and 3.8% in 2019.

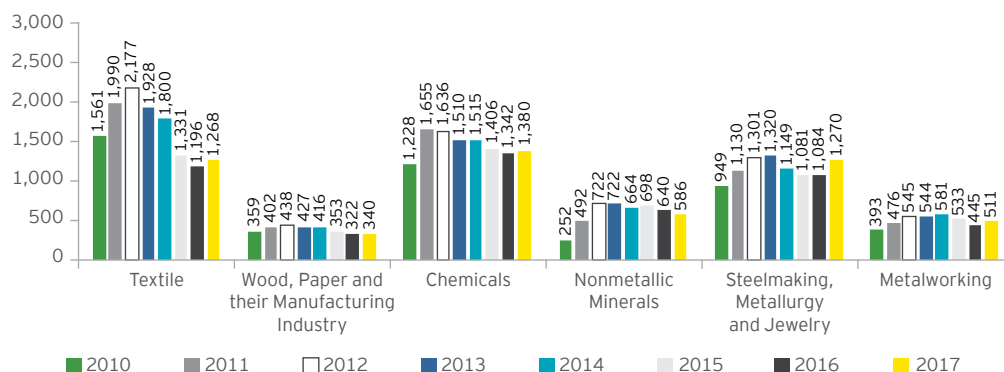
> Pattern of the Manufacturing Industry Indicators (in US\$ Millions)



*Non-traditional exports, except for agricultural and fishery products.

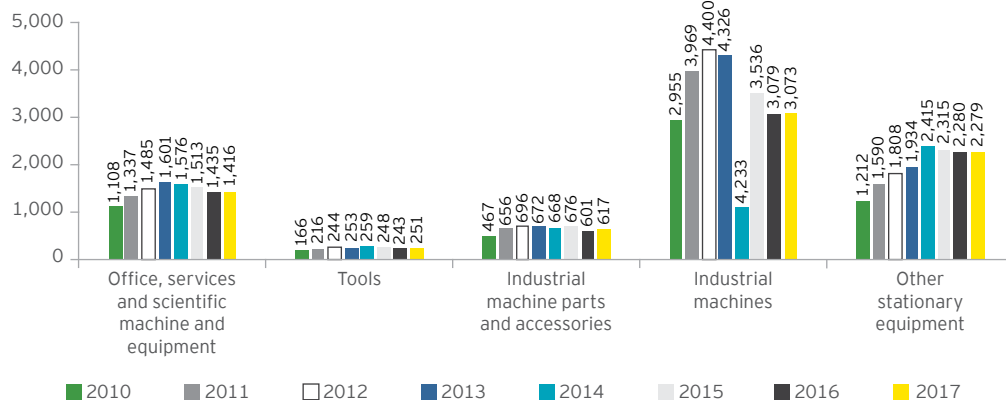
Sources: Central Reserve Bank of Peru (BCRP), National Superintendency of Customs and Tax Administration

> Manufacturing Exports by Groups of Products (in US\$ Millions)



Source: Central Reserve Bank of Peru (BCRP)

> Imports for the Industry by Use (in US\$ Millions)



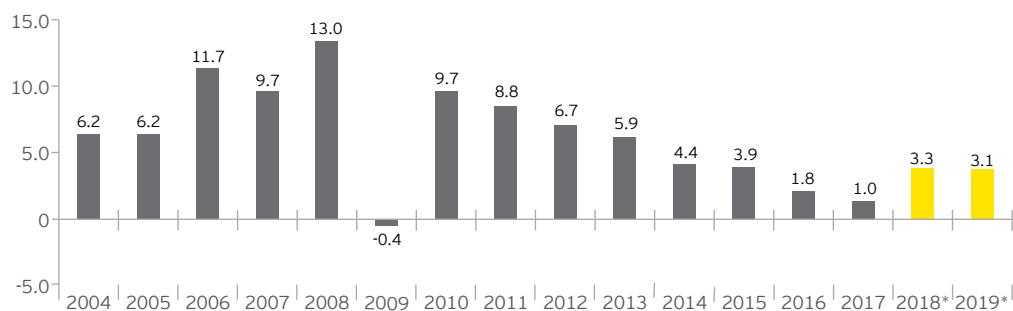
Source: National Superintendency of Customs and Tax Administration

8

Trade and Domestic Consumption

According to the Ministry of the Economy and Finance (MEF) in recent years, the country's economic growth has developed largely due to private spending, which is in turn broken down into private consumption and private investment. In 2017, the trade industry grew 1.0% and this growth is estimated to continue increasing by 3.7% in 2018, and 3.8% in 2019.

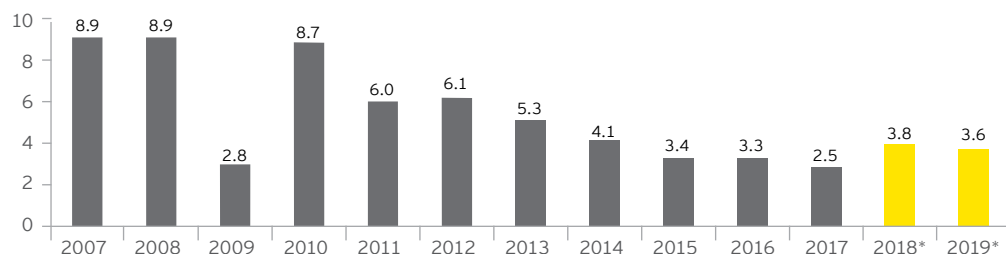
> Evolution of Trade Production (Annual Percentage Change)



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

> Evolution of Private Consumption (in Percentage)



*Inflation Report of September 2018

Source: Central Reserve Bank of Peru (BCRP)

Regarding the modern retail channel, a sector that has experienced significant development is shopping centers. In this regard, investments in new projects are expected to reach S/1.758 billion by the 2018-2019 period. Growth is expected to continue, thereby creating significant opportunities

for different companies in the textile, food and service industries. In 2017, turnover of shopping centers amounted to US\$7.915 billion there were 87 shopping centers all over the country.

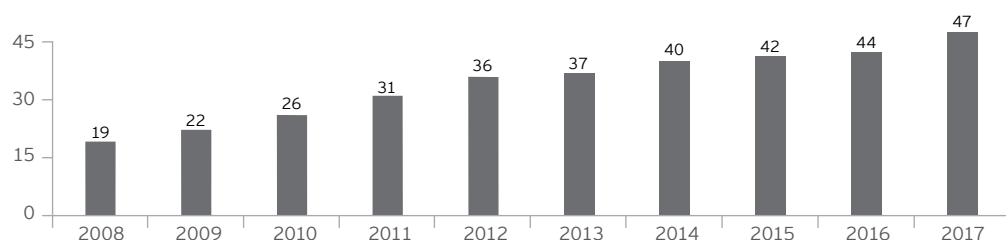
> Evolution and Turnover of Shopping Centers in Peru (in US\$ Millions)



*Estimate

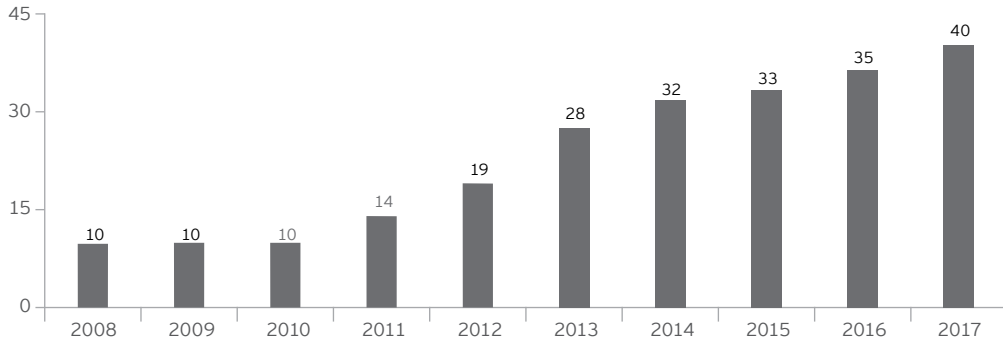
Source: Colliers International Peru

> Expansion of the Number of Shopping Centers in Metropolitan Lima



Source: Colliers International Peru

> Expansion of the Number of Shopping Centers in the Provinces



Source: ACCEP

> Availability of Premises

Type	Total Shops		Vacancies (Shops)		Rate of Vacancy	
	2016	2017	2016	2017	2016	2017
Super Regional	1,442	1,492	181	161	12.6%	10.8%
Regional	1,028	919	64	53	6.2%	5.8%
Community	447	344	44	47	9.8%	13.7%
Lifestyle	283	287	11	13	3.9%	4.5%
Total	3,200	3,042	300	274	9.4%	9.0%

Source: Colliers International

> New Shopping Center Projects that will Open Between 2018 and 2019

Project	Location	Investment (in US\$ Millions)
Puruchucu	Ate	472
Mall Plaza Comas	Comas	366
Mall Plaza Huaraz	Huaraz	59
Mall Plaza Santa María	Santa María	54
Torre del Arte, Begonias and others	San Borja and San Isidro	807
Total		1,758

Source: Ministry of Economy and Finance (MEF)

9

Agriculture and Livestock

Agriculture and
Agribusiness

The agriculture and livestock sector grew by 2.8% in 2017, thanks to the higher supply of products aimed at both foreign and domestic markets. The sector is expected to continue growing in the upcoming years at a rate of 6.0% for 2017 and 4.0% for 2019.

› Gross Value of Agricultural and Livestock Production January - December Period (in S/ Millions)

Activity	2016	2017	% change
Agriculture	15,668	16,030	3.0%
Livestock	7,208	7,432	2.7%
Agriculture & Livestock	22,876	23,462	2.8%

Source: Central Reserve Bank of Peru (BCRP)

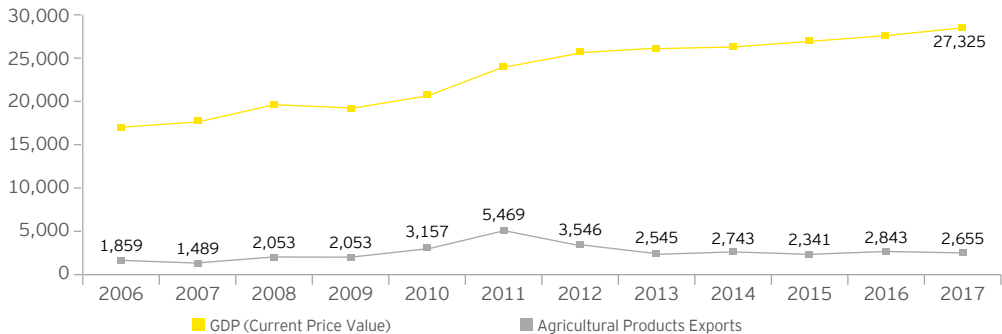
› Agricultural and Livestock Production by Sub-sector and Major Products in Thousands of Tons (January-December 2014 - January-December 2013)

Major Products	2016	2017	% Change
Agricultural Sub-Sector			
Olives	56.2	80.3	42.9%
Quinoa	79.3	78.6	-0.9%
Rocoto Peppers	27.1	38.9	43.5%
Oregano	16.4	17.4	6.1%
Sweet Peppers	53.1	49.2	-7.3%
Avocados	455.4	466.8	2.5%
Sweet Granadilla	50.8	56.7	11.6%
Lemon	270.3	172.5	-36.2%
Palm Oil	736.3	852.0	15.7%
Grapes	690.0	645.0	-6.5%
Branch of Cotton	45.4	23.3	-48.7%
Oat Grains	20.8	19.9	-4.3%
Dry Lentils	2.3	2.5	8.7%

Major Products	2016	2017	% Change
Agricultural Sub-Sector			
Coffee	277.8	344.9	24.2%
Artichoke	108.8	145.0	33.3%
Cherimoya	24.8	25.6	3.2%
Piquillo Pepper	11.9	23.5	97.5%
Dry Grain Chickpea	0.7	0.9	80.0%
Livestock Sub-Sector			
Poultry	1,846.3	1,913.8	3.7%
Pork Meat	199.2	210.3	5.6%
Alpaca	27.7	28.3	2.4%
Fresh Milk	1,954.2	2,011.0	2.9%
Eggs	401.0	415.3	3.6%
Llama Wool	0.7	0.7	1.6%

Source: Ministry of Agriculture and Irrigation (MINAGRI)

> Evolution of Macroeconomic Indicators of the Agricultural and Livestock Sector (in S/ Millions)

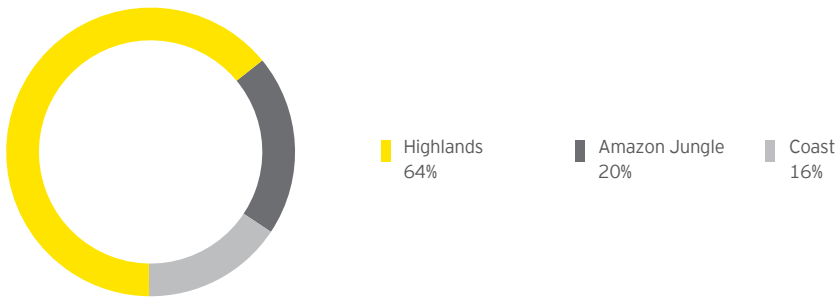


Sources: National Institute of Statistics and Information (INEI), Lima Stock Exchange (BVL), Central Reserve Bank of Peru (BCRP)

The Agricultural and Livestock Unit is defined as the land or group of lands used for agriculture and livestock production. Throughout the territory of

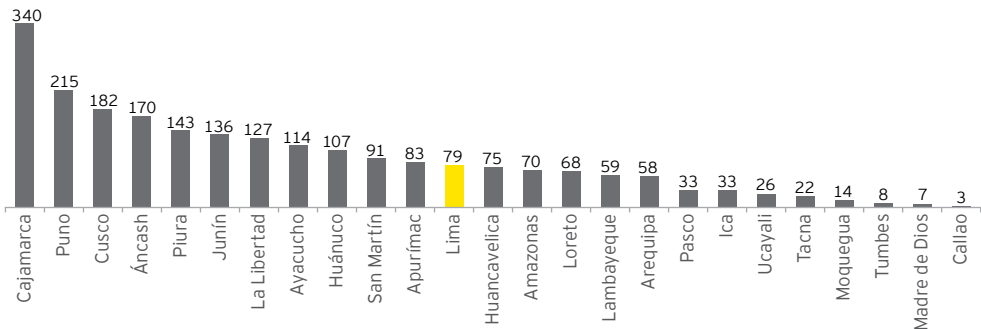
the country, there are agriculture and livestock units that take advantage of each one of the climate characteristics and ecological areas.

> Agricultural & Livestock Units per Natural Region



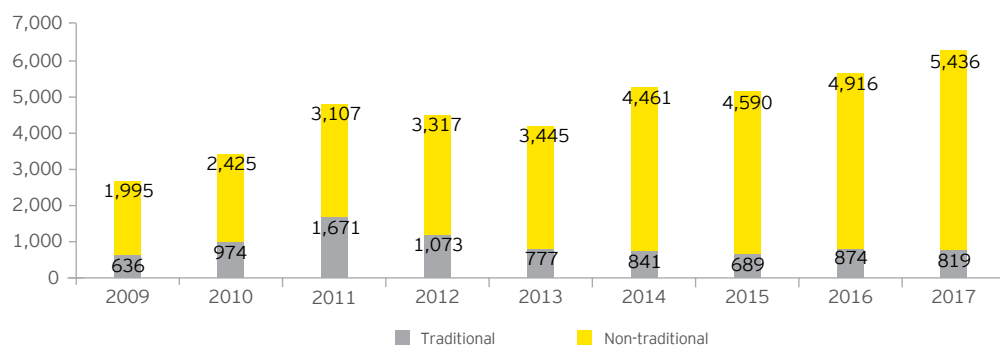
Source: IV Agriculture and Livestock Census 2012 - Ministry of Agriculture and Irrigation (MINAGRI)

> Agricultural & Livestock Units per Region (Thousands)



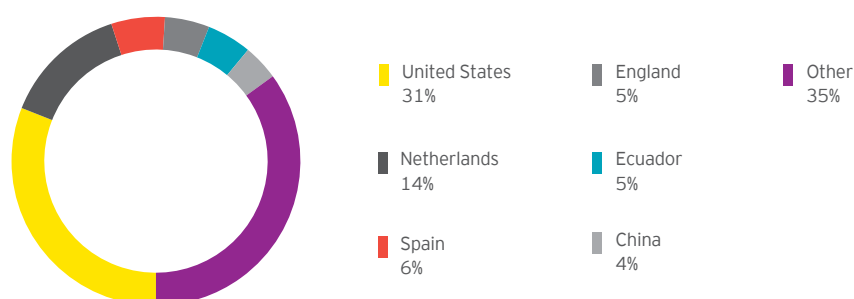
Source: IV Agriculture and Livestock Census 2012 - Ministry of Agriculture and Irrigation (MINAGRI)

> Traditional and Non-traditional Agricultural Exports (in US\$ Millions)



Source: Ministry of Agriculture and Irrigation (MINAGRI), Central Reserve Bank of Peru (BCRP)

> Agricultural and Livestock Exports by Country of Destination - 2017 (In Percentage)



Source: Ministry of Agriculture and Irrigation (MINAGRI)

> Top Exports

Product	FOB Value (US\$ Million)			
	2014	2015	2016	2017
Fresh grapes	632	690	676	651
Unroasted and non-decaffeinated coffee	727	576	756	705
Fresh asparagus	383	416	420	409
Fresh avocados	307	304	397	580
Quinoa	196	143	103	122
Cocoa in grains, whole or split, raw	152	183	183	132
Canned asparagus	149	131	-	-
Preparations used in animal feeding	141	133	160	225
Fresh mangoes	137	194	198	192
Evaporated milk	121	98	90	95
Others	1,530	1,472	966	1,000

Source: Ministry of Agriculture and Irrigation (MINAGRI)

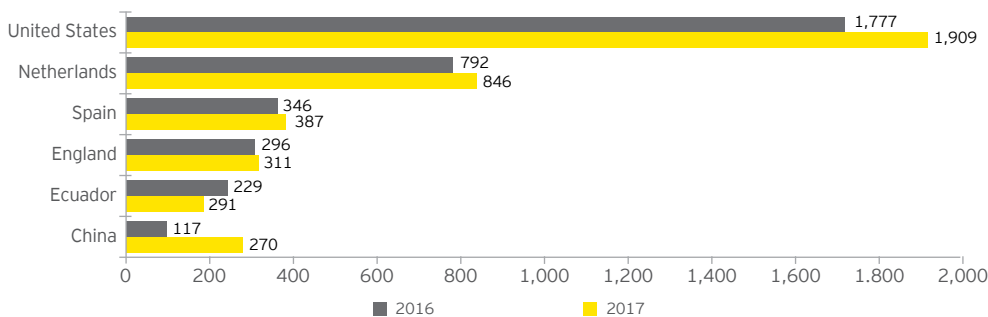
Agribusiness

Peru's immense biodiversity allows for the farming of many interesting endemic agricultural crops for the international market, many of which have already succeeded in positioning themselves, offering niches for potential investments.

Peru, and especially its Andean territory, produces a variety of grains, such as kiwicha, quinoa, tarwi, and cañihua, among others, which are highly desirable

due to their high protein content and their nutritional qualities. There is also a potential market for legumes such as fava beans and different kinds of corn, not to mention potatoes, which are grown in over 2,000 varieties in Peru, the vast majority of which are unknown outside Peru. The jungle, for its part, is home to exotic fruits such as cocona, guanábana or soursop, aguaje, and camu, all of which are increasingly consumed in Asian countries.

> Main Agricultural Export Destinations (in US\$ Millions)



Source: Ministry of Agriculture and Irrigation (MINAGRI)

> Main Agricultural Exports (in US\$ Millions)

Descriptions	2017
Coffee, unroasted, non-decaffeinated	705
Fresh grapes	651
Avocados, fresh or dried	580
Asparagus, fresh or refrigerated	409
Cranberries, bilberries, and other fruits of the genus Vaccinium, fresh	361
Other animal feed preparations	225
Mangos and mangosteens, fresh or dried	192
"Cavendish" and "Valery" bananas, fresh	149
Other raw cacao in beans, whole or broken	132
Other quinoa, except for planting	122
Artichokes, prepared	109
Other citruses	108
Asparagus, prepared or canned, unfrozen	98
Evaporated milk, no sugar or sweetener	95
Other vegetables, prepared or canned, unfrozen	88
Other fine animal hairs, carded or combed: alpaca or llama	75
Onions and shallots, fresh or refrigerated	69

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› *Main Agricultural Exports (in US\$ Millions) (continued)*

Descriptions	2017
Mango (<i>Mangifera indica</i> L), frozen	65
Other vegetables, fruits, and other edible plant parts, prepared or conserved in vinegar or acetic acid	64
Other fruits or other fresh fruits	58
Piquillo pepper (<i>Capsicum annum</i>)	54
Non-denatured ethyl alcohol with an alcohol content by volume greater than or equal to 80%	50
Ginger, unground and uncrushed	49
Other sugarcane	49
Cookies (with sweetener)	48
Other fruits, uncooked or boiled in water or steamed, frozen	48
Shelled Brazil nuts, fresh or dried	47
Cochineal extract	46
Mandarins (including tangerines y satsumas)	43
Other paprika	43
Other agricultural products	1,424
Total	6,255

Source: Ministry of Agriculture and Irrigation (MINAGRI)

Peruvian fruits and vegetables are gaining ground in international markets, with exports growing at a solid pace, with some of the producers' associations in the sector standing out. Peru is now the number one producer of asparagus and organic bananas in the world.

› *Peru in the International Exporters' Ranking*

Crops	2003	2016	2023*
Asparagus	1	1	1
Organic bananas	68	1	1
Avocados	8	2	2
Artichokes	-	2	2
Mangos	6	3	2
Blueberries	-	3	2
Grapes	16	5	3
Mandarins	19	7	5
Onions	22	9	5
Garlic	-	9	5

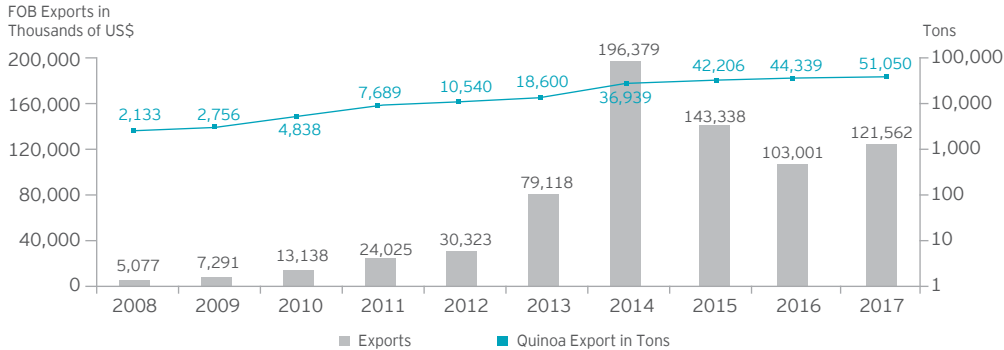
*Projected

Sources: Association of Peruvian Agricultural Producers' Unions, ComexPerú

For the fourth year running, Peru is the world's leading exporter of quinoa. These exports mainly go to the United States and Canadian markets. Likewise,

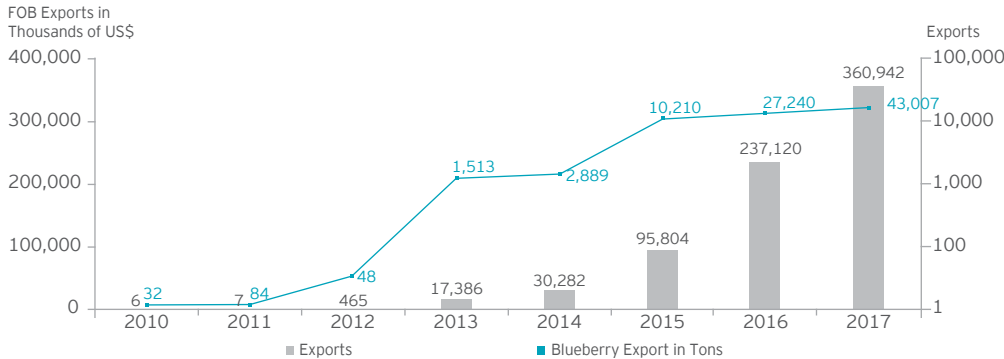
blueberry exports have shown a significant increase of 277% in the past two years.

