

Peru's Business and Investment Guide in Agriculture and Agribusiness

2024/2025

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of Foreign Affairs

EY



Peru's Business and Investment Guide in Agriculture and Agribusiness 2024/2025

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2024/2025



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Elmer Schialer

Minister of Foreign Affairs



Peru's Ministry of Foreign Affairs has the honor to present the Peru's Business and Investment Guide in Agriculture and Agribusiness 2024/2025, which provides strategic information on the agricultural sector in Peru.

Aware of the crucial importance of collaboration between the public and private sectors to foster business opportunities and to attract investment to our country, we are proud to offer this publication, developed within the Interinstitutional Cooperation Agreement between the Ministry of Foreign Affairs and EY Peru.

Thanks to its privileged and diverse geographical location, Peru has an abundance of natural resources. Our country hosts 84 of the world's 103 ecosystems and 28 of the 32 possible climates, which grants us exceptional comparative advantages to cultivate a large variety of crops throughout the year. These conditions have consolidated Peru as a world player in agroexports.

In the international arena, Peru has gained the position of a leading supplier of high quality agricultural products, appreciated in the most demanding markets for their nutritional value, environmental sustainability and competitiveness. We are the world's leading exporter of grapes, blueberries, asparagus (fresh and canned) and quinoa, and we rank prominently in the export of avocados, ginger, Brazil nuts, bananas and organic coffee.

Besides its geographic advantages, Peru enjoys a strong and stable macroeconomic environment, with responsible management of inflation and a regulatory framework that promotes competition and investment. At June 2024, our international reserves were at USD74.4 billion, equivalent to 26.6% of GDP, exceeding other countries in the region. At the same time, foreign investment in Peru is protected against risks such as currency inconvertibility and expropriation, supported by bilateral and multilateral agreements.



Peru offers great opportunities for the agroexport business, highlighted as one of the most open economies in Latin America, with 24 Free Trade Treaties in force and a growing enforcement of plant health agreements that facilitate the access of our products to new markets.

In line with our foreign policy priorities, we continue to coordinate our work to attract investments and encourage sustainable economic development. The agricultural sector is a fundamental pillar of our economy, essential to creating jobs and reactivating the economy. And thus, our Ministry actively supports initiatives to position Peruvian products in the international market.

We invite you to explore this Guide to find out more about Peru's dynamic agricultural ecosystem and current regulations and enjoy the benefits of the huge agroexport potential our country has to offer.



Photograph by César Vega / © PROMPERU



Augusto Morelli

Director General of Economic Promotion



The Executive Office for Economic Promotion of Peru's Ministry of Foreign Affairs is committed to promote the investment opportunities available in the Peruvian market, undertaking an intensive collaborative task with the private sector. In this context, the Peru's Business and Investment Guide in Agriculture and Agribusiness 2024/2025 has been developed as a clear demonstration of this joint effort, which we consider fundamental for economic and social development of the country.

Agriculture is the country's second economic driver and an essential food supplier to the world. Over the past two decades, exports have grown from USD275 million in 1995 to USD10.5 billion in 2023, with export growth in agricultural products of 97.8%, and 53.0% in agroindustrial products, between 2016 and 2023. This growth is the product of the strategic use of geographical factors that benefit farming in Peru, and which has been boosted by a focus on innovation, functionality and practices that respect the environment. This focus is aligned with the global trend led by consumers who prefer healthier and more sustainable options.

Peru has been implementing the Strategic Multi-year Sectoral Plan in the Agrarian and Irrigation Sector 2024-2030, which establishes a number of measures such as improvement of productivity on farmland, and investment in resilient green and grey infrastructures – sowing and harvesting of water, restoration of ecosystems, technical irrigation systems, dams and terraces, that can resist or mitigate the effects of natural disasters like floods, droughts and landslides. The measures also include the development of irrigation projects such as Chavimochic III (111,000 hectares), Majes-Siguas II (38,500 hectares), Chinecas (83,000 hectares) and Chancay-Lambayeque (20,000 hectares).



These measures not only increase the arable surface but also promote the modernization of irrigation techniques, which contributes to a more efficient use of water. By implementing these measures, Peru positions itself as a leader in agro exports, with the potential for doubling its agribusiness exports and achieving a value superior to USD22 billion, besides increasing direct and indirect jobs by 1.1 million nationwide. As a result, sustainable agricultural development is ensured to benefit both producers and communities in response to the increasing demand in the global market.

Likewise, the government has identified another 168,000 hectares of lands that could be incorporated to modern farming through the development of different projects: Olmos Phase II (50,000 hectares), Pampas Verdes (50,000 hectares), Majes I Optimization (8,000 hectares), Alto Piura (20,000 hectares) and Chira - Piura (40,000 hectares). The investment in infrastructure and technology will allow optimization in the use of water resources and improvement in farming practices, facilitating the transition towards more sustainable and efficient methods.

Added to this is the upcoming inauguration of the Multimodal Hub of Peru's Central Coast, which will open up growth of national agricultural exports by providing the facilities for trade with countries in the Asia Pacific, granting Peruvian producers greater competitiveness because of lower logistics costs and shorter transfer times of the products.

Lastly, it is worth noting the importance of agriculture in the gastronomy boom that Peru has experienced in recent years. Our cuisine is witness to the hard and constant work of Peruvian farmers, defenders of biodiversity and administrators of the organic larder. The surge of our gastronomy is contributing to the revaluation of Peruvian signature products and generating a new demand for these, contributing to the rescue and reappraisal of our identity and becoming an integrating tool and a means for social development that is also positioning Peru as an important food destination for tourists.

At the Executive Office for Economic Promotion of the Ministry of Foreign Affairs we work actively to promote Peru's agricultural products and attract investments that strengthen agribusiness. The objective is to create a stable environment to encourage sustainable growth and competitiveness of Peruvian agriculture on the global market.

Through the Peru's Business and Investment Guide in Agriculture and Agribusiness 2024/2025, we at the Executive Office for Economic Promotion invite you to explore the opportunities offered in Peru's agricultural sector. We are confident that you will find Peru to be a reliable partner and a market full of possibilities.



Alfonso Bustamante

APEC Business Advisory Council
(ABAC) Member - Peru



Peru's agriculture sector stands out as a vibrant and promising engine of economic growth, consistently proving its strength in both domestic and international markets. It plays a critical role not only in Peru's economy but also in global food supply chains. Thanks to its unique geography and favorable climate conditions, Peru benefits from high yield productivity in counter seasonal production windows on a diverse range of high-quality crops, including superfoods like quinoa, avocados, grapes and blueberries, as well as

premium coffee and cacao, products that are increasingly sought after worldwide. New farmland developed in the coastal deserts, makes Peru an ideal destination for agricultural investment.

The country's economic resilience is grounded in effective free-market policies and strategic long-term planning. Despite global challenges, Peru has maintained steady growth, as evidenced by a consistently rising GDP per capita over the past three decades. This growth is supported by a stable macroeconomic environment, characterized by low inflation rates, a strong fiscal position, and positive credit ratings from major agencies, enhancing Peru's reputation as a reliable and attractive investment hub.

Peru's integration into the global economy has been further strengthened by its extensive network of 24 free trade agreements, covering 58 markets. This strategic access has significantly propelled the growth of the agribusiness sector, positioning Peru as a global leader in the production and export of grapes, asparagus, and blueberries. Additionally, Peru plays a key role in the global supply of avocados, artichokes, mangoes, and coffee.



Looking ahead, the future of Peruvian agriculture is even more promising. Currently, over 200,000 Km² are dedicated to agricultural activities, with plans to increase this in the coming years. A significant milestone this year is the launch of Chancay Port, which will transform Peru into a logistics hub for South America. This USD3.6 billion investment will allow the port to accommodate the world's largest vessels and reduce transit times between Asia and Peru by 33%, or about 10 days.

Investing in Peru not only provides access to a growing and profitable market but also allows businesses to contribute to long-term sustainability, food security and rural development. We invite readers to be part of this exciting journey and contribute to the continued growth and success of this vital industry.



Photograph by Inés Menacho / © PROMPERÚ



Paulo Pantigoso

Country Managing Partner
EY Peru



One of the most historically, environmentally, socially and economically important activities in our country is agriculture. Peru has a long agricultural tradition that dates back to the earliest American civilizations. Today, this tradition has evolved to satisfy the demands of the modern world and take advantage of the opportunities it offers. The country's diverse climatic conditions, combined with effective soil and water management, as well as balanced crop nutrition, have enabled Peru to position itself as one of the main agricultural countries in the world.

According to government statistics, the agricultural sector is crucial to the national economy, contributing 3.6% to the Gross Domestic Product (GDP) as of December, 2023. It also plays an important role in job creation, representing 24% of the Economically Active Population (EAP), which is equivalent to approximately 4.3 million jobs.

Despite the difficult global situation in terms of food security and prices in 2023, Peru's agricultural sector has shown remarkable resilience. Over the past decade, the sector has grown at an average rate of 3.1%, and it is estimated that the agricultural sector will continue to grow the coming years, at 3.5% in 2024 and 2025.

This growth is based on increasing demand and the opening up of new international markets, which are increasingly demanding in terms of product quality and durability in large quantities. In this sense, our country has awakened global interest, which has led to an accelerated growth of Peruvian agricultural exports in the last decade, both in terms of value and volume of exports. Agricultural exports amounted to USD4.4 billion in 2013, which practically doubled in 2023, reaching USD10.5 billion. In particular, blueberry exports stand out,



growing from USD17 million and 1,513 tons in 2013 to USD1.7 billion and 206 thousand tons in 2023; likewise, fresh grape grew from USD441 million and 172 thousand tons in 2013 to USD1.7 billion and 649 thousand tons in 2023.

Currently, Peru is the world's first agro-export of blueberries, quinoa, asparagus and fresh grapes; second in fresh avocados, ginger, sea urchins and Amazonian nuts.

As Peru's agricultural sector continues to expand, it offers great opportunities for investment and innovation through digital technologies, the bio-economy and balanced nutrition programs. Therefore, we are proud to share key information for investors and are committed to working to attract investment that will help boost our agricultural sector and showcase its benefits to the world.

Consequently, EY reaffirms its commitment to building a better world for business, contributing to the development of the country and the growth of companies. Our intention is to provide readers with a clear, technical and concise overview of the importance and performance of the agricultural sector. Its reading will be beneficial to all those who wish to learn and take advantage of the opportunities offered by this transcendental sector.

We invite you to read this guide and we are available to assist you.



Photograph by César Vega / © PROMPERÚ

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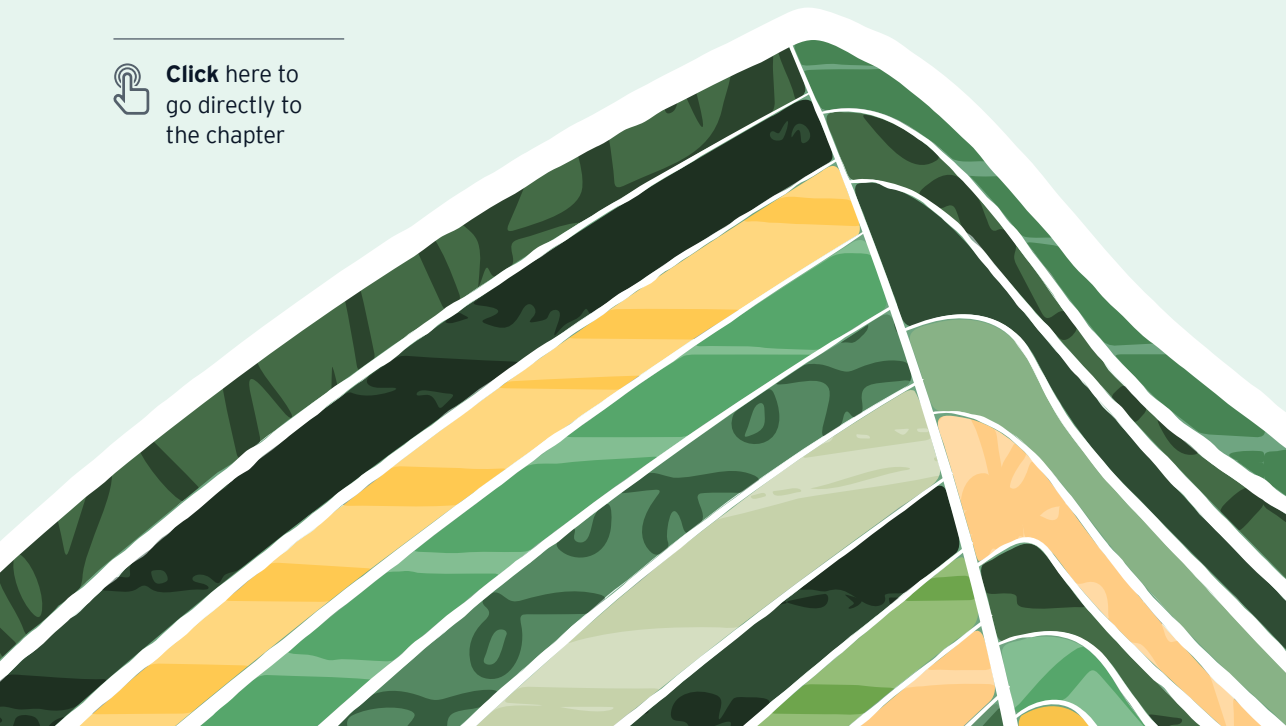
01.

Background Information

1. Government
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1. Background Information

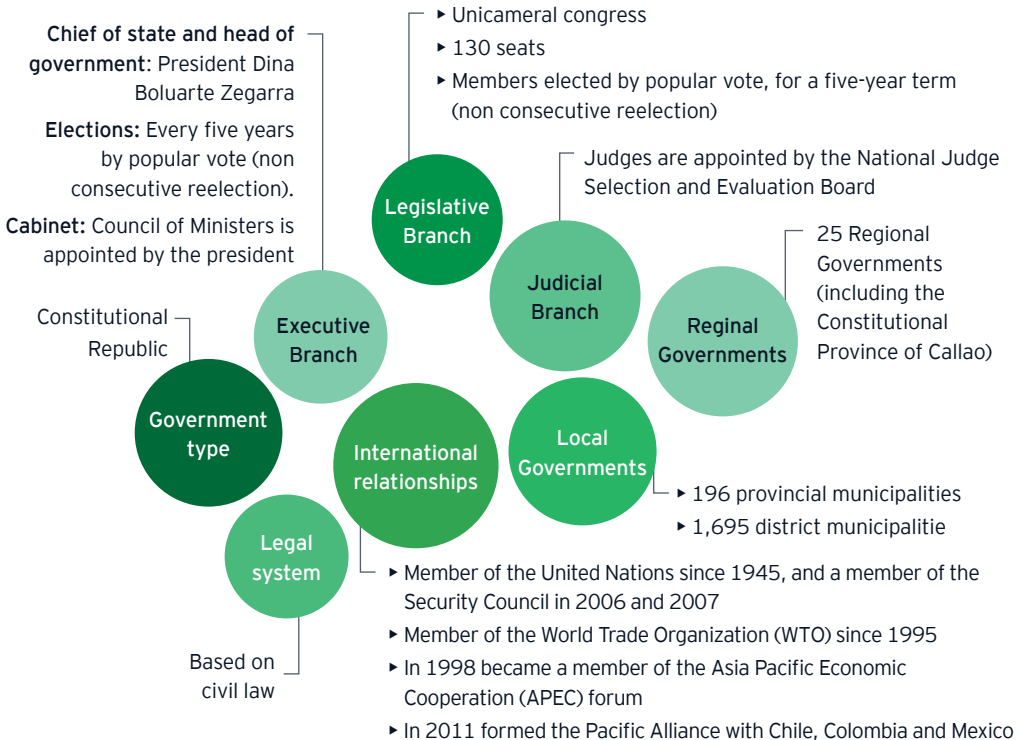
1 Government

Peru is a democratic constitutional republic with a multiparty system. Under the Constitution of 1993, the President is the Chief of State and Head of Government. The President is elected every five years and cannot run for re-election immediately. The President appoints the Prime Minister and the members of the Cabinet. There is a unicameral Congress of 130 members elected for a five-year period. The legislative proposals

can be submitted by both the executive and legislative branch and will become law once they are approved by the Congress and promulgated by the President. The judicial and electoral bodies are independent.

The Peruvian Government is elected directly through a mandatory vote, applicable to all citizens between the age of 18 and 70.

Country Overview



Source: National Institute of Statistics and Information (INEI), 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 20.3 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 8.8 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 4.9 million inhabitants in this area.

Peru's Geographic Information



- ▶ **Area**
1.29 million of km²
- ▶ **Main Languages**
Spanish, Quechua and Aymara
- ▶ **Climate**
Varies from tropical in the amazon region to dry on the Coast temperate to very cold on the highlands.
- ▶ **Religion**
Freedom of Religion, mainly Roman Catholic
- ▶ **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, zinc, silver, gas, petroleum, fish, phosphates, timber agricultural products.

Source: National Institute of Statistics and Information (INEI).

1. Background Information

3 People

The projected population of Peru for 2024 is approximately 34.0 million inhabitants, of which approximately 12.5 million reside in Lima (including the population of the Constitutional Province of Callao). The labor force (Economically Active Population - EAP) is estimated at 18.3 million people.

The majority religion is Roman Catholicism, and the main official languages are Spanish and Quechua. Aymara is also spoken, especially in the southern highland's region, and other native languages, especially in the Amazon jungle region. In 2023, the literacy rate is 95.2% in the population over 15 years of age.



Photograph by César Vega / © PROMPERÚ

People Overview 2024*

- ▶ **Population**
 - 34.0 million
 - 83.1% urban
 - 16.9% rural
- ▶ **Age Structure**
 - 0-14 years: 23.9%
 - 15-59 years: 62.2%
 - 60 years and over: 13.9%
- ▶ **Growth Rate**
 - 0.9%
- ▶ **Birth Rate**
 - 16.4 births /1,000 population
- ▶ **Mortality Rate**
 - 6.3 deaths /1,000 population
- ▶ **Gender Ratio**
 - 1.02 male/female
- ▶ **Life Expectancy at Birth**
 - 77.4 years

* Projection.

Source: National Institute of Statistics and Information (INEI).

1. Background Information

4

Currency and Monetary Policy

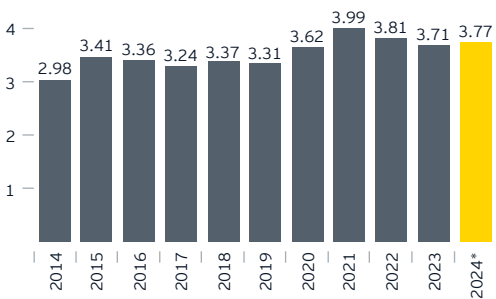
The Peruvian currency is the Sol (PEN). The Central Bank of Peru (BCRP) conducts a managed floating regime for the exchange rate of the PEN versus the US Dollar (USD). The country has a free-floating exchange rate regime, in which the central bank intervenes to avoid large fluctuations.

The banks were buying (August 31, 2024) USD at PEN3.739 and selling them at PEN3.750. The parallel market has very similar exchange rates. There are no restrictions or limitations on holding bank accounts in foreign currency or to remit funds abroad.

The BCRP started targeting inflation in 2002 and is now committed to keeping the annual inflation rate within a target range of 1% to 3%. The central bank's commitment to stable inflation has favored inflows of capital as well as exchange rate stability.

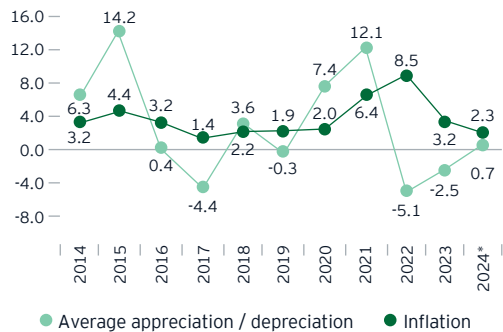
In 2023, the inflation rate in Peru was 3.2%, while the depreciation rate was 2.5%. In 2024, the annual appreciation rate and inflation rate are expected to be 0.7% and 2.3% respectively. Peru's level of inflation is one of the lowest in the region (Colombia 9.3%; Mexico 4.4%; Brazil 4.6%; Chile 3.9%), with a rate of 3.2% in 2023.

Exchange rate evolution: soles per USD1 (end of each year)



*August 2024 Macroeconomic Expectations Survey.
Source: Central Reserve Bank of Peru (BCRP).

Average appreciation / depreciation and Inflation

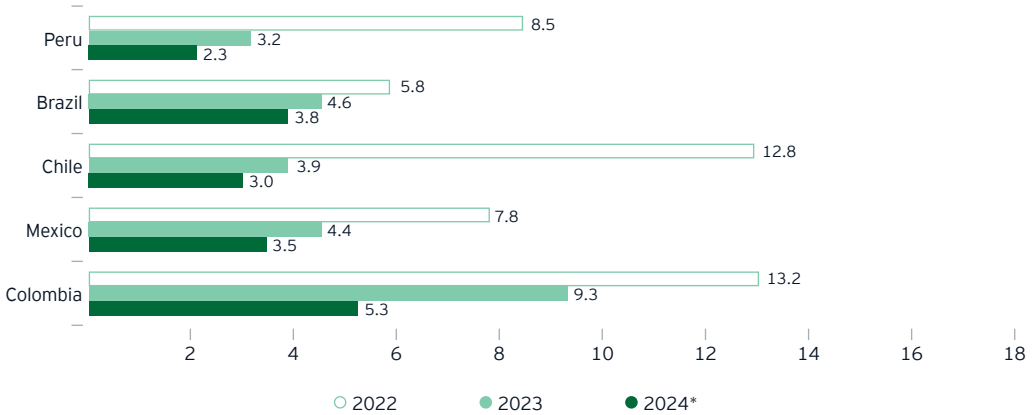


*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).



1. Background Information

Inflation Rates in Latin America (%)



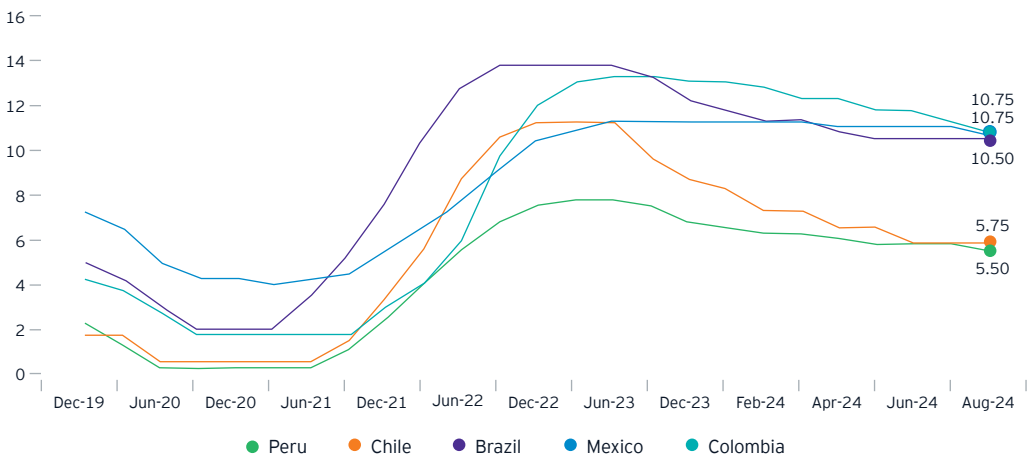
*Estimate. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report.

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

As of August 2024, Peru has an interest rate of 5.50%, one of the lowest rates in the region (Colombia 10.75%; Mexico 10.75%; Brazil 10.50%; Chile 5.75%; Chile 5.75%). During the pandemic, monetary policy has been expansive in

response to a greater liquidity requirement. Since August 2023, monetary policy has been contractionary according to the world tendency to control inflation.

Monetary Policy Interest Rate in Latin America (%)



Source: Central Banks.



Photograph by Alex Bryce / © PROMPERÚ

5 Economy Overview

The Peruvian economy has strong macroeconomic indicators thanks to the implementation of a countercyclical macroeconomic policy and a favorable external environment.

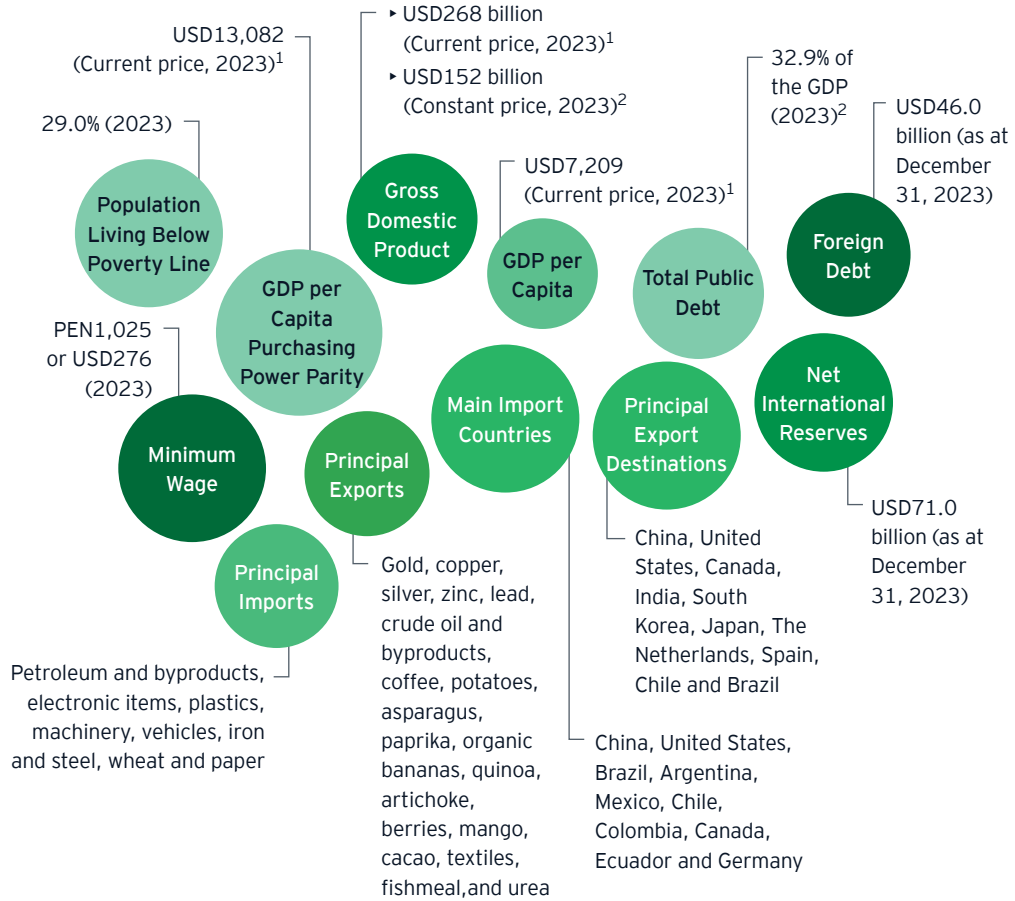
The country has had continuous economic and political stability since the early 1990's and grew 119% between 2000 and 2020. Due to prudent macroeconomic policies, investor friendly market policies and the government's aggressive trade liberalization strategies, Peru has achieved significant progress in social and economic development indicators as well as dynamic GDP growth rates, reduction of external debt, a stable exchange rate and low inflation. According to estimates by the Ministry of Economy and Finance, the Peruvian economy would grow 3.0% annually on average between 2025 and 2028.

Peru also stands out for its controlled inflation and public debt ratio. The Peruvian economy has expectations anchored within the target range set by the Central Reserve Bank of Peru (BCRP) (between 1% and 3%).



1. Background Information

Peru's Economic Overview



¹World Economic Outlook for April 2024. International Monetary Fund (IMF).

²September 2024 Inflation Report. Central Reserve Bank of Peru (BCRP).

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

Accordingly, following a drop in GDP of 10.9% in 2020, Peruvian economy had a rapid recovery of 13.4% in 2021. Additionally, the Peruvian economy would grow 3.0% annually on average between 2025 and 2028, according to estimates by the Ministry of Economy and Finance. During the last decade, Peru has one of the highest average growth

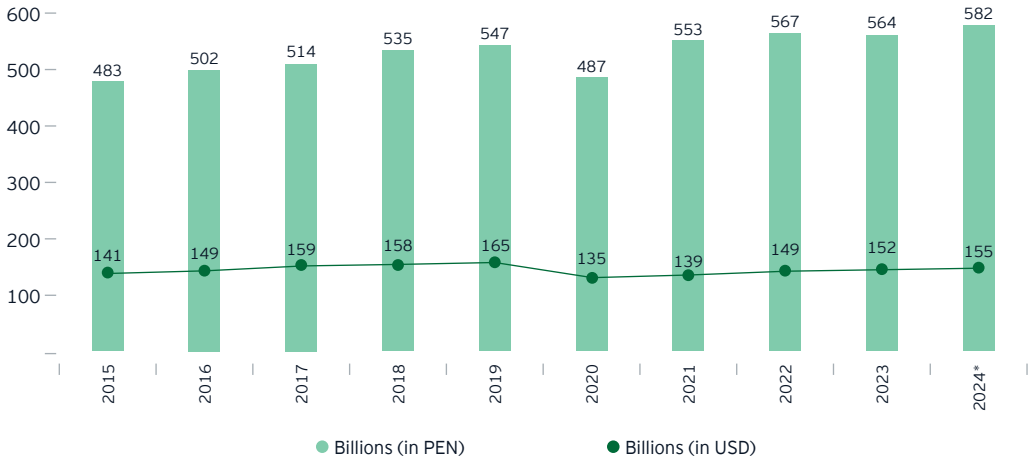
rates in the region; this trend continues in 2024 with a projection of 3.1%.

Likewise, Peru is estimated to maintain a comfortable level of international reserves. As at December 31, 2023, these reserves total USD71.0 billion, equivalent to 26.6% of the GDP.



1. Background Information

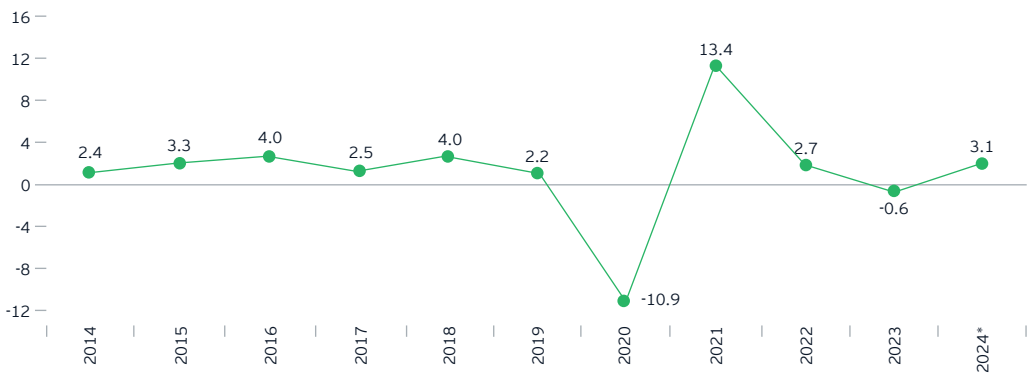
Gross Domestic Product (Constant GDP)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Note: The 2023 GDP measured in current price amounted to USD268 billion.

Gross Domestic Product (Constant GDP) (percentage change)

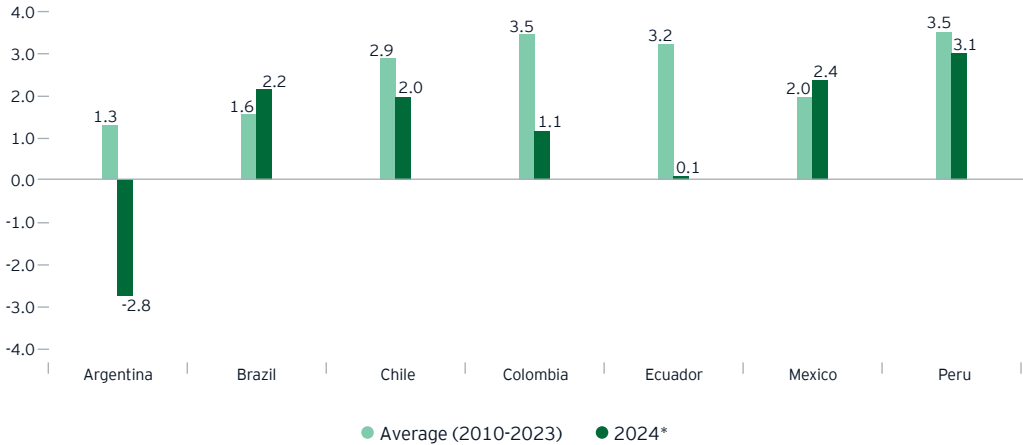


*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).



1. Background Information

GDP growth of the main economies in Latin America (percentage change)



*Estimate. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report.

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

Gross Domestic Product (Constant GDP) by sector (percentage change)

Sectors	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Agriculture and Livestock	3.5	2.7	2.9	7.7	3.5	1.0	4.6	4.6	-2.5	3.5
Fisheries	15.9	-10.1	4.7	47.7	-17.2	4.2	9.9	-11.4	-21.2	22.4
Metal Mining	15.7	21.2	4.5	-1.7	-0.8	-13.8	10.5	0.0	9.2	1.2
Hydrocarbons	-11.5	-5.1	-2.4	0.0	4.6	-11.0	-4.6	4.0	0.7	3.7
Manufacturing	-1.5	-1.4	-0.2	5.9	-1.7	-12.5	18.6	1.0	-6.5	3.2**
Electricity and Water	5.9	7.3	1.1	4.4	3.9	-6.1	8.5	3.9	3.7	3.1
Construction	-5.9	-3.2	2.2	5.3	1.4	-13.3	34.9	3.1	-7.9	3.2
Commerce	3.9	1.8	1.0	2.6	3.0	-16.0	17.8	3.3	2.4	3.2
Services	5.0	4.2	3.3	4.5	4.2	-9.6	10.0	3.2	0.1	3.3
GDP	3.3	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	3.1

*Projection. September 2024 Inflation Report.

**Weighted Average of Primary GDP and Non-Primary GDP.

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



1. Background Information

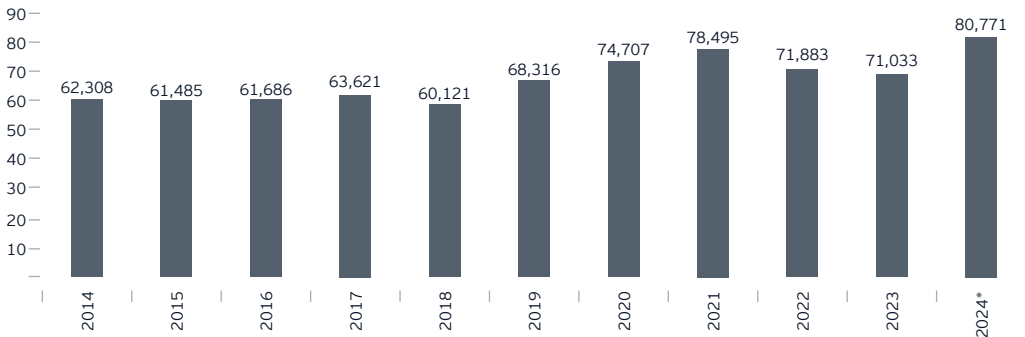
Gross Domestic Product (Constant GDP) by type of expenditure (percentage change)

Variables	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Domestic Demand	2.9	1.2	1.6	4.1	2.2	-9.6	14.5	2.4	-2.1	3.6
a. Private Consumption	4.0	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.1	2.8
b. Public Consumption	10.1	1.9	2.9	2.4	4.3	7.9	4.8	-0.2	4.6	2.0
c. Private Investment	-4.3	-5.0	0.0	4.1	4.5	-16.5	37.0	-0.5	-7.3	2.3
d. Public Investments	-6.9	0.3	-1.8	5.5	-1.5	-15.1	24.7	6.0	2.8	13.7
Exports	3.1	9.0	7.8	2.1	1.1	-19.7	13.3	5.2	4.9	2.9
Imports	1.5	-1.7	4.5	2.4	1.0	15.2	17.9	3.9	-1.4	4.7
GDP	3.3	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	3.1

*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Net International Reserves (in USD millions)



*As of August 2024.

Source: Central Reserve Bank of Peru (BCRP).

The country has benefited from a steady improvement in its terms of trade since 2000, which has had a positive impact on the trade balance. Moreover, the country has engaged in several bilateral and multilateral trade agreements that have opened new markets for its exports. In 2023, Peru's total exports

reached USD67.5 billion, while trade balance reached a historic record of USD17.7 billion.

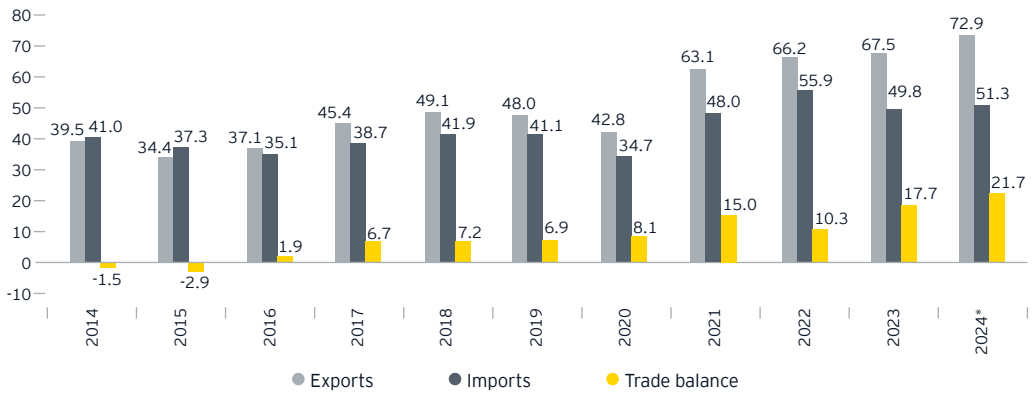
According to the estimates, Peruvian exports would reach USD72.9 billion in 2024, while imports would account for an approximate amount of USD51.3 billion.



1. Background Information

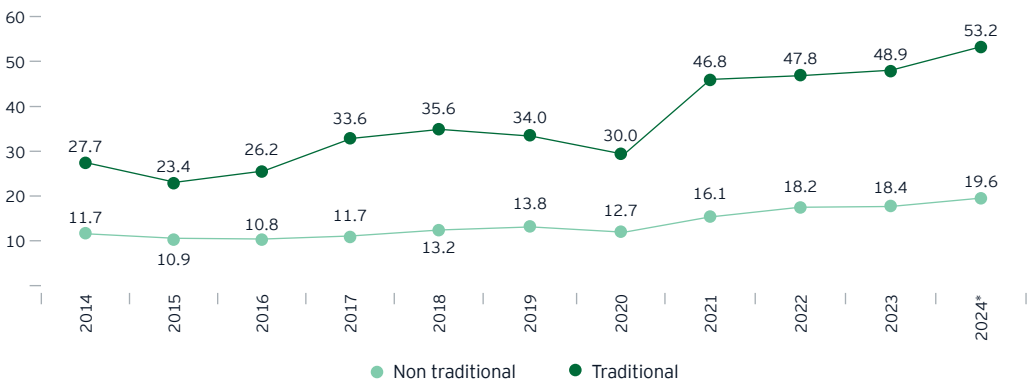
In 2023, traditional exports totaled USD48.9 billion, 73% of total exports abroad. In addition, nontraditional exports were USD18.4 billion in 2023, an increase of 1.6% over the previous year. Likewise, 91% of shipments in 2023 were to countries with which we have free trade agreements.

Trade Balance (in USD billions)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

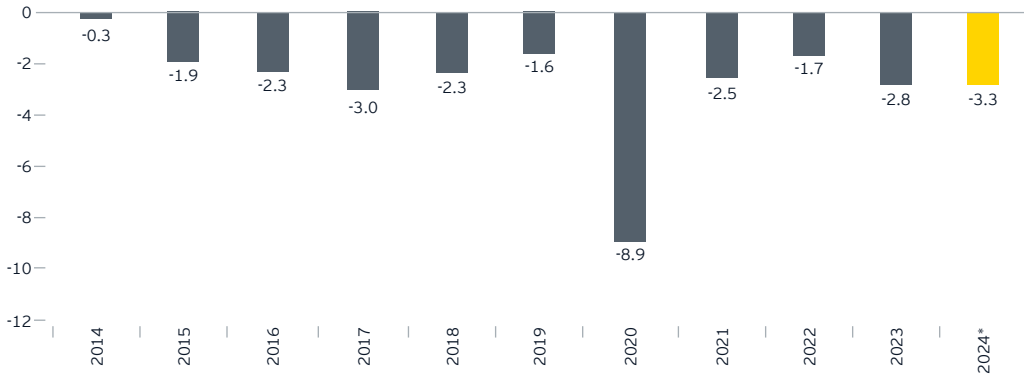
Traditional and Non-Traditional Exports (in USD billions)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

1. Background Information

Economic Results (tax surplus / deficit) of the Non-Financial Public Sector
(as a percentage of the GDP)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

The public debt ratio is significantly lower (32.9% of GDP as of 2023) compared to emerging economies (67.0% of GDP) and Latin America (68.1% of GDP). In 2024, it is estimated that Peru's public debt ratio (33.4%) will continue to be one of the lowest in the region (Brazil 86.7%; Mexico 55.6%; Colombia 54.4%; Chile 40.5%).

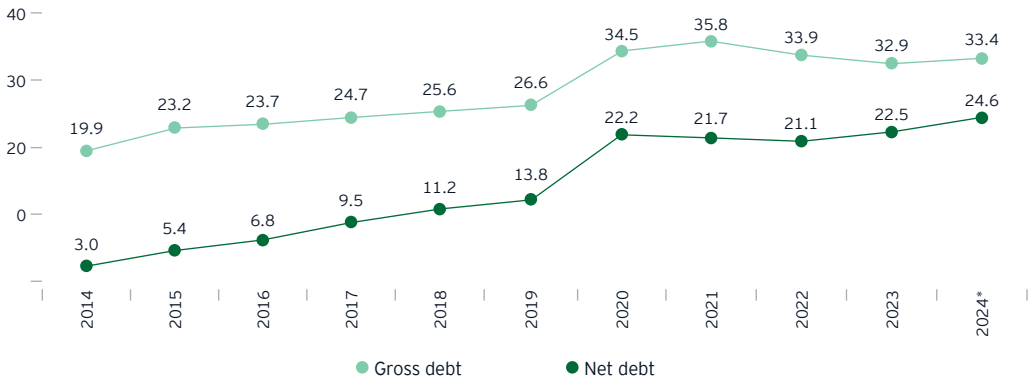


Photograph by Ernesto Benavides / © PROMPERÚ



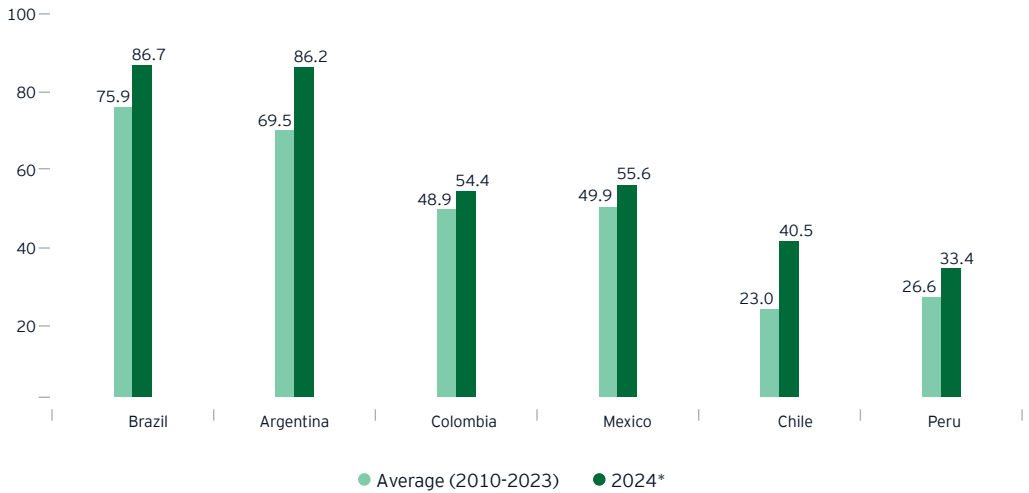
1. Background Information

Debt of Non-Financial Public Sector (as a percentage of the GDP)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Government Gross Debt in Latin America (as a percentage of the GDP)



*Estimate. World Economic Outlook Database, April 2024. For Peru, forecasts are based in the September 2024 Inflation Report.
Source: International Monetary Fund (IMF), Central Reserve Bank of Peru (BCRP).



Photograph by Gihan Tubben / © PROMPERÚ

6 Investment and Country Risk Indicators

Peru has one of the highest investment grade ratings in the region. The factor that supports this rating is the solid economic prospect reflected in growth projections of 3.1% and 3.0% of the Gross Domestic Product (GDP) for the years 2024 and 2025. These economic forecasts are backed by the drop in tax and external vulnerabilities, thus attaining growth with low inflation rates and strong macroeconomic policies. As a result, Peru has obtained the investment grade and attracted international attention.

It is well known that countries with investment grade ratings gain a higher level of confidence that generates more foreign and domestic investment. The risk premium demanded by multinationals and foreign investors is slashed after the upgrade. At the same time, the investment horizon is elongated.

The upgrade to investment grade has brought Peru a lot of positive attention worldwide. More importantly, it has had a positive impact on the local economy. For this reason, nowadays, many multinational corporations eye the country more seriously, as higher private investment is flowing into the country.

This should contribute to alleviate the challenges of the social situation in Peru, by achieving improvements in employment and decreases in poverty.



1. Background Information

Peru's investment grade ratings (long-term debt in foreign currency)

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

As of August 2024.

Source: Standard & Poor's, Fitch Ratings, Moody's.

Source: Bloomberg.

Evolution of the long-term debt rating in foreign currency

Agency	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Fitch	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB	BBB
S&P	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB-
Moody's	A3	A3	A3	A3	A3	A3	Baa1	Baa1	Baa1	Baa1	Baa1

*As of August 2024.

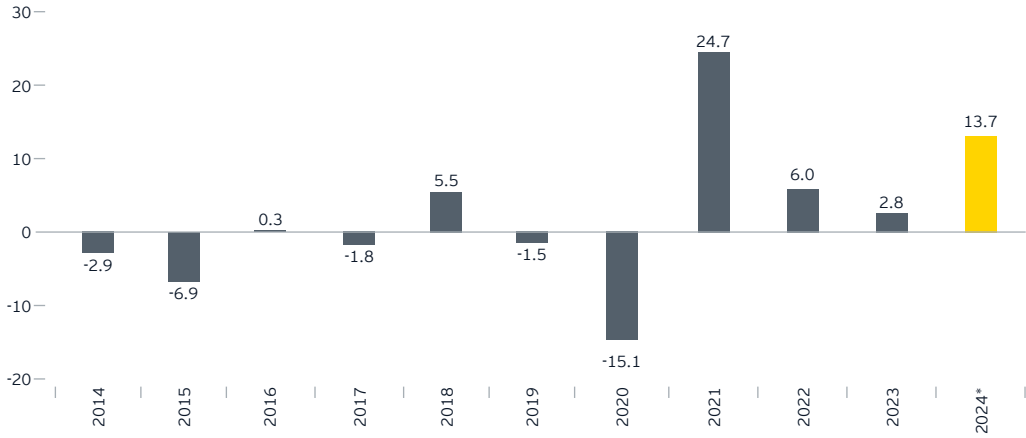
Source: Standard & Poor's, Fitch Ratings, Moody's.

In 2023, public investment has increased 2.8% and private investment decreases 7.3%. However, in 2024, private and public investment are expected to grow 2.3% and 13.7% respectively. This expected growth in public investment, excluding the atypical years of the pandemic, is the highest in the last decade.



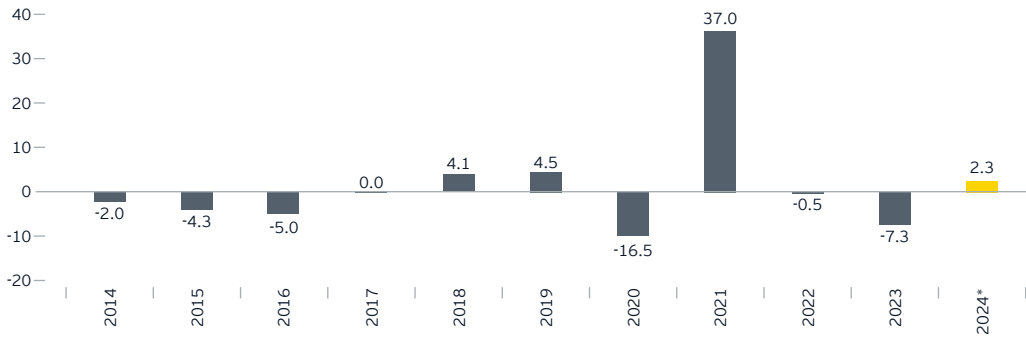
1. Background Information

Public Investment (percentage change)



*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).

Private Investment (percentage change)

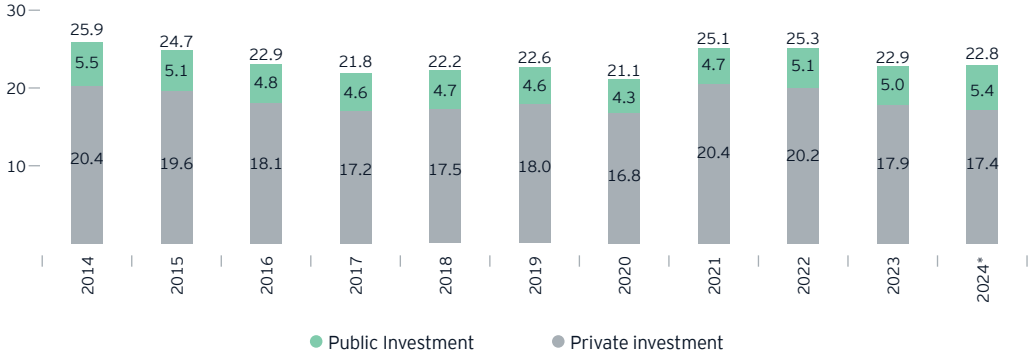


*Projection. September 2024 Inflation Report.
Source: Central Reserve Bank of Peru (BCRP).



1. Background Information

Fixed Gross Investment (as a percentage of the GDP)



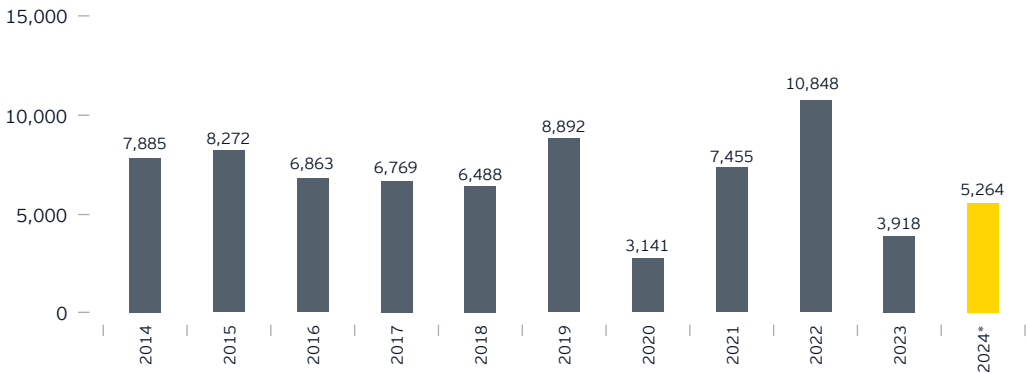
*Projection. September 2024 Inflation Report.

Source: Central Reserve Bank of Peru (BCRP).

Foreign Direct Investment

In 2023, the Foreign Direct Investment (FDI) flow reached USD3.9 billion. The Mining, Communications and Finance sectors represent the 63% of total FDI.

Foreign Direct Investment Flow (in USD millions)



*Projection. September 2024 Inflation Report.

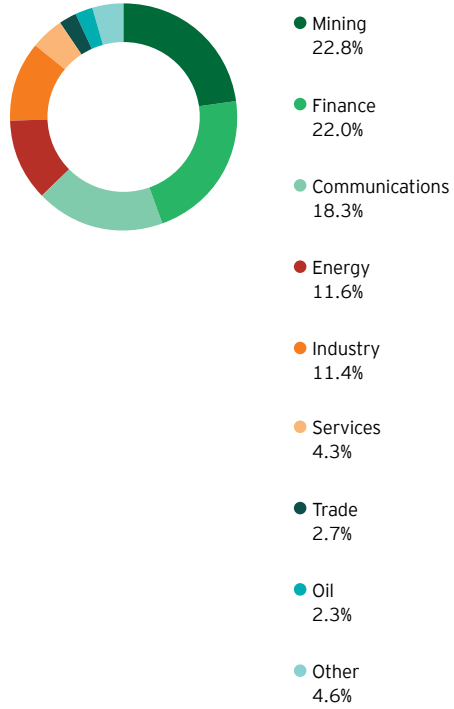
Source: Central Reserve Bank of Peru (BCRP).

1. Background Information



Photograph by Federico Romero / © PROMPERÚ

Balance of Foreign Direct Investment by Sector 2023



Sector	USD Millions
Mining	6,917
Finance	6,624
Communications	5,521
Energy	3,501
Industry	3,442
Services	1,300
Trade	812
Oil	680
Others	1,375
Total	30,172

Source: Private Investment Promotion Agency (ProlInversión).

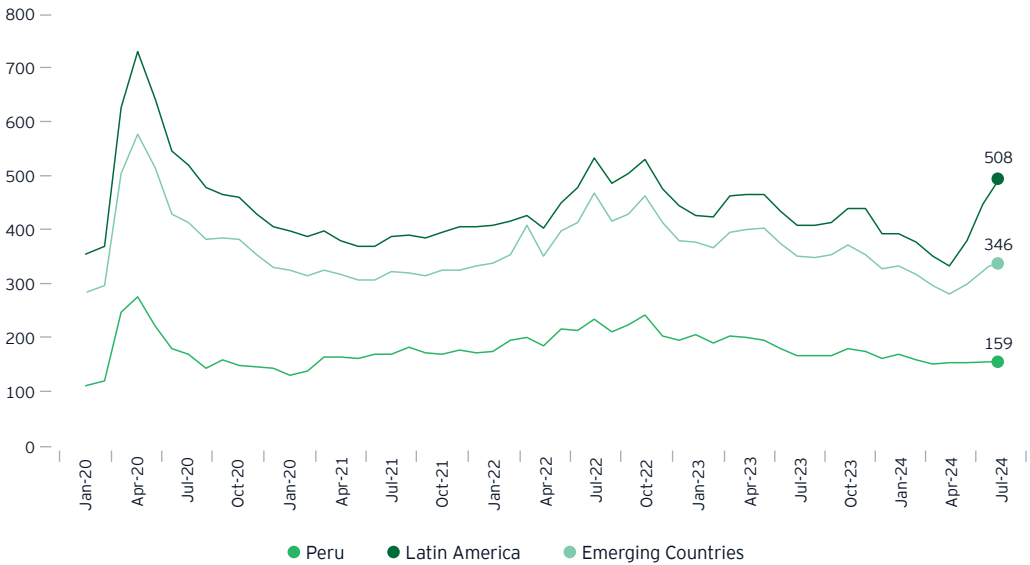


1. Background Information

Country Risk (EMBIG)

As of July 31 2024, Peru had a country risk of 159 base points, positioning itself as one of the countries with the lowest risk in Latin America. This score is below that of emerging economies (346 points) and of the regional average (508 points).

Country Risk (EMBIG) Indicator (in base points)



*As of July 2024.

Source: Reuters, Central Reserve Bank of Peru (BCRP).

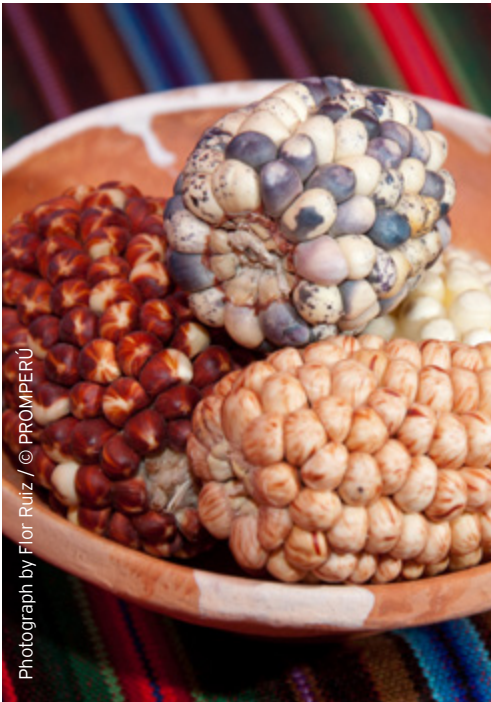


7

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.



Photograph by Flor Ruiz / © PROMPERÚ

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. 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 may guarantee 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 request the execution of a legal stability agreement are those willing to invest in Peru for a period of no less than two years and for a minimum amount of USD10 million in the Mining and/or Hydrocarbons sectors, or USD5 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 or cover financial obligations, provided the operator complies with Peruvian tax laws.



Favorable legal framework for foreign investors

Peru offers a legal framework 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 Private Investment Promotion Agency (ProlInversión).

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.