> *Evolution in Quinoa Exports (in US\$ Thousands of FOB value)*



Sources: Ministry of Agriculture and Irrigation (MINAGRI) (Preliminary Data), ComexPeru (2015)

> *Evolution in Blueberry Exports (in US\$ Thousands of FOB value)*

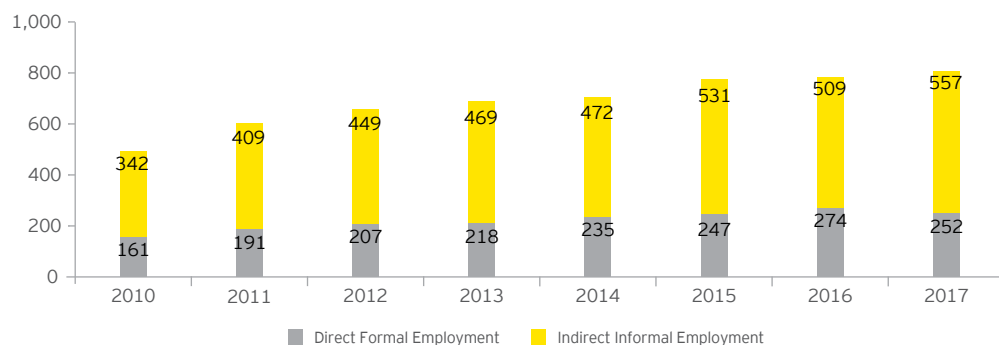


Source: Ministry of Agriculture and Irrigation (MINAGRI)

The number of agricultural export companies has more than doubled between 2001 and 2017. From 843 in 2000, they now number 2,042 companies. As a result, there are now 809,000 salaried formal employees involved in agriculture and agribusiness as of 2017, making for a 60.8% increase over 2010 and a 4.4% annual growth compared to 462,000

employees in 2004. Breaking things down, in 2017, direct formal employment in the sector totaled 252,000 jobs, while indirect formal employment came to 557,000. Those employed in agriculture account for 12.6% of the total economically active population (EAP).

› *Formal Salaried Jobs Created by Agriculture and Agribusiness Activities*
(Thousands of Workers)

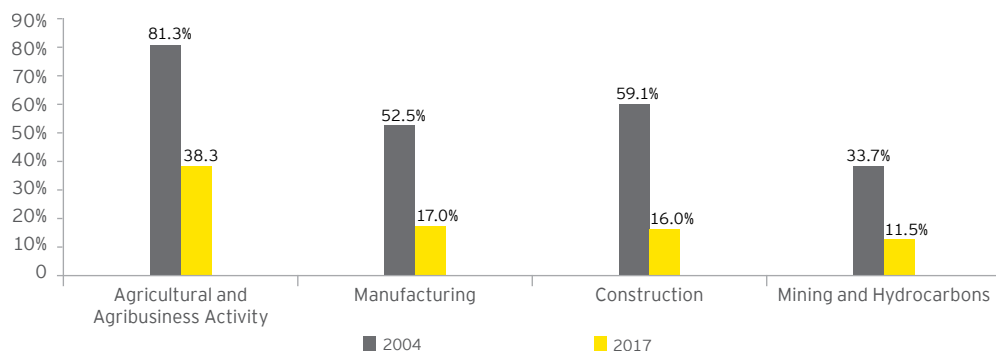


Sources: Association of Peruvian Agricultural Producers' Unions, ComexPerú

It is important to highlight the fact that a 4-5% annual growth in the GDP of the agriculture and livestock sector over the coming years would mean a reduction in rural poverty from 45% to nearly 22% by

2021. It is particularly worth noting that the poverty rate in the agriculture and agribusiness sector dropped from 81.3% in 2004 to 38.3% in 2017.

› *Poverty Rate by Economic Activity (% of Workers)*



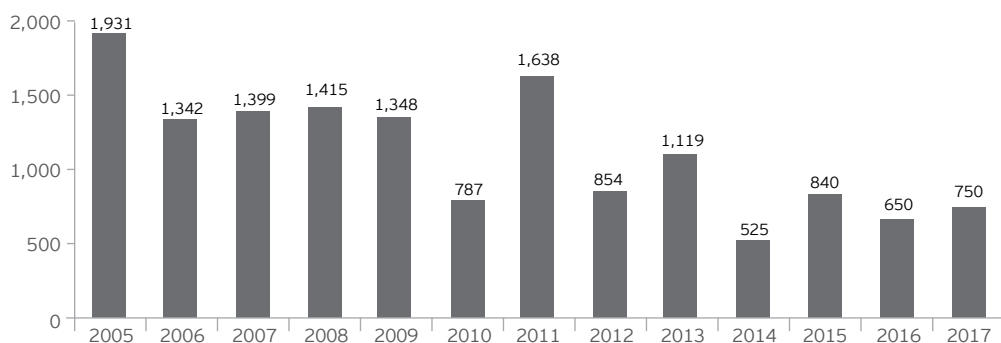
Sources: Association of Peruvian Agricultural Producers' Unions, ComexPerú

10

Fisheries

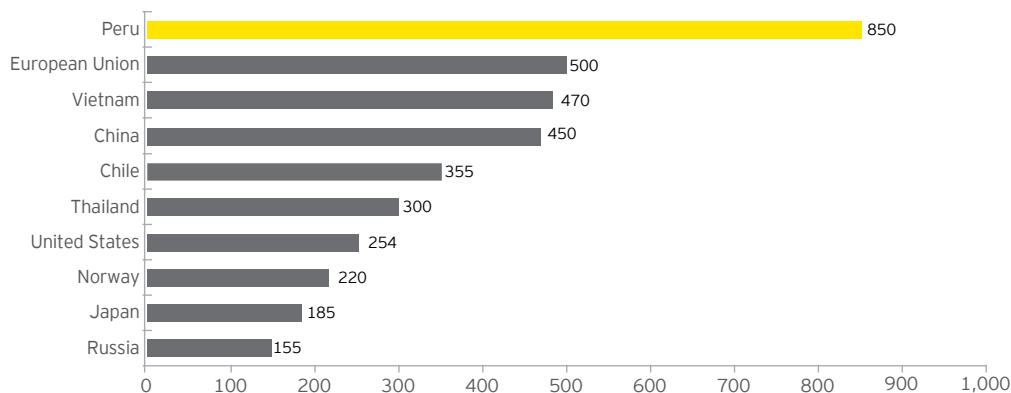
In 2017, anchovy, fishmeal and fish oil production increased, thereby increasing the fisheries industry by 4.7% in comparison with 2016. An increase of 30.0% in the industry production is expected for 2018 as well as a reduction of 4.2% for 2019. The top products exported from the Fisheries Industry include cuttlefish, pufferfish, squid, giant squid, and scallops: frozen, dried, salted or in brine.

> Fishmeal Production (in Thousands of Metric Tons)



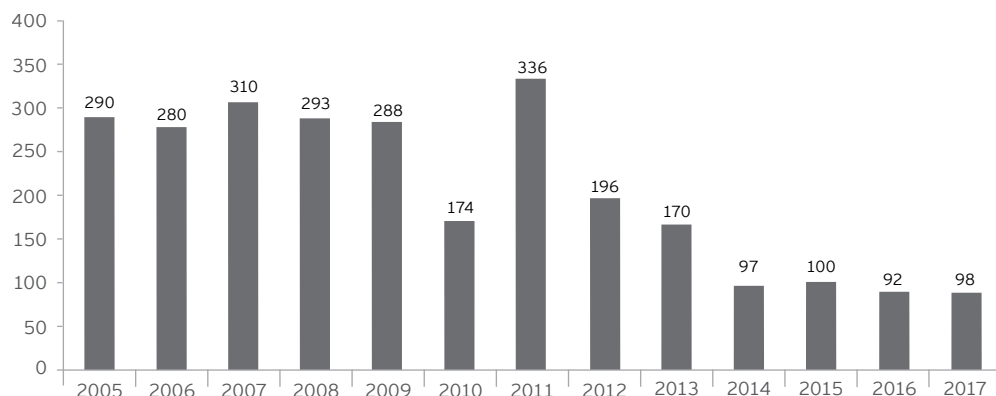
Source: National Institute of Statistics and Information (INEI)

> Ranking of World Production of Fishmeal 2018 (in Thousands of Metric Tons)



Sources: Indexmundi, US Department of Agriculture

› *Fish Oil Production (in Thousands of Metric Tons)*



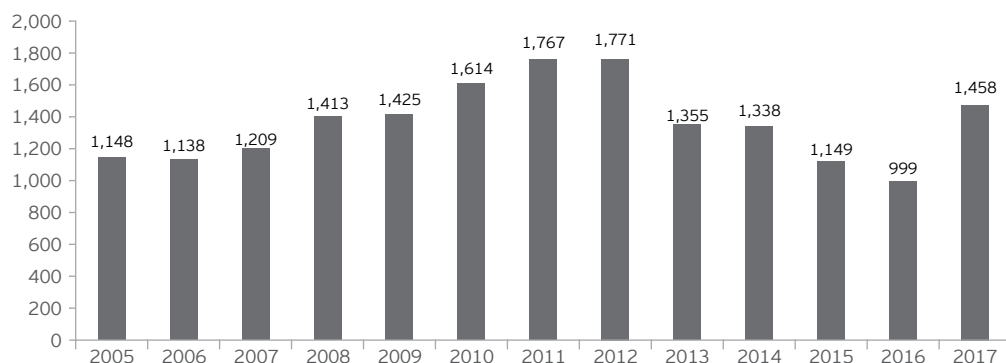
Source: National Institute of Statistics and Information (INEI)

› *Processing of Hydro-biological and Maritime Products by Type of Use (in Thousands of Metric Tons)*

Type of Use	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct Human Consumption	373	438	362	318	523	471	420	457	380	364	342
▶ Canned	84	105	89	78	127	71	76	57	50	58	47
▶ Frozen	270	313	256	222	358	381	343	392	309	285	295
▶ Cured	19	13	10	11	8	8	23	25	28	21	-
Indirect Human Consumption	1,709	1,708	1,636	962	1,973	1,050	1,289	621	940	742	839
▶ Fishmeal	1,399	1,415	1,348	787	1,638	854	1,119	525	840	650	750
▶ Crude oil	310	293	288	174	336	196	170	97	100	92	89
Total	2,082	2,146	1,998	1,279	2,496	1,521	1,708	1,079	1,320	1,106	1,181

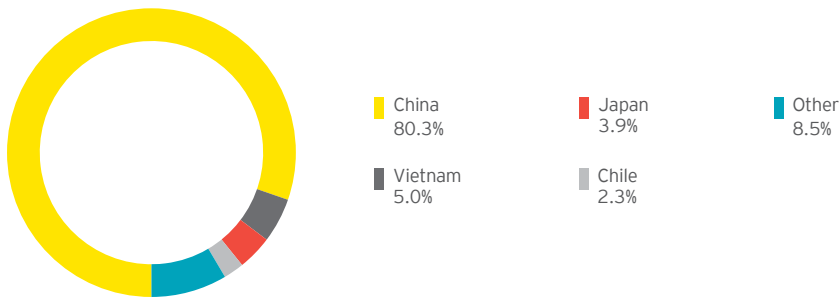
Source: National Institute of Statistics and Information (INEI)

› *Value of Fishmeal Exports (in US\$ Millions)*



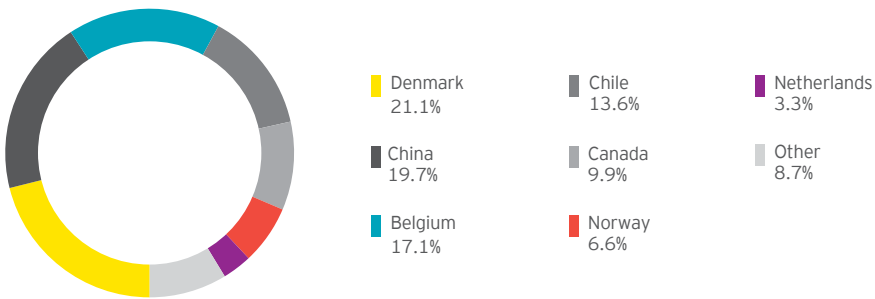
Source: ComexPeru

> *Fishmeal Exports by Country of Destination 2017*



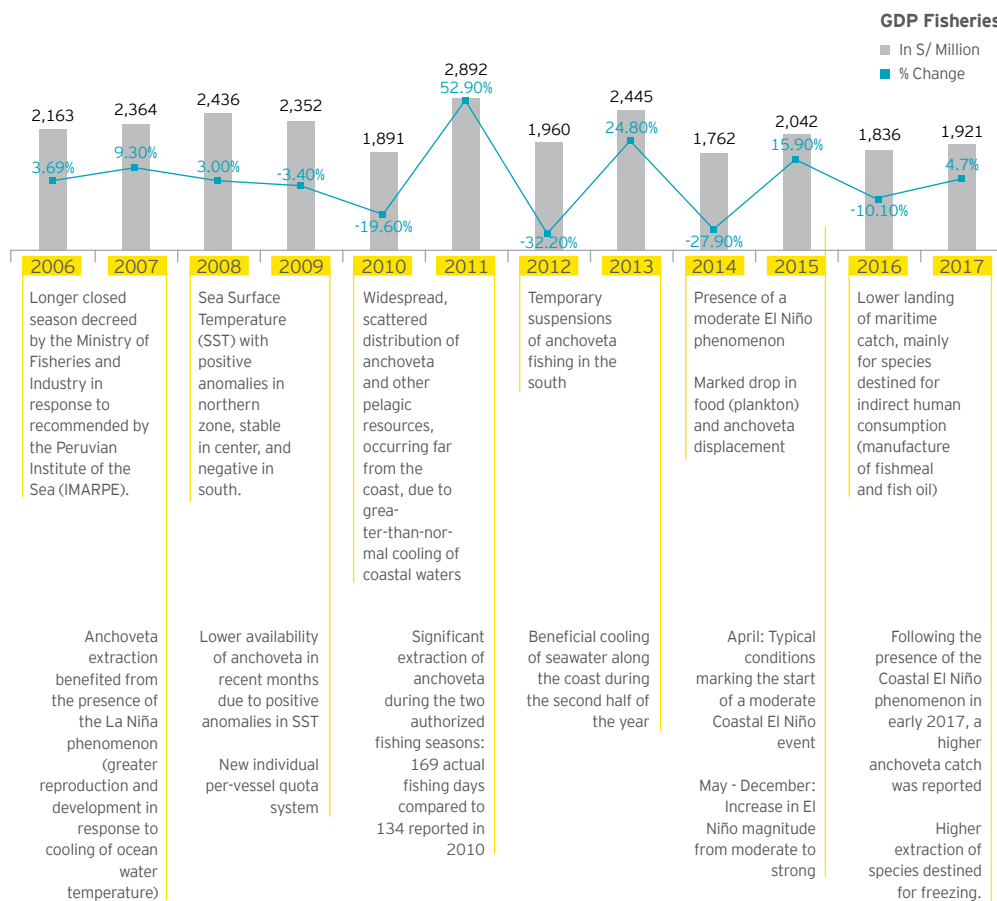
Source: National Fisheries Association (SNP)

> *Fish Oil Exports by Country of Destination 2017*



Source: National Fisheries Association (SNP)

> Evolution of Fisheries Industry



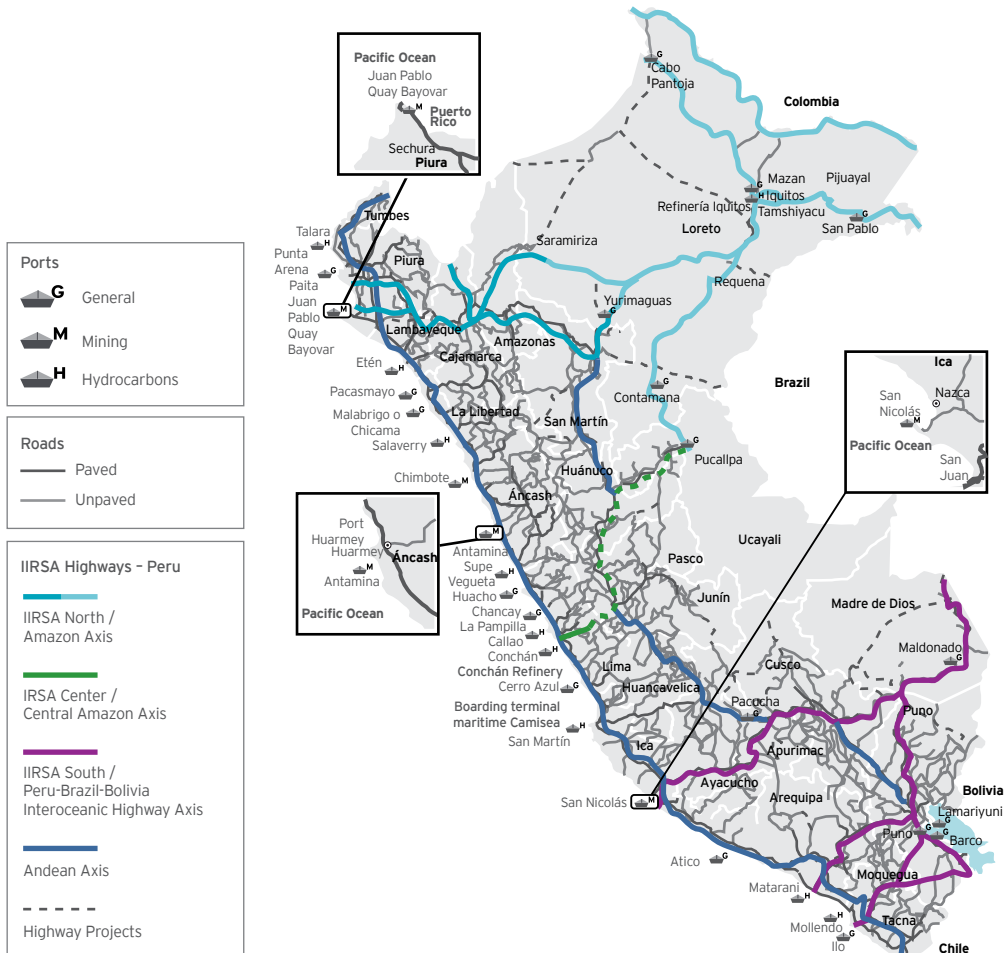
Sources: Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Information (INEI)

11

Transportation and Communications

Details of the projects to be undertaken in the upcoming years, both through public works as well as via Public - Private Partnerships (PPPs) can be found at: www.proinversion.gob.pe

It is estimated that Peru's economic growth is closely linked to the progressive reduction of its shortcomings in terms of infrastructure. Peru has recently begun to take the necessary steps to improve this sector, focusing mainly on transport, electricity, water, and communications infrastructure, with the intention of promoting new investments. Therefore, the development of transportation and communications will impact positively and directly on the development of other sectors such as mining. In addition, investment in infrastructure reduces the effect of the distance between regions, resulting in the full integration of the domestic market, connecting at a lower cost with markets in other countries and regions.



Source: Ministry of Transportation and Communications (MTC)

a. Transportation Sector

Item	U.M	2012	2013	2014	2015	2016	% change (2016/2015)
Infrastructure							
- Road Network	Km	140,672	156,792	165,467	165,372	165,692	0.20%
- Railway Network	Km	1,928	1,928	1,940	1,940	1,940	0.00%
- Airports	Unit	135	138	141	126	134	6.35%
- Ports	Unit	30	47	47	47	85	80.90%
Vehicular Fleet							
- Automotive	Unit	2,937,837	2,223,092	2,423,696	2,544,133	2,768,761	8.80%
- Locomotives	Unit	92	95	89	92	116	26.10%
- Aircraft	Unit	323	316	363	372	383	3.00%
- Ships	Unit	899	1,222	980	886	880	-0.70%

Source: National Institute of Statistics and Information (INEI)

Peru has given priority to the development of transport infrastructure (road, railway, port, and airport) to increase competitiveness and set a logistics hub that will integrate Latin America with the Asia-Pacific Economic Region. These investments aim to modernize the country's infrastructure, reducing logistics costs and

enhancing the use of Free Trade Agreements (FTAs) signed by the country to increase Peru's integration with world markets. According to the Supervisory Board for Investment in Public Transportation Infrastructure (OSITRAN), the investment commitment in the transportation sector totals US\$7.7 billion with a view to 2023.

› Transport Project Portfolio (2018-2019)

Project	US\$ Millions
Huancayo - Huancavelica Railroad	235
Salaverry Port Terminal	215
Marcona Port Terminal	582
Longitudinal de la Sierra Tranche 4	465
Lima Peripheral Ring Road	2,050
North International Highway	763

Source: Agency for the Promotion of Private Investment (ProInversión)

The current administration is promoting the use of the Execution of Public Works for the Payment of Taxes mechanism as a means to leverage private investment. Its appeal lies as much in the tax advantages as in direct social license or reputational capital. In this regard, this is a form

of investment that is of particular interest to industry stakeholders. In August 2018, 36% of investments executed and/or committed through the Execution of Public Works for the Payment of Taxes program was accounted for projects of the Transportation Sector.

Details of projects registered through this mechanism can be found at:
www.obrasporimpuestos.pe

b. Communications Sector

In recent years, through the investments performed, the density of landlines and mobile telephone lines has increased significantly:

Year	Landline		Mobile Telephone	
	Lines in operation	Density (line x 100 inhabitants)	Lines in operation	Density (line x 100 inhabitants)
2006	2,400,603	8.7	8,772,479	31.9
2007	2,677,847	9.7	15,417,368	55.6
2008	2,875,385	10.3	20,951,834	74.9
2009	2,965,283	10.5	24,702,060	87.5
2010	2,949,990	10.3	29,002,791	101.7
2011	2,951,144	10.2	32,305,455	112.1
2012	3,085,793	10.6	29,370,402	116.1
2013	3,084,040	10.5	29,953,848	112.8
2014	3,034,771	10.2	31,876,989	-
2015	2,965,474	9.9	34,235,810	-
2016	2,921,273	9.6	37,719,697	-
2017	2,937,277	9.6	38,915,386	-

Source: Supervisory Agency of Private Investment in Telecommunications (OSIPTEL)

Through the Telecommunications Investment Fund (FITEL), actions are being developed aimed at bridging the digital gap in essential public telecommunications services in rural communities and preferential places of social interest.

July 2012 saw the enactment of Law 29904 - Act for the Promoting of Broadband and Construction of Optical Fiber Backbone. The National Optical Fiber Backbone includes the installation,

operation and maintenance of approximately 13,400 km of optical fiber, to connect 180 provincial capitals in the country, at an estimated investment of US\$273.7 million.

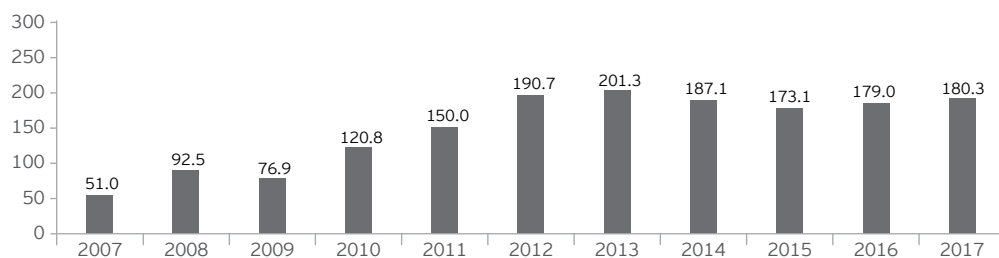
According to the Supervisory Board for Private Investment in Telecommunications (OSIPTEL), telecommunications operators will invest over US\$5.8 billion by 2020.