Photograph by Alex Bryce / © PROMPERÚ



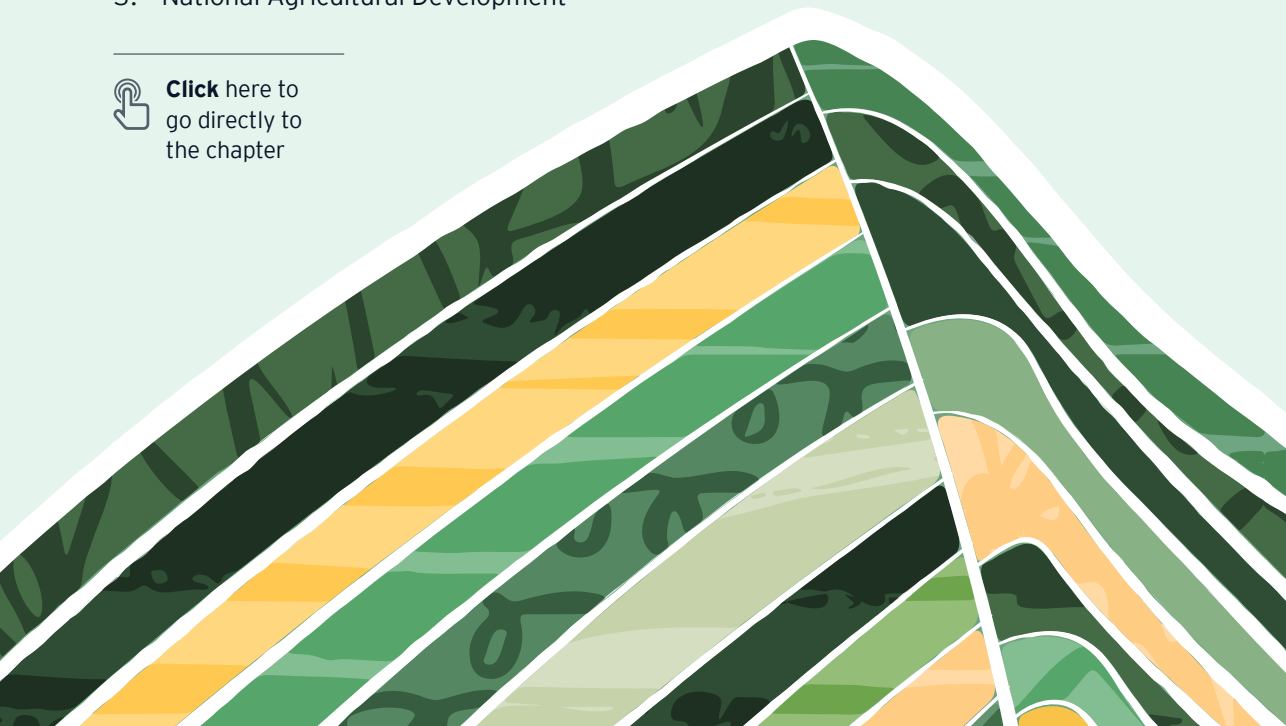
02.

Agriculture and Agribusiness

1. Sector Characteristics
2. Main Economic Indicators
3. National Agricultural Development



Click here to
go directly to
the chapter





1

Sector Characteristics

a. Biodiversity

According to the Food and Agriculture Organization of the United Nations (FAO) Peru is one of the 17 countries in the world considered megadiverse and is estimated to possess around 80% of the world's biological diversity. It concentrates 84 of the 104 life zones of the planet and its different altitudes and climates generate exceptional conditions for the development of diverse crops and species. It has 79 million hectares (ha) of forests and is the second largest tropical forest in Latin America and the fourth largest in the world.

Climates and Ecosystems

Peru has a very high diversity of climates, ecological floors and production zones, as well as productive ecosystems. It has 3 regions, 39 identified ecosystems and 84 life zones of the 104 that exist in the world, which allow the cultivation of diverse native products.

► Coast

The Coast is a narrow strip (30-200 km) of land, rain-free, and around 3,000 km long. It has 56 rivers that originate in the Andes and flow to the Pacific Ocean. However, few of them have water all year round. The highest water volumes usually appear during December through March.

Large reservoirs have been built and water from some rivers has been used to irrigate arid areas. Also, groundwater has been pumped and in some places new irrigation techniques (drip irrigation) have been introduced to develop important export crops (asparagus, avocado, grapes, etc.).

► Highlands

The Highlands is a mountainous region with some very high peaks (over 6,000 meters above sea level - masl) and inter-Andean valleys (2,000 - 3,800 masl). Agriculture takes place under irrigated and rainfed conditions in the valleys, including the eastern slopes of the Andes that descend to the Amazonian plains.

Most producers have small areas (up to 1 hectare) and medium-sized areas (2 to 50 hectares). It is estimated that there are half a million potato farmers on approximately 240,000 hectares that are planted with this crop.

► Rainforest

The Rainforest covers almost 60% of the country's land. The rivers that flow into the Amazon basin contain large amounts of water, are of variable depth, can support boat navigation and travel long distances with low gradient in the Amazon plains. In the plains, when the water level drops, annual crops are grown.



Natural Region	Main Crops	Ecosystem
Coast	<ul style="list-style-type: none"> ▶ Yellow corn ▶ Rice ▶ Sugar cane ▶ Fruit ▶ Horticultural crops ▶ Grain legumes ▶ Cotton ▶ Cassava 	<ul style="list-style-type: none"> ▶ Pacific tropical forest (Tumbes) ▶ Mangrove ▶ Seasonally dry hill and mountain forest ▶ Fog oasis (loma costera) ▶ Xeric shrubland ▶ Seasonally dry plain forest ▶ Seasonally dry riparian forest (Algarrobal) ▶ Coastal desert ▶ Coastal wetland
Highlands	<ul style="list-style-type: none"> ▶ Potato ▶ Starchy corn ▶ Wheat ▶ Barley ▶ Grain legumes ▶ Fruit ▶ Vegetables 	<ul style="list-style-type: none"> ▶ Paramo ▶ Dry puna grassland ▶ Wet puna grassland ▶ Wetland ▶ Periglacial and glacial zone ▶ Jalca ▶ Dry puna scrubland ▶ High-Andean relic forest (Queñoal and others) ▶ Western slope relic montane forest ▶ Meso-Andean relic forest ▶ Inter-Andean seasonally dry forest (Marañón, Mantaro, Pampas and Apurimac) ▶ Andean scrubland
Rainforest	<ul style="list-style-type: none"> ▶ Coffee ▶ Cocoa ▶ Banana ▶ Cassava 	<ul style="list-style-type: none"> ▶ Yungas piedmont forest ▶ Yungas montane forest ▶ Yungas high montane (rain) forest ▶ Montane scrubland ▶ Open peatland ▶ Wet savannah with palm trees (Pampas del Heath) ▶ Palm swamp ▶ Black water flooded forest ▶ White water flooded forest ▶ Non-floodable terrace forest ▶ Varillal ▶ Low-hill forest ▶ High-hill forest ▶ Sierra del Divisor hill forest ▶ Pacal ▶ Eastern seasonally dry forest (Huallaga, Ene - Perené, Urubamba)

Source: Food and Agriculture Organization of the United Nations (FAO) and Ministry of the Environment (MINAM).



b. Genetic Diversity

Peru is recognized worldwide for its high genetic diversity, being one of the world's main research centers for agriculture and livestock. Diversity is essential to ensure the adaptability of crops, and a fundamental factor to guarantee food security.

Among the most studied foods is the potato; this product stands out as one of the four main food crops in the world, and Peru is the only country with more than 4,000 varieties of this tuber. The country also has a significant diversity of fruits (623 species), cucurbitaceous plants, medicinal plants (1,408 species), ornamental plants (1,600 species) and food plants (1,200 species).

Peru currently has 27 germplasm banks (in universities and other public and private institutions). The National Institute of Agricultural Innovation (INIA) has 15,102 accessions (different specimens) distributed in germplasm banks of 252 plant species, and the International Potato Center (CIP) has 7,036 accessions of potato and 3,328 of sweet potato. The most studied crops are:

Crop	Genetic Diversity	Domesticated Species
Potato	<ul style="list-style-type: none"> ▶ 7 domesticated species ▶ 4 domesticated subspecies ▶ 98 wildlife species ▶ More than 4,000 varieties 	<ul style="list-style-type: none"> ▶ Solanum ajanhuiri ▶ S. curtilobum ▶ S. juzpeczukii ▶ S. tuberosum subsp. Andigena ▶ S. tuberosum subsp. Tuberosum ▶ S. chaucha ▶ S. phureja ▶ S. stenotomum subsp. Stenotomum ▶ S. stenotomum subsp. Goniocalyx
Tomato	<ul style="list-style-type: none"> ▶ 1 domesticated species ▶ 13 wildlife species 	<ul style="list-style-type: none"> ▶ Solanum lycopersicum
Chili	<ul style="list-style-type: none"> ▶ 4 domesticated species 	<ul style="list-style-type: none"> ▶ Capsicum annum ▶ C. baccatum ▶ C. chinense ▶ C. frutescens
Rocoto	<ul style="list-style-type: none"> ▶ domesticated species 	<ul style="list-style-type: none"> ▶ Capsicum pubescens
Cotton	<ul style="list-style-type: none"> ▶ domesticated species 	<ul style="list-style-type: none"> ▶ Gossypium barbadense
Corn	<ul style="list-style-type: none"> ▶ 52 races 	<ul style="list-style-type: none"> ▶ Zea mays
Quinoa	<ul style="list-style-type: none"> ▶ 24 races 	<ul style="list-style-type: none"> ▶ Chenopodium quinoa

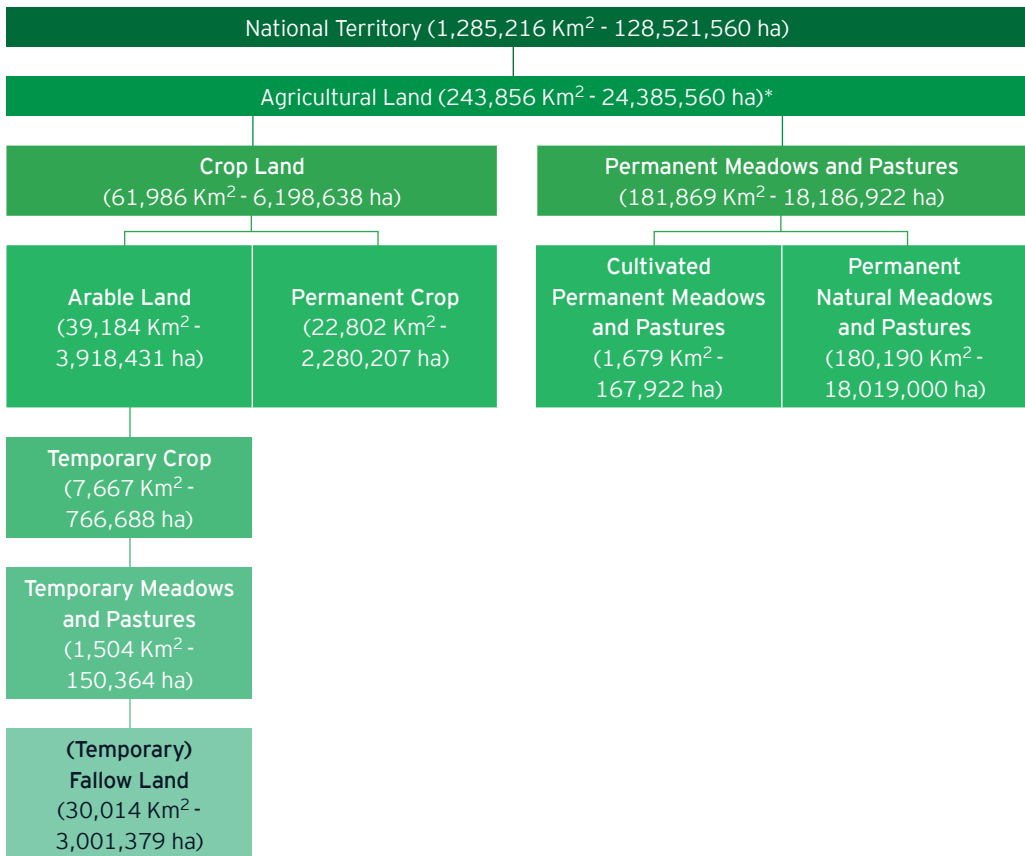
Source: Ministry of the Environment (MINAM).



c. Agricultural Surface Area

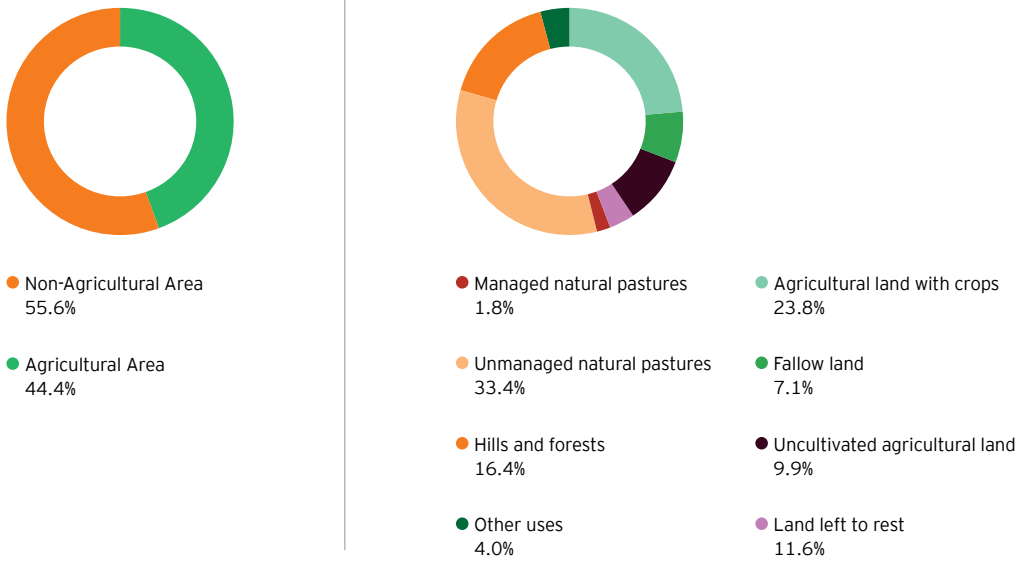
According to FAO, in 2022, of the total surface area of the national territory (1,285,216 km² - 128,521,560 ha), 19.0% (243,856 km² - 24,385,560 ha) is agricultural land. Crop land represents 25.4% (61,986 km² - 6,198,638 ha) of the total agricultural land. Land use includes permanent crops (22,802 km² - 2,280,207 ha), temporary crops (7,667 km² - 766,688 ha), temporary meadows and pastures (1,504 km² - 150,364 ha), and fallow land (30,014 km² - 3,001,379 ha).

In addition, according to the National Agricultural Survey in 2022, 44.4% of the agricultural surface area corresponds to agricultural use. Based on the size of production, the companies and large producers have a greater use of land for crops (29.3%) compared to small and medium-sized producers (23.1%). Most of the agricultural surface area comprises unmanaged natural pastures (33.4%), agricultural land with crops (23.8%), and hills and forests (16.4%).



* Information: As of 2022
 Source: Food and Agriculture Organization of the United Nations (FAO).

Agricultural Area by Land Use in 2022 (percentage structure)



Source: National Agricultural Survey 2022, National Institute of Statistics and Informatics (INEI).

Agricultural Surface Area by Size of Production in 2022 (percentage structure)

Land Use	Small and Medium-Sized Producers	Companies and Large Producers
Agricultural Area	44.9%	40.4%
Agricultural area with crops	23.1%	29.3%
Fallow lands	7.7%	2.3%
Uncultivated agricultural land	10.1%	7.5%
Land left to rest	3.9%	1.2%
Non-Agricultural Area	55.1%	59.6%
Managed natural pastures	1.2%	6.5%
Unmanaged natural pastures	33.9%	29.4%
Hills and forests	16.6%	14.9%
Other uses	3.5%	8.8%
Agricultural surface area	100.0%	100.0%

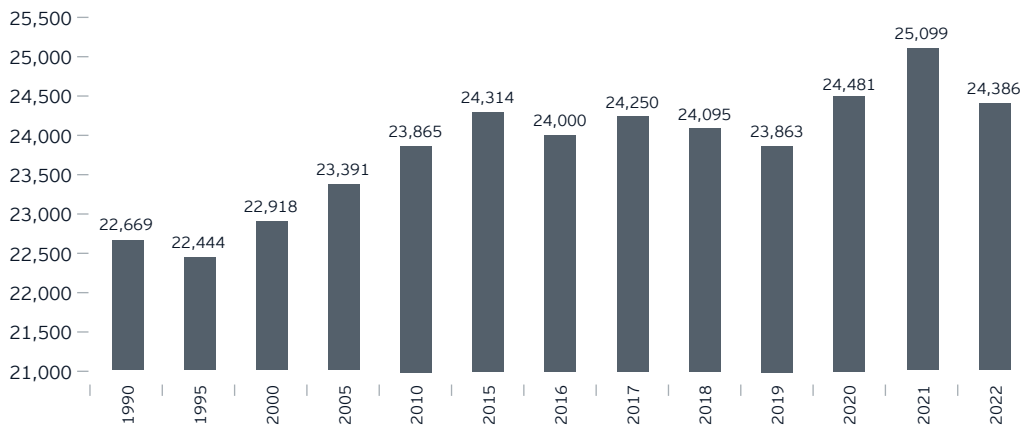
Source: National Agricultural Survey 2022, National Institute of Statistics and Informatics (INEI).



During the last decade, Peru has had an important development in the expansion of its agricultural frontier. Since 2010, the surface area for agricultural use has increased by 2.2%, the surface area planted by 5.1% and the surface area harvested by 14.5%. In the case of crops, there is a growth in permanent crops from 1,307 (thousand ha) in 2010 to 2,280 (thousand ha) in 2022, as well as a drop in temporary crops from 1,083 (thousand ha) to 767 (thousand ha) during the same period. Increased land use in permanent crops has been necessary to maintain soil fertility in the long term, in addition to offering farmers greater economic stability compared to that offered by temporary crops.

The main products harvested in 2022 were corn (13.2%), coffee (12.1%), rice (11.8%), potatoes (9.8%), cocoa beans (5.1%), bananas (4.9%), barley (3.7%) and wheat (3.4%). Likewise, of the total irrigated agricultural surface area, the largest proportion is found in the Coast with 58.2%, followed by the Highlands with 30.2% and the Rainforest with 11.6%. These regions stand out for the diversity of products that are harvested under irrigation. For instance, the Coast region stands out with hard yellow corn, mango, paddy rice, chala corn and banana; the Highlands region with alfalfa, potato, avocado, and starchy corn; and the Rainforest region with cocoa, paddy rice, hard yellow corn, orange and parchment coffee.

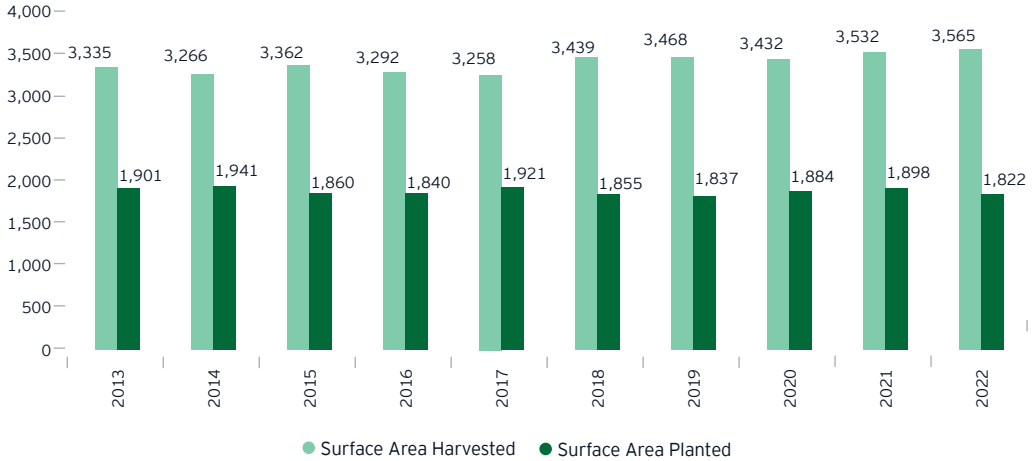
Agricultural Land (thousands of hectares)



Source: Food and Agriculture Organization of the United Nations (FAO).



Surface Area Harvested and Planted (thousands of hectares)



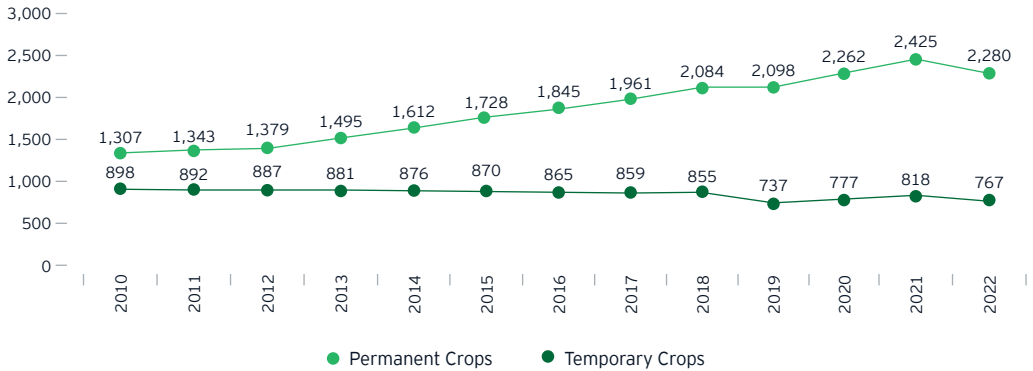
Source: National Institute of Statistics and Informatics (INEI).

Agricultural Surface Area by Main Agricultural Product in 2022 (hectares)

Product	Hectares	Product	Hectares
Parchment coffee	423,854	Oil palm	91,947
Paddy rice	414,286	Sugar cane	79,372
Potato	341,468	Avocado	70,545
Hard yellow corn	260,971	Quinoa	69,202
Alfalfa	209,284	Dry kidney beans	68,237
Starchy corn	199,729	Dry fava beans	53,264
Cocoa	177,350	Corn	49,048
Banana	171,073	Dry peas	44,665
Barley grain	127,932	Green peas	37,577
Wheat	119,722	Grape	37,051
Cassava	111,503	Mango	34,354

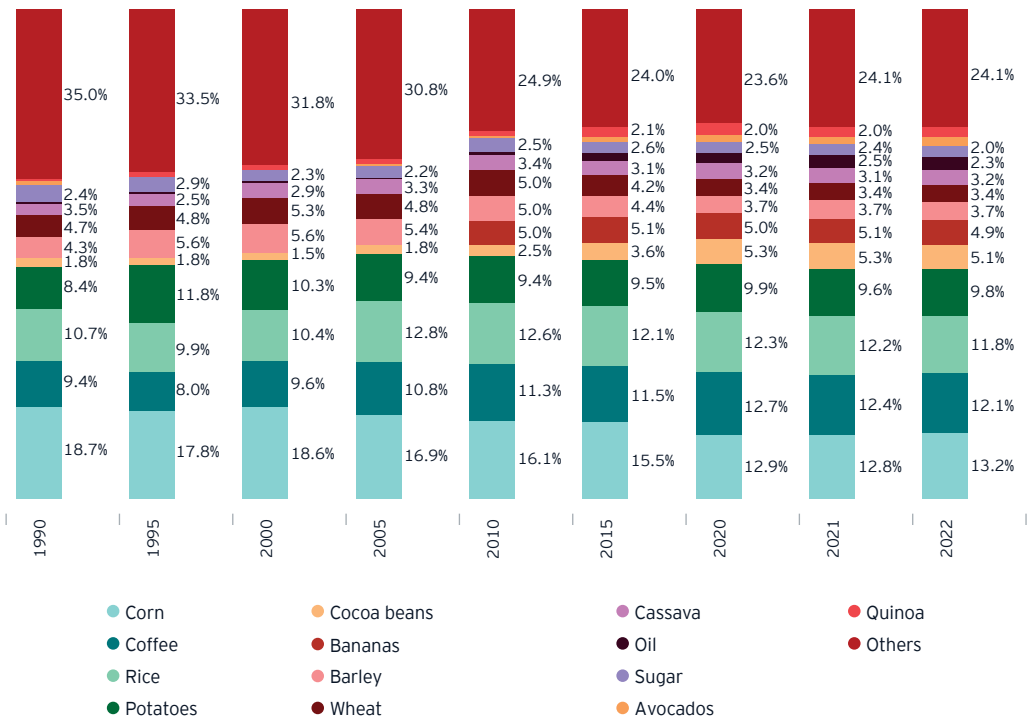
Source: National Institute of Statistics and Informatics (INEI).

Permanent and Temporary Crops (thousands of hectares)



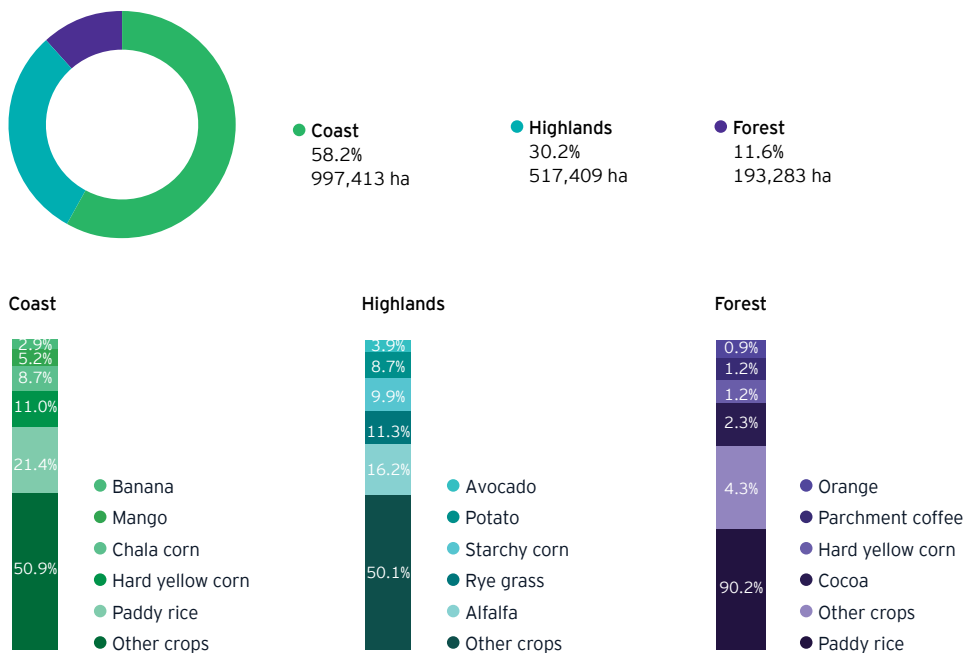
Source: Food and Agriculture Organization of the United Nations (FAO).

Surface Area Harvested by Main Products (percentage structure)



Source: Food and Agriculture Organization of the United Nations (FAO).

Surface Area Harvested in Irrigation by Natural Region and Main Crops in 2022 (percentage structure)



Source: National Agricultural Survey 2022, National Institute of Statistics and Informatics (INEI).



Photograph by Víctor Manuel Chávez / © PROMPERÚ

Agricultural units are fundamental for food production, rural employment and income generation through sustainable agricultural practices. The units may consist of one or more plots, which must be located in the same political-administrative district and managed as an economic unit.

In 2022, the most numerous agricultural units are those with an area smaller than 0.5 hectares (28.6%). In the Coast and Rainforest regions, such units have an area between 2.0 and 4.9 hectares, 26.1% and 32.9% respectively; in the Highlands region, their area is less than 0.5 hectares (36.8%). In other words, the largest agricultural units (e.g. agro-export companies, forestry companies) are found in the Coast and Rainforest regions, while small agricultural units are found in the Highlands.



Photograph by Raúl García / © PROMPERÚ

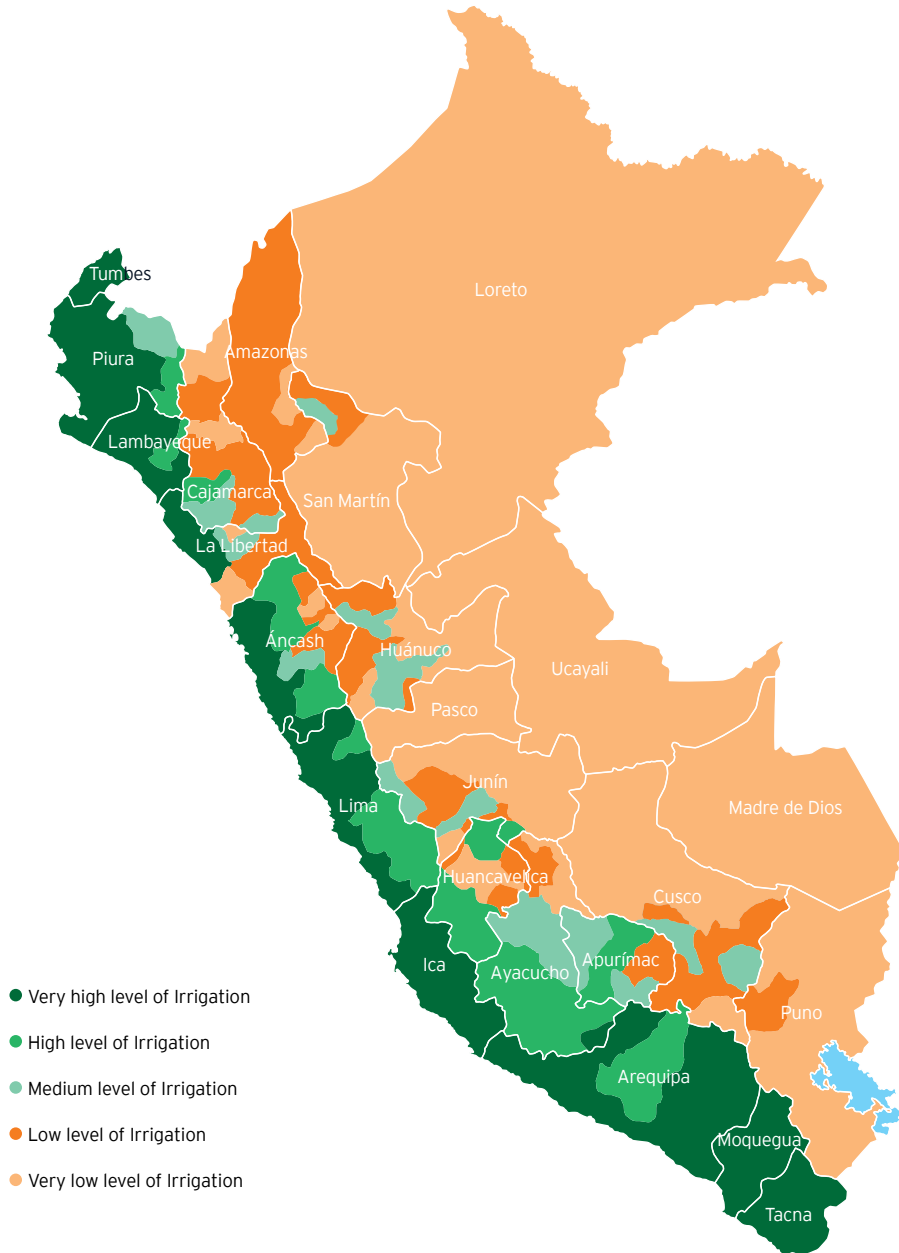
Agricultural Units by Agricultural Surface Area and Natural Region in 2022 (percentage structure)

	Total	Coast	Highlands	Rainforest
Less than 0.5 ha	28.6%	20.9%	36.8%	5.8%
From 0.5 ha to 0.9 ha	16.9%	16.3%	19.5%	8.3%
From 1.0 ha to 1.9 ha	20.3%	21.5%	19.9%	21.0%
From 2.0 ha to 4.9 ha	21.1%	26.1%	16.8%	32.9%
From 5.0 ha to 9.9 ha	7.9%	9.7%	5.0%	16.7%
More than 10.0 ha	5.1%	5.5%	2.1%	15.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: National Agricultural Survey 2022, National Institute of Statistics and Informatics (INEI).



Map of Irrigated Areas, by Region



Source: National Institute of Civil Defense (INDECI)



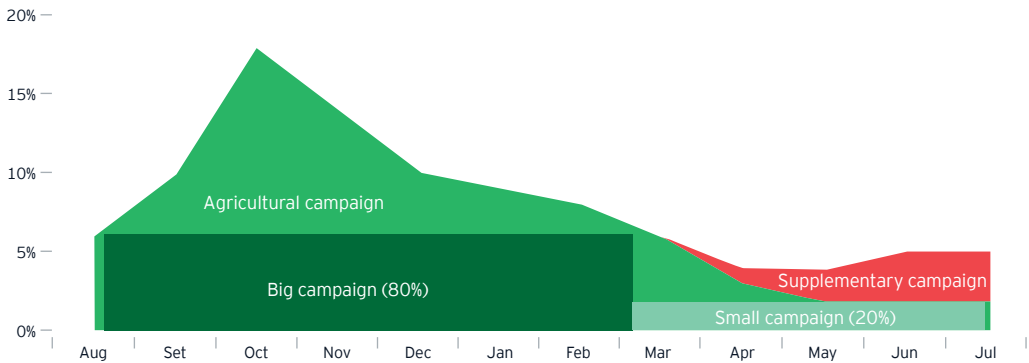
d. Agricultural Campaigns

The agricultural campaign in Peru is a fundamental concept that organizes and guides crop sowing activities throughout the year. The agricultural campaign comprises 12 months (August - July) during which crop sowing is carried out. Depending on the natural region, producers usually specify different periods as "agricultural campaign". However, since sowing in the Highlands and Rainforest begins during the rainy season and the agricultural surface area of these two natural regions accounts for more than 70% of the national total, the agricultural campaign is understood to be the 12-month period beginning on August 19 and ending on July 31 of the following year.

Some agricultural regions, in order to give notoriety to certain sowings of some important crops, usually call "small campaign" to the sowing period between the months of February or March until July. These sowings are carried out every year and take place in the three natural regions, depending on the availability of water resources.

In addition, "supplementary campaigns" refer to sowings that are carried out in a specific period, as a temporary action when meteorological or phytosanitary problems occur that affect areas already sown during the normal campaign. These sowings are generally carried out between March and July and should not be confused with the small campaign, since the small campaign is performed regularly by the producer.

Agricultural Production Campaigns



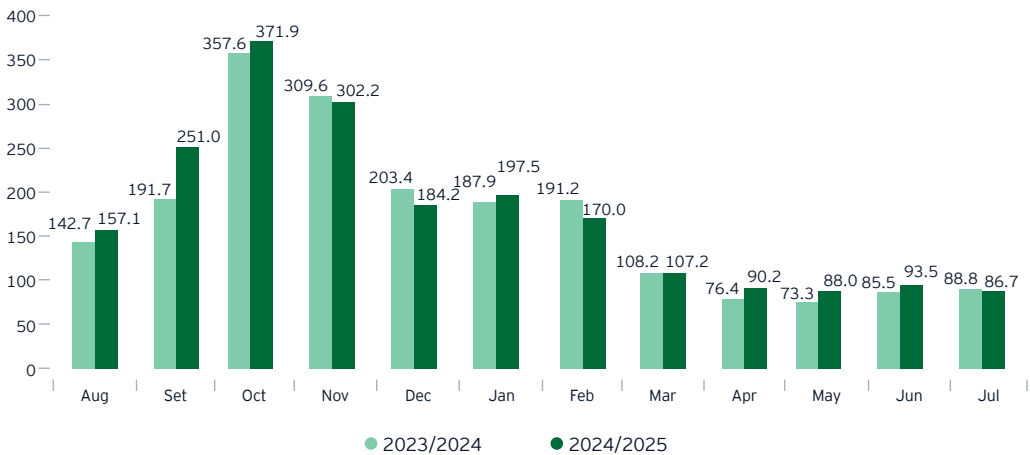
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



Advance planning is a tool that allows farmers to capitalize on their crops and secure agricultural production in the near future. In the 2024/2025 crop sowing campaign, a growth of 4.1% or 82,973 hectares is estimated, reaching a maximum of 371,901 hectares in October. The most important regions are: Cajamarca (213,666 hectares or 10.2%), San Martín (192,007 hectares or 9.1%), La Libertad (170,543 hectares or 8.1%), Loreto (138,135 hectares or 6.6%), Puno (135,035 hectares or 6.4%) and Huánuco (122,128 hectares or 5.8%) making up half of all sowings in the country.

Compared to the average of the last five years, the 2024/2025 campaign presents an increase in 19 crops: chili (50.9%), garlic (22.5%), rice (0.3%), dry peas (8.5%), green peas (10.8%), sweet potato (4.5%), barley grain (4.0%), onion (11.8%), dry kidney beans (11.3%), dry fava beans (8.0%), hard yellow corn (8.6%), corn (13.0%), olluco (4.6%), potato (4.4%), paprika (29.2%), tomato (34.1%), wheat (4.0%), cassava (1.9%) and squash (51.9%). All of these represent 87% of the total surface area estimated in the sowing intentions for the 2024/2025 agricultural campaign.

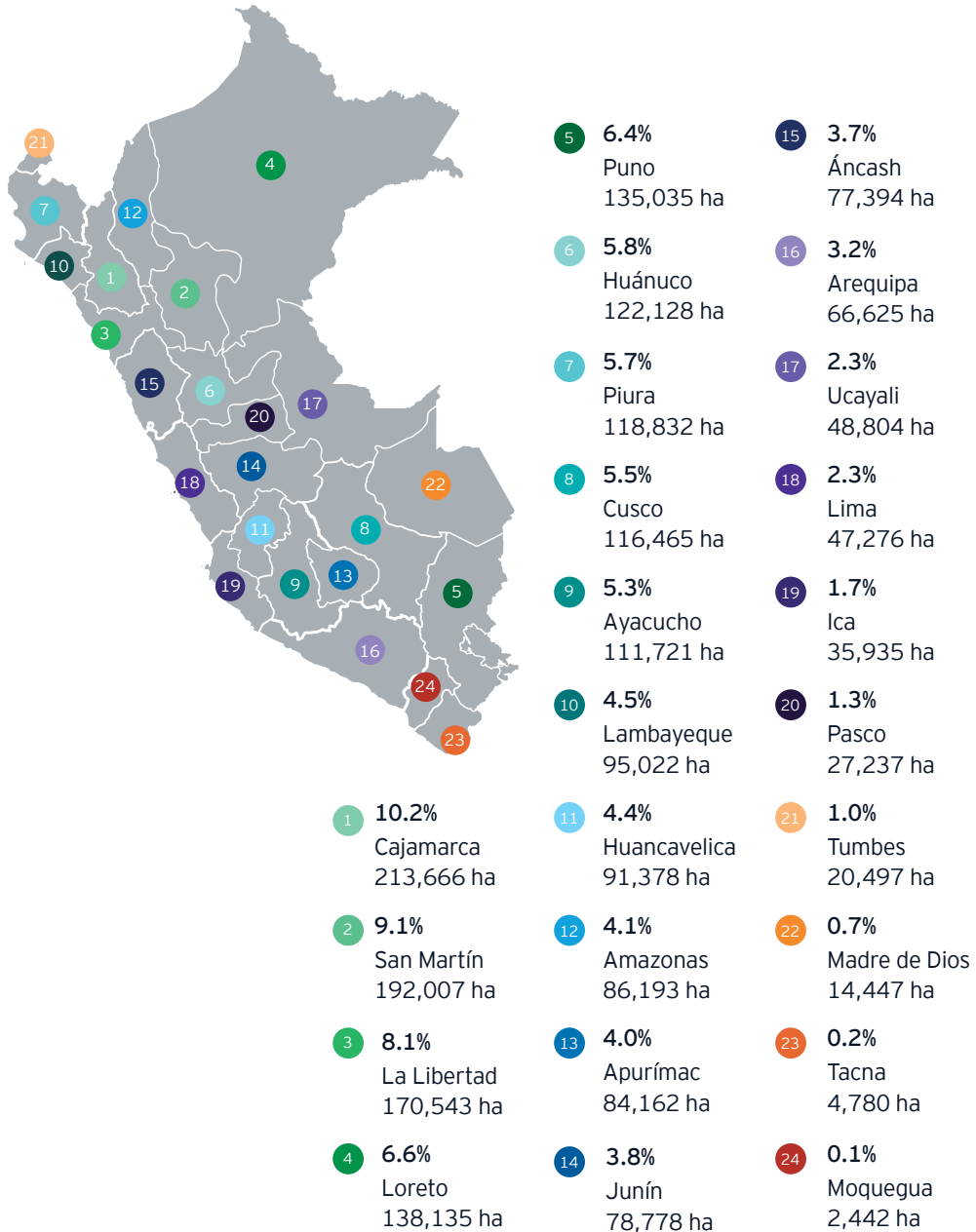
Sowing and Sowing Intentions by Campaign (thousands of hectares)



Estimated as of June 2024.

Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Sowing Intentions 2024/2025 by Region

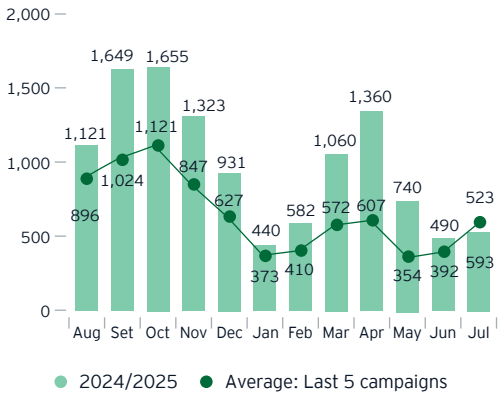


Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

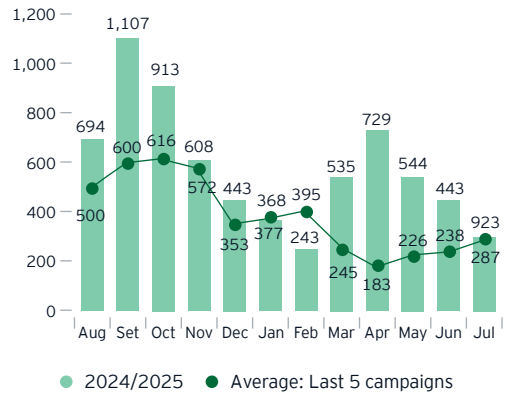


Sowing and Sowing Intentions by Campaigns and Products (hectares)

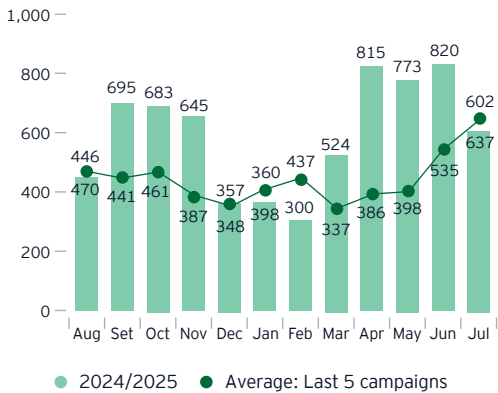
Squash



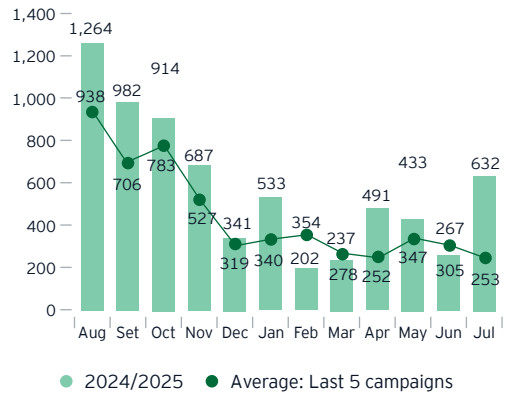
Chili



Tomatoes



Paprika



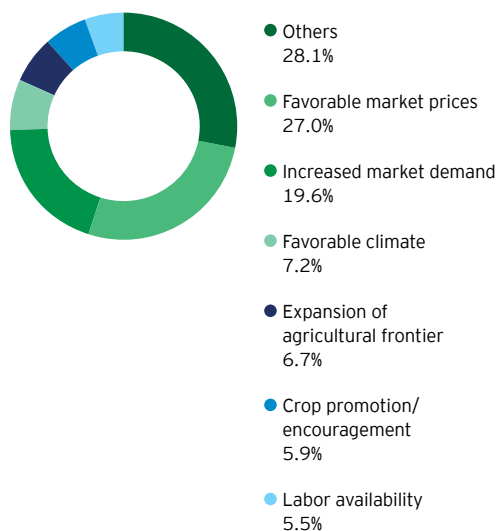
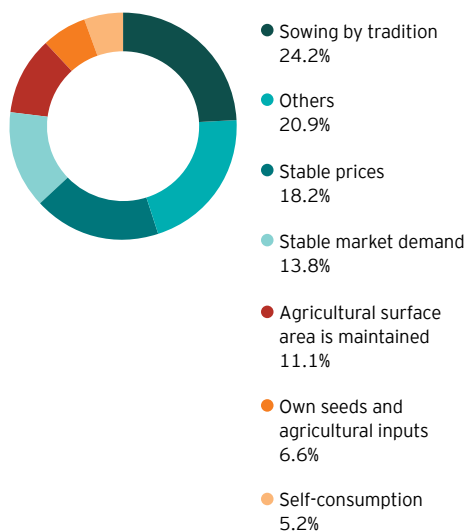
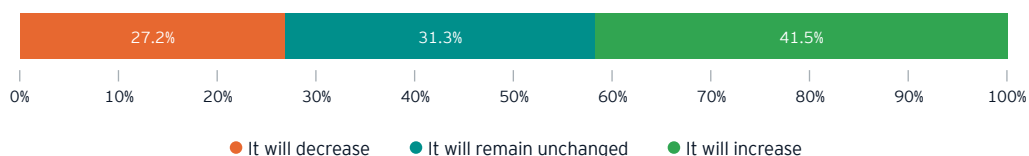
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



A total of 72.8% of farmers expect to increase and/or maintain their crops during the 2024/2025 campaign. This increase is justified by the behavior of agricultural product prices (27.0%), increased market demand (19.6%), favorable weather (7.2%), expansion of the agricultural frontier (6.7%), crop promotion (5.9%) and better availability of seeds (5.5%). In this regard, it is expected that sowings for the next campaign will be carried out normally.

Sowing Intention Factors 2024/2025 (%)

What do you expect from crop sowing for the 2024/2025 campaign?



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

e. Population and Employment

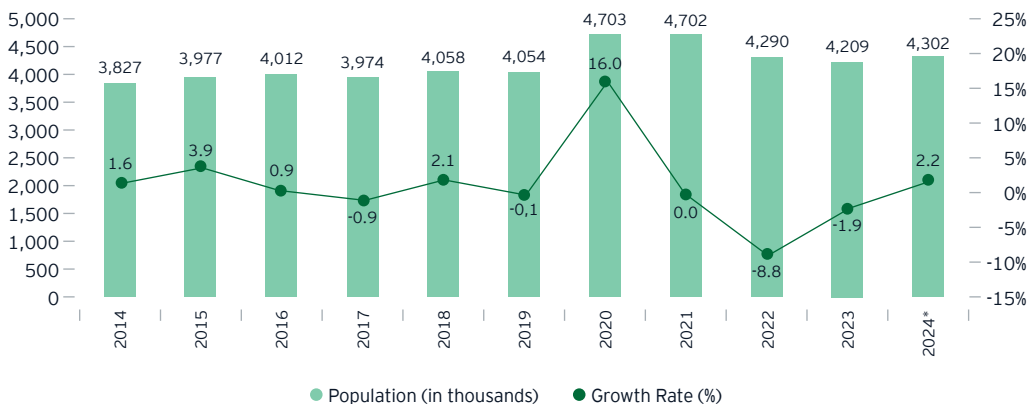
In 2023, the employed population of the agricultural sector is approximately 4.2 million and represents 23.9% of the country's total employed population. A growth of 2.2% is estimated for 2024, reaching 4.3 million workers.

An important element in the agricultural labor market is the seasonal component of employment. Agricultural employment is related to the harvest stage and the seasonal nature of agricultural crops. During the harvest period (October - December) there is a significant increase in the demand for personnel to ensure the timely harvesting of mature crops. In addition, outside the harvest period, personnel requirements are lower, opting to employ fewer temporary workers or to redeploy personnel to other less intensive agricultural work. Seasonality is present in the formal private agricultural sector, reaching a peak in the month of November.



Photograph by Gihan Tubbeh / © PROMPERÚ

Employed Population and Population Growth Rate in the Agricultural Sector



* Estimation.

Source: National Institute of Statistics and Informatics (INEI).



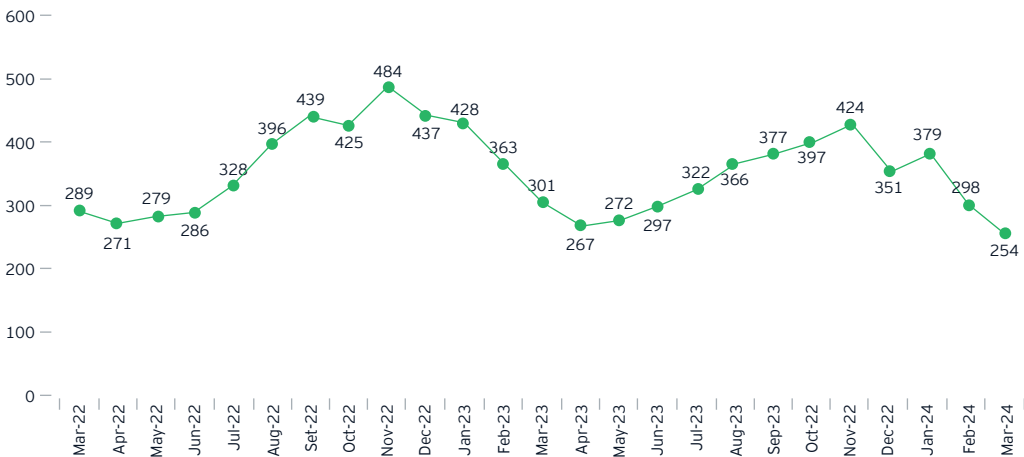
Employed Population by Sector

Sectors	2023		2024*		2025*	
	N°	%	N°	%	N°	%
Agriculture	4,209,330	23.9%	4,301,703	24.0%	4,396,104	24.2%
Fishing	87,616	0.5%	89,024	0.5%	90,985	0.5%
Mining	223,647	1.3%	225,119	1.3%	226,815	1.2%
Manufacture	1,588,017	9.0%	1,608,661	9.0%	1,629,415	9.0%
Electricity, gas, water and sanitation	105,082	0.6%	106,099	0.6%	106,888	0.6%
Construction	1,249,378	7.1%	1,270,007	7.1%	1,292,288	7.1%
Commerce	3,486,587	19.8%	3,534,340	19.8%	3,575,182	19.7%
Services	6,665,116	37.8%	6,757,495	37.8%	6,851,153	37.7%

* Projection.

Source: Ministry of Labor and Employment Promotion (MTPE).

Workers in the Formal Private Agricultural Sector (in thousands)

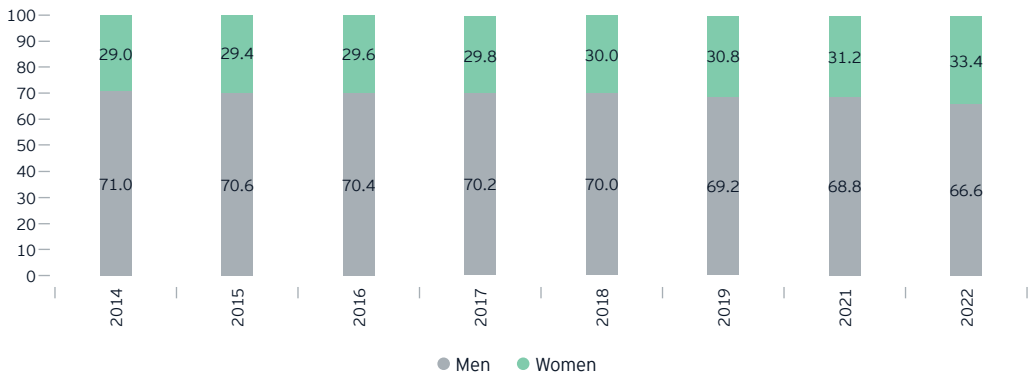


Source: Ministry of Labor and Employment Promotion (MTPE).

In addition, the individual who makes the main decisions on the use of resources and exercises management control over the operations of the agricultural unit is called the agricultural producer. The producer has technical and economic responsibilities that can be assumed directly through an administrator.

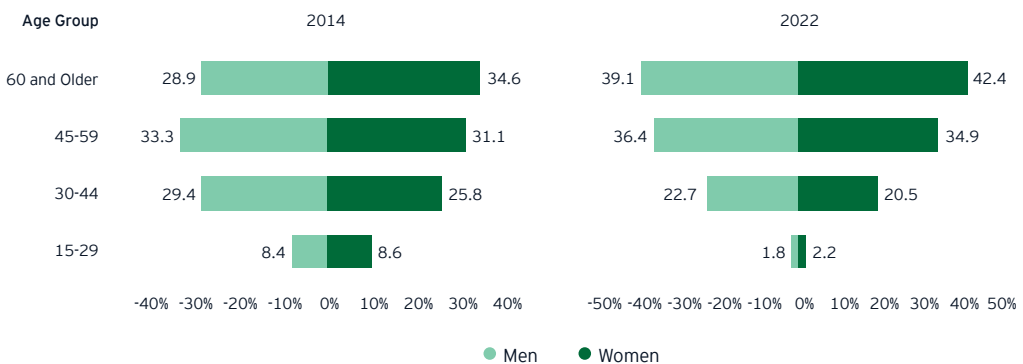
In 2022, 66.6% of agricultural producers are male. The percentage of female producers has grown steadily, from 29.0% in 2014 to 33.4% in 2022. By age group, 60-year-olds represent the largest age group among both women (42.4%) and men (39.1%).

Agricultural Producers by Gender (percentage)



Source: "National Agricultural Survey 2014-2019, 2021-2022", National Institute of Statistics and Informatics (INEI).

Agricultural Producers by Gender and Age (percentage structure)



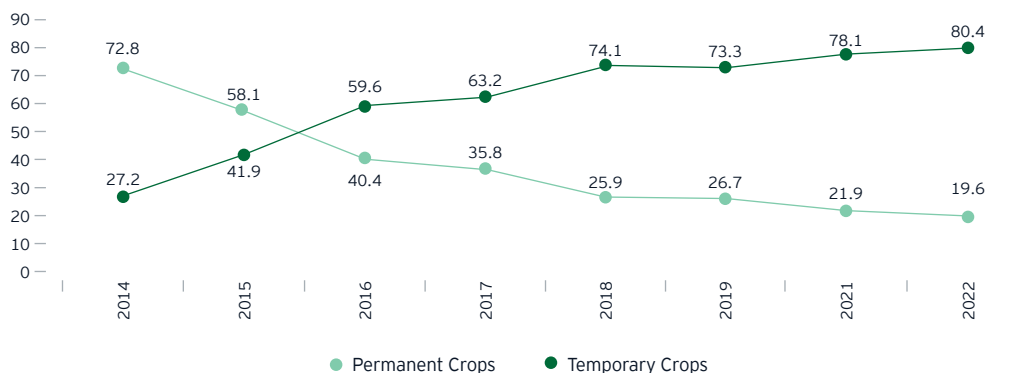
Source: "National Agricultural Survey 2014, 2022", National Institute of Statistics and Informatics (INEI).



The Peruvian government carries out continuous free training activities (talks, capacity-building, courses, conferences) for agricultural producers. Access to adequate agricultural information allows the adoption

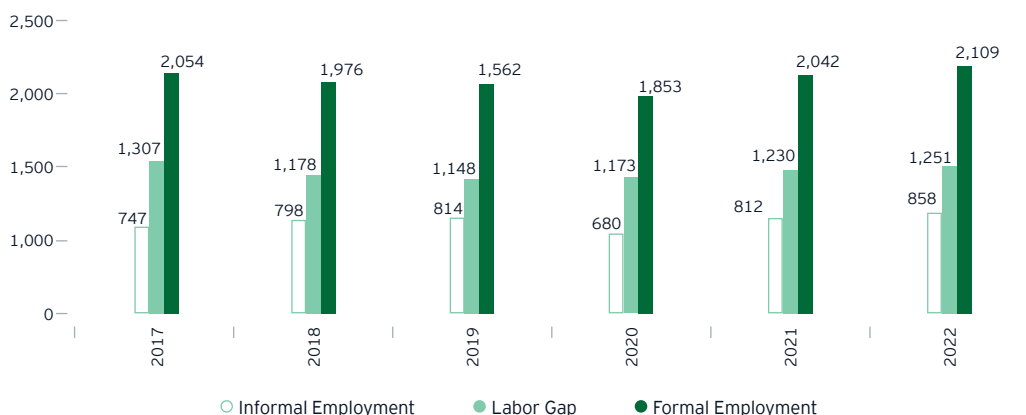
of more efficient and profitable agricultural activities. As a result, the percentage of producers with access to information has grown significantly, from 27.2% in 2014 to 80.4% in 2022.

Producers who had access to agricultural information (in percentage)



Source: "National Agricultural Survey 2014-2019, 2021-2022", National Institute of Statistics and Informatics (INEI).