12

Automotive

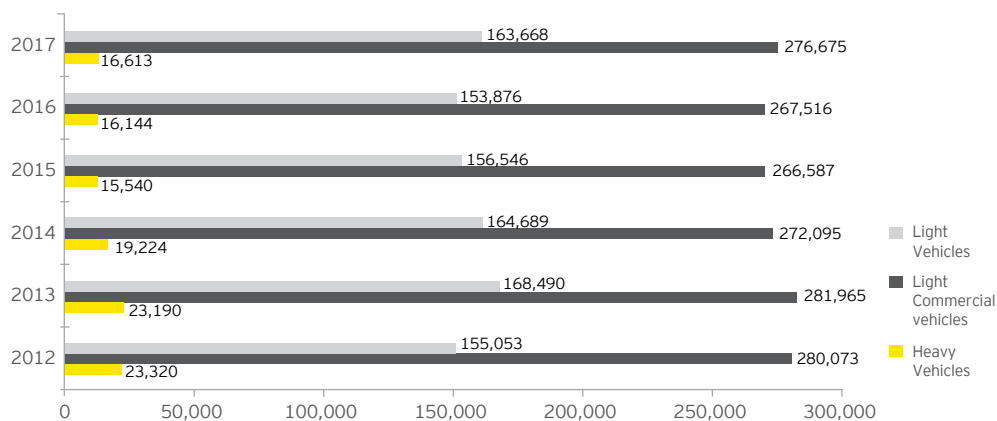
In the past six years, annual sales of new vehicles exceeded the 170,000 units. In 2017, annual sales added 180,300 new units were registered in the Peruvian automotive fleet.

› Total Vehicle Sales (Thousands of Units)



Source: Peruvian Automotive Association

› Projection of Vehicle Sales by Category



Source: Peruvian Automotive Association (AAP)

BBVA Research forecasts that in 2020 there will be 4.5 million vehicles in Peru. At the close of 2016, the Peruvian automotive fleet had just over 2.8 million units.

13

Food and Beverages

› *Percentage change in the consumer price index on a national level
(basis December 2009=100)*

CCIF Level	Description	% change	
		2016	2017
1.1.1	Bread and Cereals	1.56	1.58
1.1.2	Meat	3.07	-1.67
1.1.3	Fish	8.40	-4.41
1.1.4	Milk, Cheese and Eggs	4.70	1.49
1.1.5	Oils and Fats	3.23	3.82
1.1.7	Fruit	5.87	1.24
1.1.8	Pulses and Green Vegetables	-3.43	-0.88
1.1.10	Sugar and Confectionery	10.03	-3.67
1.1.10	Coffee, Tea, and Cocoa	4.54	-0.99
1.1.13	Beverages	2.68	3.27
1.1	Prepared Foods Consumed at Home	3.02	-1.36

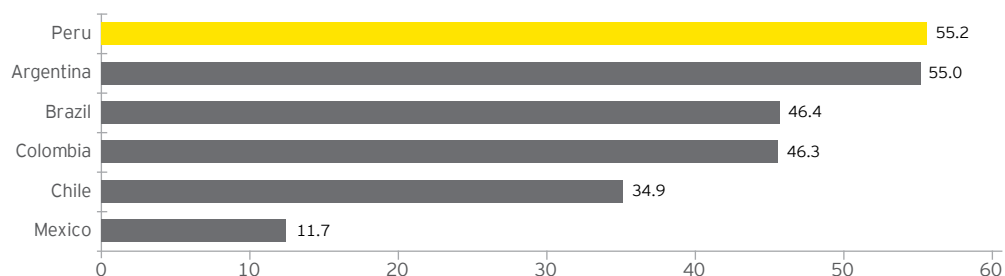
CCIF: Classification of Individual Consumption by Function

Source: National Institute of Statistics and Information (INEI)

The food industry in Peru has been primarily driven by the increased purchasing power of the population, influenced by job growth and consumer credit provided by the financial system. Thus, spending on food and beverages registered an average growth of 7.1% between 2007 and 2010, and 3.8% between 2011 and 2014. However, this spending then fell by an average of 1.6% between 2015 and 2017, due to a partial transition toward dining outside the home.

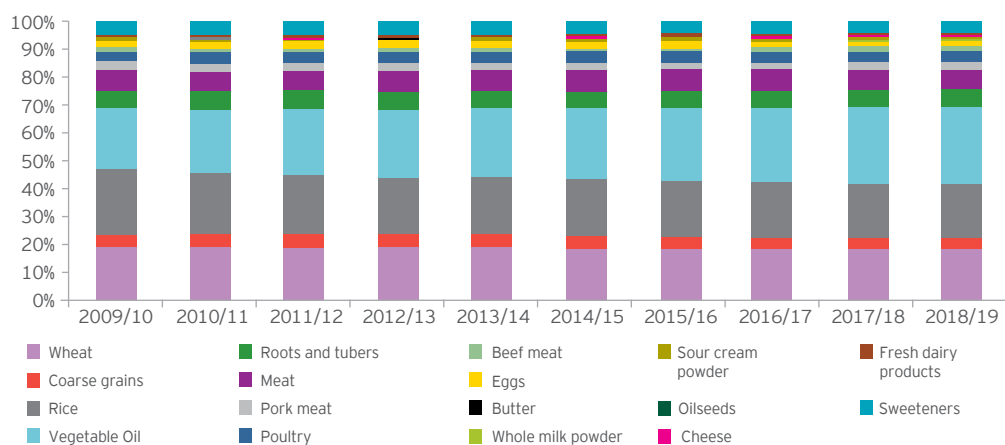
Driven by the consolidated recovery of formal employment, the food and beverages category is predicated to grow by 2.0%, in terms of volume, by 2019.

> Per Capita Food Consumption 2012 - 2016 (% Change)



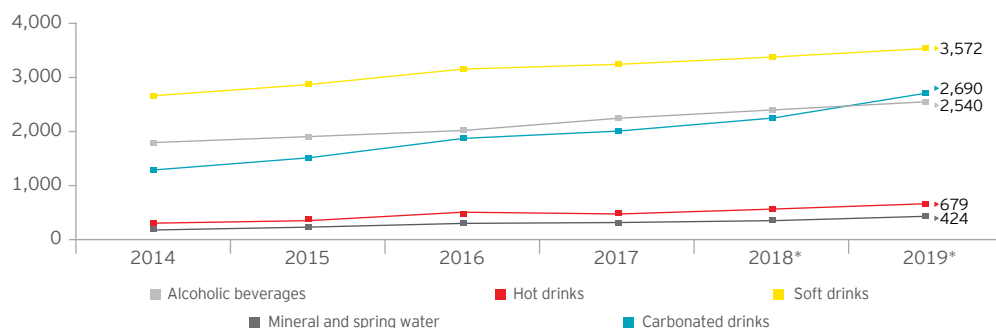
Source: BMI Research

> Food Consumption Profile



Source: Bioenergy and Food Security (BEFS) - Technical Compendium, Volume 1

> Beverage Consumption Profile (in S/ Million)



*Estimated

Source: BMI Research

14

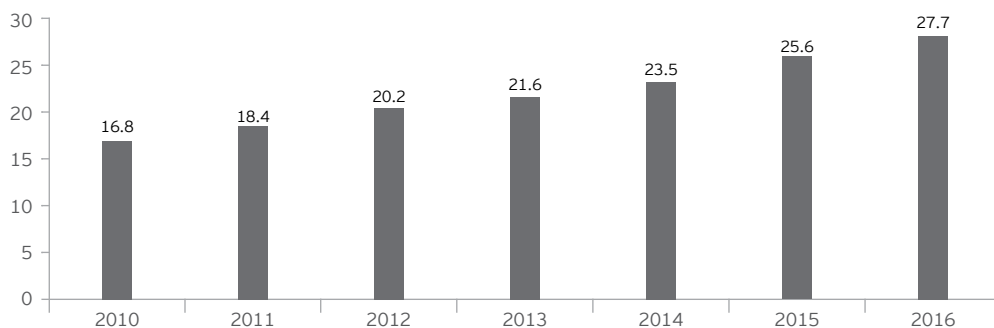
Tourism, Cuisine and Hospitality

Tourism

Peru is a privileged tourist destination worldwide, ranked among the top preferred places in the world for its authenticity, art and culture, history and natural beauty, in addition to the famous tourist attractions of Machu Picchu and the Amazon Jungle, declared World Heritage Sites. Tourism is extremely important to the country's development, given that it focuses on a range of economic sectors, such as passenger transportation, lodging, food and beverage services, production, travel agencies, trade, and more.

Tourism accounts for an increasingly larger proportion of Peru's GDP. In 2016, tourism GDP totaled S/27.7 billion, representing 4% of the country's total GDP. In particular, transportation (27%) and food and beverage supply (23%) are the main economic activities driving tourism's GDP.

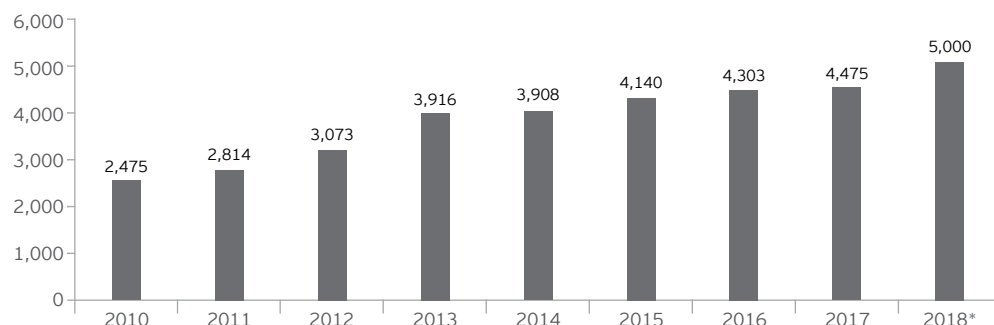
> Tourism GDP (in S/ Billions)



Source: Ministry of Foreign Trade and Tourism (MINCETUR)

The foreign currency generated by receptive tourism has trended upward over the years, hitting US\$4.475 billion in 2017, with an average growth of 9% annually between 2010 and 2017.

› *Foreign Currency Generated by Tourism (in US\$ Millions)*

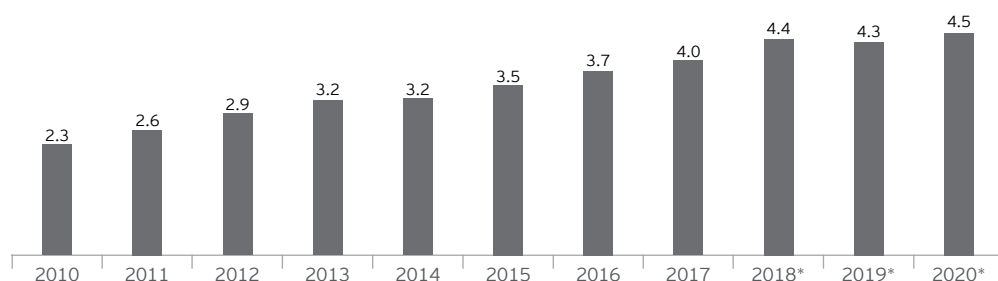


*Estimated

Source: PromPerú

According to the Ministry of Foreign Trade and Tourism (MINCETUR) a total of 4.0 million international tourists visited Peru in 2017, making for an annual increase of 8.1%. As for domestic tourism, 42.4 million people took trips in 2017.

› *Arrival of International Tourists (in Millions)*

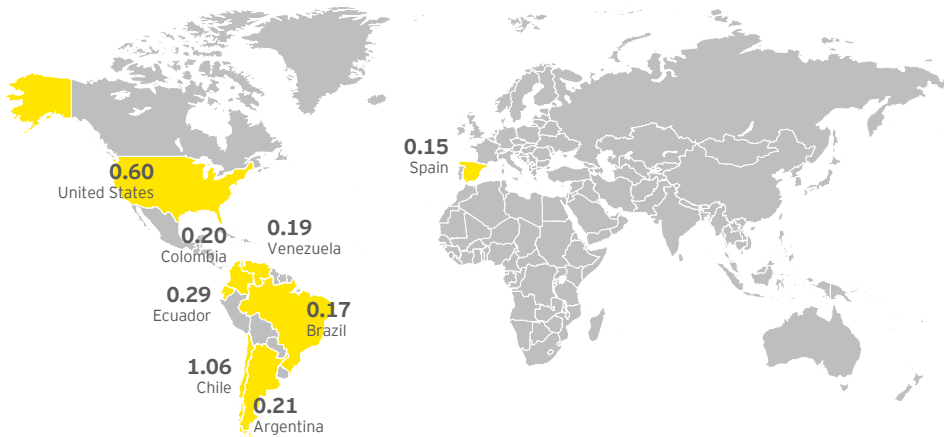


*Projected

Source: Ministry of Foreign Trade and Tourism, PromPerú (MINCETUR)

Among international tourists visiting Peru, 28% come from Chile; 16% from the United States; 8% from Ecuador; 5% from Colombia and Argentina; and 4% from Brazil and Spain. The main regions visited by foreign tourists are Lima (71%), Cusco (39%), Tacna (30%), Puno (17%) and Arequipa (16%).

> *Provenance of Tourists Visiting Peru (in Millions of Arrivals)*



Source: PromPerú

In 2018, the Jorge Chavez International Airport has been considered the third best air terminal of South America by the World Airport Awards. One of the main reasons for receiving this distinction is the high level of satisfaction of the passengers and users, according to the evaluations. This qualification allowed it to be ranked 49th in the world, compared to the 55th position it obtained last year.

Each year, since 1987, the Peruvian Government, represented by the Commission for the Promotion of Peru for Exports and Tourism (PromPerú) and the private sector, represented by the National Chamber of Tourism (CANATUR) organize the Peru Travel Mart (PTM) an event that is the meeting point for tourism promoters of the country with the tourism

businessmen of the world. The purpose of this event is to gather the wholesalers of the main tourist markets in the world, to take part in a meeting with the most important producers of tourist services of the country.

The first travel culture campaign "And what are your plans?" was launched in 2012 with the aim of promoting travel in the country. It is estimated that the campaign produced a growth of 15% in the sales of the participating regional companies that add up to a total of around 450. In 2014, this travel culture campaign was recognized by the World Tourism Organization (WTO) awarding Peru the Ulises Prize for Excellence and Innovation in Tourism.

The most visited tourist destinations in Peru are shown below:

- **Arequipa and the Colca Valley:** The city of Arequipa is also known as the “White City”. Its historical center has been recognized as a Cultural Heritage of Humanity due to the architecture of its Colonial buildings in white stone ashlar. The Colca Valley is one of the protected natural areas with beautiful landscapes. Arequipa has one of the best cuisines of Peru.
- **Chiclayo:** The City of Chiclayo is the gateway for the most recent and spectacular archaeological discoveries such as the Lord of Sipán in the Huaca Rajada, the Lord of Sicán in Batán Grande - the Pomac Forest Historical Sanctuary, the Valley of the Pyramids of Túcume, besides owning the Museum of Royal Tombs of Sipán. Thanks to all of the foregoing features, Chiclayo has become the second destination after Cusco, due to its archaeological and historical interest.
- **Cusco - Machu Picchu - Inca Trail:** “The archeological capital of America”, it is the top tourist attraction of Peru. Cusco was the largest city and capital of the Inca Empire. Today, it has an architecture that blends the Inca and the Spanish styles. Its people proudly preserve their customs and traditions. A must see place is the mystical and enigmatic Machu Picchu (one of the Seven Wonders of the Modern World): the sacred city of the Incas that was officially unveiled to western culture in 1911. Due to their historical value and their beauty, both Cusco and Machu Picchu have been considered a Cultural Heritage of Humanity.
- **Iquitos and the Amazon River:** The Amazon Jungle is an ideal place for nature and biodiversity tourism lovers, who wish to come into direct contact with nature. From Iquitos, tourists can take a cruise along the Amazon River, exploring the protected natural areas such as the Pacaya Samiria and Alpahuayo Mishana, with exuberant flora and fauna, ideal for bird watching.
- **Lake Titicaca and Puno:** Puno is located high up in the Andes, on the banks of Lake Titicaca, the highest navigable lake in the world, inhabited by the Uros and with wonderful landscapes. In the Amantani and Taquile Islands, the tourist can share life with its natives and experience firsthand their habits and customs. Puno is the folkloric capital of Peru.
- **Lima:** Capital of Peru, is the gastronomic capital and gateway to Peru. It possesses a historical center with beautiful colonial buildings, which have been declared the Cultural Heritage of Humanity by the UNESCO and has the best museums of Peru. Lima offers a large variety of cultural, folkloric shows, nighttime recreational centers, luxurious casinos and different restaurants famous for their Peruvian cuisine.
- **Nazca - Nazca Lines:** The only place in the world in the desert sands full of mysticism and mystery with jaw-dropping shapes of immense figures and spectacularly perfect lines produced by an ancient civilization and that has been declared the Cultural Heritage of Humanity by the UNESCO.
- **Paracas:** On the coast of the Pacific Ocean, the National Reserve of Paracas and the Ballestas Islands are ecological destinations for nature and bird lovers. It also has historical-cultural attractions with the archaeological ruins of the Paracas culture.
- **Trujillo:** The “Spring City” is close to Chan-Chan (capital of the Chimu nation - 13th Century) one of the largest cities of the world built with mud and declared the Cultural Heritage of Humanity. Equally important are the archaeological ruins of the Huaca del Sol y de la Luna (Sun and Moon) the El Brujo complex and the Lady of Cao. An excellent destination for historical archaeological tourism.

Cuisine

Peruvian cuisine is considered one of the most important worldwide. Over the years, it has become a flagship product due to its quality and increasing international competitiveness, in addition to being a cuisine that is rich in tradition and history. Peru is currently experiencing a gastronomic boom, and 42% of tourists visiting Peru say that the food is one of the aspects that influence their decision for choosing Peru as a tourist destination. The expansion of Peruvian cuisine reflects on the possibility of doing business, whether exporting the supplies, know-how, and skills in its preparation, or representing Peruvian food franchises in a growing number of countries.

In 2017, Peru was recognized for the sixth time running as the Best Culinary Destination of the World, according to the World Travel Awards (WTA). Gastronomic tourists spend an average of US\$130 per day in 4 and 5 star restaurants. It is estimated that Peru received US\$1 billion from culinary tourism, creating 320,000 jobs in 2017.

In 2018 and for fifth year running, a Peruvian restaurant was recognized as the best restaurant in Latin America according to the ranking of Latin America's 50 Best Restaurants, sponsored by S. Pellegrino & Acqua Panna. It should be noted that three Peruvian restaurants rank among the Top 10 Restaurants. In 2017, Peruvian chef Virgilio Martínez was selected as the best chef in the world by the Chefs Choice Award. It is worth noting that Peru also offers more affordable prices than other restaurants in the ranking.

In the last ten years, the number of restaurant licenses issued in Peru has risen by 62%, totaling 15,044 licenses in 2016.

Several international fairs are being developed in Peru for promoting our food resources to the world. In 2018, four important international fairs shall be developed: Mistura, Expoalimentaria, Gastromaq, Perú, Mucho Gusto, and the Summit of Culinary Associations of the Americas: Jatun Chefs 2018.

- Mistura is the most important international culinary fair of Latin America besides being a cultural festivity that shows the Peruvian culinary tradition and the wide biodiversity of the country. It is held every year in September for a period of ten days, with the goal of surpassing the 300,000 attendees registered last year. In 2017, the ninth edition of this event was held and it is currently adjusting to the demands of its international franchise.
- Expoalimentaria 2018 is the largest international fair for food, beverages, machinery, equipment, inputs, containers and packaging, services, restaurant and gastronomy of the region, thereby constituting an international meeting point of exporting companies and prime buyers of the five continents. The tenth edition of this fair is due to be held in 2018, gathering more than 40,000 professional visitors, such as food producers, manufacturers, importers, exporters, service suppliers and machinery for the food industry, among others.
- Gastromaq 2018 shall be the fifth edition of the international fair that gathers information and contacts of the supplier companies for the gastronomy and hotel industry, which includes restaurants, hotels, bakeries, confectionery and ice cream parlors, as well as food processing industries. The fair lasts four days, and features 150 Peruvian presenters, with an expected 150,000 visitors.
- Perú, Mucho Gusto is a culinary fair held in Tacna, with the participation of 104 presenters from all 25 regions of Peru, and an average attendance of 38,000 people, from Peru and abroad.
- Summit of Culinary Associations of the Americas: Jatun Chefs 2018 is an international fair that will bring together presidents and representatives of the region's culinary associations, with 15 countries participating. In addition to the competition, a variety of seminars and economic activities will be held for training and education in the culinary sector.

Hotels

> Collective Accommodations Establishments by Category (2017)

Category	No. of Establishments	No. of Rooms	No. of Bed Places
Classified and Categorized Establishments	2,287	60,690	109,791
▸ Classified and Categorized			
- 1-star Hotel	446	7,666	12,714
- 2-star Hotel	1,694	35,941	61,884
- 3-star Hotel	980	28,810	53,819
- 4-star Hotel	107	8,249	15,781
- 5-star Hotel	54	6,517	12,221
▸ Classified Establishments			
- Youth Hostel	90	1,463	3,452
- Ecolodge	3	75	166
Total	3,374	88,721	160,037

Source: Ministry of Foreign Trade and Tourism (MINCETUR)

The total number of beds available has grown consistently in recent years, rising by 43.4% from 2010 to 2017, highlighting tourism investors' response to the increasing demand for lodging.

Between January and June 2018, numerous hospitality investment announcements were made for both Lima and the rest of the country. These projects will mainly be constructed during the second half of 2018 and throughout 2019.

> Hospitality Investment Announcements

Location	Investment (in US\$ Millions)
Lima	
Miraflores	200
Barranco and San Isidro	142
San Isidro	35
San Borja	3
Provinces	
Cusco	26
Piura	4

Source: Ministry of the Economy and Finance (MEF)





Incorporating a Company in Peru

There are different types of legal entities which investors can use in order to incorporate businesses in Peru. The following are those most commonly used by foreign investors.

1

Joint Stock Companies

A minimum of two shareholders is required. Non-domiciled shareholders must appoint an attorney-in-fact to sign off on the bylaws on their behalf. Funds in local or foreign currency for the initial capital contribution must be deposited in a local bank. There is no minimum amount required by law, but financial institutions generally require a minimum initial capital of S/1,000 (approximately US\$293). Shares are represented by certificates or book entries.

Features:

- ▶ **Name:** Trade Name must include the indication "Sociedad Anónima" or the abbreviation "S.A."
- ▶ **Limited liability:** Shareholders' liability is limited to the par value of the shares they hold. Partners are not personally liable for corporate debts. The guarantee given to the company's creditors consists of the assets themselves. If these are insufficient, the partners are not liable for such fact.
- ▶ **Centralized management:** Shareholders' Meetings, Board of Directors, and Chief Executive Officer (General Manager).
- ▶ **Legal Reserve:** Minimum of 10% of the distributable profit for each fiscal year, after income tax.
- ▶ **Stock transfer:** The transfer of shares is free, unless otherwise established. A right of first refusal may be established by virtue of the corporate bylaws.
- ▶ **Existence:** Death, illness, bankruptcy, and/or retirement or resignation of any shareholder does not cause the dissolution of the corporation.

2

Closely Held Corporations

Closely held corporations resemble limited liability companies and must have a minimum of two (2) and a maximum of twenty (20) shareholders. Shares cannot be listed on the Stock Exchange.