Wages in the Formal and Informal Agricultural Sector (in PEN)



Source: Ministry of Labor and Employment Promotion (MTPE).



2

Main Economic Indicators

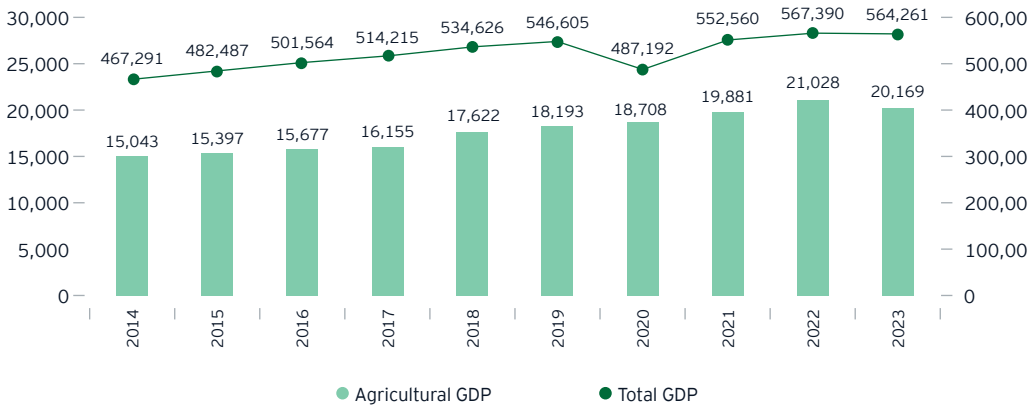
a. Production

The agricultural sector plays a fundamental role in the Peruvian economy. Farmers' work guarantees food security, product diversity and contributes to the conservation of biodiversity. The agricultural sector decreased by 4.1% in 2023 due to negative climatic factors. These included the cyclone Yaku, the El Niño coastal phenomenon and the El Niño global phenomenon, which caused rains and droughts, and adversely affected agricultural

crop yields. However, an increase of 3.5% is estimated for 2024.

Agricultural production serves different uses. In 2022; 81.8% of production was grown mainly for sale in local and international markets. Other crops are for self-consumption (3.9%) and for livestock feed (8.3%). In some communities, crops are exchanged directly for other goods or services through barter (0.1%) thus keeping traditional exchange practices.

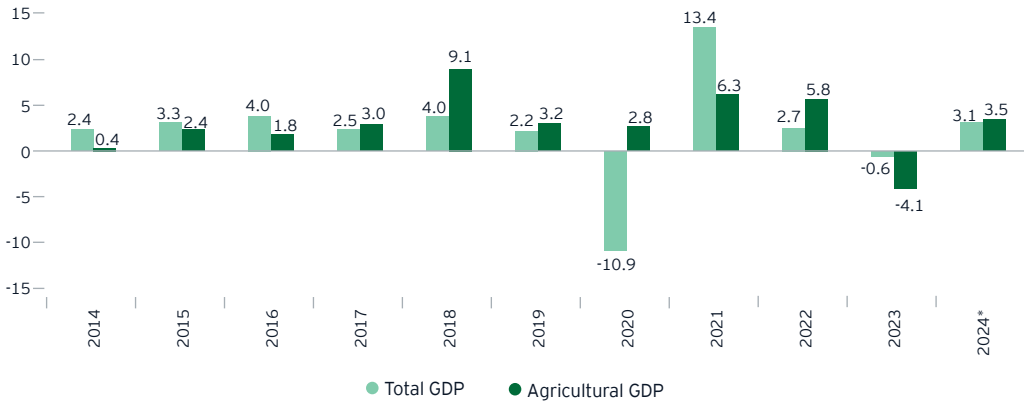
Evolution of Total and Agricultural Gross Domestic Product (GDP) (in PEN millions)



Source: Central Reserve Bank of Peru (BCRP).

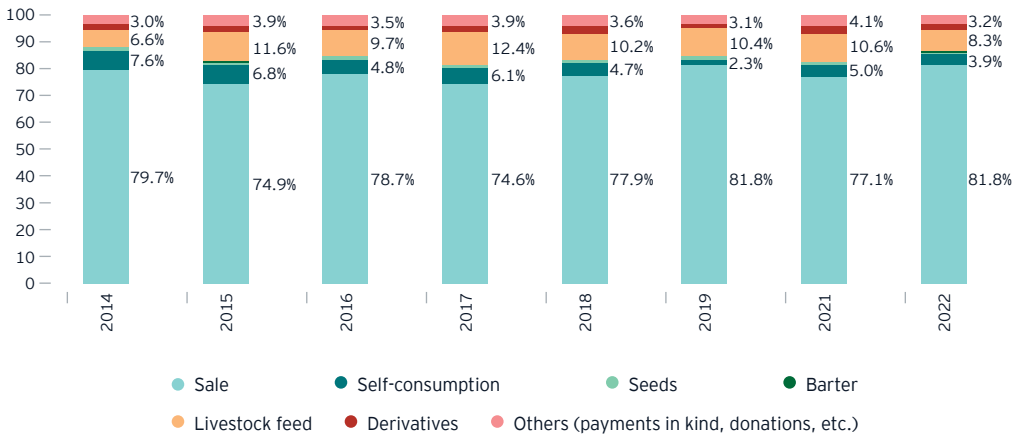


Evolution of Total and Agricultural Gross Domestic Product (GDP) (percentage change)



*Projection includes livestock sector. Inflation Report (IR) - September 2024.
 Source: Central Reserve Bank of Peru (BCRP).

Production of Seasonal and Permanent Crops by Use (percentage structure)



Source: "National Agricultural Survey 2014-2019, 2021-2022", National Institute of Statistics and Informatics (INEI).

The Agricultural Gross Domestic Product (GDP) represents the total value of all final goods and services produced by the sector within a country's borders during a period. In contrast, the Gross Value of Production (GVP)

indicates the total value of production before deducting intermediate inputs and taxes, providing more detailed information on the efficiency and costs of production.

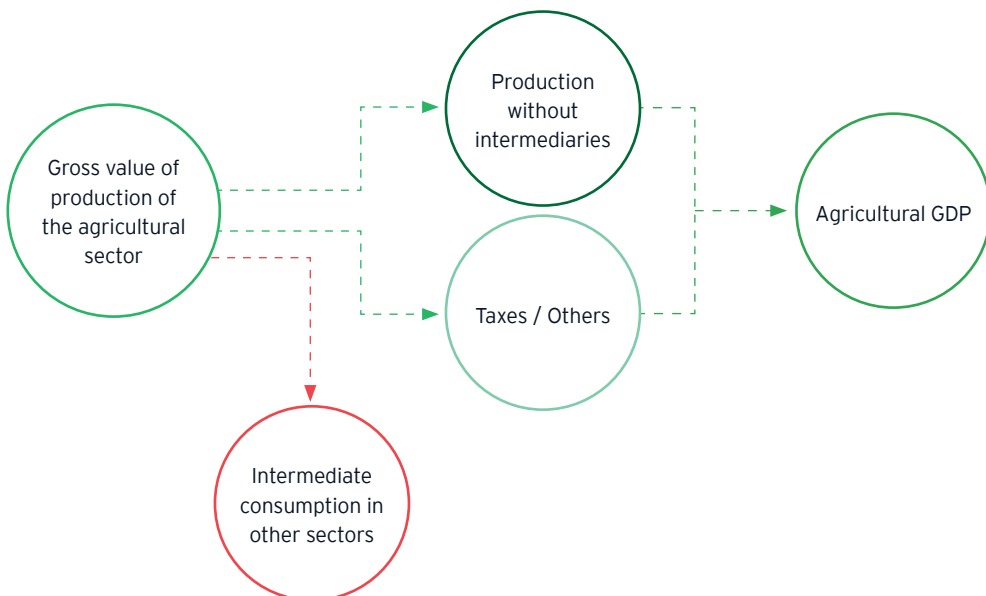
The Gross Value of Production (GVP) of the agricultural sector focuses on the primary production of agricultural products and is equivalent to PEN25.2 billions. Among the main products are fruits and nuts (29.3%), cereals (17.6%), roots and tubers (13.0%), vegetables (11.7%), and stimulant and/or aromatic crops (11.3%).

Likewise, the Gross Value of Production (GVP) of the agroindustrial sector covers the transformation of agricultural raw materials into final products (processed foods, beverages, biofuels, etc.) amounting to PEN13.0 billions. Animal feed (29.8%), wheat (18.8%), and oils and fats (14.8%) are the main products of the sector.

The regions of La Libertad (13.0%), Ica (10.2%), San Martín (9.0%), Lima (6.6%), Piura (6.4%), Junín (6.2%) and Arequipa (5.9%) have the highest Gross Value of Production (GVP). The most important factors favoring crops in these regions are climatic conditions that allow diversified cultivation, access to water resources for irrigation, a long agricultural tradition with developed techniques, proximity to important markets for commercialization, and institutional and technological support that promotes agricultural productivity.

The main products produced are paddy rice (PEN2.8 billion), potatoes (PEN2.5 billion), coffee (PEN1.8 billion), grapes (PEN1.5 billion), asparagus (PEN1.1 billion), avocado (PEN1.1 billion), hard yellow corn (PEN874 million), cocoa (PEN841 million), alfalfa (PEN834 million) and banana (PEN818 million).

Agricultural Production Diagram



Source: National Institute of Statistics and Informatics (INEI).



Gross Value of Production by Product Group (in PEN millions)

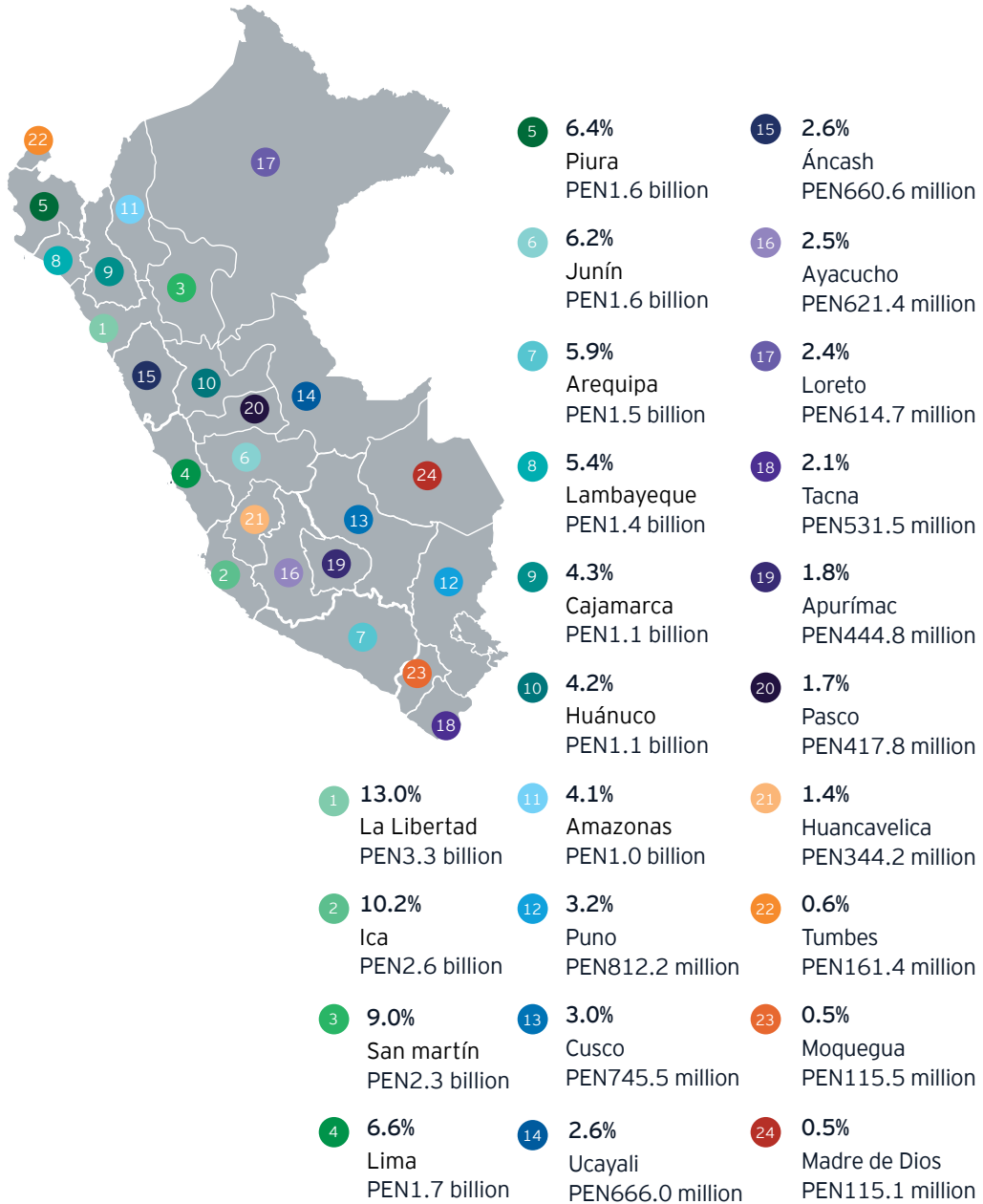
Agricultural Sector	2019	2020	2021	2022	2023	2023 (%)
Cereals	4,253	4,392	4,537	4,570	4,429	17.6%
Vegetables	2,869	2,803	2,902	2,952	2,946	11.7%
Fruit and nuts	5,485	6,150	6,907	7,870	7,399	29.3%
Oilseeds and oleaginous fruit	724	676	710	981	925	3.7%
Roots and edible tubers with high starch or inulin content	3,171	3,224	3,255	3,509	3,277	13.0%
Stimulant, spice and aromatic crops	2,676	2,727	2,771	2,773	2,842	11.3%
Legumes (dried leguminous vegetables)	436	432	446	455	497	2.0%
Sugar crops	832	793	765	747	737	2.9%
Forage, fiber, live plants, flowers and flower buds, raw tobacco and natural rubber products	2,296	2,187	2,252	2,433	2,164	8.6%
Silvicultural and forestry products	12	12	13	12	11	0.0%
Total	22,755	23,396	24,558	26,301	25,227	100.0%

Agroindustrial Sector	2019	2020	2021	2022	2023	2023 (%)
Oils and fats	2,434	2,232	2,362	2,255	1,925	14.8%
Animal feed processing	3,794	3,641	3,831	4,023	3,874	29.8%
Processed oats	195	153	117	122	129	1.0%
Processing of sugar cane for sugar	1,517	1,519	1,393	1,410	1,348	10.4%
Prepared sausages and meats	419	370	389	413	438	3.4%
Asparagus processing	386	302	361	321	273	2.1%
Noodle processing	879	1,031	827	888	757	5.8%
Wheat processing	2,095	2,326	2,404	2,510	2,446	18.8%
Milk	2,151	2,177	2,173	1,895	1,826	14.0%
Total	13,870	13,750	13,858	13,836	13,016	100.0%

Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



Added Gross Value of Agricultural Production by Region in 2023



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



Added Gross Value of Agricultural Production of Main Products (2020-2023)

Main Products	PEN millions				Tons			
	2020	2021	2022	2023	2020	2021	2022	2023
Paddy rice	2,805	2,890	2,809	2,750	3,434	3,538	3,439	3,367
Potato	2,491	2,576	2,727	2,453	5,515	5,702	6,037	5,430
Parchment coffee	1,692	1,744	1,716	1,766	353	364	358	369
Grape	1,045	1,178	1,315	1,456	733	826	923	1,022
Asparagus	1,127	1,126	1,151	1,085	369	369	377	356
Avocado	789	911	1,011	1,069	672	777	861	911
Hard yellow corn	740	835	824	874	1,127	1,271	1,256	1,331
Cocoa	801	809	867	841	159	161	172	167
Alfalfa	833	856	875	834	7,132	7,326	7,492	7,139
Banana	788	792	822	818	2,326	2,337	2,425	2,414
Sugar cane	616	578	564	593	10,469	9,831	9,584	10,088
Cassava	448	447	466	503	1,343	1,341	1,398	1,508
Mandarin	380	425	462	481	526	588	639	665
Oil palm	279	409	467	450	898	1,317	1,505	1,450
Olive	370	312	482	440	174	147	227	207
Starchy corn	388	376	427	383	321	311	353	317
Onion	331	330	282	294	605	602	515	537
Corn	231	263	275	251	413	472	493	450
Orange	241	248	255	251	559	576	592	583
Paprika	229	223	186	232	37	36	30	38
Pineapple	218	220	219	218	584	589	588	584
Mango	279	240	274	211	514	443	504	388
Artichoke	120	146	143	199	82	100	98	136
Dry kidney beans	175	186	177	189	87	93	88	94
Tomato	144	172	149	159	204	244	211	225
Wheat	153	166	174	158	187	203	213	194
Subtle lemon	131	141	143	141	304	326	331	327
Sweet potato	107	134	121	134	243	306	276	305
Barley grain	125	135	136	130	203	220	222	211
Green peas	115	119	126	121	135	140	149	143
Garlic	96	116	121	103	91	110	114	97
Raw cotton	49	38	100	98	19	15	39	38
Dry fava beans	95	94	99	92	83	82	87	81
Squash	75	86	92	89	176	202	217	210
Olluco	88	91	98	88	181	188	203	183
Apple	93	96	89	84	140	143	133	126
Chili	57	63	63	78	43	48	48	59
Dry peas	69	74	73	71	49	52	51	50
Piquillo	54	55	55	67	39	40	40	48
Carrot	62	64	70	64	194	201	219	201
Peach	55	62	64	57	41	47	48	43

Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

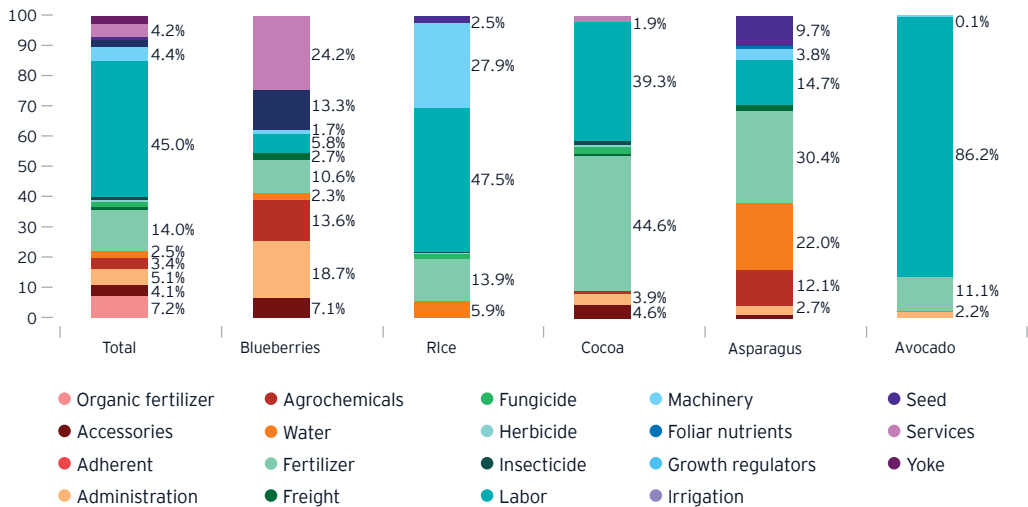
Agricultural inputs vary among different types of crops due to their specific needs and the influence of economic (fertilizer and pesticide prices), environmental (water resources, soil type) and market (consumer trends) factors. In 2020, the largest share of spending on agricultural inputs was on labor (45.0%), fertilizers (14.0%) and organic manure (7.2%). The analysis of spending by crop shows that cocoa spends 44.6% of its inputs on fertilizer, asparagus uses 22.0% on water, and rice uses 27.5% on machinery.



Photograph by Enrique Castro-Mendivil / © PROMPERÚ

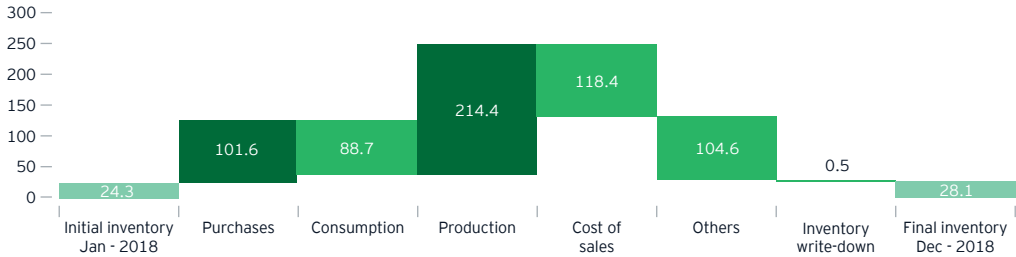
According to the 2019 Annual Economic Survey, the average agribusiness company in 2018 has inventories worth PEN26.1 million, assets worth PEN406.1 million, and depreciation/amortization worth PEN122.2 million.

Costs of Agricultural Product Inputs in 2020 (percentage structure)



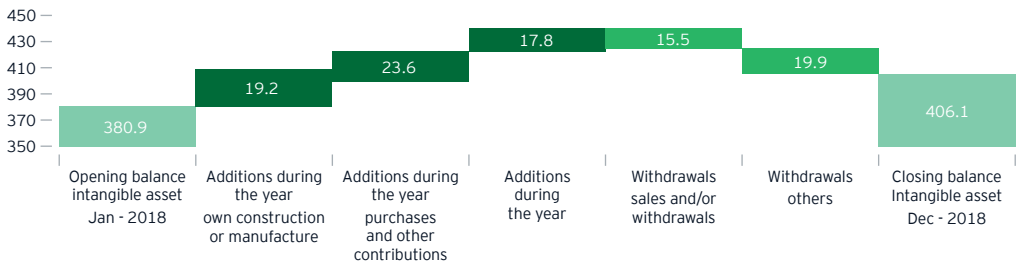
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Evolution of Inventory of an Average Agro-Industrial Company in 2018 (in PEN millions)



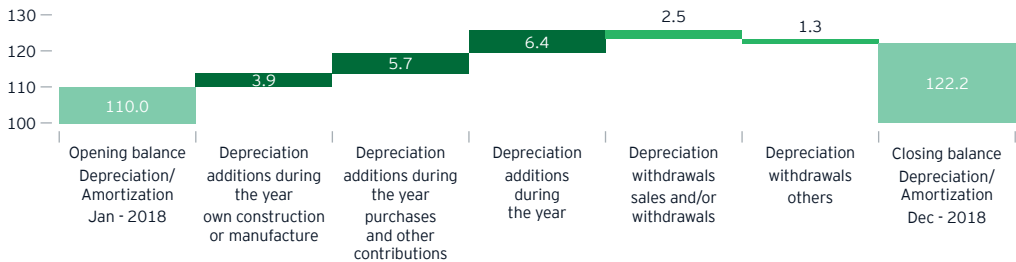
*2019 Annual Economic Survey (AES) estimate.
 Source: National Institute of Statistics and Informatics (INEI).

Evolution of Intangible Assets of an Average Agro-Industrial Company in 2018 (in PEN millions)



*2019 Annual Economic Survey (AES) estimate.
 Source: National Institute of Statistics and Informatics (INEI).

Evolution of Depreciation/Amortization of an Average Agro-Industrial Company in 2018 (in PEN millions)



*2019 Annual Economic Survey (AES) estimate.
 Source: National Institute of Statistics and Informatics (INEI).

b. Demand

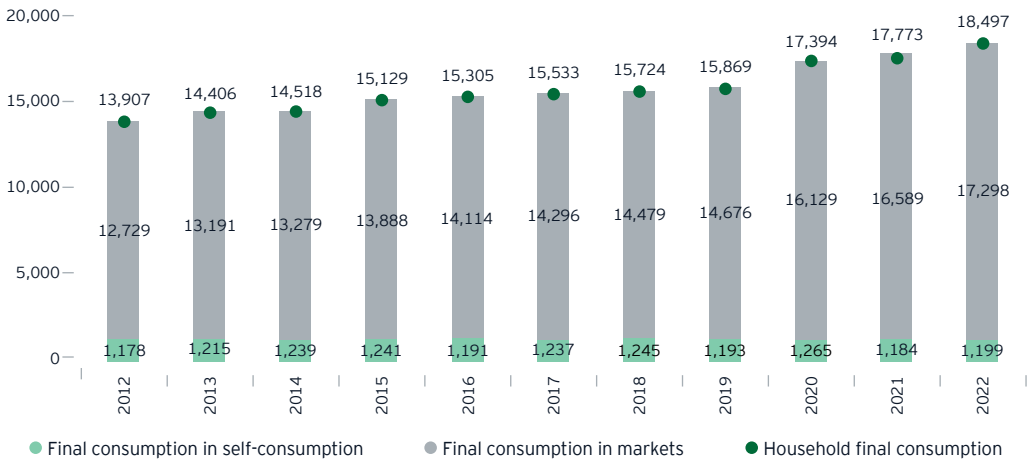
The Peruvian consumer typically purchases agricultural products at markets (PEN17.3 billion) and, to a lesser extent, for self-consumption (PEN1.2 billion). In rural areas of Peru, self-consumption is a common practice due to the availability of space for agriculture. Rural families often grow their own food to reduce costs, overcome barriers to access distant markets, and maintain traditional practices.

In 2022, the main crops for self-consumption are potatoes (PEN371 million), corn (PEN186 million), unprocessed milk (PEN96 million), eggs (PEN95 million), cassava (PEN90 million) and banana (PEN72 million).



Photograph by Ernesto Benavides / © PROMPERÚ

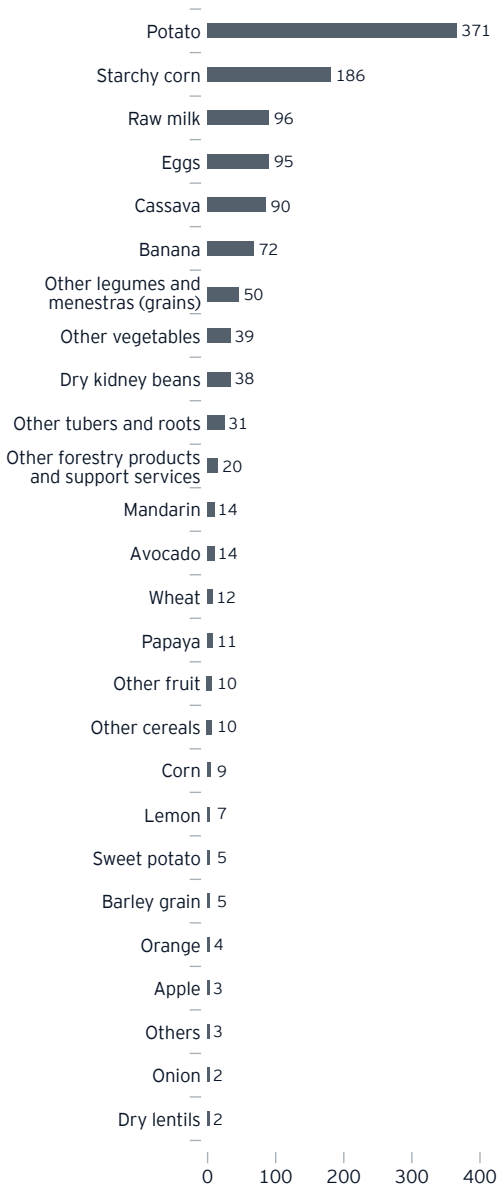
Household Final Consumption of Agricultural Products (in PEN millions)



Source: National Institute of Statistics and Informatics (INEI).

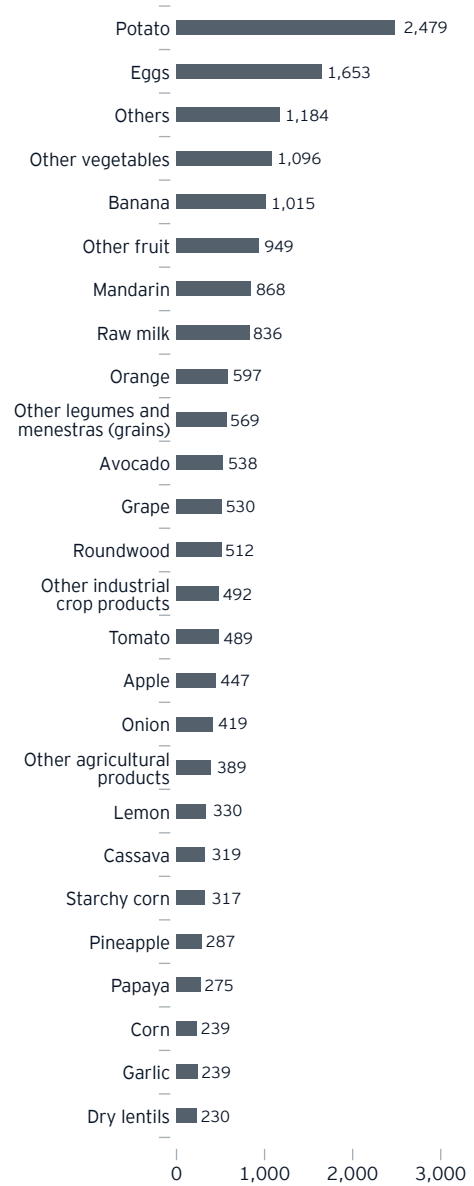


Final Consumption in Self-Consumption of Agricultural Products in 2022 (in PEN millions)



Source: National Institute of Statistics and Informatics (INEI).

Final Consumption in Markets of Agricultural Products in 2022 (in PEN millions)



Source: National Institute of Statistics and Informatics (INEI).



In 2023, 23.0% of total consumer spending went to food, a similar percentage to the 25.1% recorded in 2009. This indicates that the share of spending on food has remained relatively stable.

Expenditure by Consumption Divisions (percentage structure)

Consumption Divisions	2009	2023
Food and non-alcoholic beverages	25.1%	23.0%
Alcoholic beverages, tobacco and narcotic drugs	1.1%	1.6%
Clothing and footwear	5.5%	4.2%
Accommodation, water, electricity, gas and other fuels	9.2%	10.6%
Furniture, household and home maintenance items	5.7%	5.1%
Health	3.4%	3.5%
Transport	12.6%	12.4%
Communications	4.3%	4.8%
Recreation and culture	5.4%	4.0%
Education	9.1%	8.6%
Restaurants and hotels	11.9%	15.9%
Miscellaneous goods and services	6.8%	6.5%
Total	100.0%	100.0%

Source: National Institute of Statistics and Informatics (INEI).

c. Prices

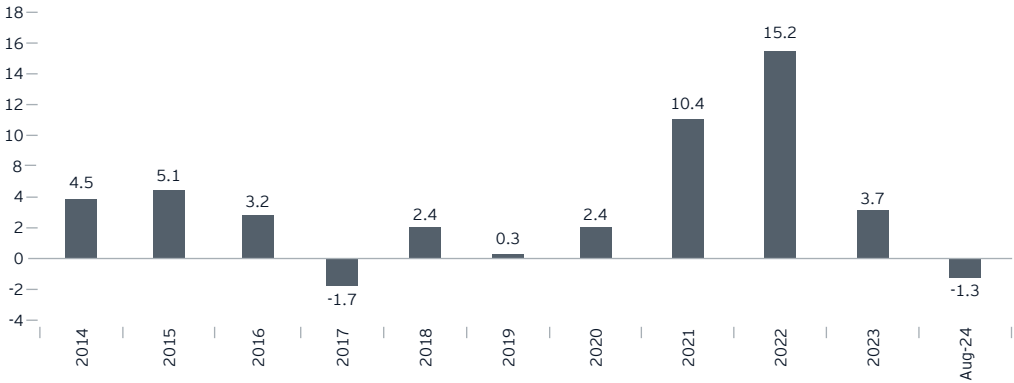
Price variations in the agricultural sector have an impact on both producers and consumers; the main indicators are:

- ▶ **Consumer Price Index (CPI) for food and non-alcoholic beverages:** Measures variations in the prices of food and non-alcoholic beverages that consumers purchase for domestic consumption. It includes products such as cereals, meats, fruits, vegetables, and dairy products, among other products.
- ▶ **Producer Price Index (PPI) for the agricultural sector:** It records fluctuations in the prices of agricultural products at the point of production, before reaching the final market.
- ▶ **Agricultural Wholesale Price Index (WPI):** Monitors variations in agricultural product prices at the wholesale level. It helps to understand how prices are evolving before products reach retailers and, ultimately, consumers.
- ▶ **Agricultural Machinery and Equipment Price Index (MEPI):** Tracks variations in agricultural machinery and equipment prices inside and outside the country, essential for assessing investment costs and agricultural competitiveness.

In August 2024, the CPI for food and non-alcoholic beverages decreased by 1.3%, and the domestic and imported agricultural WPI registered a drop of 3.0% and 9.2%, respectively. On the other hand, the domestic and imported agricultural MEPI increased by 0.7% and 2.1%. In addition, in June 2024, the PPI of the agricultural sector registered an increase of 8.2%.

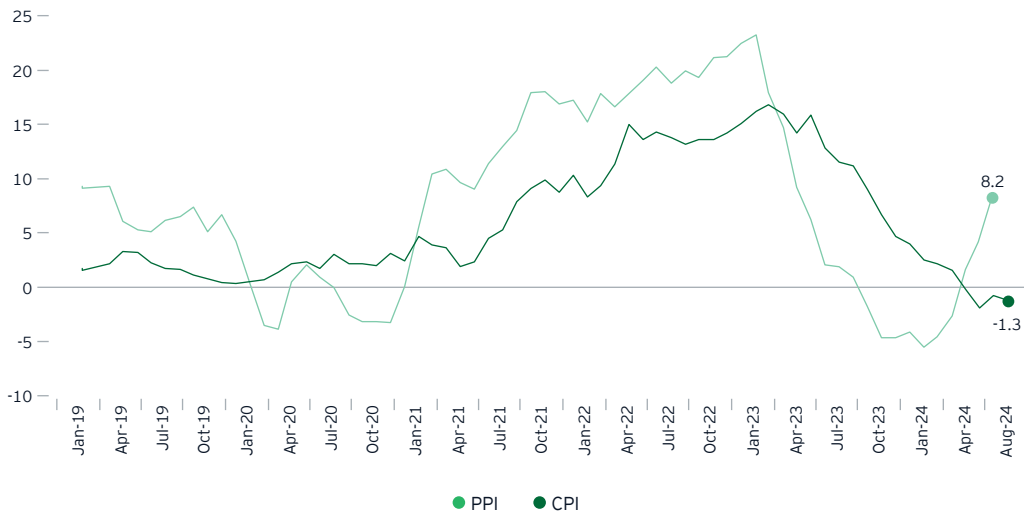


Consumer Price Index (CPI) of Food and Non-Alcoholic Beverages (percentage change)



Source: National Institute of Statistics and Informatics (INEI).

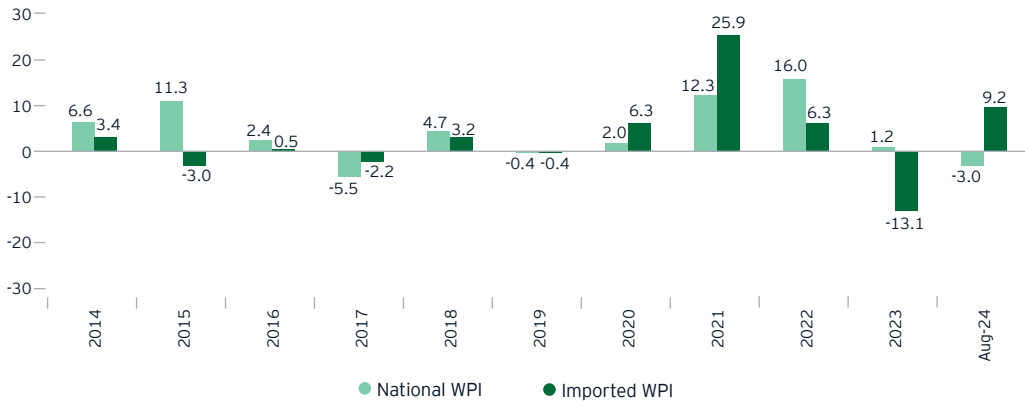
Producer Price Index (PPI) of the Agricultural Sector and Consumer Price Index (CPI) of Food (percentage change)



Source: National Institute of Statistics and Informatics (INEI).

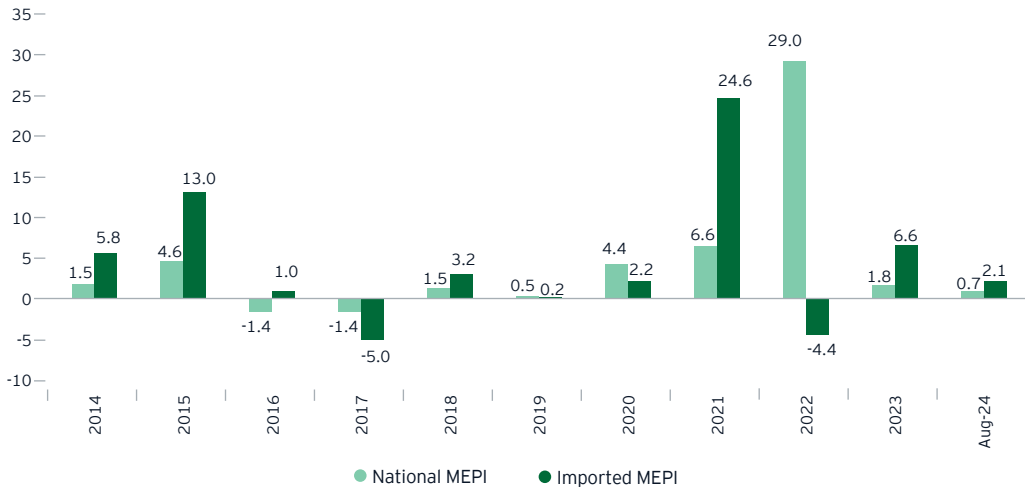


Wholesale Price Index (WPI) of National and Imported Agricultural Products (percentage change)



Source: National Institute of Statistics and Informatics (INEI).

Agricultural Machinery and Equipment Price Index (MEPI) of National and Imported Agricultural Products (percentage change)



*Metropolitan Lima information.

Source: National Institute of Statistics and Informatics (INEI).

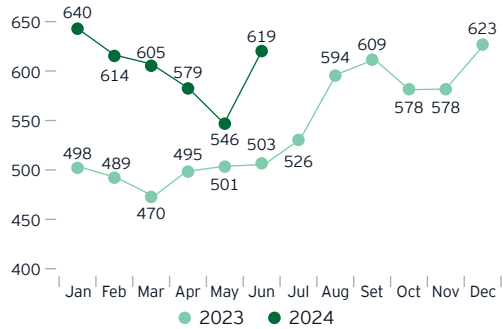
Agricultural commodities are products derived from agriculture that are traded in financial and physical markets. Agricultural commodities are vital to the global economy, due to their role in food and numerous related industries.

Monitoring and analyzing these prices are important for agricultural stakeholders, including producers, traders, consumers and governments, to manage risks, plan investments and ensure global food security. Wholesale markets in the United States, Canada and Europe provide us with information on international prices for major agricultural export products.

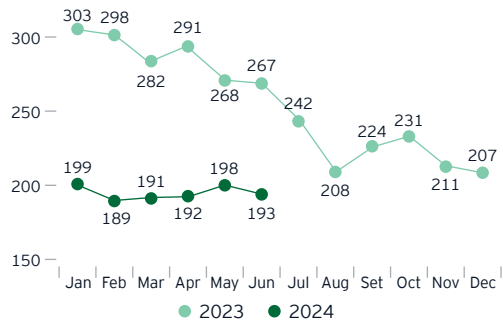


International Quotations of Main Agricultural Commodities

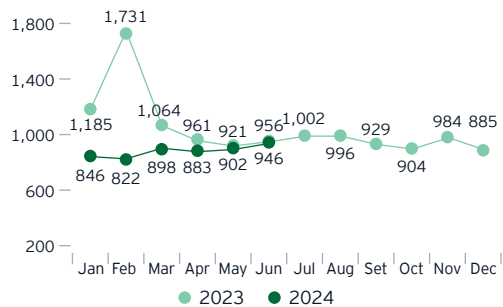
Rice - FOB Bangkok (USD per ton)



Corn - FOB The Gulf, USA (USD per ton)



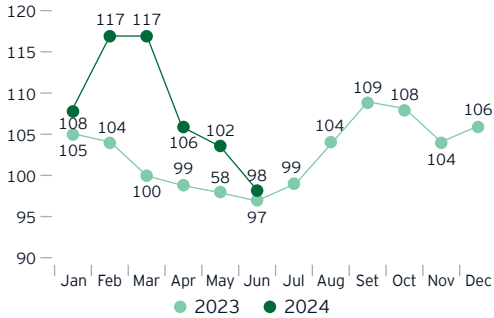
Crude Soybean Oil - FOB Buenos Aires (USD per ton)



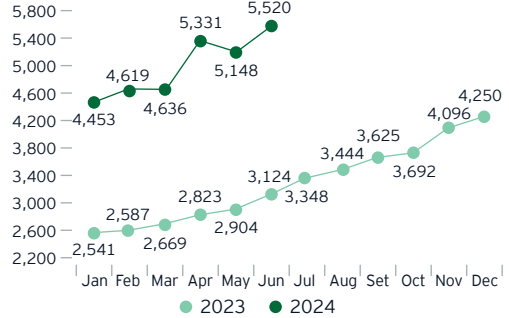
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



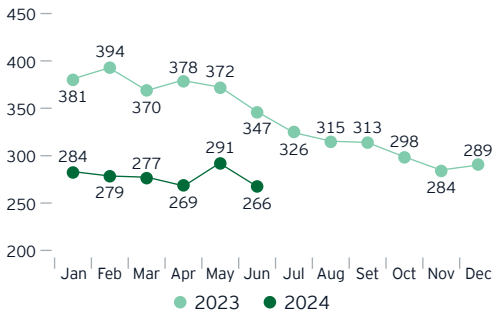
Cotton - CIF Northern Europe (USD per ton)



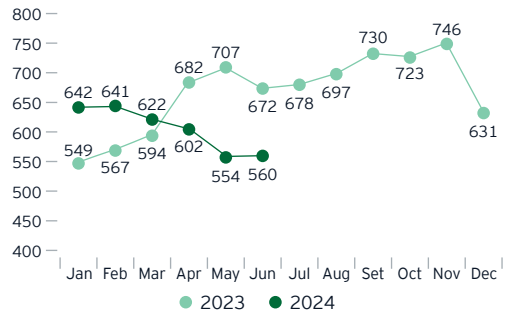
Cocoa bean - CIF New York (USD per ton)



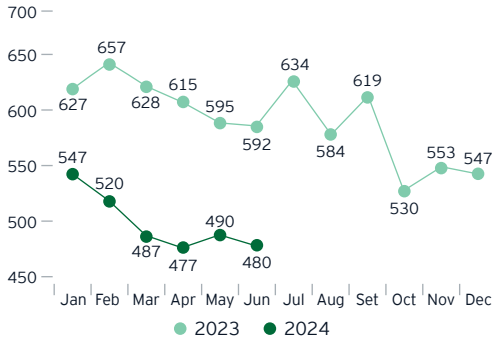
Wheat - FOB The Gulf, USA (USD per ton)



Sugar - CIF Northern Europe (USD per ton)



Soybean - CIF Rotterdam (USD per ton)





Photograph by Renzo Tasso / © PROMPERÚ

d. Investment

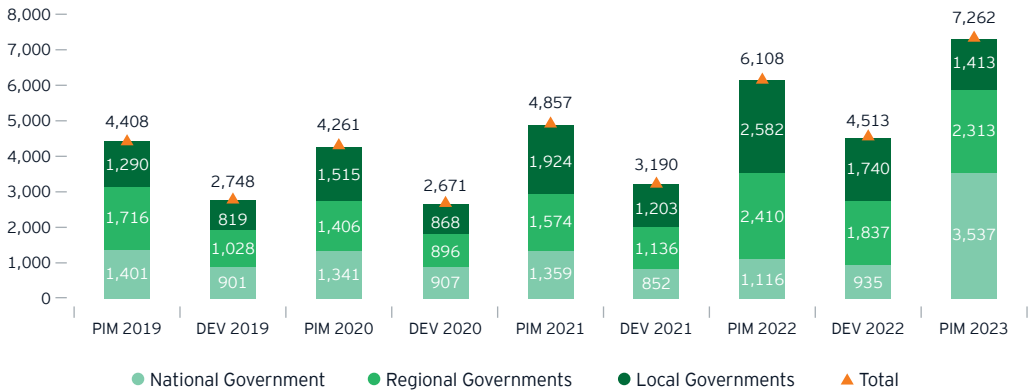
According to the World Bank, Peru has a gap of USD37 billion in Agricultural Infrastructure and Irrigation. For this year, a total investment of PEN7.3 billion is projected for the three levels of government: PEN3.5 billion in the national government, PEN2.3 billion in regional governments and PEN1.4 billion in local governments.

Over the last five years, public investment in the agricultural sector has experienced sustained growth. In 2024, the highest level was reached, with 13.1% of the total public sector budget allocated to the agricultural sector. In collaboration with the Authority for Reconstruction with Change, investments have been made in rehabilitating water infrastructure, as well as in planting and harvesting water, and in irrigation infrastructure in the high Andean areas of Peru.

In addition, the National Institute for Agricultural Innovation (INIA) expects to execute 14 agricultural investment projects for a total amount of PEN756 million by 2024. Various initiatives are being implemented to strengthen the agricultural sector, such as improving the availability and use of quality seeds, implementing precision agriculture to improve crop management efficiency, advancing agricultural research and technology transfer with an emphasis on genetic resources, improving agricultural administration and asset management services, and building perimeter fences to protect agricultural infrastructure.



Public Investment in the Agricultural Sector (in PEN millions)

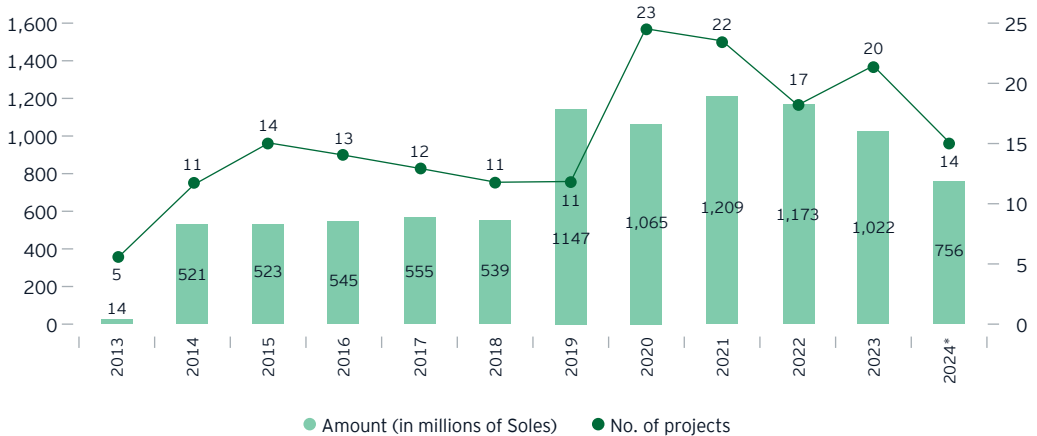


PIM: Amended Institutional Budget.

DEV: Accruals.

Source: Ministry of Economy and Finance (MEF).

Agricultural Investment Projects under Execution by Fiscal Year



*Up to April 2024.

Source: National Institute of Agrarian Innovation (INIA).

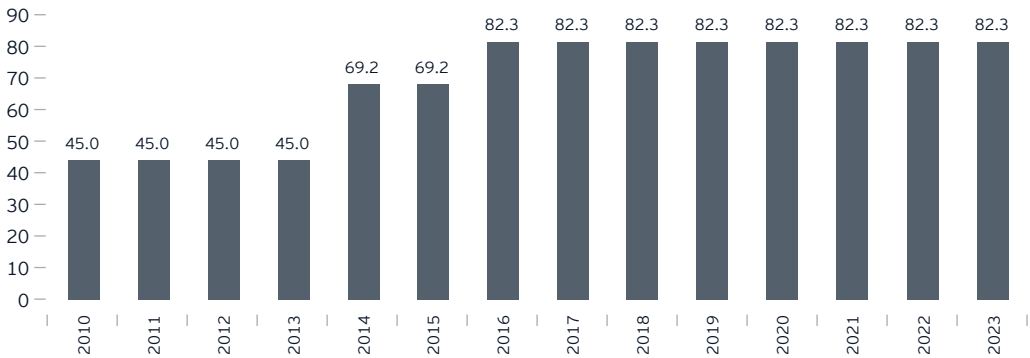
Investment Projects under Execution by Fiscal Year 2024 (in PEN millions)

Investment	Regions	Total Cost	Opening Institutional Budget (PIA)	Amended Institutional Budget (PIM)	Accruals 4/24	Progress (%)
Improving the availability and access to genetic material	San Martín, Loreto y Ucayali	35.9	21.3	13.6	2.2	16.12
Improving the availability, access and use of quality seeds	San Martín, Loreto y Ucayali	116.5	24.3	13.5	4.1	30.24
Improving the availability of cattle genetic material	24 regions of Peru	29.2	2.9	5.5	1.5	27.6
Creating precision agriculture service	Lambayeque, Huancavelica, Ucayali y San Martín.	21.2	24.3	10.6	1.3	12.09
Improving research and technology transfer services	Lima, Áncash, San Martín, Cajamarca, Lambayeque, Junín, Ayacucho, Arequipa, Puno y Ucayali	86.6	25.3	23.1	3.8	16.55
Improving the research services in the characterization of genetic resources	17 regions of Peru	102.7	28.7	26.9	4.4	16.35
Improving information and scientific knowledge management services	Lima	6.7	1.5	1.5	0.4	25.75
Constructing a perimeter fence	Madre de Dios	1.3	0.0	0.0	0.0	0.00
Improving the services of the asset unit of the National Institute of Agrarian Innovation	-	5.0	2.0	3.5	0.4	12.04
Improving agricultural research and technology transfer services	Piura	66.6	0.0	7.0	0.5	7.77
Improving agricultural research and technology transfer services	Cajamarca	48.4	0.0	8.0	0.9	11.07
Improving livestock research and technology transfer services	Apurímac, Arequipa, Ayacucho, Cusco, Huancavelica, Junín, Moquegua, Pasco, Puno y Tacna	71.1	0.0	6.5	0.7	10.18
Improving research and technology transfer services for the sustainable management of goat livestock in the dry forest and central coast	Tumbes, Piura, Lambayeque, Amazonas, La Libertad, Áncash y Lima	49.9	0.0	7.0	1.0	14.61
Improving agricultural research and technology transfer services	24 regions of Peru	115.1	0.0	3.5	0.5	15.71
Total		756.1	130.3	130.3	21.8	-

Source: National Institute of Agrarian Innovation (INIA).

Since 2015, foreign direct investment in the agricultural sector has remained at USD82.3 million, mainly from Brazil (USD26.3 million), Colombia (USD20.4 million), United Kingdom (USD12.3 million), Chile (USD11.7 million) and Spain (USD6.0 million).

Foreign Direct Investment in the Agricultural Sector (in USD millions)



Source: Agency for the Promotion of Private Investment (ProlInversión).

Foreign Direct Investment in the Agricultural Sector by Country - June 2023 (in USD millions)

Country	Amount
Brazil	26.3
Colombia	20.4
United Kingdom	12.3
Chile	11.7
Spain	6.0
The Netherlands	1.6
Venezuela	1.3
Panama	1.1
United States	0.9
Denmark	0.7
Others	0.5

Source: Agency for the Promotion of Private Investment (ProlInversión).



e. Foreign Trade

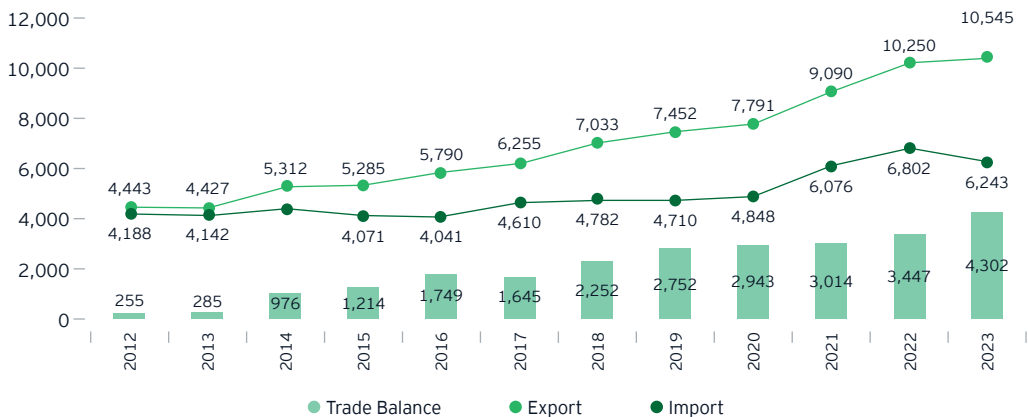
In 2023, the highest positive trade balance and agricultural exports in history were recorded at USD4.3 billion and USD10.6 billion, respectively. During the last decade, agricultural exports have grown by an average of 8.4% per year. Similarly, there has been significant growth in non-traditional exports, from USD3.6 billion in 2013 to USD9.6 billion in 2023.

The main products in the agro-export ranking for the period 2023 were fresh grapes: USD1.7 billion (18%), fresh cranberries: USD1.7 billion (18%), avocados: USD963 million (10%), and fresh or refrigerated asparagus: USD391 million (4.1%). The ten main destination countries for Peruvian agricultural exports were the United States, the Netherlands, Spain, Ecuador, China, England, Chile, Mexico, Germany and Canada. This group of countries accounted for 78% of the total FOB value exported in 2023.

Agricultural exports are one of the main signs of economic and social development in the country. Currently, this economic activity stands out as one of the most dynamic worldwide, as a result of the joint efforts of producers and exporters, supported by the Peruvian government.

According to the Ministry of Agriculture Development and Irrigation (MIDAGRI) there are plans this year to implement, together with the National Agricultural Health Service (SENASA) 13 new access points for Peruvian agricultural products, with the aim of continuing to develop greater commercial windows for Peruvian producers. The implementation of tax facilities for the agro-export sector has also been announced, as well as the unblocking of high-impact projects such as the third stage of the Chavimochic III project, Chinecas, and Iruro; and loans will be granted to small and medium-sized farmers who may be affected by the El Niño Phenomenon.

Trade Balance of Agricultural Products (FOB value in USD millions)



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI)



Photograph by Raul Garcia / © PROMPERÚ

Agricultural Trade Balance by Country of Destination/Origin 2023

Country	FOB Value (in USD millions)		Trade Balance
	Export	Import	
Total	10,545	6,243	4,302

Countries with which the agricultural sector shows the largest surplus

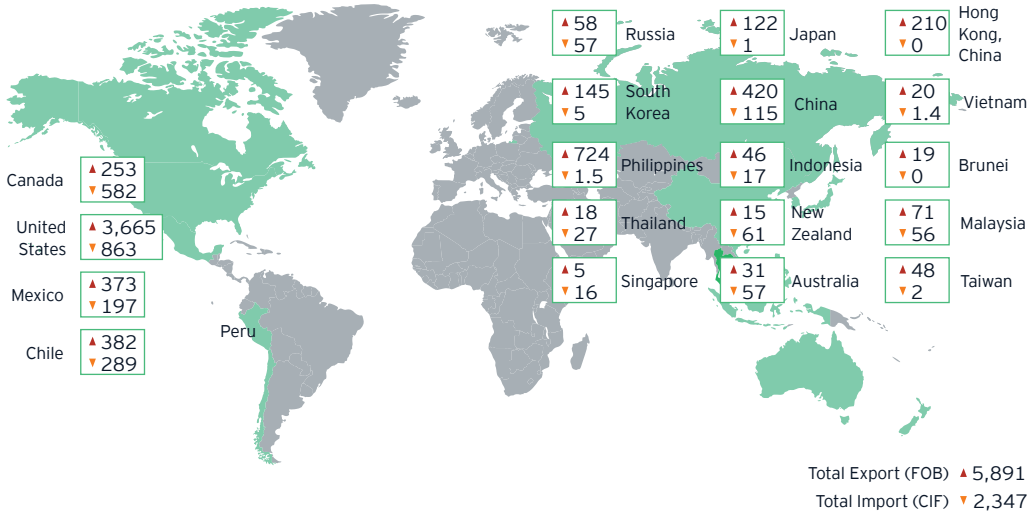
United States	3,665	863	2,803
The Netherlands	1,483	92	1,391
Spain	591	66	525
England	396	48	348
Ecuador	433	122	311
China	420	115	305
Hong Kong, China	210	0	210
Germany	253	46	207
South Korea	154	5	149
Japan	122	1	121

Countries with which the agricultural sector shows the largest deficit

Argentina	35	1,440	-1,406
Bolivia	69	725	-657
Brazil	69	481	-412
Canada	253	582	-329
Australia	31	57	-26
India	9	27	-18
Greece	9	14	-6
Guatemala	53	57	-4
Costa Rica	31	35	-4
Ivory Coast	0	3	-3

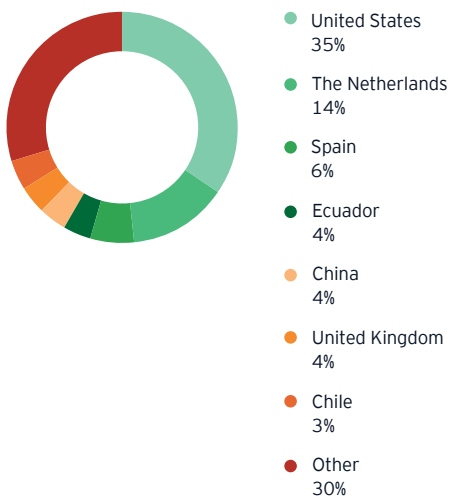
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI), National Superintendency of Customs and Tax Administration (SUNAT).