Features:

- ▶ **Name:** Must include the indication “Sociedad Anónima Cerrada” or the abbreviation S.A.C.
- ▶ **Limited liability:** Shareholders' liability is limited to the par value of the shares they hold. Partners are not personally liable for corporate debts. The guarantee given to the company's creditors consists of the assets themselves. If these are insufficient, the partners are not liable for such fact.
- ▶ **Management:** Shareholders' Meeting (which may be held without the physical presence of the shareholders) and the General Manager. A Board of Directors is optional.
- ▶ **Legal Reserve:** Minimum of 10% of the distributable profit for each fiscal year, after income tax.
- ▶ **Stock transfer:** Limitation on the free transfer of shares. Shareholders have the right of first refusal in the event that shares are proposed for transfer to a third party. This right may be eliminated in the bylaws. A right of first refusal may be established in favor of the corporation itself in the corporate bylaws.

3

Publicly Held Corporations

Publicly held corporations are intended basically for companies with a large number of shareholders (more than 750) or for which an Initial Public Offering has been made, or which have debts that can be converted into shares, or in which more than 35% of the capital stock belongs to 175 or more shareholders. These shares of stock must be listed on the Stock Exchange.

Features:

- ▶ **Name:** Must include the indication "Sociedad Anónima Abierta" or the abbreviation S.A.A.
- ▶ **Limited liability:** Shareholders' liability is limited to the par value of the shares they hold. Partners are not personally liable for corporate debts. The guarantee given to the company's creditors consists of the assets themselves. If these are insufficient, the partners are not liable for such fact.
- ▶ **Centralized management:** Shareholders' Meetings, Board of Directors, and General Manager. The Board of Directors is optional.
- ▶ **Legal Reserve:** Minimum of 10% of the distributable profit for each fiscal year, after income tax.
- ▶ **Supervision:** Publicly held corporations are subject to the supervision of the Stock Exchange Superintendency (SMV).
- ▶ **Stock transfer:** Transfer of shares is completely free. No restrictions or limitations are permitted. It is prohibited to incorporate clauses into the corporate bylaws that create rights of first refusal.

4

Limited Liability Companies

Limited liability companies may be established with a minimum of two (2) and a maximum of twenty (20) partners. This type of company does not issue shares. The incorporation procedures are the same as those for all other corporations. Its capital is divided into ownership interests, which are accumulative and indivisible.

Features:

- ▶ **Limited liability:** Partners are not personally liable for corporate obligations.
- ▶ **Centralized management:** Partners' Meeting and General Manager.
- ▶ **Legal Reserve:** Optional.
- ▶ **Stock transfer:** Transfer of ownership interests to third parties is subject to prior approval by the existing partners (right of first refusal is mandatory) and must be registered in the Registry of Companies.
Unless otherwise established in the corporate bylaws, if the thirty (30)-day term established by law expires and none of the partners has exercised their right of first refusal, the corporation itself may acquire the ownership interests that have been offered. If the Partners' Meeting decides not to buy, the offering partner shall be free to transfer its shares to third parties.
- ▶ **Existence:** Death, illness, bankruptcy, and/or retirement or resignation of any partner does not cause the dissolution of the legal entity.

5

Branches

A parent company resolution is required to incorporate a branch in Peru, and must be certified by the Peruvian Consulate and authenticated by the Peruvian Ministry of Foreign Affairs (MRE) where applicable, or otherwise have it stamped with the Apostille (Convention of The Hague) in the country of origin before it is put into the form of a notarially recorded instrument and registered in the Public Records Office of this country. A Certificate of Good Standing from the parent company is also required. In accordance with the Business Corporation Act (LGS) branches of foreign corporations may be legally incorporated in Peru as any type of legal business entity provided for in said law.





Taxes

Tax System

The Tax System in Peru is governed by the principles of legal confidentiality and those of equality and respect for the basic rights of the person. The Constitution enshrines the principle of the non-confiscatory nature of taxes, as well as guaranteeing the right to tax confidentiality.

In Peru, the main taxes are levied on income, production and consumption, the circulation of money and equity. There are also other contributions to the Public Healthcare Service and the National Pension System.

The management and collection of taxes is the responsibility of the National Superintendency of Customs and Tax Administration (SUNAT) and, in some cases, the Municipalities or regulatory institutions.

The SUNAT has the power to use all the methods of interpretation permitted by law, as well as to object to the economic purpose of taxpayers' acts, prioritizing content over the form of the acts. Analogy in tax matters is prohibited.

Starting on July 19, 2012, anti-evasion rules were introduced into the Tax Code regarding the faculties of the SUNAT in situations considered to be tax evasion or simulated transactions.

In effect, in case of situations of tax evasion, the SUNAT shall have the faculty to request the enforced payment of the tax debt, reduction of tax credits, tax losses, or the elimination of tax benefits (including the restitution of taxes unduly refunded). In order to implement this power, the Tax Administration shall prove that the taxpayer meets the following conditions:

- a) The taxpayer -whether individually or jointly and severally with other taxpayers- has engaged in illegal or deceptive acts to obtain a specific tax result; and
- b) The use of said deceptive or illegal act causes legal or economic effects other than tax savings or advantages equal or similar to those that would have been obtained through usual or legal acts.

However, as from July 12, 2014, the application of the anti-evasion clause has been suspended until the Executive Branch, by an Executive Order (Decreto Supremo) endorsed by the Minister of Economy and Finance, establishes the parameters of form and substance for application thereon.

Legislative Order (Decreto Legislativo) 1422 was published on September 13, 2018, to regulate the procedure for the application of the General Tax Evasion Act. In particular, this order requires the application of this act by a review committee consisting of tax administration officials. The order also expressly incorporates sanctions in application of the General Tax Evasion Act equal to those that apply to miscalculations of tax obligations. Likewise, it states that legal representatives shall be jointly and severally liable if it is found, based on the anti-evasion clause, that the taxpayer has been involved in acts of tax evasion.

Furthermore, Legislative Order (Decreto Legislativo) 1372 created a new obligation for companies, requiring them to have an internal procedure for identifying their final beneficiary, as well as to provide specific information on said beneficiary to the tax administration. The order also includes sanctions in case of failure to comply with said obligations, and the possibility of attributing joint and several liability for such failures to the company's legal representatives.

The following table shows the list of the main taxes in force according to their nature (direct, indirect, and municipal). Each one of these taxes is summarized below.

Direct Taxes	Indirect Taxes	Municipal Taxes
Income Tax (IR)	Value Added Tax (VAT)	Property Tax
Temporary Net Assets Tax (ITAN)	Selective Consumption Tax (ISC)	Property Transfer Tax
Tax on Financial Transactions (ITF)		Vehicle Property Tax

1

Direct Taxes

a. Income Tax (IR)

Income tax is levied on net income and is determined annually. The tax year begins on January 1 of each year and ends on December 31, with no exceptions. Income tax returns for corporations, branches, and individuals must generally be filed by March 31 of the following year.

Companies domiciled in Peru recognize their inflows and outflows based on the accrual criterion. Starting on January 1, 2019, the tax code includes a definition of accrual for purposes of determining income tax, which is not based on the provisions of the IFRS (except for any express remissions under the Income Tax Act).

Domiciled Legal Entities

Corporations established in Peru are subject to third bracket income tax on a worldwide income basis. Non-domiciled corporations, branches established in Peru, and permanent establishments of non-domiciled legal entities that are located in Peru are only taxed on Peruvian-source income.

The corporate income tax rate for domiciled companies is 29.5% and is applied over the net income, which is determined after the deduction of expenses incurred in the generation of income or maintenance of the source.

Dividends received from other domiciled legal entities are not taxed. Dividends received from non-domiciled legal entities are subject to a tax rate of 29.5%.

In general, subject to certain requisites and conditions, the deduction of interest, insurance, non-recurring losses, collection, depreciation, and pre-operating expenses, authorized reserves, write-offs and loan loss provision, provision for social benefits, retirement pensions, and employee bonuses, etc., is permitted.

Expenses incurred abroad are deductible provided they are necessary for generating income and have been accredited with the respective payment vouchers issued abroad.

Expenses that are not accepted as deductions include, among others, personal expenses, assumed income tax (except in the case of interests), tax and administrative fines, donations and reserves, or allowances not permitted by law, etc.

It should be noted that starting in fiscal year 2019, costs or expenses for services received from non-domiciled companies (whether related or not) must be paid prior to the submission of the tax return to be considered deductible.

Domiciled companies can select between the following two systems to carry forward their losses:

- ▶ Losses can be carried forward for four consecutive years, beginning with the first subsequent year in which the losses arise; or
- ▶ Losses can be carried forward indefinitely, but with a deduction limit equivalent to 50% of the taxpayer's income for each fiscal year.

Neither loss carrybacks nor the deduction of net losses abroad is permitted.

It should be noted that domiciled companies are obligated to make prepayments on income tax, for an amount determined by comparing the monthly installments resulting from the application of one of the following methods, whichever is higher:

- ▶ Percentage method: Apply 1.5% to the total net income for the month.
- ▶ Coefficient method: Divide the tax calculated for the previous fiscal year by the total net income for the same fiscal year and multiply the result by the 1.0536 factor (applicable to the 2017 fiscal year and the prepayments of January and February 2018). Apply the resulting coefficient

to the net income for the month. For the months of January and February, use the coefficient determined based on the calculated tax and net income of the fiscal year prior to the previous one.

Notwithstanding the foregoing, it is possible to request the suspension of the obligation to make the aforementioned prepayments, under certain circumstances.

Should the prepayments exceed the annual tax, the excess may be carried forward as credit against subsequent advance and regularization tax payments, or may be refunded to the taxpayer.

Domiciled Individuals

Under the Peruvian tax system, Peruvian citizens domiciled in Peru are subject to taxation on their worldwide income, regardless of the country from which it derives, from which payments are made, or the currency in which income is received. By contrast, non-domiciled individuals are only taxed in Peru on their Peruvian-source income.

In the case of domiciled individuals, fourth- and fifth-bracket income tax, i.e., the tax on income received for personal work (independent and dependent, respectively), as well as foreign-source income, is determined by applying a cumulative progressive rate, as follows:

Up to the 2014 Fiscal Year	
Sum of Net Peruvian Source Income and Foreign-Source Income	Rate
Up to 27 Tax Units	15%
More than 27 up to 54 Tax Units	21%
More than 54 Tax Units	30%

From the 2015 Fiscal Year	
Sum of Net Peruvian Source Income and Foreign-Source Income	Rate
Up to 5 Tax Units	8%
More than 5 up to 20 Tax Units	14%
More than 20 up to 35 Tax Units	17%
More than 35 up to 45 Tax Units	20%
More than 45 Tax Units	30%

For salaries, wages, and any other type of remuneration received for dependent or independent work (fourth- and fifth-bracket income) a non-taxable minimum of 7 Tax Units (S/29,050 or approximately US\$8,883) applies. Additionally, there is:

- A deduction of an additional three (3) Tax Units, subject to certain conditions;
- A deduction of 20% on income received for independent work; and
- A deduction of donations and Tax on Financial Transactions (ITF).

The deduction of further expenses is not permitted.

Income obtained by domiciled individuals from the lease, sublease, or assignment of assets (first-bracket income) as well as all other capital incomes (second-bracket income) are subject to an effective rate of 5% of gross income.

Dividends distributed by companies incorporated or established in Peru and received by individuals are taxed with the 5% rate.

It should be noted that the retained earnings obtained as of December 31, 2014, which form part of the distribution of dividends or any other form of profit sharing, shall be subject to a rate of 4.1%, while those obtained between January 1, 2015 and December 31, 2016 shall be taxed at 6.8%.

Non-Domiciled Individuals

Individuals not domiciled in Peru must pay taxes only on Peruvian-source income.

In general, Peruvian-source income is considered to include:

- ▶ Income received for properties and the rights related thereto, including that coming from their disposal, when the properties are located within Peruvian territory.
- ▶ Income received for assets or rights, including that coming from their disposal, when such assets are physically located or the rights are economically used in the country;
- ▶ Royalties when the assets or rights are economically used in the country, or when they are paid by a taxpayer domiciled in the country.
- ▶ Interest, when the capital is placed or economically used in the country; or when the payer is a taxpayer domiciled in the country.
- ▶ Dividends distributed by entities domiciled in the country.
- ▶ Civil, commercial, business, and personal work activities conducted in the country;
- ▶ The disposal or surrender of marketable/negotiable securities (shares¹, ownership interests, bonds, etc.), when they have been issued by entities incorporated or established in Peru.

¹ By means of Legislative Order 1262 (in force from January 1, 2017 to December 31, 2019) capital gains deriving from the disposal of assets or other securities representing shares of stock through the Lima Stock Exchange (BVL) are exempted from Income Tax, provided that they meet certain requirements.

- ▶ Technical assistance and digital services economically used in Peru.
- ▶ The income obtained by non-domiciled taxpayers from derivative financial instruments entered into with domiciled taxpayers whose underlying asset involves the exchange rate of Peruvian currency compared to a foreign currency, provided that the effective term thereof is less than sixty (60) calendar days.
- ▶ Income obtained from the indirect disposal of shares or ownership interests in the capital stock of legal entities domiciled in the country, provided that it meets certain requisites.
- ▶ Those obtained from credit transfers (factoring, etc.) in which the acquirer assumes the debtor's credit risk, when the transferor of the credit or the debt assigned is a domiciled taxpayer.

However, starting on January 1, 2019, all income obtained by acquirers of collection rights transfers derived from public-private partnerships shall be tax-free.

For non-domiciled individuals, the income tax on the dependent labor income is 30%, with no deductions.

Income received for independent work is subject to an effective tax rate of 24%.

Without prejudice to the foregoing, income earned in their country of origin by non-domiciled individuals entering Peru on a temporary basis in order to perform any of the activities listed below are not considered to be Peruvian-source income. Such activities include:

- ▶ Acts executed before making any kind of foreign investments or doing business of any kind.
- ▶ Acts intended to supervise or control the investment or business (data or information collection, interviews with people from the public or private sectors, among others).
- ▶ Acts related to the hiring of local personnel.
- ▶ Acts related to the execution of similar contracts or documents.

For foreigners coming from countries with which Peru currently maintains agreements to avoid double taxation, such as Chile, Canada, Brazil, Portugal, South Korea, Mexico and Switzerland; or from countries that are part of the Andean Community of Nations (Ecuador, Colombia, Bolivia, and Peru), other tax provisions may apply.

Non-Domiciled Entities

Peruvian-source income obtained by non-domiciled entities is subject to income tax withholding, depending on the type of income, according to the table shown below:

> Withholding Tax Rate on Income of Non-Domiciled Companies

Income	Rate
Dividends and other forms of profit distribution, as well as the remittance of profits from the branch	<ul style="list-style-type: none"> ▸ Regarding income obtained until December 31, 2014 considered part of the distribution of dividends or any other type of profit sharing, a rate of 4.1% will be applied. ▸ 2015-2016: 6.8% ▸ 2017-2018: 8% ▸ 2019 and beyond: 9.3%
Interest paid to non-domiciled companies, provided certain requirements are met	▸ 4.99%
Interest paid to related companies abroad	▸ 30%
Technical assistance services economically used in Peru	▸ 15%
Digital services economically used in Peru	▸ 30%
Royalties	▸ 30%
Capital gains deriving from the disposal of marketable/negotiable securities through the Lima Stock Exchange (BVL) including: <ul style="list-style-type: none"> ▸ Disposal, redemption, or surrender of shares, bonds, or other securities issued by companies incorporated in Peru ▸ Indirect disposal of shares in Peruvian corporations 	▸ 5%, unless the exemption provided for by Law 30341 is applicable (see footnote No. 1)
Capital gains deriving from the disposal of marketable/negotiable securities outside the Lima Stock Exchange (BVL), including: <ul style="list-style-type: none"> ▸ Disposal, redemption, or surrender of shares, bonds, or other securities issued by companies incorporated in Peru ▸ Indirect disposal of shares in Peruvian corporations 	▸ 30%
Credit transfers via factoring or other transactions wherein the acquirer assumes the debtor's credit risk, when the transferor of the credit or debt assigned is a domiciled taxpayer.	▸ 30%
Other income deriving from business activities conducted in Peruvian territory	▸ 30%

Income from activities performed partially in Peru and partially abroad by non-domiciled companies, including that obtained by their branches or permanent establishments are subject to the following effective income tax rates:

Activities	Effective Income Tax Rate (%)
Air Transport	0.3%
Maritime Transport	0.6%
Vessel Lease	8.0% ¹
Aircraft Lease	6.0% ¹
Supply of Transport Containers	4.5%
Demurrage of Transport Containers	24.0%

Activities	Effective Income Tax Rate (%)
Insurance	2.1%
International News Agencies	3.0%
Motion Picture Distribution	6.0%
Television Broadcasting Rights Assignment	6.0%
Telecommunication Services	1.5%

¹The withholding rate for these activities is 10%.

Thin Capitalization Rules

Interest paid by domiciled taxpayers to related or associated companies is not income tax deductible in the portion that exceeds the result of applying a coefficient (debt/net equity ratio) of "3/1" at the close of the immediately preceding fiscal year.

For fiscal years 2019 and 2020, the foregoing rule has been amended to likewise limit the deductibility of interest on financing by unrelated parties. The foregoing shall not apply to credits acquired or renewed before September 14, 2018.

Starting in fiscal year 2021, the deduction of interest on financing (whether from related or unrelated parties) shall only be allowed for an amount of up to 30% of the EBITDA for the previous fiscal year. This concept has a specific definition for the purposes of this law (adjusted net income). Nondeductible interest may be carried forward for the next four (4) taxable fiscal years.

The foregoing rules shall not apply to financial and insurance companies; taxpayers whose income does not exceed 2,500 Tax Units (approximately US\$3,000,000); taxpayers developing infrastructure, public utility, and other projects through public-private partnerships or projects in assets; as well as debt from the issuing of nominative securities via initial public offering in Peru, provided they meet certain conditions (public offering, etc.).

Double-Taxation Treaties

Peru has currently signed and ratified treaties to avoid double taxation with the following countries: Brazil, Chile, Canada, Portugal, South Korea, Switzerland and Mexico. Peru is also part of the Andean Community of Nations, along with Colombia, Ecuador, and Bolivia. As such, Decision 578 for the avoidance of double taxation between the countries referred to above applies. Unlike the OECD Model, Decision 578 prioritizes taxation at the source, using the exemption method.

It should be noted that Peru has adopted a treaty to avoid double taxation with Spain, which is pending ratification. Likewise, negotiations are underway with Japan, Qatar, the United Arab Emirates, Netherlands, Italy, France, Sweden, and the United Kingdom.

On June 27, 2018, Peru executed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, negotiated within the framework of OECD G20 BEPS Project, which is pending ratification.

Transfer Pricing

Transfer pricing rules are based on the arm's length principle as interpreted by the Organization for Economic Co-operation and Development (OECD) and should be considered solely for income tax purposes.

In Peru, these rules not only apply to transactions between related parties, but also to transactions with companies domiciled in tax havens. Note, however, that the value agreed to by the parties must only be adjusted when a lower tax payment has been generated in the country.

The prices of the transactions subject to transfer pricing rules shall be determined in accordance with any of the internationally accepted methods, for which purpose the one found to best reflect the economic reality of the operation shall be taken into account.

Taxpayers involved in international transactions involving two or more jurisdictions may enter into Advance Transfer Pricing Agreements (APAs) with the National Superintendency of Customs and Tax Administration (SUNAT), which may be unilateral or bilateral. Bilateral agreements may only be entered into with regard to operations with residents in countries with which Peru has entered into double taxation agreements. APAs may also be entered into with regard to transactions carried out between related companies domiciled in Peru.

International Tax Transparency System

Starting on January 1, 2013, the “International Tax Transparency System” was incorporated, applicable to taxpayers domiciled in Peru who are owners of controlled non-domiciled entities (CNDEs) with regard to the passive income of the CNDEs, provided that they are subject to income tax in Peru for foreign-source income.

According to this system, the passive income obtained through subsidiaries incorporated in other jurisdictions must be included in the taxable income of individuals and companies domiciled in Peru, even when the effective distribution of the dividends associated with such passive income has not occurred.

The Law provides the following requisites that foreign corporations must meet in order to be considered a CNDE:

- ▶ It has a legal status apart from that of its partners, associates, shareholders or, in general, the people who integrate it.
- ▶ It is incorporated, established, domiciled in or is a resident of (i) a tax haven; or (ii) a country or territory where its passive income is not subject to income tax or such tax is at least 75% less than the income tax that would have been levied in Peru.
- ▶ It is the property of a taxpayer domiciled in Peru. For such purpose, this shall be understood to be the case when, at the close of the fiscal year, the domiciled taxpayer has—on its own or jointly with its related parties domiciled in the country—a direct or indirect share in over 50% of the capital stock, or the results, or voting rights of said entity. Likewise, the presumption of a share in a CNDE is established when there is a direct or indirect call option in said entity.

For the application of the system, an exhaustive list of concepts that qualify as passive income (e.g., dividends, interest, royalties, capital gains deriving from the disposal of real property and marketable/negotiable securities, etc.) and a list of excluded concepts have been drawn up.

It has also been established that if the income qualifying as passive is equal to or greater than 80% of the total income of the CNDE, the total income thereof shall be considered passive income.

The passive income shall be attributed to its owners domiciled in Peru who, as of the close of the fiscal year, have a direct or indirect share in over 50% of the results of the controlled entity.

Reduction in Capital Stock

Starting on June 30, 2012, the reduction of capital stock for up to the amount of profits, surplus from revaluation, adjustments due to restatement, freely-available premiums and/or reserves shall be considered a distribution of dividends if:

- ▶ The amount of the profits, revaluation surplus, adjustments due to restatement, or freely-available premiums and/or reserves (i) exist at the time the resolution is adopted for the reduction of the capital stock; (ii) have been previously capitalized, unless the reduction in capital stock is allocated to cover losses, in accordance with the Business Corporations Act (LGS).
- ▶ If, after the resolution adopted for the reduction, the profits, revaluation surplus, adjustments due to restatement, or freely-available premiums and/or reserves are:
 - i) **Distributed:** Such distribution shall not be considered as dividends or any other form of profit sharing.
 - ii) **Capitalized:** The subsequent reduction corresponding to the amount of the capitalization in question shall not be considered dividends or any other kind of profit sharing.

Corporate Reorganization System

With regard to income tax applicable to transfer of assets as a result of a corporate reorganization, there are three systems from which the taxpayer may choose:

- **Voluntary revaluation with tax effects:** The difference between the revaluated value and the historical cost is subject to income tax. The tax basis of the assets transferred shall be the revaluated value.

Starting on January 1, 2013, the difference subject to income tax may not be offset with the tax loss of the taxpayer performing the revaluation.

- **Voluntary revaluation without tax effects:** The difference between the revaluated value and the historical cost shall not be subject to income tax provided that the earnings are not distributed. In this case, the revaluated value of the assets transferred is not a tax basis.

Starting on January 1, 2013, it is presumed, without permitting evidence to the contrary, that earnings have been distributed:

- i) In the case of a spin-off, if the newly-issued shares are transferred or cancelled by a subsequent reorganization, provided that the shares represent over 50% of the capital stock or voting rights and the transfer or cancellation occurs before the close of the fiscal year following that in which the spin-off entered into force.
- ii) When the distribution of dividends is agreed to within the four fiscal years following the fiscal year in which the reorganization is performed.

- **Transfer at cost value:** The assets transferred shall have the same tax basis for the acquirer as they would have had for the transferor.

Starting on January 1, 2013, under certain circumstances, it shall be assumed, without allowing evidence to the contrary, that capital gains exist (difference between the market value and the tax basis of the assets transferred), in the case of spin-off or corporate reorganization, when

the newly-issued shares or assets are transferred or cancelled due to a subsequent reorganization, provided that the shares represent over 50% of the capital stock or voting rights and the transfer or cancellation occurs before the close of the fiscal year following that in which the spin-off or reorganization entered into force.

Indirect Stock Transfer

Starting on February 16, 2011, the Income Tax Act considers capital gains obtained from the indirect transfer of shares or ownership interests of capital stock in legal entities domiciled in Peru to be Peruvian-source income subject to tax.