Foreign Agricultural Trade, APEC 2023 (in USD millions)



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI), National Superintendency of Customs and Tax Administration (SUNAT).

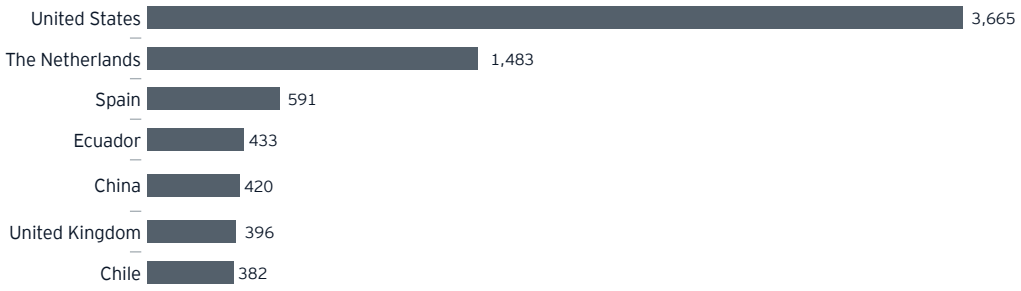
Agricultural Export Destinations 2023 (percentage)



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

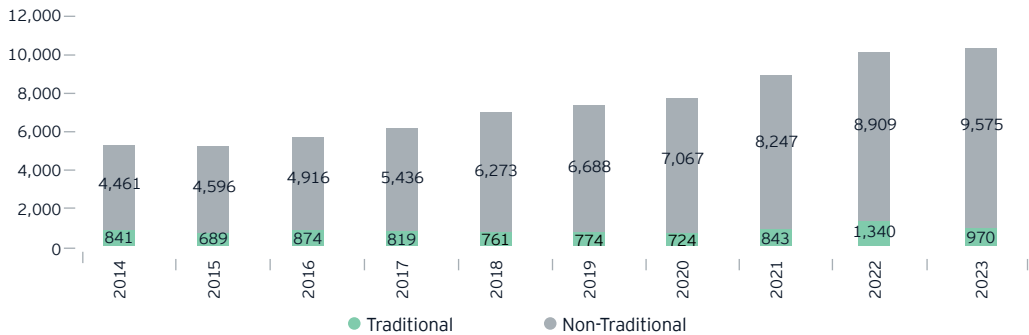


Main Agricultural Export Destinations 2023 (in USD millions)



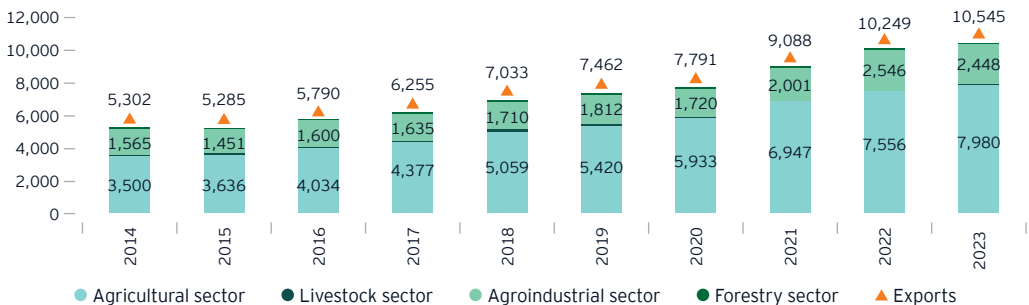
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Traditional and Non-Traditional Exports of Agricultural Product (FOB value in USD millions)



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Exports of Agricultural Products by Sub-Sectors (FOB value in USD millions).



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



Main Agricultural Exports in 2023

Description	Net Weight (t)	FOB Value (in USD millions)
Fresh grapes	648,621	1,745.5
Cranberries, blueberries and other fruit of the genus vaccinium, fresh.	206,610	1,676.0
Avocados, fresh or dried	599,209	963.4
Coffee, not roasted, not decaffeinated, others	205,023	827.3
Asparagus, fresh or refrigerated	97,907	391.2
Mangoes and mangosteens, fresh or dried	197,085	254.7
Preparation of the types used for animal feeding	196,887	227.6
Cocoa beans, whole or broken, raw	70,216	219.5
Other citrus	144,012	171.3
Dried paprika, neither crushed nor pulverized	32,306	136.9
Mangoes, uncooked or cooked by steaming or boiling in water, frozen	76,182	133.0
Ginger, neither crushed nor pulverized	73,196	119.1
Artichokes, prepared or preserved, not frozen	41,070	115.2
Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher	114,366	111.1
Bananas, including fresh cavendish valery bananas	142,082	108.3
Sweet cookies (with added sweetener)	51,538	106.0
Onions and shallots, fresh or refrigerated	260,161	103.7
Quinoa, except for sowing	44,539	97.8
Asparagus, prepared or preserved, not frozen	26,370	94.2
Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen	35,901	92.0
Crude palm oil	96,781	89.2
Vegetables, fruit or nuts, and other edible parts of plants, prepared or preserved by vinegar or acetic acid	34,408	89.1
Refined cane or beet sugars in solid form	106,667	83.4
Lemon essential oils	763	70.1
Cochineal carmine	779	65.3
Strawberries, uncooked or cooked by steaming or boiling in water, frozen	32,870	57.0
Crackers or flavored cookies	25,265	53.8
Passion fruit juice, unfermented and not containing added spirit, whether or not containing added sugar or other sweetener	12,898	52.2

Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Peruvian fruits and vegetables are opening up in world markets and exports are growing at a good pace. Thus, Peru is positioned as the world's leading producer of blueberries, fresh grapes, fresh asparagus and quinoa. For the eighth consecutive year, Peru is the world's leading exporter of quinoa.

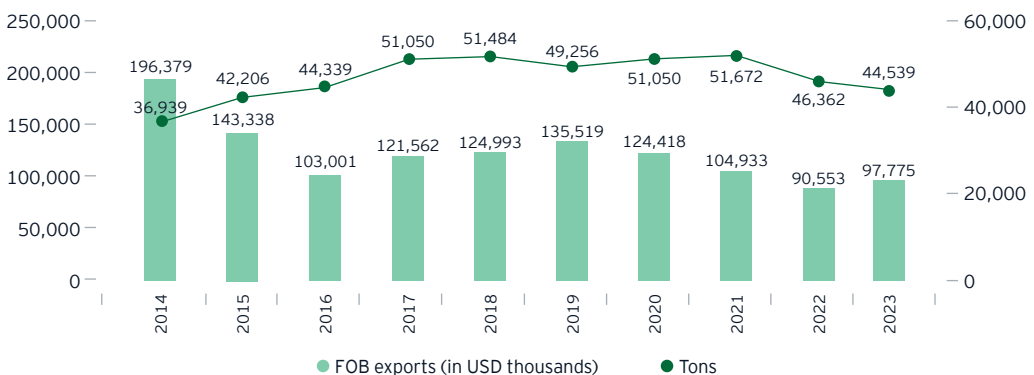
Likewise, blueberry exports went from zero in 2007 to USD16.9 million in 2013, to then take off steadily and reach USD1.7 billion in 2023. This product ranked first in the world export ranking for the fifth consecutive year in 2023.

Peru in the world ranking of agroexports 2023

Product	Nº
Blueberries	1
Fresh grapes	1
Fresh asparagus	1
Quinoa	1
Fresh avocado	2
Ginger	2
Sea urchins	2
Amazonian nuts	2
Frozen horse mackerel	3
Fresh mango	4
Cocoa beans	4
Canned anchovies	4
Fresh peas	5
Algae	5

Source: Ministry of Foreign Trade and Tourism (MINCETUR).

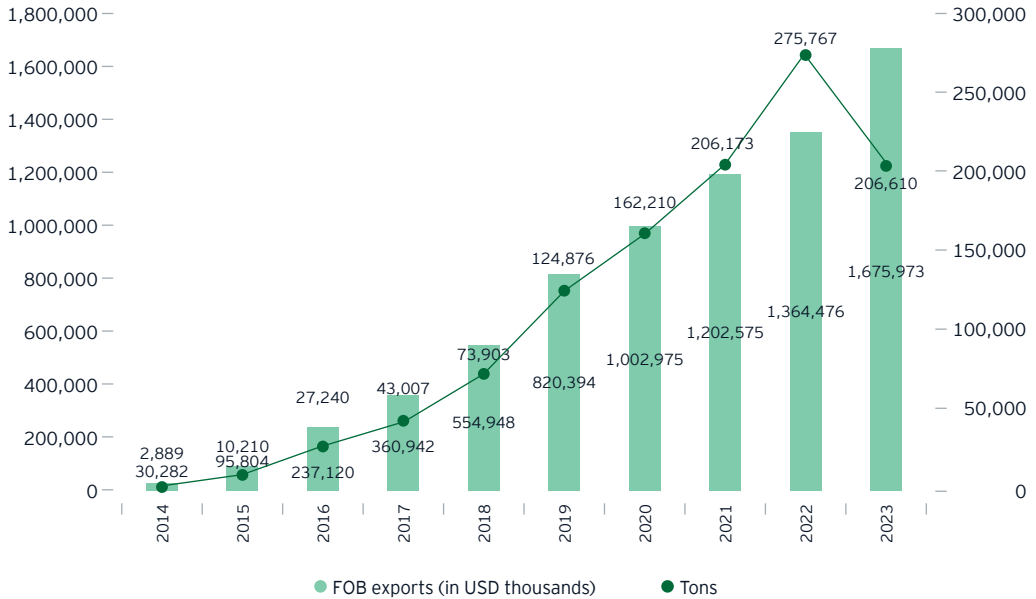
Evolution of Quinoa Exports



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

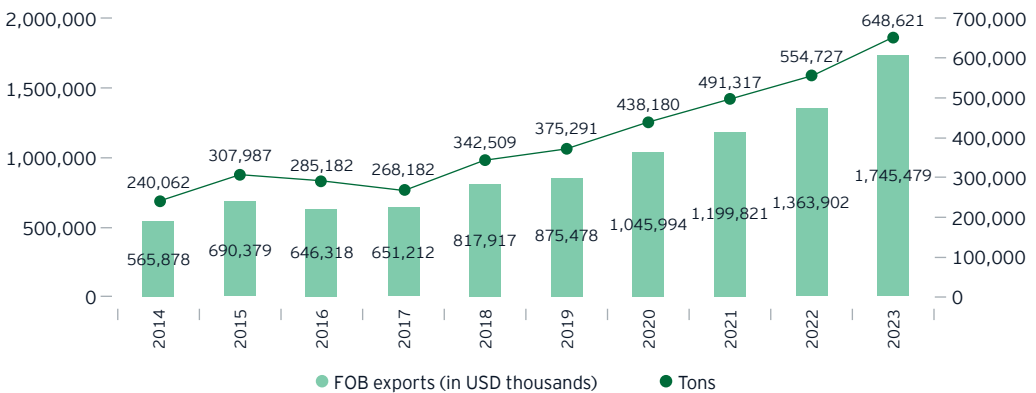


Evolution in Blueberries Exports



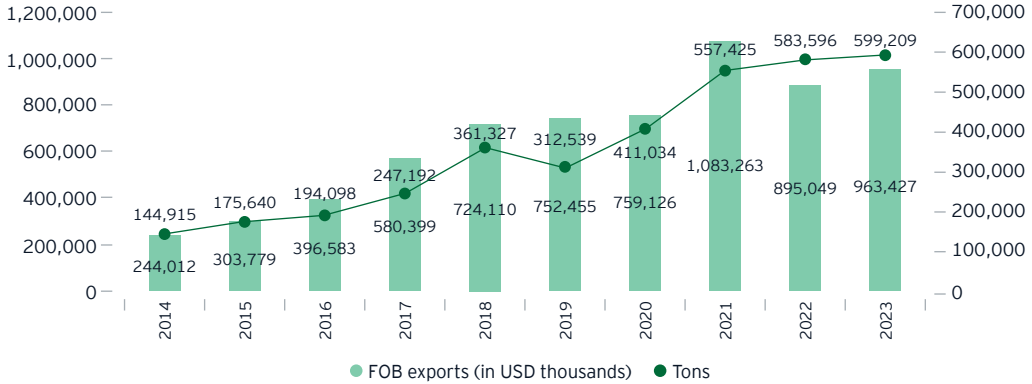
Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

Evolution in Fresh Grapes Exports



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

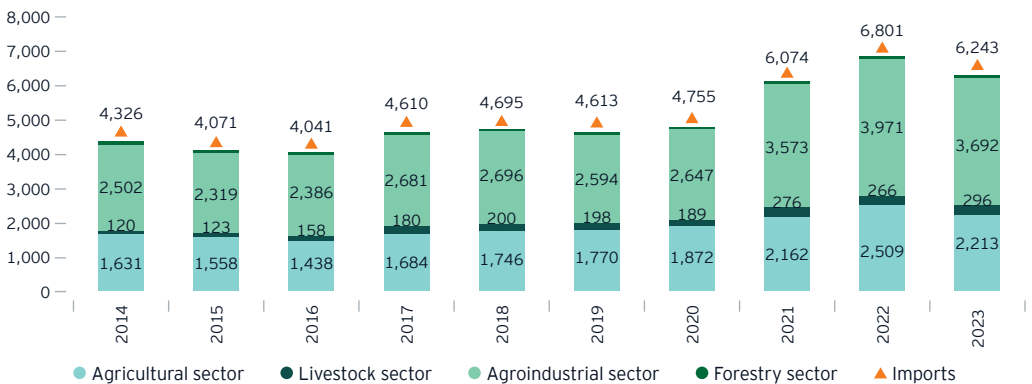
Evolution in Avocados Exports



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).

In 2023, imports of agricultural products (agricultural, livestock, agro-industrial, industrial inputs and agrochemicals) totaled USD6.2 billion, down 8.2% from USD6.8 billion in 2022. Consumer goods accounted for 52.0% of imports, while raw materials and intermediate products accounted for 44.4%.

Imports of Agricultural Products by Sub-Sectors (FOB value in USD millions)



Source: Ministry of Agricultural Development and Irrigation (MIDAGRI).



Agricultural Imports by Subcategories (CIF value in USD millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital goods	149	168	151	149	156	158	161	203	205	168
Raw materials and intermediate products	1,455	1,335	1,310	1,592	1,581	1,581	1,669	2,141	2,608	2,056
Consumer goods	1,601	1,635	1,664	2,039	1,919	1,806	2,007	2,246	2,406	2,409

Source: National Superintendency of Customs and Tax Administration (SUNAT).

f. Financial System

Access to the financial system is an important tool for the modernization, stability and growth of the agricultural sector. This tool allows farmers to invest in technology and machinery, improves their financial flexibility during low seasons, helps them face climate risks and market fluctuations, and contributes to rural economic development. For this reason, the Peruvian government has established a series of measures to promote financial inclusion in the agricultural sector.

Agrobanco is the government's main financial support instrument whose main objective is to promote and facilitate the granting of loans to small agricultural producers in Peru. At the end of 2023, Agrobanco had a loan portfolio of PEN840 million with 29,349 borrowers.

In conjunction with the Agroperu fund, which Agrobanco manages under an agreement with the Ministry of Agricultural Development and Irrigation (MIDAGRI) the entity granted PEN257 million in loans during the first quarter of 2024, benefiting 24,344 small

producers. The most financed agricultural products were rice (PEN30.5 million), coffee (PEN29 million), corn (PEN15.4 million), cocoa (PEN14.4 million), avocado (PEN13 million), potato (PEN12.5 million), citrus fruits (PEN5.6 million), and olive (PEN3.7 million) among other products.

Agrobanco Direct Loans 2023

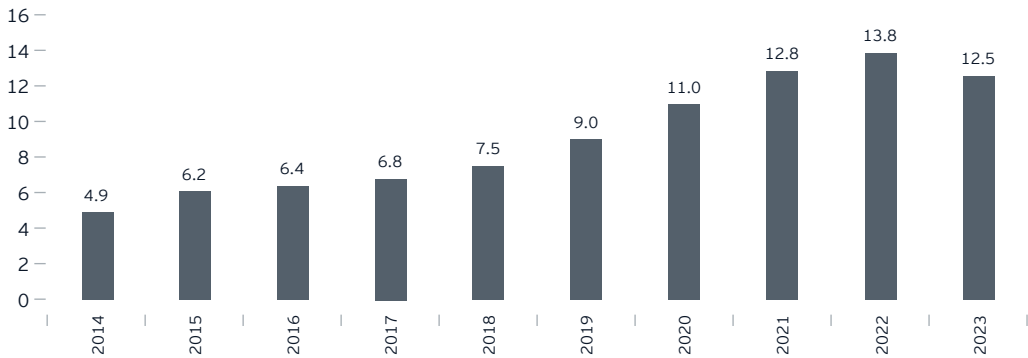
Direct Loans	Amount (in PEN thousands)	Nº. of Debtors
Loans to medium-sized companies	445,557	126
Loans to small companies	182,681	7,024
Loans to microenterprises	212,069	22,199
Total	840,306	29,349

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



During the last decade, direct loans to the agricultural sector from commercial banks have grown by 11.6% on average, reaching PEN12.5 billions in 2023. Other important financing sources are municipal savings banks (PEN2.1 billion), financial companies (PEN706 million) and rural savings banks (PEN93 million).

Direct Loans to the Agricultural Sector in Commercial Banks (in PEN billions)



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

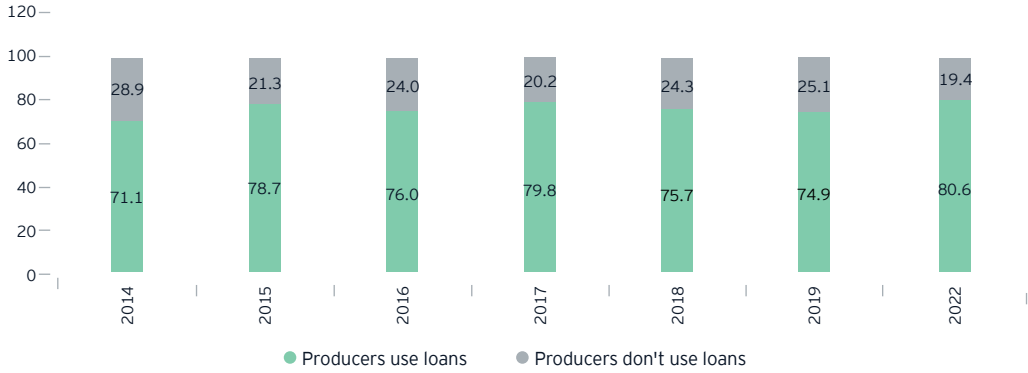
Direct Loans to the Agricultural Sector (in PEN millions)

Subsystem	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Financial companies	548.8	472.3	499.3	544.4	570.8	572.6	650.2	679.3	689.0	706.1
Municipal savings banks	811.6	842.9	841.1	987.5	1,074.6	1,183.4	1,361.4	1,587.6	1,789.6	2,039.3
Rural savings banks	227.0	120.4	101.3	131.2	158.4	160.6	177.1	196.3	169.2	93.1
Small- and Micro-Enterprise Development Company (EDPYME)	62.7	63.2	37.6	33.1	38.6	42.5	41.8	51.2	56.1	66.7

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

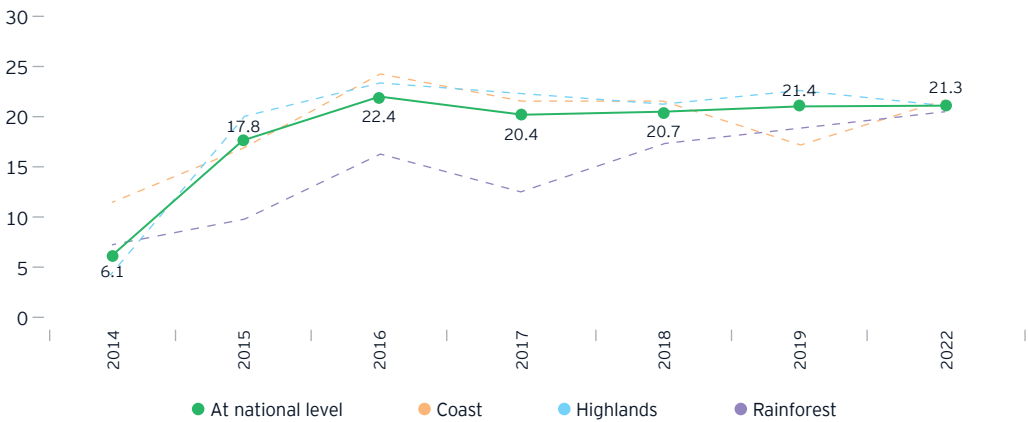


Producers using Loans for Agricultural Activities (%)



Source: "National Agricultural Survey 2014-2019, 2022", National Institute of Statistics and Informatics (INEI).

Agricultural Producers who have Savings Capacity (%)



Source: "National Agricultural Survey 2014-2019, 2022", National Institute of Statistics and Informatics (INEI).

g. Tax Collection

The Tax Authority (SUNAT) recorded in 2023 a total of 49,904 registered taxpayers, which represents a significant increase with respect to the 33,557 registered in 2017. The main categories of enrolled taxpayers belong to the Fourth Bracket Income Tax (43.1%) the Third Bracket Income Tax of the Micro and Small Enterprises (MSEs) tax regime (16.3%) and to the Third Bracket Income Tax of the special income tax regime (12.9%). The regions of Lima (17.1%), Junín (7.3%), San Martín (6.8%), Piura (6.6%) and Cajamarca (5.3%) have the highest number of taxpayers.

In this regard, the agricultural sector presents an increasingly broad tax base, which translates into higher revenues for the State. Since 2013, revenues collected in the sector have increased 151%, reaching PEN935.4 million in 2023.



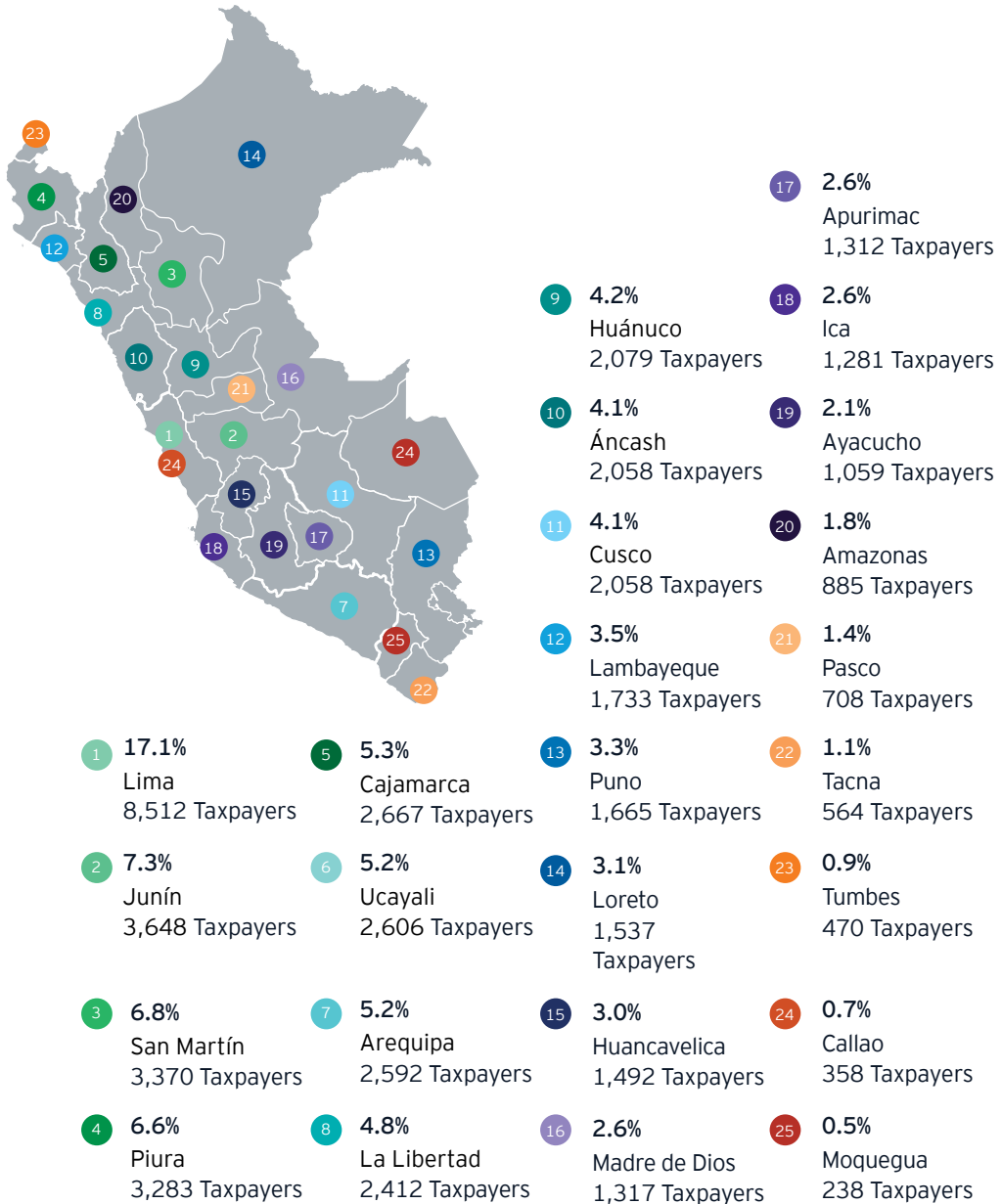
Photograph by Inés Menacho / © PROMPERU

Direct Loans to the Agricultural Sector (in PEN millions)

Category	2017	2018	2019	2020	2021	2022	2023
First bracket income tax	368	348	366	359	353	400	536
Third bracket income tax - GEN	2,297	2,414	2,216	2,715	4,485	3,732	4,120
Third bracket income tax - Others	3,975	4,211	4,389	4,671	2,066	2,283	2,314
Third bracket income tax - RER	4,461	4,817	4,643	5,107	5,892	6,630	6,432
Third bracket income tax - RMT	4,308	4,551	4,905	5,553	6,589	7,501	8,156
Fourth bracket income tax	11,170	11,471	11,561	12,439	14,958	17,889	21,529
Simplified Single Regime - RUS	6,978	7,070	7,016	6,672	6,546	6,623	6,817
Total	33,557	34,882	35,096	37,516	40,889	45,058	49,904

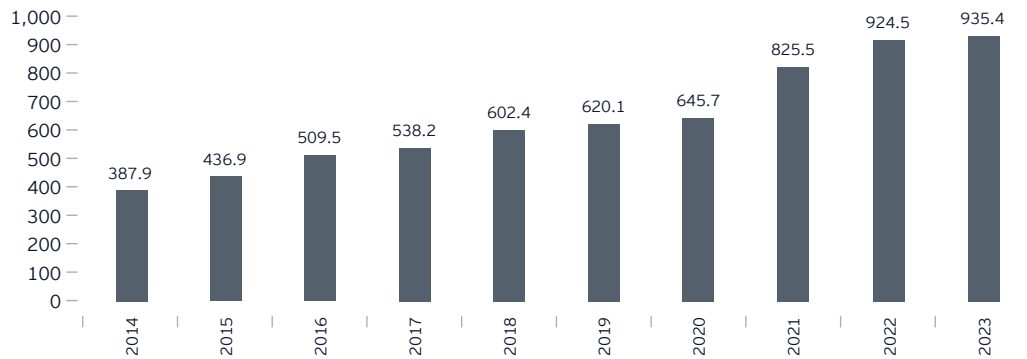
Source: Superintendency of Banking, Insurance and Private Pension Fund Management Company (SBS).

Number of Taxpayers registered in the Agricultural Sector by Region in 2023



Source: National Superintendency of Customs and Tax Administration (SUNAT).

Revenues collected by SUNAT in the Agricultural Sector (in PEN millions)



Source: National Superintendency of Customs and Tax Administration (SUNAT).



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3

National Agricultural Development

a. National Agricultural Policy (PNA) 2021-2030

In 2021, Peru approved the new National Agricultural Policy 2021-2030, which will be in charge of the Ministry of Agricultural Development and Irrigation (MIDAGRI).

According to the Fourth National Agricultural Census (CENAGRO) of 2012, the number of producers engaged in agricultural activity was 2,260,973, of which 2,213,506 have land and represent a surface area of 38.7 million hectares. Of this total, 15.8% is located on the Coast, 63.6% in the Highlands and 20.6% in the Rainforest. In addition, of the total number of agricultural producers with land (2,213,506) 97% are family farmers.