In this regard, the indirect transfer of shares shall be considered to have taken place when shares or ownership interests in the capital stock of a company not domiciled in the country which is in turn the owner—whether directly or through another company or companies—of shares or ownership interests in the capital stock of legal entities domiciled in the country are disposed of, provided that:

- i) In any of the 12 months preceding the disposal, the market value of said shares or ownership interests is equivalent to 50% or more of the market value of the non-domiciled corporation.
- ii) In any 12-month period, shares or ownership interests that represent 10% or more of the capital stock of the non-domiciled legal entity are disposed of.

Likewise, regulations have been established for specific cases involving the indirect disposal of shares, such as: i) the presumption of indirect disposal via dilution of shareholders in non-domiciled companies and distribution of dividends by non-domiciled companies; ii) when the total amount of the shares or ownership interests in legal entities domiciled in the country is equal to or greater than forty thousand (40,000) Tax Units (UITs) (S/166 million or approximately US\$50 million); iii) if the shares or ownership interests being disposed of, or the new shares or ownership interests issued as a result of a capital stock increase, correspond to a legal person who resides in a non-cooperative jurisdiction or tax haven, among other cases.

Under certain circumstances, the Peruvian issuer shall be held jointly and severally liable, unless the non-domiciled seller has established a branch in the country.

Tax Havens

Companies domiciled in the country cannot deduct, for effects of determining their income tax, the expenses derived from operations performed with individuals or entities residing in countries or territories with little or no taxation, nor shall they have the right to offset losses generated by these operations with foreign-source income, except in the case of operations involving (i) loans; (ii) insurance and reinsurance; (iii) assignment for use of vessels or aircraft; (iv) transport performed from Peru abroad and from abroad to Peru; (v) fee for transit through the Panama Canal.

Likewise, those operations performed from, to or through tax havens shall comply with transfer pricing rules.

Finally, derivative financial instruments entered into with taxpayers domiciled in tax havens shall be considered speculative, in which case losses may only be offset with profits of the same kind.

Starting on January 1, 2019, the standards have been updated to combat the use of tax havens to avoid or evade paying income tax. Under these new standards, tax havens shall include not only those countries or territories with “little or no taxation,” but also those jurisdictions considered “non-cooperative.”

Certain measures have also been taken to counteract the use of “preferential tax regimes” offered by countries or territories that do not meet the definition of tax havens.

Tax Credit due to Taxes Paid Abroad

Taxes effectively paid abroad may be offset against Peruvian income tax, even if there is no double taxation treaty, provided that the amount resulting from the application of the average taxpayer rate for income obtained abroad is not exceeded.

The credit not applied in a given fiscal year cannot be offset during subsequent or prior fiscal years, nor may it be refunded.

Starting on January 1, 2019, under certain conditions, credits may be deducted not only in the case of income tax paid abroad, as levied on the distribution of dividends (direct credit), but also the tax levied on the business activities of said subsidiary (first-tier indirect credit) and even that levied on the business activities of the latter's subsidiaries (second-tier indirect credit).

The indirect credit may only be claimed if certain requirements are met, such as an ownership interest of at least ten percent (10%) in the respective subsidiary over the course of at least twelve (12) months. Additionally, the second-tier subsidiary must: (i) be a resident of or domiciled in a country with which Peru has entered into an information exchange agreement; or (ii) be a resident of or domiciled in the same country as the corporation that distributes dividends to the Peruvian corporation.

The application of the indirect credit shall not include the income tax paid abroad by corporations residing in non-cooperative countries or territories or countries or territories with little or no taxation, or rent, income, or earnings subject to a preferential income regime.

Any direct or indirect credits not applied during a given fiscal year may not be offset against subsequent or previous fiscal years, nor shall they qualify for refunds.

Other Specific Anti-Evasion Rules

► **Non-deductible capital losses for the disposal of securities:**

Capital losses originated from the disposal of securities shall not be deductible when:

- a) At the time of the disposal or thereafter, within a term of no more than thirty (30) calendar days, the acquisition of marketable/negotiable securities of the same type as those disposed of or call options thereon occurs.
- b) Prior to the disposal, within a term of no more than thirty (30) calendar days, the acquisition of marketable/negotiable securities of the same type as those disposed of or call options thereon occurs.

The tax basis of the marketable/negotiable securities whose acquisition would have given rise to the non-deductibility of the capital losses in question shall be increased by the amount of the non-deductible capital loss.

b. Temporary Net Assets Tax (ITAN)

The Temporary Net Assets Tax (ITAN) is equivalent to 0.4% of the total value of net assets in excess of S/1 million determined as at December 31 of the previous year. Companies in the pre-operational stage are excluded. The ITAN payments can be used as an income tax credit. A refund may be requested for any balance not used in the current year.

To avoid double taxation issues, subsidiaries and branches of foreign corporations may elect to credit against the ITAN the credit for the income tax paid in Peru. As such, taxpayers might be able to claim the income tax paid in Peru as foreign tax credit in their country of origin, and not the ITAN.

c. Tax on Financial Transactions (ITF) and Means of Payment

A 0.005% tax is generally levied on deposits and withdrawals in Peruvian bank accounts.

Any payment in excess of S/3,500 or US\$1,000 must be made using the so-called "Means of Payment," which include bank deposits, drafts, wire transfers, transfer of funds, payment orders, credit and debit cards issued in Peru, and "non-negotiable checks."

Not using these methods of payment would mean that the corresponding cost or expense of the payment cannot be recognized for income tax purposes. In addition, any Value Added Tax (VAT) in said transactions cannot be used as tax credit.

2

Indirect Taxes

a. Value Added Tax (VAT)

Taxable Base and Application

Value Added Tax (VAT) is levied on the sale of goods, the delivery and use of services and the import of goods in Peru with an 18% tax rate (includes 2% for Municipal Promotion Tax).

The Value Added Tax (VAT) Act uses the debit and credit system, under which the VAT paid on sales is offset against the VAT paid on purchases. Any VAT that is not used as credit in a particular month may be applied in the following months until it is used up. This credit is not subject to expiration or the running of statutes.

Corporate reorganizations are not subject to this tax.

Early VAT Recovery System

Individuals or legal entities making investments in any sector of the economic activity that generate a third-bracket income and developing projects currently in a 2-year or longer pre-operational stage may resort to the Early VAT Recovery System and request the early recovery of the VAT transferred or paid for the acquisition of new capital goods, new intermediate goods, as well as construction services and agreements, directly used in the execution of the corresponding project.

For such purpose, the company must sign an investment agreement with the Agency for the Promotion of Private Investment (ProInversión) and the sector corresponding to the project to be carried out, which shall issue a Ministerial Resolution qualifying the applicant as a beneficiary of the system. The investment to be made under the agreement may not be less than US\$5 million, except for investments to be made in the agricultural sector, which is exempt from this requirement.

By virtue of the most recent amendment made to the regime by virtue of Legislative Order 1423, which enters into force on the first day of the month following the publication date of the Executive Order amending the regulatory provisions, new investment projects seeking to make use of the Special Early Recovery System

will not enter into an Investment Agreement. Instead, they must file an affidavit with Proinversión containing the information on the Project.

Finally, the new special system authorizing micro-enterprises engaged in production activities to enjoy the refund of the tax credit paid on imports and/or local purchases of new capital goods, not exhausted within the three (3) consecutive months following the date of registration of the respective voucher in the Purchase Journal.

Final VAT Refund

A tax benefit consisting of the refund of all Value Added Taxes (VAT) and Municipal Promotion Taxes transferred or paid for having acquired certain goods and services directly tied to exploration activities during the exploration stage. Final VAT refunds apply to: (i) individuals and legal entities who are the holders of mining concessions; and (ii) investors who have entered into license agreements or service contracts according to the Organic Law of Hydrocarbons.

In both cases, the beneficiary must be in the exploration stage. In the case of holders of mining concessions, an exploration investment agreement involving a minimum investment of US\$500,000 must also be adopted.

The tax refund is not conditional upon the beneficiary's commencement of production operations.

Export of Goods

The export of goods is not subject to the payment of VAT.

The Value Added Tax Act defines the export of goods as the sale of real property performed by a taxpayer domiciled in the country to a non-domiciled party, regardless of whether the transfer occurs abroad or in Peru, provided that said goods are subject to a customs process for definitive export.

If the transfer of ownership occurs in the country prior to loading, the classification as export of goods is conditional upon the goods being shipped within a term of no more than sixty (60) calendar days after the date of issue of the respective payment voucher.

When the sale involves documents issued by a bonded warehouse referred to in the General Customs Act or a normal deposit warehouse regulated by the Superintendency of Banking, and Insurance (SBS) and Private Pension Fund Management Companies (AFP) that guarantee the purchaser's right to dispose of said goods, the classification shall be conditional upon the shipment being performed within a term of no more than two hundred forty (240) calendar days after the date on which the warehouse issues the document.

If the established terms expire without the goods having been shipped, it shall be understood that the operation has been performed in national territory, and shall be levied with or exempted from VAT, as applicable.

Export of Services

The export of services is not subject to the payment of VAT.

Operations considered to be export of services include those that meet the following requirements: (i) they are provided for valuable consideration, (ii) the exporter is domiciled, (iii) the user is non-domiciled, (iv) the use or exploitation of the services by the non-domiciled party occurs abroad; and (v) the exporter is previously registered in the Exporters' Registry kept by the SUNAT.

b. Selective Consumption or Luxury Tax (ISC)

This tax applies to the consumption of specific goods, such as fuels, cigarettes, beers, liquors, soft drinks, gambles and bets, etc. It is applied under three systems: (i) specific, which involves a fixed amount in Soles per unit of measurement; (ii) at value, based on a percentage of the sale price; and (iii) sale price, based on a percentage of the suggested retail price.

Starting on January 1, 2019, casino games and slot machines are also subject to ISC.

3

Municipal Taxes

a. Property Tax

Property Tax is an annual municipal tax that is levied over the value of urban or rustic premises. For such purpose, premises are considered to include land, buildings, and fixed and permanent facilities.

The tax rate is a progressive cumulative scale varying between 0.2%, 0.6% and 1.0%, depending on the value of the property. This tax is charged to the individual or legal entity that, as at January 1 of every year, is the owner of the levied property.

b. Property Transfer Tax

Property Transfer Tax is levied on the transfer of urban or rural property, with or without valuable consideration, in any form or manner, including sales in which the ownership rights are not transferred to the buyer until the total price is paid.

The taxable base is the sale price of the property. The tax rate is 3%, to be paid by the buyer. The first 10 Tax Units (UITs) (S/41,500 or US\$12,691) are tax-free.

c. Vehicle Property Tax

The Vehicle Property Tax is an annual tax levied on the ownership of automobiles, pickup trucks, and station wagons manufactured in the country or imported that are no more than three (3) years old. The three years are calculated from the first filing of the automobile with the Vehicle Property Registry.

The taxable base is determined by the original value of acquisition, importation, or entry into ownership. The applicable tax rate is 1%.

4

Customs Regime

a. Customs Taxes

Imported goods are subject to import tariffs with currently *ad valorem* rates of 0%, 6% and 11%¹.

Likewise, the Value Added Tax (VAT) of 18% is applied to imported goods. Additionally, and depending on the type of goods and origin thereof, imports may be taxed with the Selective Consumption or Luxury Tax (ISC), Antidumping Duties, Compensation Duties, or others.

There are also specific duties to be applied as additional variable duties on imported agricultural and livestock products such as yellow corn, rice, milk and sugar.

Some imported goods can also be charged with anti-dumping or compensation duties. The former is applied to some imported goods when the price discrimination could harm or threaten to harm a branch of national production. Compensation duties are applied to imported goods that are subsidized in their country of origin and can harm or threaten to harm national production via the importation thereof.

The customs taxes and duties applied are summarized as follows:

Tax	Rate	Taxable Base
Customs Tariffs ^(a)	0%, 6% y 11%	CIF Value ^(d)
Value Added Tax (VAT) ^{(b) (c)}	18%	CIF + Customs Duties

^(a) The customs tariff rates depend on the type of goods being imported.

^(b) The Value Added Tax (VAT) can be used as tax credit by the importer.

^(c) Certain goods are additionally subject to the Selective Consumption or Luxury Tax (ISC).

^(d) This value shall be determined according to the WTO Customs Valuation Agreement, as well as the standards of the Andean Community and national law.

¹In addition, a tariff rate of 4% is charged in the case of Express Shipments (goods with a FOB value of US\$200 or more, up to a maximum amount of US\$2,000 per shipment).

The import of goods is subject to the Prepaid VAT System, wherein the tax is determined by applying a percentage to the CIF customs value plus all taxes levied on the import and other surcharges, where applicable. The applicable tax rate is 3.5%, 5%, or 10%, depending on the situation of the importer and/or the goods to be cleared through customs. Like VAT, the amount paid may be used by the importer as a tax credit. However, there are certain cases in which the prepaid VAT does not need to be paid; for example, when the import is performed by VAT withholding agents, or in the case of certain goods excluded from this system.

When importing consumer goods worth more than US\$2,000, the services of a customs agent authorized by Peruvian Customs will be necessary, to undertake the documentary procedures for the imports. It is worth noting that the importer will be required to have the necessary documents that support the entry of goods, such as the commercial invoice, shipping documents, etc.

In addition to the formalities of customs clearance procedures, there are local regulations that establish additional requirements for the entry of goods that are considered restricted or prohibited. Further details are provided herein below.

b. Restricted or Prohibited Goods

Some goods that are imported into the country may be considered by legal mandate to be restricted or prohibited, for reasons of national security or public health, among other reasons.

Restricted goods are those that require special authorizations, licenses, permits, etc., from the pertinent institutions, depending on the goods to be imported, in order to be imported into the country. These goods must have the required documentation at the time of importation, prior compliance with the requirements established by the control units of the competent sector.

Some of the entities and types of restricted goods are as follows:

- **National Superintendency of Customs and Tax Administration (SUNAT)** through the National Intendancy of Chemical Supplies and Supervised Goods for controlled chemical inputs and audited goods given its probability to be used in illegal mining and in the preparation of illegal drugs, among others.
- **Ministry of Health (MINSA)**, through the Medicines, Supplies and Drug Administration (DIGEMID), with respect to medicines; and through the General Bureau of Environmental Health (DIGESA) with regard to food and beverages, etc.
- **Ministry of Energy and Mines (MEM)** in the case of goods (products, machinery and equipment) that use radioactive sources.
- **Ministry of Internal Affairs (MININTER)**, through the National Superintendency for the Control of Security Services, Arms, Ammunition, and Explosives for Civil Use (SUCAMEC) for goods such as fire arms, explosives, etc.
- **Ministry of Agriculture (MINAGRI)**, through the National Agricultural Sanitation Service as the institution in charge of protecting agricultural health, etc.
- **Ministry of Transportation and Communications (MTC)** for radio-electric transmitters in general and/or communications equipment.
- **Ministry of Foreign Affairs (MRE)** for texts and/or publications that include geographical, cartographical and historical material.

Furthermore, the prohibited goods are not allowed to enter or leave the country.

c. Anti-Dumping Measures and Compensation Duties

When an import is performed, anti-dumping and/or compensation duties may be applied for the customs clearance of certain goods in order to prevent or to correct distortions in the market due to dumping or subsidies, as set forth by the Commission for Control of Dumping and Subsidies (CFD) of the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI).

Likewise, it is possible that during or after customs clearance, INDECOPI may bring proceedings to establish anti-dumping or compensation duties, in those cases in which the declared prices may cause a threat or harm to a branch of national production.

It should be noted that the measures established by INDECOPI Commission for Control of Dumping and Subsidies (CFD) may be temporary or permanent.

Currently, anti-dumping duties are charged on biodiesel originating from the United States, slide fasteners, rolled steel pipes, shoes and fabrics from China, etc. Likewise, some final compensation duties are charged on biodiesel imports originating from Argentina, among others.

d. Trademarks and Patents

For purposes of protecting copyrights and the like, as well as trademarks, country border measures have been established so that a request may be initiated ex parte by the interested party, or ex officio, through the Customs Administration.

This mechanism permits companies that own a protected right to register with the Customs Authority in order to request that an importation process be suspended (authorization for removal from bonded warehouses) in the case of goods that are presumed to bear fake or confusingly similar trademarks, or pirated goods that violate copyrights. Such requests are filed so that INDECOPI may conduct an inspection of the goods to be imported into the country.

e. Customs Systems

The following are some of the customs systems established in the General Customs Act:

Drawback

The simplified system of returning customs duties, or "drawback", allows producer-exporters to recover all or part of the customs duties paid on importing raw materials, inputs, intermediate goods, and parts and pieces incorporated or used in the production of goods to be exported, provided the CIF import value is not more than 50% of the FOB value of the exported product, and all the requisites established in order to be eligible for this benefit are met. The drawback rate applicable is equivalent to 4% of the FOB value of the exported product. Said rate shall be reduced to 3% starting on January 1, 2019.

Duty-Free Replacement of Goods

This customs system allows for importation with automatic exemption from customs duties and other taxes levied on imports, goods equivalent to those which -after having been cleared through customs- have been processed, elaborated, or materially incorporated into products that are permanently exported. The beneficiaries of this system are those individuals or legal entities that have exported -directly or through third parties- products which use imported goods.

Temporary Admission for Re-Exportation in the Same State

This customs system allows for the reception of certain goods in national territory, with the suspension of customs duties and other taxes levied on the importation thereof (for a maximum period of eighteen (18) months) duly guaranteed, destined for a specific purpose in a specific place and which will be re-exported within the established term without having undergone any modification whatsoever, with the exception of the depreciation as a consequence of normal wear and tear.

Bonded Warehouses

This system allows for goods entering national territory to be stored in a bonded warehouse for such purpose, for a given period (maximum term of 12 months) under the control of a customs agency, without paying customs duties and other taxes applicable to import for consumption, provided that no specific customs system has been requested for them and they are not in a situation of abandonment.

f. Free Trade Zones

► Tacna Free Trade Zone

The Tacna Free Trade Zone was created in 2002 in order to promote investment in the south of the country through the incorporation of companies engaged in a series of industrial activities, agribusiness, in-bond processing and assembly, and storage, distribution, unpacking, and packaging services, etc. A tax exemption system was granted, which includes Income Tax, Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC), Municipal Promotion Tax, as well as any other tax, whether existing or to be created, provided the activities are developed within that Zone.

Products shipped from abroad that enter the Zone are not subject to import duties, since the Tacna Free Trade Zone has been granted the status of a special customs treatment area. In the case of goods transferred to the Tacna Commercial Area, only a special tariff is paid. However, if those goods are destined for the rest of the country, then they are subject to payment of the duties charged on imported goods.

The benefits system of tax exemptions is in effect until 2041.

► Puno Special Economic Zone

Like the Tacna Free Trade Zone, the Puno Special Economic Zone is an area which enjoys the status of falling outside customs territory, where a special tax system is applied that not only exempts goods entering the area from import duties, but also provides an exemption to Income Tax, the Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC), Municipal Promotion Tax, as well as any other federal, regional or municipal tax currently in force or to be created, including those that require express exemption, provided that users carry out authorized activities such as industry, agribusiness, in-bond processing and assembly, and storage, distribution, unpacking, packaging services, etc., within the Zone.

The exemptions are valid through 2027, with the exception of the Income Tax, which concludes on December 31, 2028.

g. Other Special Treatment Zones

Special Development Zones (ZED) (previously known as CETICOS)

In addition to the special customs areas mentioned above, there are also Special Development Zones (ZED) in Ilo, Matarani, Paita, Tumbes, and Loreto.

ZEDs are limited geographical areas that are considered primary customs zones subject to special treatment, where repair, reconditioning of goods, modifications, mixtures, packaging, in-bond processing, processing, active finalization, distribution and storage services may be provided, among others. Under this system, goods that enter these zones are exempt from import duties. However, goods from ZEDs that are then shipped to other parts of the country are subject to the payment of customs duties and other taxes applicable to imported goods.

With regard to all other duties and taxes, the development of activities in the country's ZEDs is exempt until December 31, 2042 from Income Tax, Value Added Tax, Selective Consumption or Luxury Tax (ISC), Municipal Promotion Tax, as well as all taxes in force or created in the future—including those that require express exemption by law—with the exception of contributions to ESSALUD and rates. Likewise, transfers of goods and provisions of services between users established in ZEDs are exempt from the Income Tax, Value Added Tax (VAT), Selective Consumption or Luxury Tax (ISC) and any other tax in force or to be created, including those that require express exemption.

Finally, in the case of the Loreto ZED, it is important to note that the term for incorporating companies in that Zone, as well as their exemptions, is fifty (50) years, as from May 22, 1998.

Amending Protocol to the Peruvian - Colombian Customs Cooperation Agreement of 1938

This protocol grants special duty treatment to the import of certain goods, as detailed in the Common External Duty Schedule that forms part of the Protocol.

The preferential treatment only applies when the goods are imported to Loreto, San Martín, and Ucayali.

Act for the Promotion of Investment in the Peruvian Amazon - Law 27037

This Law enables importers to bring certain goods to Peru without paying Value Added Tax until December 31, 2018, provided that such goods are listed in the Common External Duty Schedule of 1938 and/or the list contained in the Appendix of Legislative Order (Decreto Legislativo) 21503.

The preferential treatment applies only for those goods imported to Amazonas, Loreto, Madre de Dios, San Martín, and Ucayali, as well as certain provinces of the Departments of Ayacucho, Cajamarca, Cuzco, Huanuco, Junín, Pasco, Puno, Huancavelica, La Libertad, and Piura.

5

Legal Stability Agreements

The Agency for the Promotion of Private Investment (ProInversión) as representative of the Peruvian Government, can enter into legal stability agreements guaranteeing the investors and companies receiving these investments, as applicable. For such purpose, it is necessary to make capital contributions to a company currently established or to be incorporated in Peru for an amount of no less than US\$10 million in the mining and hydrocarbons sector, and US\$5 million in any other economic sector. This investment may be made within a period of no more than two (2) years. The term of the agreement is ten (10) years, except for those investors who have entered into a concession agreement as established in Executive Order (Decreto Supremo) 059-96-PCM. In this case, stability governs for the term of the concession.

6

Mining Law

Law 29789 - Special Mining Tax (IEM)/ Executive Order (Decreto Supremo) 181-2011-EF- IEM Regulations on the IEM

The Special Mining Tax (IEM) in force since October 1, 2011, is levied on the operating profits of holders of mining concessions and assigns that undertake the exploitation of mineral resources, applicable to the sale of metallic mineral resources as well as resources for personal use or unjustified withdrawals of such assets.

The IEM is determined and paid quarterly based on a progressive cumulative scale of operating margins, with marginal rates ranging from 2% to 8.40%. Technically the IEM is based on the sum of each increase in the operating margin, multiplied by the rate of the progressive tax as per the following table and definitions:

Special Mining Tax (IEM)			
Scale No.	Scale of Operating Margin		Marginal Rate
	Lower Limit	Upper Limit	
1	0%	10%	2.0%
2	10%	15%	2.4%
3	15%	20%	2.8%
4	20%	25%	3.2%
5	25%	30%	3.6%
6	30%	35%	4.0%
7	35%	40%	4.4%
8	40%	45%	4.8%
9	45%	50%	5.2%
10	50%	55%	5.6%
11	55%	60%	6.0%
12	60%	65%	6.4%
13	65%	70%	6.8%
14	70%	75%	7.2%
15	75%	80%	7.6%
16	80%	85%	8.0%
17	Over 85%		8.4%

$$\text{Operating Margin} = \frac{\text{Operating Profit}}{\text{Sales Revenue}} \times 100$$

Where:

► **Operating Profit:** Income generated through the sale of mineral resources for each quarter, less: (i) the cost of goods sold; and (ii) operating expenses, including cost of sales and administrative expenses. Exploration expenses shall be distributed proportionally over the useful life of the mine. Costs and expenses incurred in on-site consumption or unjustified withdrawals of mineral resources are not deductible, nor are interest charges, regardless of whether they have been capitalized as part of the cost of sales or treated as operating expenses.

► **Sales Revenue:** Income generated by sales of metallic mineral resources, with certain adjustments such as adjustments due to final determination of amounts due, discounts, return of goods, and other concepts of a similar nature that are common practice.

The amount effectively paid for IEM is considered a deductible expense for effects of determining income tax for the fiscal year in which it was paid.

Furthermore, those in the mining industry must file a statement and pay the IEM every quarter, within twelve (12) business days of the second month after it was generated, under the terms and conditions established by the National Superintendency of Tax Administration (SUNAT).

Law 29790 - Special Mining Encumbrance (GEM) / Executive Order (Decreto Supremo) 173-2011-EF - Regulations on the GEM

The Special Mining Encumbrance (GEM), in force as of October 1, 2011, is a voluntary payment, applicable to holders of mining concessions and concessionaires engaged in the exploitation of metallic mineral resources with investment projects subject to Contracts for Guarantees and Promotional Measures for Investment established in the General Mining Act, which cannot be affected by changes in the legislation regarding the IEM and mining royalties. For such purpose, an agreement is entered into for the payment of the GEM.

Like the IEM and the Mining Royalties, the GEM is quarterly, and is established by applying a cumulative progressive rate of 4% to 13.12%, depending on the operating margin, to the quarterly operating profit.

The GEM is a deductible expense for the purposes of income tax, and is determined by deducting the amounts paid for Mining Royalties as tax credits.

Law 29788 - Mining Royalties Act / Executive Order (Decreto Supremo) 180-2022-EF

The mining royalty is applicable to holders of mining concessions and concessionaires that undertake the exploitation of metallic and non-metallic mineral resources.

Pursuant to the amendment introduced, the mining royalty must be calculated on a quarterly basis according to the cumulative progressive scale on operating margins, with marginal rates between 1% and 12%. Thus, the amount to be paid on the mining royalty shall be the established by comparing the result of the application of the marginal rate to the operating profits, and 1% of sales revenues for that quarter, whichever is higher.

Starting on October 1, 2011, Mining Royalties shall be paid quarterly, and are determined by applying a cumulative progressive rate of 1% to 12% to the operating profit, depending on the operating margin, provided the amount payable is not less than 1% of the income generated from the sales performed during the calendar quarter. If this latter condition is not met, the minimum amount payable for royalties shall be determined based on sales revenues.

Mining Royalties are deductible for the purpose of determining income tax.

Law 29741 - The Supplementary Mining, Metallurgy, and Steelworkers' Retirement Fund (FCJM) / Executive Order 006-2012-TR - FCJM Regulations

The Supplementary Mining, Metallurgy, and Steelworkers' Retirement Fund (FCJM), in force as from July 10, 2011, consists of (i) a contribution of 0.5% of the annual net revenues of mining, metallurgical, and steel companies, before taxes; and (ii) a contribution of 0.5% of the monthly gross salary of each mining, metallurgical, and steelworker.

The companies' contributions shall be paid to the SUNAT within the first twelve (12) business days of the month after the Annual Income Tax Return is filed. Withholdings of workers' contributions shall be paid to the SUNAT by the deadlines established in the Tax Code for monthly obligations.





Labor and Employment Law

1

Hiring System

a. Peruvian Workers

Indefinite-term contracts are the general rule for hiring in Peru, although fixed-term and part-time contracts may also be signed as an exception. The principal features of each one of these contracts is detailed below:

- **Indefinite term contracts:** Have no expressly defined duration. This form of employment contract grants workers all labor rights and benefits in force under Peruvian law, as detailed in Section VI.2 – Current Fringe Benefits.
- **Fixed term contracts:** For this form of contract, the legislation requires proof of an objective cause or ground that guarantees temporary hiring (for example, the start-up of a new business, specific projects or services, substitution, etc.) and the term thereof is subject to compliance with the requirements provided by law. Likewise, they provide all the rights and benefits granted to workers hired for an indefinite term.
- **Part-time contracts:** These contracts govern labor relations that cover work schedules with a weekly average of less than four (4) hours per day. Part-time workers are eligible for all benefits under the law, except for: i) indemnity for wrongful dismissal; ii) severance pay (CTS); and iii) vacation time of 30 days (they only have the right to six (6) business days' vacation per year).

All of these contracts allow for a trial period, during which the workers have no right to indemnity in the event of wrongful dismissal. The trial period is counted from the start of the labor relationship and may have a maximum term of: i) three (3) months for all workers in general; ii) six (6) months for qualified workers or those in positions of trust; and iii) twelve (12) months for management staff. For its effectiveness, the extension of the trial period must be recorded in writing.

b. For Expatriates

The labor relations governing foreign citizens entering Peru to render services for a domiciled company are governed by the Foreign Worker Hiring Act. These workers have the right to the same benefits provided to all workers in the private business workforce, and are subject to the same taxes and contributions. The difference is that the approval of the employment contract by the Ministry of Labor and Employment Promotion (MTPE) is required to begin providing the services, as well as obtaining the pertinent migratory status. In the case of the income tax, the withholding rate shall depend on whether they are domiciled or non-domiciled.

As a general rule, expatriates must not exceed 20% of all personnel. Additionally, the total remuneration received by foreign workers must not exceed 30% of the total payroll. Exceptions to these limits may be made in the case of professionals and specialized technical staff, or for management staff for a new business activity or corporate restructuring or reorganization, etc.

None of the limits on number of personnel and salary amounts are applicable to foreign workers who render services in Peru on an immigrant visa, who are married to Peruvian citizens, or who have children of Peruvian nationality, parents or siblings, and foreign investors with a permanent investment in Peru of at least five (5) Tax Units, or foreign workers who render services in the country by virtue of bilateral or multilateral conventions entered into by Peruvian Government.

Companies must follow the procedure to obtain the approval of the MTPE, filing the employment contract in a virtual system, attaching an affidavit of compliance with the Foreign Worker Hiring Act, as well as an affidavit indicating the qualifications of the expatriate.

It is important to note that citizens of the Andean Community of Nations, Spanish citizens, and citizens of the Mercosur nations are subject to a special contracting procedure.

The migration procedure is detailed in Point 5.

2

Current Fringe Benefits

Workers have the right to the following fringe benefits, the cost of which is borne by the employer:

Benefit	Amount / Applicable Rate
Vacation Leave	Equivalent to thirty (30) calendar days of rest, with one month of paid remuneration
Legal Bonuses	Two months' remuneration per year
Mandatory Extraordinary Bonus	Two bonuses equivalent to 9% or 6.75% of the legal bonuses
Severance Pay (CTS)	1.16666% monthly remunerations per year
Profit Sharing	Between 5% and 10% of income before taxes
Family Allowance	S/93 per month (10% of the Minimum Wage)

- **Vacation Leave:** The right to thirty (30) calendar days of paid vacation per complete year of service, provided workers meet the vacation record, which is a minimum of days effectively worked as required by law. The vacation period must be taken within the calendar year following the year of services rendered and the related record. However, advances may be granted provided there is an agreement with the employer. In the event that the worker does not take vacation time when due, the employer shall pay one additional month of remuneration as vacation indemnity
- **Legal Bonuses:** Two bonuses per year, the first in July (Independence Day holidays) and the second in December (Christmas). Workers who leave their job before the months of July or December are entitled to receive the proportional payment of this benefit for the full months completed on the job, provided they have worked at least one full month.
- **Mandatory Extraordinary Bonus:** This is an additional benefit whereby the worker receives two bonuses equivalent to 9% of the legal bonuses, or 6.75% if the worker is a member of a Healthcare Service Provider Company (EPS).

- **Severance Pay (CTS):** This is a fringe benefit to cover contingencies arising from termination of employment and promotion of the workers and their families. The payment is deposited in the workers' bank account in the months of May and November, depositing said amount in the bank account chosen by the worker.
- **Profit Sharing:** Companies with more than 20 workers that engage in activities that generate business income are required to distribute a percentage of their annual income before taxes among their workers. The percentage of the share is fixed by law, and depends on the company's principal activity, as follows:

Type of Company	Percentage
Fisheries, telecommunications, and industrial companies	10%
Mining companies, wholesale and retail businesses, and restaurants	8%
Companies engaged in other activities	5%

- **Family Allowance:** Workers who have one or more dependent children under the age of 18, or children over 18 enrolled in vocational or university education, are entitled to this benefit. The amount is equivalent to 10% of the Minimum Wage.
- **Comprehensive Annual Remuneration:** With workers who receive a monthly salary of at least two (2) Tax Units, the employer can negotiate a comprehensive annual remuneration (RIA) to which all the benefits detailed above are added, with the exception of profit sharing, to be paid as provided by law, and which may be paid directly to the worker in twelve (12) monthly installments.

3

Taxes and Contributions Levied on Remunerations

The employer shall assume the payment of the following taxes and contributions:

Taxes / Contributions	Applicable Rate
Public Health Insurance (EsSalud)	9%
Mandatory Life Insurance	Depends on the type of policy
Occupational Life and Disability Insurance	Depends on the type of policy
Pension System	13% for the Public System or 12.94% for the Private System (approximately)

► **Income Tax:** The employer is responsible for withholding and paying income tax on earnings. A projection of the worker's annual earnings is made, to which the rates established as follows are applied. The approximate monthly deduction shall be one-twelfth (1/12th) of the determined annual tax amount, which may be established by following the procedures provided by law, in order to establish the exact amount to be withheld. For domiciled workers, an initial deduction of seven Tax Units (UITs) is applied and further to this, the following rates are applied:

Sum of the Net Work Income and of the Foreign Source Income	Rate
Up to 5 Tax Units (UITs)	8%
More than 5 up to 20 Tax Units (UITs)	14%
More than 20 up to 35 Tax Units (UITs)	17%
More than 35 up to 45 Tax Units (UITs)	20%
More than 45 Tax Units (UITs)	30%

For non-domiciled workers the rate is 30% without deductions.

Likewise, starting in fiscal year 2017, it is possible—in addition to the deduction of seven (7) Tax Units applicable to the work income of parties domiciled in Peru for tax purposes—to deduct an amount of three (3) UITs from the respective tax basis, by virtue of expenses incurred in the leasing of real properties, interest on first-home mortgage credits (which will be deductible only until December 31, 2018), professional fees paid to freelancers (such as doctors, dentists, attorneys, veterinarians, etc., provided they issue the respective receipts for professional fees), and social medical insurance contributions (Essalud) for household employees.

- **Public Health Insurance (EsSalud):** This contribution is paid by the employer and is designed to finance the public health system (EsSalud) so that the system may provide healthcare services to workers and financial assistance in case of disability, through the payment of subsidies. The collection of this amount is undertaken by the National Superintendency of Tax Administration (SUNAT) to which employers make this payment. The amount contributed is equivalent to 9% of the worker's monthly remuneration. If the company provides health coverage to its workers using its own resources or through a Healthcare Service Provider Company (EPS) it may request a credit of up to 25% of the EsSalud contribution, provided it complies with the limits established by law.
- **Mandatory Life Insurance:** This is a collective insurance provided to workers with more than four (4) years of service for the same employer. However, the employer may optionally grant it after the third month of service. The premium depends on the number of insured workers, the work they carry out and, in general, the terms agreed to with the insurance company.
- **Pension System:** The workers may join the National Pension System (SNP) or the Private Pension System (SPP) which are mutually exclusive. This contribution is to be assumed fully by the worker, with the employer being responsible solely for its collection.
- **In the case of the SPP,** the contribution consists of the amount paid to the individual capitalization account (10%), plus a premium for disability, survival, and burial insurance, plus the commission paid to the AFP. This commission is calculated based on the salary received and the balance of the pension fund. The commission and premium amounts are determined by each AFP. New affiliates to the SPP system are required to register with the AFP that won the most recent tender process (AFP Prima) through May 31, 2019.
- **Other Contributions:** Other contributions depend on the activity performed by the companies, for example:
 - a) **Occupational Life and Disability Insurance:** A mandatory insurance to be paid by companies whose activities involve a high level of risk, and which grants additional coverage for health and pensions. The contract for health services may be entered into with EsSalud or with a Healthcare Service Provider Company (EPS); while pension-related services may be contracted with the Government Agency for Pension Fund Management (ONP) or with a private insurance company. The rates depend on the type of activity and/or the terms agreed on with the insurance company.
 - b) **Supplementary Retirement Fund for Miners:** Mining, metallurgical, and iron and steel companies must contribute 0.5% of their annual net earnings before taxes to this fund, as well as withholding 0.5% of the gross monthly remuneration of each mining, metallurgical, and iron and steel worker.
 - c) **Contribution to the National Industrial Vocational Training Service (SENATI):** Companies engaged in industrial activities included in Category D of the Uniform International Industrial Classification (UICC) are under the obligation to make a contribution to the National Service for Training in Industrial Work (SENATI). The contribution amounts to 0.75% of the worker's remuneration, according to the conditions provided by law.
 - d) **Contribution to the Administrative Committee of the Fund for the Construction of Housing and Recreational Centers (CONAFOVICER):** This is a contribution to be assumed in full by those workers who perform civil construction activities for a company engaged in construction. The amount of the contribution is equivalent to 2% of the worker's basic daily remuneration.
 - e) **Contribution to the National Training Service for the Construction Industry (SENCICO):** This is a contribution to be paid by companies engaged in construction activities. The contribution amounts to 0.2% of the total company income for labor, general expenses, technical direction, profits, and any other concept billed to the client, regardless of the construction contract executed.

4

Termination of the Employment Contracts

The employment contract is terminated under the following circumstances:

- Compliance with the condition subsequent or the termination of the period of fixed term contracts.
- By agreement between the worker and the employer, which should be put into writing.
- Resignation of the workers, who must provide thirty (30) days' prior notice.
- Due to permanent absolute disability or death of the worker.
- Retirement of the worker.
- Justified dismissal, in which the cause must be related to the skill or conduct of the worker, according to conditions established under national legislation.
- In cases established for collective dismissal, pursuant to Peruvian law.

The dismissal shall be subject to the verification of an objective cause that justifies the action, pursuant to law. If the cause is found not to exist, the employer shall be penalized via the payment of an indemnity.

However, the Constitutional Court has established certain cases in which the workers may also request their reincorporation into their job position, as per the following chart:

Type of Dismissal	Description	Consequences
Unfounded dismissal	When the employer does not give a legal cause or ground	Reincorporation or indemnity at the discretion of the worker
Fraudulent dismissal	When the employer falsely charges the worker of committing gross negligence	Reincorporation or indemnity at the discretion of the worker
Void dismissal	When the measure violates the fundamental rights of the worker	Reincorporation
Dismissal with reasonable charge of gross negligence	When the gross negligence is not proven during the process, although due process was followed as required by law	Indemnity
Indirect dismissal	When the worker is subject to acts of hostility comparable to dismissal	Indemnity

Indemnity shall only proceed once the trial period has been completed (first three (3) months of a contract) and is limited to twelve (12) monthly remunerations.

In the case of workers who are hired for an indefinite term, the amount to be paid is one and a half months' remuneration for each year of completed service. On the other hand, in the case of workers hired on a fixed-term contract, indemnity is one and a half months' remuneration for each month not worked up until the termination of the contract. In both cases, indemnity is paid in fractions of 12ths and 30ths per year, and is limited to twelve (12) monthly remunerations.

Management staff or workers in positions of trust who are hired as such may not request reincorporation, and are only entitled to receive an indemnity for dismissal, unless they have previously held an ordinary position, in which case they may also be entitled to reincorporation into such ordinary position.

5

Immigration

Foreigners may apply for one of the visas listed below, depending on the activity they wish to undertake in Peru:

Visa	Type of Visa	Activities Permitted
Tourist Visa	Temporary	Limited to tourist visits, recreation, or similar activities. Paid or lucrative activities are not permitted.
Business Visa	Temporary	The individuals may take part in business, legal, or similar negotiations. They may sign contracts or perform transactions. The individuals cannot perform activities that are paid or lucrative or generate income from a Peruvian source, except in the case of director's fees for companies domiciled in Peru or as a speaker or international consultancy fees as part of a service contract that does not exceed thirty (30) calendar days, whether consecutive or cumulative, within any period of twelve (12) months.
Work Visa	Temporary / Resident	This visa allows them to work in Peru on a contract previously approved by the Ministry of Labor.
Investor Visa	Temporary / Resident	Foreigners must make investments in a company incorporated or to be incorporated totaling no less than the equivalent in Soles to US\$30,000 and submit a feasibility project or business plan, as applicable, which include the creation of five (5) job positions within a term of no more than one (1) year.
Designated Work Visa	Temporary	Foreigners may perform labor activities when they are sent by their foreign employer for a limited and definite term to engage in a specific task or duty or a work that requires professional, commercial, technical, or highly-skilled knowledge of another kind. They may also execute contracts and perform transactions.
Freelance Work Visa	Temporary / Resident	They may exercise their profession independently
Immigrant	Resident	Provided they enter the country to take up residence, they can develop their activities on a permanent basis
Student Visa	Temporary / Resident	Those entering the country for the purpose of studying at educational centers accredited by the State cannot receive Peruvian-source income, with the exception of that received for professional internships or work during vacations, prior authorization from the competent authority.

It should be noted that the tourist visa and business visa is the responsibility of the Ministry of Foreign Affairs (MRE), while the rest of the visas depend on the National immigration Service.

Foreigners coming from Mercosur countries (Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay and Uruguay); or from countries with specific migration agreements may be subject to other immigration provisions and/or facilities.

6

Supervisory Body

The National Superintendency for Labor Audits (SUNAFIL) is a specialized technical entity attached to the Ministry of Labor and Employment Promotion. The SUNAFIL is responsible for promoting, supervising, and auditing the compliance with labor laws and laws on occupational health and safety. It designs and conducts nationwide all duties and competencies established in Law 28806—the General Labor Inspection Act, and acts as the central authority and guiding entity of the Labor Inspection System, in accordance with national and sector plans, as well as the institutional policies and technical guidelines of the Ministry of Labor and Employment Promotion.

Finally, in the last few years, the National Superintendency of Tax Administration (SUNAT) has been overseeing the correct payment of taxes levied on income, in particular, those related to Social Security (EsSalud).





Accounting Standards



1

Accounting Standards

The Peruvian Business Corporations Act (LGS) establishes that the financial statements of companies incorporated in Peru must follow the general accounting principles accepted in Peru and other applicable legal provisions. The Peruvian Accounting Standards Board (CNC) has established that the general accounting principles are basically the standards issued by the International Financial Reporting Standards Board (IFRSB) including the International Financial Reporting Standards (IFRS), the IFRS Interpretation Committee (IFRIC), and the Standing Interpretations Committee (SIC), and the specific provisions approved for particular businesses (banks, insurance companies, etc.). Likewise, on a supplementary basis, the U.S. Generally Accepted Accounting Principles (GAAPs) are applied.

The Peruvian Accounting Standards Board (CNC) is responsible for issuing the General Chart of Accounts for companies and methodologies that apply to both private business and government entities.

The CNC adheres to the standards approved by the International Financial Reporting Standards Board (IFRSB), which are explicitly approved by the CNC and published in the Official Gazette "El Peruano", indicating their date of approval, which may differ from the internationally approved date.

Companies that issue debt or shares in the capital market are subject to regulation by the Stock Exchange Superintendency (SMV). Companies supervised by this institution must issue their financial statements in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The annual financial information given by companies supervised by the SMV must be audited and include the previous year for comparative purposes. Quarterly reports do not need to be audited. The audit must be conducted according to regulations of the International Auditing and Assurance Board issued by the International Federation of Accountants (IFAC).

On April 4, 2016, the Constitutional Court declared as unconstitutional the obligation for companies not listed in the Public Registry of the Stock Exchange to submit audited financial statements. Such obligation was in force as from June 2011.





Intellectual Property Regulations

1

Intellectual Property Regulations in Peru

According to the World Intellectual Property Organization (WIPO), intellectual property is divided into two (2) major categories: copyright and industrial property. The first protects works of human ingenuity, such as literary, audiovisual, and artistic works, software, artistic interpretations, etc. Industrial property, on the other hand, grants exclusive rights over an invention, a new technology, or distinctive trademarks, such as brands, invention patents, or industrial designs.

Regulations on industrial property are contained in different local and international bodies of law, most notably:

- (i) The Paris Convention for the Protection of Industrial Property, to which Peru is a party.
- (ii) Decision 486 of the Andean Community Commission, which establishes the Common Industrial Property Regime.
- (iii) Legislative Order (Decreto Legislativo) 1075, which approves supplementary provisions to Decision 486 of the Andean Community Commission, which establishes the Common Industrial Property Regime.

In Peru, the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI) is the public entity responsible for promoting and regulating the exercise of these rights.

2

Copyright

Legislation does not usually contain an exhaustive list of works protected by copyright. Generally speaking, however, works typically protected by copyright around the world include the following:

- Literary works such as novels, poems, stage performances, reference works, journalistic articles
- Software and databases
- Movies, musical compositions, and choreographies
- Works of art such as paintings, drawings, photographs, and sculptures
- Architecture; and
- Advertisements, maps, and technical drawings.

Copyright protection covers only expressions, and not the ideas, procedures, operating methods, or mathematical concepts themselves. Copyright may or may not cover elements such as titles, slogans, or logos, depending on whether the authorship of the work is sufficient.

Copyright covers two types of rights:

- Proprietary rights, which allow the owners of the rights to obtain financial compensation for the use of their works by third persons; and
- Moral rights, which protect the author's non-pecuniary rights.

In the majority of cases, copyright law stipulates that the rights holder enjoys the proprietary right to authorize or prevent given uses of the work, or, in some cases, to receive a remuneration for the use of the work (for example, through copyright collectives). The owners of the proprietary rights over a work can prohibit or authorize:

- The reproduction of their work in various forms, such as print publication or sound recording
- The public interpretation or performance, e.g., a dramatic or musical work
- The recording of the work, e.g., in the form of compact discs or DVD
- The broadcasting of the work over radio, cable, or satellite
- The translation of the work into other languages; and
- The adaptation of the work, as in the case of a novel adapted to a screenplay.

3

Industrial Property

According to Peruvian law, the owners of industrial property rights are not obligated to register them with the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI). Said registration is essential, however, in order to hold exclusive ownership of these rights.

Such registration also grants the owners other important advantages:

- (i) It provides publicity, which means that the right can be enforced against third persons.
- (ii) It prevents others from taking advantage of the prestige or reputation of a creation through imitations or falsifications.
- (iii) It makes it possible to bring civil and even criminal actions to protect the right against third persons.
- (iv) It grants INDECOPI the power to impose sanctions, final orders, and penalty payments against those who make inappropriate use of registered industrial property.
- (v) It makes it possible to sell or assign the use of the right in exchange for a consideration.

Registrable Elements of Industrial Property

Under Peruvian law, distinctive marks, inventions, and new technologies are registrable. Below is a list of the principal elements of industrial property.

- Distinctive marks

(i) Trademarks or service marks

A trademark is a graphic representation used to indicate that certain goods or services have been developed or provided by a given market agent. This sign allows consumers to distinguish between different competitors, since it represents a market agent, the quality of a good or service, and its commercial value.

It is fundamental to keep the registered mark in use, given that, after three (3) years of inactivity, any interested persons may request the cancellation of the registration of said mark and proceed to register it themselves.

(ii) Commercial slogan

Refers to the word or phrase used together with a trademark. As such, in order to be registered, it is necessary to indicate the trademark with which the slogan will be associated. The slogan's validity will be conditional upon that of the distinctive mark. Similarly, the transfer of the slogan also involves the transfer of the trademark.

(iii) Trade name

This is the sign used to identify a company, economic activity, or establishment. Unlike the other classes of industrial property, the exclusive rights over a trade name are automatically acquired through its first use in commerce. As such, the registration of a trade name is merely declarative in nature. Nevertheless, it is an effective measure of proof with regard to its ownership.

- Duration of registrations

Ten (10) years, as from the date on which the registration is obtained. This term may be renewed for an identical period.

Non-Registrable Elements

It should be noted that, despite the importance of registering industrial property, not all human creations can be registered. In Peru, know-how does not constitute a registrable element, for example. This term refers to the set of business knowledge, whether technical, administrative, or commercial that is acquired through experience and building of skills when carrying out a business activity or process. As such, “knowing how” to run a company constitutes an economic value for the company that is not eligible for registration.

Priority Right

The territorial space in which the industrial property right may be exclusively exercised corresponds to the country in which it has been registered. In other words, market agents must register their right in each one of the countries in which they wish to make use thereof, given that their registration will only be valid in the country in which it was granted.

Notwithstanding the foregoing, by virtue of the Paris Convention, market agents who have registered (a) an invention patent; (b) a utility model patent; (c) an industrial design; or (d) a trademark in any member country of said Convention may use the submission date of their application in any other country to which said international law applies.

The term for exercising the priority right in another country depends on the type of industrial property to be registered, and the statute begins to run on the submission date of the first application for registration.

- (i) For invention patents and utility models: twelve (12) months.
- (ii) For industrial designs and trademarks: six (6) months.

Consequently, those who intend to register their right in another country cannot be prevented from doing so based on a registration obtained during said period.

4

Member Countries of the Paris Convention

The Paris Convention, adopted in 1883, applies to industrial property in the broadest sense of the term, including patents, trademarks, industrial drawings and models, utility models, services marks, trade names, geographic indications, and the prevention of unfair competition. This international agreement was the first major step in helping creators to protect their intellectual works in other countries.

Currently, the Paris Convention has 177 contracting parties, including Peru.

To see the list of other member countries, click on the following link:

http://www.wipo.int/treaties/es/ShowResults.jsp?treaty_id=2

› Registration applications granted by type of distinctive mark (January - December 2017)

Form	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Trademark	-	1,067	347	1,829	2,467	1,152	1,096	1,563	1,439	1,480	1,176	1,233	14,849
Service Mark	-	593	124	871	1,224	678	542	800	805	766	547	609	7,609
Multiclass (TM and/or SM)*	-	509	198	264	625	350	256	451	341	441	276	317	4,028
Commercial Slogan	-	18	3	23	69	21	19	43	23	22	52	14	307
Trade Name	-	19	9	13	16	14	12	24	14	16	19	19	175
Collective Mark	-	2	1	24	1	9	-	-	5	2	4	10	55
Use Authorization	-	4	-	5	4	2	6	10	7	2	4	2	45
Certification Mark	-	-	-	-	-	-	-	2	4	-	-	2	8
Designation of Foreign Origin	-	-	-	-	-	-	-	-	-	1	-	-	1
Multiclass (CM)**	-	1	-	-	-	-	-	-	-	-	-	-	1
Total	-	2,212	682	3,029	4,406	2,222	1,931	2,893	2,638	2,730	2,128	2,206	27,078

*Refers to the multiclass registration of a trademark (TM) and/or service mark (SM)

**Refers to the multiclass registration of a certification mark (CM)

Source: National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI)



The background is a vibrant, abstract composition. A large, bright yellow circle is positioned on the left side, partially overlapping a large blue flower-like shape. This blue shape has multiple petals, each with a textured, brush-stroke appearance and a central dark blue or black dot. To the right of the yellow circle, there are more blue and purple floral elements, some with similar textured petals. The background also features various other colors like red, green, and pink, suggesting a collage of different floral or organic forms. The overall style is painterly and expressive.

Exhibits



Photograph: "El Brujo" Archaeological Complex. Photograph by Alex Bryce | PromPerú ©



Exhibits

Principal Regulatory and Investment Promotion Entities in Peru

Principal Regulatory and Investment Promotion Entities	Description
Central Reserve Bank of Peru - BCRP (Banco Central de Reserva del Perú - BCRP) Tel: +51 1 613 2000 www.bcrp.gob.pe	The Central Reserve Bank of Peru (BCRP) is an autonomous constitutional institution of the Peruvian State. According to the Constitution, the faculties of the BCRP are to regulate the currency and the credit in the financial system, manage international reserves under its care, and other functions indicated in the law that created the institution. Likewise, the Constitution orders the BCRP to issue coins and paper money and to accurately inform the country from time to time on the state of national finances. It also has the responsibility of maintaining monetary stability, avoiding the pressures of inflation and depreciation on the economy.
Office of the Prime Minister - PCM (Presidencia del Consejo de Ministros - PCM) Tel: +51 1 219 7000 www.gob.pe/pcm	The Office of the Prime Minister is the technical-administrative institution of the Executive Branch, whose maximum authority is the President of the Republic of Peru. It coordinates and follows up on multi-sector policies and programs of the Executive Branch. It also carries out coordinated actions with the Congress and different constitutional entities.
Ministry of the Economy and Finance (Ministerio de Economía y Finanzas) Tel: +51 1 311 5930 www.mef.gob.pe	The Ministry of the Economy and Finance (MEF) is an entity of the Executive Branch responsible for planning, directing, and controlling matters related to the budget, treasury, debt, accounting, fiscal policy, public spending, and economic and social policies. It also designs, establishes, performs, and supervises national and sector policies under its jurisdiction, assuming a guiding role therein.
Ministry of Labor and Employment Promotion (Ministerio de Trabajo y Promoción del Empleo) Tel: +51 1 630 6000 www.mintra.gob.pe	The Ministry of Labor and Employment Promotion is the State institution responsible for designing, coordinating, and performing the policies and programs aimed at creating and improving dignified and productive work through the promotion of job market insertion opportunities and skills, as well as fostering a democratic system of labor relations through labor coordination, surveillance of compliance with laws, conflict prevention and resolution, and the improvement of working conditions.
National Institute for the Defense of Free Competition and the Protection of Intellectual Property - INDECOPI (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual - INDECOPI) Tel: +51 1 224 7777 www.indecopi.gob.pe	INDECOPI promotes a culture of fair competition and protects all forms of intellectual property (trademarks, copyrights, patents, and biotechnology).
Supervisory Board for Investment in Energy and Mining - OSINERGMIN (Organismo Supervisor de la Inversión en Energía y Minería - OSINERGMIN) Tel: +51 1 219 3400 / +51 1 219 3410 +51 1 427 4935 / 0800 41800 (Province) www.osinerg.gob.pe www.osinergmin.gob.pe	OSINERGMIN is responsible for supervising and controlling compliance with legal and technical provisions of activities developed by companies in the electricity and hydrocarbons subsectors, as well as compliance with legal and technical regulations related to the conservation and environmental protection. It is also in charge of quality and quantity control of fuels and higher prerogatives as part of its power to impose sanctions.
Supervisory Board for Private Investment in Telecommunications - OSIPTEL (Organismo Supervisor de Inversión Privada en Telecomunicaciones - OSIPTEL) Tel: +51 1 225 1313 / 0801 12121 www.osiptel.gob.pe	OSIPTEL is in charge of regulating and supervising the public telecommunication services market, independently of the operating companies.
Supervisory Board for Investment in Public Transportation Infrastructure - OSITRAN (Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público - OSITRAN) Tel: +51 1 500 9330 / 0800 11004 www.ositran.gob.pe	The general purpose of OSITRAN is to regulate, govern, supervise, and audit the behavior of the markets under its jurisdiction, with regard to the actions of service providers, as well as the compliance with concession agreements, impartially and objectively holding harmless the interests of the State, investors, and users.

Principal Regulatory and Investment Promotion Entities	Description
Agency for the Promotion of Private Investment in Peru - ProInversión (Agencia de Promoción de la Inversión Privada - Perú - ProInversión) Tel: +51 1 200 1200 www.proinversion.gob.pe	ProInversión promotes investment that does not depend on the Peruvian State, in charge of agents under the private system in order to improve the country's competitiveness and sustainable development and thus improve the population's welfare.
National Superintendency of Labor Auditing - SUNAFIL (Superintendencia Nacional de Fiscalización Laboral - SUNAFIL) Tel: +51 1 390 2800 www.sunafil.gob.pe	SUNAFIL is a specialized technical entity that forms part of the Ministry of Labor and Employment Promotion, and is responsible for promoting, supervising, and auditing the compliance with labor laws and those related to occupational health and safety.
Superintendency of Banking and Insurance (SBS) and Private Pension Fund Management Companies (AFP) (Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones - AFP - SBS) Tel: +51 1 630 9000 www.sbs.gob.pe	SBS - AFP is in charge of regulating and supervising the financial, insurance, and private pension fund systems. Its main objective is to protect the interests of depositors, the insured, and pension fund affiliates.
National Superintendency of Public Records Offices - SUNARP (Superintendencia Nacional de los Registros Públicos - SUNARP) Tel: +51 1 208 3100 www.sunarp.gob.pe	The mission of the SUNARP is to provide legal security and certainty on ownership of different rights registered with it, backed by modernization, simplification, integration and the specialization of registration nationwide.
National Superintendency of Sanitation Services - SUNASS (Superintendencia Nacional de Servicios de Saneamiento - SUNASS) Tel: +51 1 614 3200 www.sunass.gob.pe	The SUNASS is a decentralized public institution that rules, regulates, supervises and controls water and sewage services provided, impartially and objectively protecting the interests of the State, investors, and users.
Stock Exchange Superintendency - SMV (Superintendencia del Mercado de Valores - SMV) Tel: +51 1 610 6300 www.smv.gob.pe	The SMV is a specialized technical institution attached to the Ministry of Economy and Finance (MEF) designed to oversee the protection of investors, the efficiency and transparency of the markets under its supervision, the correct setting of prices, and the dissemination of all information necessary to achieve these goals. It has legal status of domestic public law and has complete functional, administrative, economic, technical, and budgetary autonomy.
National Superintendency of Tax Administration - SUNAT (Superintendencia Nacional de Administración Tributaria - SUNAT) Tel: +51 1 315 0730 +51 1 0 801 12 100 www.sunat.gob.pe	The SUNAT also includes the National Customs Superintendency. It is in charge of managing, supervising, and collecting domestic taxes, with the exception of municipal taxes. It also manages and controls the international trafficking in goods within customs territory and collects the duties applicable by law, as well as facilitating foreign trade, inspecting the international traffic in persons and the means of transportation, and conducting the actions necessary to prevent and punish customs crimes.
General Bureau of Environmental Health - DIGESA (Dirección General de Salud Ambiental - DIGESA) Tel: +51 1 631 4430 www.digesa.minsa.gob.pe	DIGESA is the technical regulator on issues related to basic health, occupational health, food hygiene, zoonosis, and protection of the environment.
Environmental Assessment and Supervisory Board - OEFA (Organismo de Evaluación y Fiscalización Ambiental - OEFA) Tel: +51 1 204 9900 www.oefa.gob.pe	The OEFA is the guiding entity of the National Environmental Assessment and Supervisory System (SINEFA) and is responsible as such for the evaluation, supervision, and auditing of the compliance with environmental laws nationwide, integrating the efforts of the State and society in a coordinated and transparent manner to ensure the effective management and protection of the environment.





Exhibits

Economic Promotion Institutions and Relevant Entities

1

Ministry of Foreign Affairs: Executive Office for Economic Promotion - DPE

(Ministerio de Relaciones Exteriores:
Dirección General de Promoción
Económica - DPE)

The Executive Office for Economic Promotion (DPE) is the institution of the Ministry of Foreign Affairs (MRE) responsible for coordinating with Peruvian missions abroad in an effort to promote Peru as a country capable of providing goods and services in international markets, as well as positioning it as a world-renowned tourist destination, and a country with interesting business and investment opportunities in different economic sectors.

It should be noted that the DPE has a Quality Management System certified with ISO 9001:2008 International Standard, governed under the values of equality, social commitment, honesty, transparency, and teamwork, thus ensuring that the needs of its national and international users are met.

The DPE reaffirms its commitment to provide services with high standards of quality, excellence, and continuous improvement in the development of the certified processes, such as:

- Support for exporters, investors, and travel agents
- Support for trade, investment, and tourism missions
- Response to requests
- Training
- Dissemination of opportunities
- Organization of events
- Resolution of trade problems and impasses

Services Offered by the DPE Through its Three Departments

Trade Promotion Bureau - PCO (Dirección de Promoción del Comercio - PCO)

- Dissemination of business opportunities
- Dissemination of the export offer
- Support in the solution of trade problems between companies
- Identification of business opportunities
- Support to trade missions and their participation in fairs abroad
- Support to exporters in the resolution of trade impasses
- Organization of trade events

Investment Promotion Bureau - PIN (Dirección de Promoción de las Inversiones - PIN)

- Participation in the negotiation of Foreign Investment Promotion Agreements
- Dissemination of investment opportunities (federal, regional, and municipal governments)
- Coordination of international events for investment promotion (road shows, videoconferences, fairs, and seminars)
- Preparation and coordination of an agenda for foreign business missions
- Dissemination of specialized information on foreign investment
- Support in the identification of investment possibilities and strategic alliances
- Dissemination of tenders and international bidding processes called by public and private Peruvian entities

Tourism Promotion Bureau - PTU (Dirección de Promoción del Turismo - PTU)

- Dissemination of tourism offer
- Support for culinary events
- Dissemination of tourism materials
- Support for tourism promotion fairs abroad
- Support for agendas involved in the promotion of tourism
- Promotion and negotiation of tourism agreements
- Dissemination of tourism information obtained by our missions abroad

▸ Contact

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Ambassador
Executive Director of Economic Promotion
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Minister
Director of Tourism Promotion
Tel: +51 1 204 3391
Email: preategui@rree.gob.pe

▸ Italo Augusto Acha Puertas
Minister
Director of Investment Promotion
Tel: +51 1 204 3384
Email: iacha@rree.gob.pe

▸ Adriana Lourdes Velarde Rivas
Director of Trade Promotion
Tel: +51 1 204 3368

▸ Address: Jr. Lampa 545, Lima 1
▸ Tel: +51 1 204 3361 / +51 1 204 3365 (DPE)
+51 1 204 3369 (PCO)
+51 1 204 3385 (PIN)
+51 1 204 3392 (PTU)
▸ Fax: +51 1 204 3362
▸ Email: dpe@rree.gob.pe
▸ Website: www.gob.pe/rree
(This website contains the list of Decentralized Offices in Tumbes, Piura, Iquitos, Arequipa, Cusco, Puno, and Tacna)

Ministry of Foreign Trade and Tourism (MINCETUR) and Commission for the Promotion of Peru for Exports and Tourism (PromPerú)

(Ministerio de Comercio Exterior y Turismo, y PromPerú)

The Ministry of Foreign Trade and Tourism (MINCETUR) defines, directs, carries out, coordinates, and supervises foreign trade and tourism policies. In coordination with the Ministry of Foreign Affairs (MRE) and the Ministry of Economy and Finance (MEF) and the other Government sectors in their related areas, it is responsible for the promotion of exports and international trade negotiations. Likewise, it is in charge of regulating the Foreign Trade. The Minister leads international trade negotiations on behalf of the State and may sign related agreements, within its sphere of competence. With regard to tourism, the Ministry promotes, guides, and regulates tourism activities in order to encourage the sustainable development thereof, including the promotion, guidance, and regulation of handicrafts.

► Contact

► Rogers Martin Valencia Espinoza
Minister

Address: Calle Uno Oeste 050 Urb. Córpac, San Isidro

Tel: +51 1 513 6100

Website: www.mincetur.gob.pe

PromPerú

PromPerú is the agency of the Ministry of Foreign Trade and Tourism (MINCETUR) that is in charge of developing strategies to produce an integrated and attractive image of Peru. This image will help develop domestic tourism and promote the country to the world as a privileged destination for inbound tourism and investment. It is also in charge of promoting Peruvian exports.

► Contact

Address: Av. Jorge Basadre 610, San Isidro - Lima, Perú

Tel: +51 1 616 7300

+51 1 616 7400

Email: postmaster@promperu.gob.pe

Website: www.promperu.gob.pe

3

Agency for the Promotion of Private Investment - ProInversión

Agencia de Promoción de la Inversión Privada - ProInversión

ProInversión is a public entity attached to the Ministry of Economy and Finance (MEF) and is in charge of executing the national policy for promoting private investment.

Its mission is to promote investment via agents in the private sector, in order to boost Peru's competitiveness and sustainable development and thus improve the wellbeing of the population.

ProInversión provides information to potential investors regarding the incorporation of a business in Peru, identifying investment opportunities by sectors, learning about the processes of public-private partnerships, among others.

ProInversión offers its services for investments in Peru free of charge, in three stages:

Pre-Incorporation	Incorporation	Post-Incorporation
<ul style="list-style-type: none"> ► General information service: macroeconomic data, legal framework, tax system, etc. ► Specific information service, at the request of the potential investor. ► Preparation of agendas with: potential partners, suppliers, clients, authorities, associations, unions, etc. 	<ul style="list-style-type: none"> ► Guidance on obtaining municipal permits and licenses for the establishment of an industrial or commercial business. ► Contact and accompaniment to the regions and potential production zones. ► Advisory on migratory processes for entry and residence of business people. 	<ul style="list-style-type: none"> ► Establishment of a network of contacts with public and private companies. ► Guidance for the expansion of the business. ► Identification of administrative barriers.

► Contact

► Alberto Ñecco Tello
Executive Director

Address: Sede Principal (Lima): Av. Enrique Canaval Moreyra N° 150, piso 9, San Isidro - Lima 27

Tel: +51 1 200 1200

Fax: +51 1 221 2941

Email: anecco@proinversion.gob.pe

Website: www.proinversion.gob.pe

► Decentralized Offices:

- Arequipa: Pasaje Belén N° 113 - Vallecito, Arequipa

Tel: +51 54 608 114

Fax: +51 54 608 115

- Piura: Calle Los Manzanos, Mz. Ñ, Lt. 23, Urbanización Santa María del Pinar, Piura

Tel / Fax: +51 73 309 148 / +51 73 310 081

4

Peruvian Foreign Trade Association - ComexPeru

(Sociedad de Comercio Exterior del Perú - ComexPeru)

ComexPeru is the private association that groups the leading companies involved in foreign trade in Peru. Its main purpose is to contribute to the improvement of competitive conditions within a free market environment that will make Peru an attractive destination for private investment.

► Objectives and Guidelines:

- Promote the development of foreign trade
- Defend free market policies
- Encourage private investment

► Contact

► Jessica Luna Cárdenas
General Manager

Tel: +51 1 625 7700

Fax: +51 1 625 7701

Website: www.comexperu.org.pe

5

National Confederation of Private Business Institutions - CONFIEP

(Confederación Nacional de Instituciones Empresariales Privadas - CONFIEP)

The National Confederation of Private Business Institutions (CONFIEP) brings together and represents private business activities within Peru and abroad. Its principal objective is to contribute to the process of sustained economic growth, based on investment and job creation through individual effort and initiative, the promotion of entrepreneurship and private property.

► Objectives and Guidelines:

- Business unity: Strengthen the union between Peruvian business entrepreneurs to build an order in which free enterprise and a market economy are the distinguishing features.
- Representation: Act as the principal spokesperson for entrepreneurs nationwide before the State, and in public and private forums.
- Services: Promote greater communication and coordination between business sectors, and support, back, and provide advice to the business community.

► Contact

► Roque Benavides
President

Av. Víctor Andrés Belaunde 147, Edificio Real Tres, Of. 401 San Isidro, Lima - Perú

Tel: +51 1 415 2555

Fax: +51 1 415 2566

Website: www.confiep.org.pe

6

Association of Capital Markets Business Promoters - Procapitales

(Asociación de Empresas Promotoras
del Mercado de Capitales -
Procapitales)

The Association of Capital Markets Business Promoters (Procapitales) brings together the principal actors in the market, channeling their concerns and proposals. It acts as a business guild to focus fundamentally on promoting investment and capital markets. It speaks on behalf of its associates to the public sectors with proposals to reduce legal costs and bureaucratic barriers that hinder easy market access. The institution's principal objective is to encourage an efficient legal framework and appropriate corporate governance practices.

► Objectives and Guidelines:

- Promote the development of new investment instruments
- Encourage access by new issuers of fixed-income and equity securities
- Promote the mobilization of institutional investor resources through new intermediary vehicles
- Actively promote improvements in legislation and the regulation of the capital market
- Disseminate and encourage the implementation of good corporate governance practices
- Create a permanent, proactive, and organized space for dialogue and interaction between agents in the market, including the regulatory and supervisory institutions
- Contribute to the institutional strengthening of agents participating in the capital market

► Contact

- Paulo Comitre Berry
President

Address: Av. Canaval y Moreyra 230 of. 5A, San Isidro, Lima - Perú

Tel: +51 1 440 1080

Website: www.procapitales.org

7

inPERU

The founding of inPERU was officially announced on January 11, 2012, as a non-profit association for the promotion of investment in Peru among the principal international financial markets, seeking an exchange of better practices and, in general, providing information on Peru as a destination for a range of investment opportunities. The founders of inPERU include the following private institutions: Lima Stock Exchange (BVL); Cavali; Private Pension Fund Management Association (AFP); Peruvian Banking Association (ASBANC); Procapitales; Peruvian Finance Association (APEF); National Confederation of Private Business Institutions (CONFIEP); and the Peruvian Association of Insurance Companies (APESEG). It also has the support of the Peruvian State, through the Ministry of Economy and Finance (MEF); the Ministry of Foreign Affairs (MRE), the Central Reserve Bank of Peru (BCRP); the Superintendency of Banking and Insurance (SBS) and Pension Fund Management Companies (AFP); the Stock Exchange Superintendency (SMV); the Agency for the Promotion of Private Investment (ProInversión); and PromPerú.

During 2018, inPERU organized presentations to promote investment in Peru in the cities of New York, on September 13 and 14, and Vancouver, on September 20. In 2019, inPERU will develop two road shows, in Madrid and London from March 4 to 7.

8

Lima Chamber of Commerce - CCL

(Cámara de Comercio de Lima - CCL)

For the last 128 years, the Lima Chamber of Commerce (CCL) has represented and defended the interests of the business class before the country's authorities, as well as national and foreign entities. As part of its activities, it promotes free market policies and free competition with a sense of social responsibility, as well as fair and honest competition within a framework of values and ethical principles, fostering domestic and foreign trade and promoting good commercial practices.

The Lima Chamber of Commerce (CCL) is a strategic partner of the State, cooperating to ensure that the laws and other provisions foster national social and economic prosperity, taking the initiative in offering proposals and assuming responsibility in the activities entrusted to it by the State. It attempts to maintain close relations among all organizations representing business activities and cooperation for development, both Peruvian and international, especially supporting the decentralization of production. As a complementary activity, it conciliates interests and manages arbitration

proceedings in an affordable and democratic manner between companies or business people, trying to ensure quick and friendly agreements.

The vision of the Lima Chamber of Commerce (CCL) is to be the country's leading business association, respected by society and a reference point for the opinion of the business class.

The Lima Chamber of Commerce (CCL) groups together over 14,000 member companies, including the Chamber of Commerce, Production, and Services (Perucamaras) which, in turn, groups together the country's 63 chambers and associations.

► **Contact**

► Yolanda Felicia Torriani Del Castillo
President

► José Rosas Bernedo
General Manager

Address: Av. Giuseppe Garibaldi 396 Jesús María,
Lima

Tel: +51 1 463 3434

Website: www.camaralima.org.pe

9

National Association of Industries - SNI

(Sociedad Nacional de Industrias -
SNI)

The National Association of Industries (SNI) is the institution that groups together Peru's private industrial companies. It is a private-law, non-profit legal entity.

The members of the SNI currently include over 1,000 of the most representative companies of the country's industrial sector, accounting for 90% of the gross value of national production. It should be noted that 16% of Peru's Gross Domestic Product (GDP) is contributed by the industrial sector.

► **Contact**

► Ricardo Márquez Flores
President

► Carmen Gloria Cárdenas
General Manager

Address: Los Nogales 340, San Isidro, Lima

Tel: +51 1 616 4444

Website: www.sni.org.pe

10

Peruvian Association of Exporters - ADEX

(Asociación de Exportadores del Perú
- ADEX)

The Peruvian Association of Exporters (ADEX) is a business institution founded in 1973 to represent and provide services to its members: exporters, importers, and trade service providers. It is an association made up of large, medium, and small enterprises whose common denominator is their vision of achieving ambitious business objectives.

► Contact

► Juan Varillas Velásquez
President

Address: Av. Javier Prado Este 2875 San Borja,
Lima

Tel: +51 1 618 3333

Website: www.adexperu.org.pe

11

National Institute of Statistics and Information - INEI

(Instituto Nacional de Estadística e
Informática - INEI)

The INEI is the entity responsible for producing and disseminating the official statistical information that the country needs with the quality, timeliness, and coverage required, in order to contribute to the design, monitoring, and evaluation of public policies and the decision-making process of socioeconomic agents, the public sector, and the community in general.

Its main duties include:

- Formulating and evaluating the National Statistics Policy and Plan, as well as coordinating and guiding on the formulation and evaluation of sectorial, regional, local, and institutional plans.
- Coordinating and/or carrying out the production of basic statistics through censuses, sample-based surveys, and administrative records on the public sector, as well as keeping census maps up-to-date.
- Entering into agreements on technical assistance, specialized training, and the provision of statistic-related services.
- Regulating, guiding, and evaluating the organization of the Statistic Offices of the National Statistics System, as well as promoting the creation of Statistic Offices.
- Coordinating, providing opinions, and supporting national and international projects for the provision of financial technical assistance required in matters

of statistics by the entities of the National Statistics System at all levels.

- Safeguarding the confidentiality of the information produced by the entities of the system.

► **Contact**

► Francisco Manuel Costa Aponte
Head of the National Institute of Statistics and Information (INEI)

Address: Av. Gral. Garzón 654 - 658, Jesús

María, Lima - Perú

Tel: +51 1 652 0000

Website: www.inei.gob.pe

12

Peruvian Automotive Association - AAP

(Asociación Peruana Automotriz -
AAP)

► **Contact**

► Edwin Derteano Dyer
President

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Surquillo, Lima

Tel: +51 1 640 3637

Email: aap@aap.org.pe

Website: www.aap.org.pe

13

Association of Private Pension Fund Management Companies - AFP

(Asociación de Administradoras
Privadas de Fondos de Pensiones -
AFP)

► **Contact**

► Giovanna Prialé Reyes
President

Address: Calle Antequera 580, San Isidro, Lima
27, Perú

Tel: +51 1 399 3000

Website: www.asociacionafp.com.pe

14

Peruvian Banking Association - ASBANC

(Asociación de Bancos del Perú -
ASBANC)

► Contact

► Martín Naranjo Landerer
President

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Isidro, Lima 27, Perú
Tel: +51 1 612 3333
Fax: +51 1 612 3316
Website: www.asbanc.com.pe

15

Real Estate Developers Association - ADI PERU

(Asociación de Desarrolladores
Inmobiliarios - ADI PERU)

► Contact

► Marco del Río Arrieta
President

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703, San Isidro, Perú.
Tel: +51 1 99 983 438
Email: info@adiperu.pe
Website: www.adiperu.pe/asociacion

16

National Association of Pharmaceutical Laboratories - ALAFARPE

(Asociación Nacional de Laboratorios
Farmacéuticos - ALAFARPE)

► Contact

► Oscar Sedén Polo
President

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Lima 27, Perú
Tel: +51 1 441 0693
Fax: +51 1 441 1745
Email: Alafarpe@alafarpe.org.pe
Website: alafarpe.org.pe

17

Association for the Promotion of National Infrastructure - AFIN

(Asociación para el Fomento de la
Infraestructura Nacional - AFIN)

► **Contact**

► Leonie Roca Voto Bernales
President

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Tel: +51 1 441 1000

Fax: +51 1 422 7611

Email: comunicaciones@afin.org.pe

Website: www.afin.org.pe

18

Peruvian Poultry Association - APA

(Asociación Peruana de Avicultura -
APA)

► **Contact**

► Mario Aníbal Berrocal Perez
President

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Estanque, San Borja, Lima 41, Perú

Tel: +51 1 372 1540

Email: apacomunicaciones@apa.org.pe

Website: www.apa.org.pe

19

Peruvian Association of Insurance Companies - APESEG

(Asociación Peruana de
Empresas de Seguros - APESEG)

► **Contact**

► Eduardo Morón Pastor
President

Address: Calle Amador Merino Reyna 307,
Edificio Nacional - piso 9, San Isidro, Lima - Perú

Email: seguros@apeseg.org.pe

Website: www.apeseg.org.pe

20

Peruvian Association of Port Operators

(Asociación Peruana de Operadores
Portuarios)

► Contact

► Fausto Chire Bauda
President

Address: Larco 360, La Punta, Callao 5, Perú

Tel: +51 1 465 5982

Fax: +51 1 453 0697

Website: www.asppor.org.pe

21

Lima Stock Exchange - BVL

(Bolsa de Valores de Lima - BVL)

► Contact

► Marco Antonio Zaldívar García
President

Address: Pasaje Acuña 106, Lima - Perú

Tel: +51 1 619 3333

Website: www.bvl.com.pe

22

Peruvian Chamber of Construction - CAPECO

(Cámara Peruana de la Construcción
- CAPECO)

► Contact

► Enrique Espinosa Becerra
President

Address: Av. Victor Andrés Belaunde 147
(Edificio Real 3) Oficina 401, San Isidro, Lima -
Perú

Tel: +51 1 230 2700

Website: www.capeco.org

23

Federation of Private Tertiary Education Institutions - FIPES

(Federación de Instituciones Privadas
de Educación Superior - FIPES)

► **Contact**

► Jorge Talavera
President

Address: Av. Horacio Urteaga 1781, Jesús María,
Lima - Perú

Tel: +51 1 601 6480

Fax: +51 1 313 3344

Email: secretaria@fipes.pe

Website: www.fipes.pe/fipes

24

National Society of Mining, Oil and Energy - SNMPE

(Sociedad Nacional de Minería,
Petróleo y Energía - SNMPE)

► **Contact**

► Luis Marchese Montenegro
President

Address: Calle Francisco Graña 671, Magdalena
del Mar, Lima 17, Perú

Tel: +51 1 215 9250

Fax: +51 1 460 1616

Email: postmaster@snmpe.org.pe

Website: www.snmpe.org.pe

25

National Fisheries Association - SNP

(Sociedad Nacional de Pesquería -
SNP)

► **Contact**

► Elena Conterno Martinelli
President

Address: Av. República de Pamamá 3591, piso 9,
San Isidro, Lima 27, Perú

Tel: +51 1 422 8844

Email: snpnet@terra.com.pe

snpnet@snp.org.pe


Website: snp.org.pe





Exhibits

EY Services for Business and Investment in Peru



EY is the leading business consulting firm in Peru, assisting companies through its auditing, consulting, tax, transaction and corporate finance services for the Financial Industry (FSO).

At EY, we focus on helping our clients achieve their full business potential, aiding them in improving their management. Our global network of professionals will help investors find financial, strategic, and operational alternatives to improve their liquidity, financial standing and performance, thus helping them to develop sustainable business in both the short and long terms.

Our approach is based on combining leading practices and methodologies with innovative thinking, adapting and renewing our services based on each client. Not all organizations are the same, and changes have a different impact on each one of them. High-performance companies know that confidence attracts success, and that is the reason why more and more companies in Peru decide to work with EY.

Tangible Benefits and Real Value

► **Market leaders**

We work with 90% of the 100 largest companies in Peru, and we audit seven out of the ten principal Peruvian business groups.

► **We are committed to serving and supporting emerging and expanding businesses**

We have offices to serve the northern and southern regions of the country.

► **Exceptional leaders working as a team**

We are present in 140 countries around the world. In Peru, we employ 1,500 professionals, led by 76 top-level executives.

► **Committed to the country's growth**

We publish and share our studies and publications free of charge through our online EY Peru Library.

► **We are opinion leaders**

Our partners and principal managers actively participate as spokespersons in the country's main business media, as well as speaking at different events.

Useful Information for Your Business

Our EY Library is a knowledge space where you will find opinion pieces, sectorial investigation, studies, and relevant information on management and trends in the business world. Visit the EY Library at www.ey.com/PE/EYPeruLibrary

For more information, visit:
<http://www.ey.com/PE>

1

Advisory



Jorge Acosta
Advisory Leader
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jorge.acosta@pe.ey.com

We help our clients resolve the most complex issues in their industry, as well as improving the business environment. Our focus on risk mitigation and performance improvement gives us an in-depth understanding of their challenges and opportunities, in order to help them achieve tangible results that drive, optimize, and protect your company.

> Strategy Services

Service	Subservice
Strategic planning and management indicators	<ul style="list-style-type: none"> - Strategic planning - Definition of mission and vision - Definition of project portfolio - Balance Scorecard (BSC) - Establishment of goals and organizational indicators - Dissemination of goals, KPIs, and priorities
Corporate governance and sustainability	<ul style="list-style-type: none"> - Diagnostics - Implementation and improvement of good practices - Corporate social responsibility - Climate change and sustainability - Adoption of the cornerstones of good governance: strategy, control, shareholders, information and sustainability

> Technology Services

Service	Subservice
Real IT benefits	<ul style="list-style-type: none"> - ERP implementation and support (CRM, SCM, BI, SOD) - Definition of IT governance - Cost/assessment optimization of IT performance - Systems area design - Data quality diagnostics - Selection of software - Data analytics / data quality - Cloud solutions - Support in project implementation and control
IT Security	<ul style="list-style-type: none"> - Analysis and implementation of access roles in IT systems - Evaluation, design and implementation of security in IT systems (ERP security) and in the computing infrastructure - Diagnosis and design of segregation of duties (SoD) - Application vulnerability analysis

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> Talent Advisory Services

Service	Subservice
Leadership and talent management strengthening	<ul style="list-style-type: none"> - HR analytics - Hire2Retire cycle management - Ad hoc job induction plans - Career plans by position and key personnel - Learning maps for skills development - Succession plans - Establishment and measurement of area goals - Applications supporting the human resources management

> Process Advisory Services

Service	Subservice
Operational performance improvement	<ul style="list-style-type: none"> - Cost reduction - Cost/benefit design - Management control (KPIs) - Finance analytics - Design of cost models (cost center and ABC costs) - Process redesign - Business model redesign
Revenue improvement	<ul style="list-style-type: none"> - Revenue assurance and improvement - Customer segmentation - Customer analytics - Business intelligence - Pricing models - Improvement of customer experience - Design of customer relationship management (CRM) model
Supply chain management	<ul style="list-style-type: none"> - Demand planning - Design of networks, distribution centers and warehouses - Sales and operational planning - Strategic sourcing - Optimization of stocks, raw materials and finished product - Optimization of production chain - Supply chain management (SCM) improvement

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> *Risk Management*

Service	Subservice
Internal auditing	<ul style="list-style-type: none"> - Internal audit cosourcing - Internal audit outsourcing - Internal audit quality assessment according to international standards of the Institute of Internal Auditors - Internal audit function strengthening
Risk management	<ul style="list-style-type: none"> - Efficiency in IT risk and process management - Internal control based on COSO - Integrated risk management (enterprise risk management, contract risk services, etc.) - Process and project risk management - Evaluation of credit, liquidity, market and operational risks - Evaluation of management controls and tools - Efficiency in asset management and control and in fixed asset composition
Statutory management	<ul style="list-style-type: none"> - Regulatory compliance audit - Adaptation to Data Protection Act - Compliance with and adaptation to the Sarbanes-Oxley Act (SOX) - Advisory on the adaptation to FATCA regulations - Advisory on electronic billing - Advisory on the adaptation to the regulations related to negotiable billing - System audit (COBIT-ISO27000-ITIL) - SSAE16 Review (third-party services report)

2

Assurance



Juan Paredes
Assurance Leader
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juan.paredes@pe.ey.com

At EY we contribute local and international skills and experience in our audits, helping companies to guarantee the quality and integrity of their financial information, as well as giving the market confidence in their transparency and accuracy, in accordance with the applicable accounting principles.

We create value for your business, generating confidence in the quality and sufficiency of the financial and non-financial information, in order to allow for adequate decision-making.

> Assurance Services

Service	Subservice
Change Accounting	<ul style="list-style-type: none"> - Diagnostic and implementation of new IFRSs (IFRS 9, IFRS 15, IFRS 16, and IFRS 17). - Specialized training by industry.
Financial Reporting	<ul style="list-style-type: none"> - Operating and systems diagnostic to speed up or improve the individual and consolidated financial reporting process under the IFRS. - Development of governance (policies, processes, checks) for financial reporting presentation.
Accounting Estimates	<ul style="list-style-type: none"> - Review of accounting estimates: impairment of non-financial assets, provision for dismantling, differed income tax, biological assets, real estate investments, etc.
Climate Change and Sustainability Services (CCaSS)	<ul style="list-style-type: none"> - Review of financial and non-financial aspects of sustainability reports.
Mergers & Acquisitions - Deal Accounting	<ul style="list-style-type: none"> - Support or performance of accounting due diligence. - Financial/accounting analysis of scenarios for acquisition structure. - Purchase-Price Allocation (PPA) under IFRS 3.
IPO and Capital Markets	<ul style="list-style-type: none"> - Preparation of financial reporting for public offering under Rule 144-A. - Analysis of refinancing with bond issue.
Specialized Advisory Services	<ul style="list-style-type: none"> - Analysis of complex and unusual transactions. - Review of concession agreements (IFRIC 12) and accounting model analysis. - Analysis of the financial effect of tax transactions.
Corporate Treasury and Financial Instruments	<ul style="list-style-type: none"> - Assistance in the classification and measurement of financial instruments under IFRS 9. - Assistance in the impairment of financial instruments with the expected loss approach of IFRS 9. - Hedge accounting strategy and its tax treatment.

3

Tax



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Tax services help companies adequately comply with their tax, customs, and labor obligations, minimizing their tax risks in a scenario of continual, tough-to-implement statutory changes.

We assist companies in all stages of the “Fiscal Life Cycle,” which ranges from the understanding and planning of operations to monitoring compliance with their obligations. We also accompany them during the audit actions taken by the respective administrative authority, offering support during any litigation that may arise.

> Tax Services

Service	Subservice
Tax advisory	<ul style="list-style-type: none"> - Constant consultancy on tax matters - Tax planning - Advisory on audit processes - Sector taxation - Advisory on reorganizations, mergers, etc.
Tax compliance	<ul style="list-style-type: none"> - Review of Income Tax, Value Added Tax, Temporary Net Assets Tax Returns and other tax returns related to other applicable taxes. - Advisory on assessment, improvement and monitoring of tax processes - Tax information report - Analysis of tax implications related to the IFRS implementation - Support in audit processes undertaken by the Tax Administration
Transfer pricing	<ul style="list-style-type: none"> - Compliance - Consultancy and strategic planning - Disputes
Individual labor and tax advisory	<ul style="list-style-type: none"> - Labor, tax/labor, and social security law - Compliance on labor and tax/labor matters - Taxation of individuals - Analysis and migration procedures from and to other countries - Labor inspections and labor-related judicial proceedings

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> Tax Services (continued)

Service	Subservice
Legal services	<ul style="list-style-type: none"> - Design and planning of contract and corporate structures, as well as corporate reorganizations - Negotiation and drafting of business procurement contracts - Advisory on compliance with regulatory obligations and statutes on personal data protection - Advisory on participation in processes for private investment in infrastructure
Customs and indirect taxes	<ul style="list-style-type: none"> - Consultancy on customs and customs taxation - Advisory and management on customs audit proceedings performance of diagnostics and preventive reviews, as well as advisory on non-contentious and contentious proceedings - Implementation of customs advantages, planning, taking advantage of commercial agreements, compliance with rules of origin, customs valuation studies - Advisory on procedures for mechanisms on balances owed to the exporter, early and final refunds and recovery of VAT, as well as recovery of VAT withholdings and reverse withholdings - Analysis of the nature of services such as technical assistance and processes related to the certification thereof for income tax purposes in the case of non-domiciled parties
International taxation	<ul style="list-style-type: none"> - Advisory on the incorporation of the most efficient legal vehicle from a tax perspective, capitalization or financing of operations, repatriation of currencies, and efficient final supply chain management - Advisory on the most efficient structuring of the international businesses of economic groups - Identification of the most advisable jurisdictions to establish holding companies or financial companies - Application of double-taxation agreements
Tax litigation	<ul style="list-style-type: none"> - Contentious tax proceedings for claims with the National Superintendency of Tax Administration (SUNAT), regulatory bodies, municipalities and the Tax Court (complaints, appeals, claims and oral reports) - Legal proceedings on tax matters before the Judicial Branch (contentious administrative proceedings, legality control proceedings) and the Constitutional Court (amparo proceedings, enforcement proceedings and unconstitutionality actions) - Refunds and compensation proceedings - Issuing of expert reports and agreed procedures to introduce and support the defense - Issuing of contingencies diagnostic reports - Specific design of defense strategies - Participation in the support of oral reports before the Tax Court, the Judiciary and the Constitutional Court - Validation of the correct disclosure of tax contingencies related to tax procedures and processes in the financial statements
Taxes on transactions	<ul style="list-style-type: none"> - Advisory on pre-transaction structuring - Advisory on the optimization of tax benefits in the financing of the transaction - Evaluation of the tax modeling in the projected cash flows of the transaction - Tax, customs, labor, and transfer pricing due diligence
Accounting, tax, administrative, and payroll processing outsourcing	<ul style="list-style-type: none"> - Accounting processing - Statutory reports - Tax compliance - Payroll processing - Personnel administration
Executive Training Program	<ul style="list-style-type: none"> - Customized training on tax, customs, legal, labor and financial-accounting matters

4

Transactions and Corporate Finance



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Managing Transactions and Corporate Finances means making the right decisions about the way to strategically manage capital in a changing world, with limited time and resources. At EY, we have a specialized team that helps organizations evaluate investment opportunities based on the Capital Agenda, in order to carry out efficient transactions and achieve their strategic goals.

We are able to advise you on the search for the right strategy for your company in merger and acquisition processes, the identification of synergies, support in financial modeling, and the measurement of the transaction implications, so that your business is more competitive, profitable, and faster growing.

> Transactions & Corporate Finance Services

Service	Subservice
Mergers and acquisitions	<ul style="list-style-type: none"> - Valuation of the target company (buy side or sell side) - Advisory on the identification of targets and buyers, with a special emphasis on the identification of synergies that make it possible to create greater added value for the transaction - Preparation of information teasers and memorandums - Management of proposal outlines and binding proposals - Accompaniment in negotiation with possible buyers and/or sellers - Advisory on sale agreements and the negotiation of terms and conditions to close the transaction
Financial valuation and modeling	<ul style="list-style-type: none"> - Valuation of companies and businesses, tangible and intangible assets, derivatives and complex assets - Fairness opinion: independent opinion on the market value of companies and assets - Business modeling: design, structuring, and review of valuation models - Purchase price allocation: valuation of individual net assets and assignment of purchase prices as part of business combination transactions
Structuring of debt and equity instruments	<ul style="list-style-type: none"> - Advisory on fixed income and equity issue programs - Financial modeling of the instrument's optimal structure - Advisory on capital raising processes - Design of structured financing alternatives (securitization of product flows) - Review of legal aspects of the transaction - Accompaniment during entry to the capital market - IPO Readiness

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> Transactions & Corporate Finance Services (continued)

Service	Subservice
Project finance and Public-Private Partnerships	<ul style="list-style-type: none"> - Development of feasibility studies - Preparation of financial modeling - Risk analysis and mitigation - Advisory on the definition of the optimal financial structure - Support in negotiation with possible financiers - Design of optimal tax and financial structuring models - Review and analysis of public and private projects
Working capital management	<ul style="list-style-type: none"> - Diagnostic, design, and implementation of an integrated strategy - Quantification of opportunities for improvement in the three main components of working capital - Quantification of the release of cash and increased profitability of the business - Determination of policies for suppliers and implementation of best practices for working capital management
Operational transaction services (OTS)	<ul style="list-style-type: none"> - Preparation and support in carve-out and integration processes - Identification and realization of synergies identified - "Day One" diagnostic and "First 100 Days" plan in integration processes - Support in business continuity management
Financial, accounting, tax, labor, and legal due diligence	<ul style="list-style-type: none"> - Development of comprehensive due diligence: financial, accounting, tax, labor, and legal - Evaluation of financial statements and application of good financial, accounting, tax, labor, and legal practices - EBITDA normalization analysis - Identification of key financial factors that could impact the transaction pricing - Quantification of contingencies identified - Analysis of the calculation of price adjustments for the closure of transactions - Review of the financial model
Commercial due diligence	<ul style="list-style-type: none"> - Performance of a pre-sale diagnostic for the competitive sustainability of the target's goods and services - Evaluation of the stability and growth of the customer base - Assistance in the evaluation of the competitive environment, supply and demand of the company's goods and services - Evaluation of key suppliers and distributors as part of the target's business - Assistance in takeovers for integration and carve-out processes
Operational due diligence	<ul style="list-style-type: none"> - Determination of operational and IT deficiencies in the target - Understanding the risks and costs of integration - Identification of priority areas for an adequate planning of the integration - Identification of synergies - Understanding operational systems, including base software and hardware as well as applications developed by in-house staff - Understanding processes for risk management and information security
Tax Structure	<ul style="list-style-type: none"> - Advisory on pre-transaction structuring to identify options that increase the transaction's value: reduction of tax costs and design of exit strategies - Advisory on the optimization of tax benefits in the financing of the transaction - Structuring of transactions for the optimization of tax benefits - Evaluation of tax modeling in the projected cash flows of the transaction

5

Financial Services Office - FSO



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Our vision guarantees the most complete value proposition in business transformation area for the financial industry. We help align your strategy, organization, processes, and technology to achieve results that surpass your expectations.

> Consultancy for the Financial Industry

Service	Subservice
Business transformation	<ul style="list-style-type: none"> - Digital transformation - Diagnostic and design of innovation and growth strategies - Innovation of the experience and customer relationship - Optimization of distribution, products and channels - Improvement of the customer experience - Distribution management
Value for the client	<ul style="list-style-type: none"> - Revenue assurance and improvement - Cost reduction and performance improvement - Structural reform and reform of business operating models and support areas - Improvement of the customer acquisition process - Claims advisory - Connecting the business with technology - Redesign of the core business - Transformation of consumer, wholesalers and capital markets banking - IT Transformation: Efficient integration of processes and technology - Improvement of the supply chain and suppliers management - Advisory and transformation of policies and products - Advisory and transformation of general, life and health insurance - Business transformation (front, middle and back office)
Business Protection	<ul style="list-style-type: none"> - Governance, risk and control - Internal audit and SOX - Cyber risk management - Actuarial services - Management of business continuity and information security - Systems audit - Management of regulations and compliance - Integrated tests and internal control transformation
Financial performance and risks	<ul style="list-style-type: none"> - Treasury services and liquidity risk management - CCAR - Capital adequacy and stress testing - Structured finance - Economic regulatory capital - Transformation of integrated risk management - Optimization of profitability and costs - Commercial optimization - Credit and market risk management - Planning and improvement of the performance of financial risks - Compliance advisory - Financial, risks and reports improvement - Regulatory reports





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Exhibits

Directory of Regional Governments

NB: In the month of October (and possibly December) 2018, elections for regional presidents were held, so the following list could change.

We suggest visiting the website www.peru.gob.pe/directorio/pep_directorio_poderes.asp?cod_poder=7 as of January 2019.

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Apurímac ▶ Regional President ▶ Wilber Venegas Torres A: Jr. Puno Nro. 107 - Abancay T: 083 322 688 E: presidencia@regionapurimac.gob.pe	Arequipa ▶ Regional President ▶ Yamila Osorio Delgado A: Av. Unión Nro. 200, Urb. César Vallejo - Paucarpata T: 382 860 Ax. 1100 E: yosorio@regionarequipa.gob.pe
Ayacucho ▶ Regional President ▶ Wilfredo Oscomina Núñez A: Jr. Callao Nro. 122, Huamanga - Ayacucho T: 066 403 528 E: gra_presidencia@hotmail.com	Cajamarca ▶ Regional President ▶ Wigberto Vásquez Vásquez A: Jr. Santa Teresa de Journet Nro. 351 Urb. La Alameda - Cajamarca T: 046 599 005 Ax. 1010 E: secpres@regioncajamarca.gob.pe presidencia@regioncajamarca.gob.pe
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
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