In response to these indicators, the main objectives of the PNA are as follows:

1. Increase the level of vertical integration of agricultural producers in the value chain, through the improvement of financing mechanisms, agricultural insurance, and non-refundable funds for family farmers. In addition, by strengthening the technical capacities of producers in the use of information systems, productive matters, technological improvement, associative and business management, will enable them to reduce their intermediation through direct marketing channels of national and international scale.
2. Reduce the proportion of family farmers at subsistence level by developing their productive and commercial technical capabilities, generating value in their supply and improving their access to agricultural information. In this regard, the objective is to raise awareness and build the capacities of this type of producer to achieve associativity (horizontal integration) and sustainability, enabling these producers to gain access to financial mechanisms and have at their disposal a productive supply, migrating to value chains with more profitable and quality products.
3. Improve the management of natural resources for sustainable agricultural production. This objective seeks to adopt environmental sustainability in agricultural production by reducing the vulnerability of production systems to climatic events. To this end, it aims at improving access to natural resources in production; mainly soil, water and natural pastures, with emphasis on family farming.



The participation of national agricultural programs is essential to achieve the objectives. For instance, the AGROIDEAS Program will give priority attention to family farmers in transition and entrepreneurial agricultural producers, offering support mechanisms for coordination through incentives for the formation of agricultural organizations, business management, and the adoption of technologies. In addition, the AGRORURAL Program will provide technical assistance in good soil management practices such as the rehabilitation of terraces, absorption terraces, and infiltration ditches, among other practices.



For more information,
please visit:
www.gob.pe/institucion/midagri/normas-legales/2061745-0017-2021-midagri



b. National Agricultural Programs

Peru has in place different National Programs focused on promoting agricultural management through specific products and activities. Among some of them we have the following:

1. Competitiveness Compensation Program (AGROIDEAS)

AGROIDEAS is an entity attached to the Ministry of Agricultural Development and Irrigation (MIDAGRI) responsible for promoting the strengthening of business management and the adoption of environmentally sustainable agricultural technologies by organized small and medium-sized agricultural producers, contributing to the improvement of their competitiveness and quality of life, through efficient and results-oriented management.

The objective of AGROIDEAS is to maintain and increase the competitive position of small and medium-sized producers and small and medium-sized family farmers by co-financing Business Plans and Agricultural Productivity Reconversion Projects. This has allowed, among other promotion actions, the formalization and capitalization of 1,750 agricultural organizations which, at the same time, has favored the coordinated work of 63,636 small producers and small family farmers.

The aim is to increase their bargaining power to improve their economic income and generate greater opportunities for access to loans, which will enable them to save on production costs and



technical assistance. It has also meant optimizing production processes through the exchange of information and access to technology transfer, which has led to the standardization of product quality and greater participation in the management of 83 value chains of agricultural products.

Throughout its institutional life, AGROIDEAS has invested more than PEN715 million, mainly for the provision of technology to improve access to new markets and add value to the crops and livestock of beneficiaries located in the 24 regions of the country.

AGROIDEAS offers the following incentives:

Associativity

Through this incentive, AGROIDEAS reimburses part of the costs of formalization of agricultural organizations, with the objective of promoting the associativity of small and middle-sized agricultural producers, in order to coordinate their resources and capacities for the benefit of their economy and quality of life.

Business Plans for the Adoption of Technology

This incentive co-finances the acquisition of agricultural technology, which includes related goods and services, such as seeds, machinery, equipment, infrastructure, vehicles for product transportation and tools, as well as technical assistance. This allows organizations to modernize their production and transformation processes, with the aim of reducing costs and improving their production and productivity systems.

Business Management

This incentive seeks to improve the management and sustainability capabilities of the organization by co-financing the salary of a manager for a maximum period of three years. Having a professional in business management guarantees the sustainability of agricultural organizations.

Strengthening of Associations

Associations, such as guilds, national boards, federations, among others, will be able to access co-financing for professional and specialized services, within the framework of a work plan to strengthen the value chains of family farming and the capabilities of agricultural organizations.

Agricultural Productivity Reconversion

Productivity reconversion is the voluntary change or transformation toward an agricultural production different from the current one. By identifying that the crop they are engaged in is no longer profitable, the members of an agricultural organization can access the co-financing of a Productivity Reconversion Project to innovate and add value to production through the use of technological systems throughout the production chain.



For more information,
please visit:
www.gob.pe/agroideas





2. Rural Agricultural Productive Development Program (AGRO RURAL)

AGRO RURAL is an entity attached to the Ministry of Agrarian Development and Irrigation (MIDAGRI) and has the following functions:

- ▶ Propose and execute lines of participation through programs, projects and activities aimed at rural agricultural development.
- ▶ Promote the improvement of productive and institutional capacities of agricultural producers and their access to local, regional and national markets.
- ▶ Contribute to the efficient management of water resources for agricultural purposes.
- ▶ Contribute to the sustainable use of natural resources with a territorial approach.
- ▶ Contribute to the competitiveness of agricultural production of small and medium-sized producers through the promotion of associativity and the adoption of agricultural technology, among others.
- ▶ Coordinate with the three levels of government actions aligned with sectoral policies and plans and with regional and local development plans, as appropriate.

AGRO RURAL has the following projects and programs:

Small and Medium-Sized Irrigation Infrastructure Program in the Highlands of Peru (PIPMIRS).

It aims to increase agricultural production of rural families in the regions of Amazonas, Áncash, Ayacucho, Cajamarca, Huancavelica, Huánuco, Junín, La Libertad and Piura, by improving the irrigation system and strengthening institutional capacity for water management in micro-watersheds.

Strengthening Local Development in the Highlands and High Rainforest Areas (PSSA) of Peru

This project is possible thanks to a financing agreement signed by our country with the International Fund for Agricultural Development (IFAD) for a period of five years. Its purpose is to help raise the income and quality of life of small rural farmers in the Highlands and high Rainforest areas of Peru, by strengthening their organizational levels and entrepreneurial capacity, and capitalizing their assets in a sustainable manner.

Terraces Program

This program will promote the proper management of productive natural resources such as water, soil, related resources and the environment. Its purpose is to maximize social and economic welfare without compromising the sustainability of vital ecosystems.



Expansion of Support for Productive Rural Alliances in the Highlands of Peru (Aliados II).

This project aims to improve the assets and economic conditions of families in the Highlands of the country. To this end, it will encourage the promotion of rural businesses and support community development, mainly through project competition.

Strengthening of Assets, Markets and Rural Development Policies of the Northern Highlands (Sierra Norte)

The priority stakeholders of this project are rural families, artisans and small entrepreneurs located in the regions of Cajamarca, Amazonas, La Libertad and Lambayeque. Its purpose is to increase the value of the human, social, natural, physical and financial assets of the rural population, small producers, and micro-entrepreneurs.

Strengthening of Markets, Diversification of Income and Improvement of Living Conditions in the Southern Highlands (Sierra Sur II)

The objective of this project is to contribute to poverty reduction for more than 15,900 rural families in the Southern Highlands by increasing their income and assets. It takes on the role of facilitating access and creating opportunities for rural producers, and is implemented within the framework of the demand approach, territorial development with cultural identity, and social and economic inclusion.

3. Subsectoral Irrigation Program (PSI)

It is the governing body of the irrigation subsector at the national level, which encourages and promotes the efficient and sustainable use of water for irrigation in agriculture. It is also the decentralized body of the agricultural sector with the main objective of promoting the sustainable development of irrigation systems on the Coast and in the Highlands, strengthening user organizations, developing management capacities, and disseminating the use of modern irrigation technologies to contribute to increased agricultural production and productivity, which will improve the profitability of agriculture and raise the living standards of farmers.

Main Activities

- ▶ Improve the operational conditions of irrigation systems through upgrading and rehabilitation works.
- ▶ Strengthen the Irrigation Water User Boards for an adequate management of water resources.
- ▶ Assist regional and local governments in the implementation of the Technified Irrigation Law.
- ▶ Execute technified irrigation projects to promote and encourage their massive use.



For more information,
please visit:
www.gob.pe/agrorural





Lines of Participation

Rehabilitation and Improvement of Irrigation Infrastructure:
Consists in improving and rehabilitating works that are part of the irrigation systems, including intakes, main and secondary canals with their works of art, river defenses and control and measurement works.

Technified Irrigation:
The objective of this component is to improve the efficiency of irrigation application at plot level, in order to increase land use intensity and crop production; disseminating new irrigation techniques and partially financing the implementation of technified irrigation systems: pressurized and gravity irrigations.

Institutional Strengthening and Irrigation Training:
Consists in implementing a training and technical assistance program for beneficiaries of the rehabilitation and improvement of irrigation infrastructure and technified irrigation.

Support for Water Resources Management:
The objective of this component is to achieve the gradual adaptation and formalization of water use rights for irrigation purposes, assigning basic allocations for agricultural use based on available resources, seeking their efficient, equitable and sustainable use.

c. Special Projects

1. Binational Special Project for the Comprehensive Development of the Putumayo River Basin (PEBDICP)

The Binational Special Project for the Comprehensive Development of the Putumayo River Basin (PEBDICP) is an executing unit of the Ministry of Agricultural Development and Irrigation (MIDAGRI) with the purpose of promoting agricultural development in a comprehensive, competitive, sustainable and inclusive manner in its area of influence, through activities and investments for agricultural and forestry development. The PEBDICP formulates and carries out activities, programs and public investment projects to raise the standard of living and the development process in its area of influence in agricultural matters, within the framework of the National Policy on Frontier Development and Integration and agricultural policies and plans.

The PEBDICP develops its activities in the Provinces of Putumayo and Mariscal Ramón Castilla; as well as in the Districts of Las Amazonas and Mazán located in the Province of Maynas in the Region of Loreto. It promotes the comprehensive, harmonious and sustainable development of frontier areas in the Putumayo, Amazon, Napo and Yava river basins. The PEBDICP carries out regional and binational projects to integrate the frontiers of the Region of Loreto with the rest of the country.



For more information,
please visit:
www.gob.pe/psi



Specific Objectives

- ▶ Increase production, productivity, coordination and market associativity of agricultural producers located in frontier zones
- ▶ Address the deficit of agricultural infrastructure
- ▶ Contribute to the recovery, conservation, management and sustainable use of natural resources
- ▶ Strengthen the coordinated participation of the PEBDICP with the regional and local governments

During 2023, the PEBDICP has executed 11 productive investment projects, 8 agricultural and livestock projects and 3 forestry projects.



2. Lake Titicaca Special Binational Project (PEBLT)

The purpose of the Lake Titicaca Special Binational Project (PEBLT) is to develop comprehensive management and conservation actions for the natural resources of the Lake Titicaca basin (TDPS System) through hydraulic infrastructure works, water and hydrobiological studies, agricultural and livestock development projects in irrigated areas incorporating techniques in Andean agro-ecological systems, and environmental management actions and fishing projects to promote sustainable regional development, with identification, efficiency and commitment principles.

It is a leading institution in the sustainable use and management of the natural resources of the Lake Titicaca basin (TDPS system); has technical scientific knowledge, experience in the management of development projects and an organizational culture, which contributes to regional development; it interacts with public and private institutions and with the population, contributing to the achievement of better living conditions and welfare of the population.

The area of direct or priority influence is made up of the Lagunillas Comprehensive System in the northern zone and the Huenque Key Comprehensive System in the southern zone of Puno. The PEBLT participation has focused mainly on agricultural producers of the Ramis, Llallimayo and Coata river basins in the lower zone.



Services Offered or Provided by the Lake Titicaca Special Binational Project

The PEBLT provides or offers training and technical assistance services to agricultural and fishery producers in the area of the Lake Titicaca transboundary basin. It is aimed at:

- ▶ Developing the productive capacities of agricultural producers in the area of influence of the PEBLT to promote the main production chains (potato, quinoa, barley and fodder oats, cattle, sheep, alpacas, trout, etc.) through the implementation of field schools and the SERVIAGRO service platform.
- ▶ Providing technical assistance for the processing and transformation of highly nutritional crops (quinoa and cañihua) other livestock products (dairy products, fiber) and fishery products (trout) with market demand.
- ▶ Providing training for agricultural producers in proper irrigation practices and crop selection based on the availability of irrigation water (crop and irrigation plans) through the implementation of field schools.
- ▶ Offering technical assistance to producers and/or fishing organizations for the implementation of Good Manufacturing Practices (GMP) in the production and processing of trout in order to incorporate safety into production and generate added value to the fishing activity. This increases the volume of fresh trout processing linked to regional and national markets.
- ▶ Raising awareness and developing capacities for the conservation and management of natural resources and biodiversity in the Lake Titicaca transboundary basin.

3. Puyango-Tumbes Special Binational Special Project (PEBPT)

The Puyango-Tumbes Special Binational Project (PEBPT) is a public executing entity whose purpose is the formulation of studies and execution of works aimed at the development of the Puyango-Tumbes Binational irrigation, supporting the financing efforts of the development projects foreseen in the Peru-Ecuador Agreement. The main purpose of the PEBPT is the implementation and execution of the agreements of the Peruvian subcommission, as well as the formulation of studies and execution of works in strategic areas of the Region of Tumbes, constituting the technical support of the process of improvement and incorporation of more hectares of crops, which contributes fundamentally to raising the standard of living of important sectors of the population.

The PEBPT contributes to increasing agricultural productivity and competitive insertion into national and international markets; as well as managing natural resources and biological diversity under the competence of the agricultural and irrigation sector in a sustainable manner, through the implementation and execution of bilateral agreements for the development of binational irrigation, the formulation of studies and the execution of works in strategic areas of the Region of Tumbes.



Strategic Sectoral Objectives

- ▶ Manage natural resources and biological diversity under the competence of the agricultural sector in a sustainable manner.
- ▶ Increase agricultural productivity and competitive insertion into national and international markets.

4. Special Project for the Development of the Apurimac, Ene and Mantaro River Valleys (PROVRAEM)

The Special Project for the Development of the Apurimac, Ene and Mantaro River Valleys (PROVRAEM) is leader in agricultural reconversion, providing agricultural reconversion services to producers in the Apurimac, Ene and Mantaro River Valleys (VRAEM by its acronym in Spanish) who have transformed their agricultural approaches and practices and have incorporated added value to their reconverted products, making them profitable and competitive in the market.

The purpose of PROVRAEM is to raise the level of rural development with a territorial approach, in a competitive, sustainable, inclusive, and coordinated multisectoral manner, with public and private stakeholders in the area of influence, in order to address the existing critical situation and ensure greater State presence for creating local opportunities for the development of economic activities, with a focus on the inclusion of disadvantaged families, and within the framework of the VRAEM development strategy.

The PROVRAEM supports the following guidelines:

- ▶ Strengthen the capacities of the State to effectively address citizens' needs, considering their conditions of vulnerability and cultural diversity.
- ▶ Accelerate the reconstruction with changes process, with emphasis on prevention.
- ▶ Promote competitiveness based on the economic development potential of each territory, facilitating its coordination with the national and international markets, while ensuring the sustainable use of natural resources and cultural heritage.

Specific Strategic Objectives

- ▶ Improve public and private agricultural institutions, with emphasis on the coordination of the three levels of government and the associativity of producers (Management).
- ▶ Raise the level of productivity, quality, and business management of agricultural activity, within the framework of competitive development (Competitiveness).
- ▶ Improve access to services and provide opportunities for the rural population, in line with inclusive agricultural development (Inclusion).
- ▶ Achieve the sustainable use of natural resources: water, soil, forest and its biological diversity, in harmony with the environment (Sustainability).

5. Datem del Marañón - Alto Amazonas - Loreto - Condorcanqui Special Project (PEDAMAALC)

The Datem del Marañón - Alto Amazonas - Loreto - Condorcanqui Special Project (PEDAMAALC) aims to develop agricultural and forestry economic activities in the Provinces of Datem del Marañón, Alto Amazonas and Loreto in the Region of Loreto, and in the Province of Condorcanqui in the Region of Amazonas, as well as the competitive and sustainable coordination with markets. The PEDAMAALC identifies, promotes, formulates and carries out activities and projects in the agricultural and irrigation sector, including forestry and reforestation activities, with a focus on the inclusion of disadvantaged families within the area of influence of the entity. Its time frame is until September 23, 2028.

The main functions are to identify, promote, formulate and carry out activities and projects in the Agriculture and Irrigation sector, including forestry and reforestation activities, with a focus on the inclusion of disadvantaged families within its area of influence, through the provision of quality public goods and services.

6. Pichis - Palcazú Special Project (PEPP)

The Pichis - Palcazu Special Project (PEPP) is an executive unit of MIDAGRI, aimed at contributing to agricultural and irrigation development in a sustainable and competitive manner within its area of influence, through the formulation and execution of activities and investments in the development of irrigation infrastructure, irrigation systems, river defense, agriculture and forestry. The PEPP carries out development projects to improve the quality of life of agricultural producers and the population of poor communities, contributing to the sustainable development and environmental conservation of the valleys and basins of Pichis, Pachitea, Palcazu, Satipo, Ene, Chanchamayo, Oxapampa, Atalaya and Purus.



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7. Alto Huallaga Special Project (PEAH)

An executing unit whose mission is to contribute to increasing agricultural development in a competitive, sustainable and inclusive manner; it coordinates with public and private stakeholders in the area of influence through the implementation of activities, programs and investment projects for agricultural infrastructure and irrigation, as well as for sustainable agricultural, livestock and forestry development.

Specific Objectives

- ▶ Address the deficit of irrigation infrastructure, drainage, river defense and irrigation systems.
- ▶ Contribute to the recovery, conservation, management and sustainable use of natural resources.
- ▶ Recovery and conservation of soil and water resources through reforestation.
- ▶ Strengthening of administrative management.

8. Jaén - San Ignacio - Bagua Special Project (PEJSIB)

The PEJSIB is a decentralized public institution under the Ministry of Agricultural Development and Irrigation (MIDAGRI) with technical, economic and administrative autonomy, responsible for formulating, managing, implementing and evaluating activities, projects and programs; it is aimed at sustainable comprehensive rural development in harmony with the environment, to improve the quality of life of rural families in the Cajamarca and Amazonas regions.

The PEJSIB assumes challenges and is committed to continue working to support disadvantaged producers in the Regions of Amazonas and Cajamarca, with the construction and improvement of irrigation infrastructure, prevention activities, reforestation, and capacity building in rural areas with productive projects along with technical assistance, significantly reducing inequality and exclusion.

The area of influence of the Jaén-San Ignacio-Bagua Special Project (PEJSIB) includes the Region of Amazonas provinces (Bagua, Utcubamba, Condorcanqui, Luya, Bongará, Chachapoyas and Rodríguez de Mendoza) and the Region of Cajamarca provinces (Jaén, San Ignacio, Cutervo and Chota).

The headquarters of the Jaén-San Ignacio-Bagua Special Project (PEJSIB) is located in the Province of Jaén, in the northeastern zone of the Region of Cajamarca. It is characterized by a diversity of microclimates, rugged terrain; it is basically made up of the foothills of the western and eastern mountain ranges of the Andes, with soil is suitable for intensive agriculture and livestock raising, and land appropriate for growing agricultural products for export, such as coffee, cocoa and rice.

9. Central-Southern Highlands Special Project (PESCS)

The Central-Southern Highlands Special Project (PESCS) is an entity attached to the Ministry of Agricultural Development and Irrigation (MIDAGRI). It was created by Executive Order No. 072-82-PCM, with the purpose of reversing poverty and extreme poverty through the development and implementation of economic, productive and social infrastructure projects.

The headquarters of the Central-Southern Highlands Special Project (PESCS) is located in the Province of Huamanga in the Region of Ayacucho. The purpose of this public entity is to formulate and carry out public investment programs and projects to raise the standard of living of the people living in the Regions of Ayacucho, Apurimac, Cusco and Huancavelica, supporting 39 provinces and 264 rural districts within the framework of agricultural policies and plans. Likewise, to promote a coordinated, balanced, permanent and self-sustained development, aimed at improving the living conditions of the rural population.

Specific Objectives

- ▶ Guide and satisfy the basic needs of the population, optimizing the experiences in the execution of projects that contribute to raise their quality of life.
- ▶ Strengthen and consolidate community participation in the planning and execution of investment programs, contributing to the reorientation of the migratory flow.
- ▶ Contribute to the business organization of producers, promoting their integration into the market.
- ▶ Promote and carry out productive activities that create employment and raise production and productivity levels.
- ▶ Recover and maintain the cultural patterns of the population of the PESCS area.
- ▶ Obtain new sources of financing and consolidate institutional leadership.





10. Jequetepeque - Zaña Special Project (PEJEZA)

The Special Interregional Hydro-Energy Project of the Ministry of Agricultural Development and Irrigation (MIDAGRI) formulates and executes public investment projects for hydraulic infrastructure, operates and maintains such infrastructure, generates and transfers applied agricultural technology, and promotes private investment. The purpose of the PEJEZA is to contribute to agricultural development in a competitive, sustainable and inclusive manner in order to raise the standard of living and the development process within its area of influence, through the execution of activities and investments in agricultural and irrigation infrastructure and agricultural development, in a coordinated manner with public and private stakeholders, enabling mainly the use of water resources.

The PEJEZA develops its activities in four (4) basins: Eastern, Middle-Upper Jequetepeque, Lower Jequetepeque-Cupisnique, and Zaña, comprising three regions: Cajamarca, La Libertad and Lambayeque, linking nine provinces: Cajabamba, Cajamarca, Contumazá, San Marcos, San Miguel, and San Pablo of the Region of Cajamarca; Provinces of Chepén and Pacasmayo of Region of La Libertad; Province of Chiclayo of Region of Lambayeque and 49 districts, of which four districts (Cajamarca, Calquis, Guzmango and Yonán) are partially located in the Eastern and the Middle-Upper Jequetepeque basin.

General Functions

The general functions of the Special Project are as follows:

- ▶ Identify, promote, formulate and undertake activities and investments in agricultural infrastructure, irrigation and drainage, as well as agricultural development, to improve productivity, production, coordination, profitability and associativity of agricultural producers, within the framework of the National Agricultural Policy Guidelines of MIDAGRI.
- ▶ Contribute to the improvement of irrigation infrastructure, including the protection of watercourses, recovery and use of soils, technological innovation in agriculture and the conservation and sustainable use of natural resources.
- ▶ Carry out the operation and maintenance of the Major Class A Hydraulic Infrastructure of the Valley of Jequetepeque.
- ▶ Promote the training of agricultural producers in organizational, technical, productive and business management issues.
- ▶ Promote the coordinated participation of the three levels of government, aligned with the National Agricultural Policy and the agreed regional and local development plans.
- ▶ Formulate and conduct a system for monitoring and evaluating activities and investments, in coordination with Ministry of Agricultural Promotion and Irrigation (MIDAGRI).



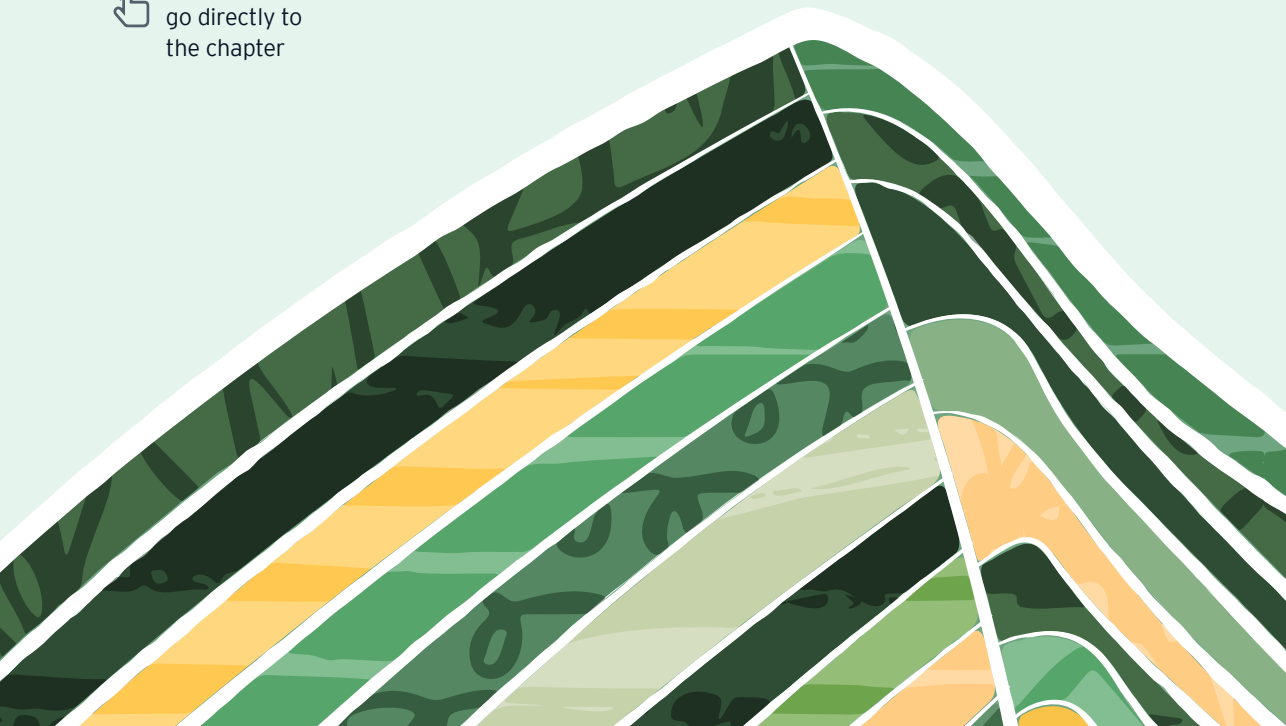
03.

Incorporating a Company

1. Joint Stock Companies
2. Closely Held Corporations
3. Publicly Held Corporations
4. Limited Liability Companies
5. Branches



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1

Joint Stock Companies

A minimum of 2 shareholders is required to incorporate a joint stock company. The number of shareholders shall not exceed 750. Non-domiciled shareholders must appoint an attorney-in-fact in Peru to sign the Deed of Incorporation on their behalf. Funds for the initial capital contribution must be deposited in a local bank. There is no minimum amount required by the Business Corporations Act (LGS), but financial institutions generally require a minimum initial capital of PEN1,000 (approximately USD270). The capital stock is represented by shares, which are in turn 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. Shareholders 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' Meetings, Board of Directors, and General Manager. The company's bodies may hold remote meetings provided this possibility is allowed for in the bylaws.
- ▶ **Legal Reserve:** Minimum of 10% of the distributable profit for each fiscal year, after income tax, until reaching an amount equal to one-fifth of the capital stock.
- ▶ **Stock transfer:** The shares are freely transferable, unless otherwise established in the bylaws.
- ▶ **Existence:** Death, illness, bankruptcy, retirement or resignation of any shareholder does not cause the winding up or dissolution of the corporation.



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2

Closely Held Corporations

Closely held corporations (sociedades anónimas cerradas) resemble limited liability companies and must have a minimum of 2 and a maximum of 20 shareholders. Shares cannot be listed on the Public Stock Exchange Registry (RPMV) of the Peruvian Securities and Exchange Superintendency (SMV).



Photograph by Gilhan Tubbeh / © PROMPER

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. Shareholders 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 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, until reaching an amount equal to one-fifth of the capital stock.
- ▶ **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 another shareholder or 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 bylaws.

3

Publicly Held Corporations

Publicly-held corporations (sociedades anónimas abiertas) are a kind of joint stock companies. Publicly held corporations are basically intended for companies with a large number of shareholders (more than 750) or for which an Initial Public Offering of its shares or of obligations convertible into its shares has been made, or in which more than 35% of the capital stock belongs to 175 or more shareholders or if it is incorporated as such or its shareholders unanimously decide to adapt its bylaws to that corporate structure. The shares must be listed on the Public Stock Exchange Registry (RPMV) of the Peruvian Securities and Exchange Superintendency (SMV).



Photograph by Inés Menacho / © PROMPERÚ

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. Shareholders 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' Meetings, Board of Directors, and General Manager. The company's bodies may hold remote meetings provided this possibility is allowed for in the bylaws.
- ▶ **Legal Reserve:** Minimum of 10% of the distributable profit for each fiscal year, after income tax, until reaching an amount equal to one-fifth of the capital stock.
- ▶ **Supervision:** Publicly held corporations are subject to the supervision of the Peruvian Securities and Exchange Superintendency (SMV).
- ▶ **Stock transfer:** Shares are freely transferable. No restrictions or limitations are permitted. It is prohibited to incorporate clauses into the bylaws that impose restrictions on the transfer of shares.

4

Limited Liability Companies

Limited liability companies may be established with a minimum of two (2) and a maximum of twenty (20) members. The incorporation requirements are the same as those for all other types of corporations. Its capital stock is divided into ownership interests, which are accumulative and indivisible.



Features:

- ▶ **Name:** Must include the indication “Sociedad Comercial de Responsabilidad Limitada” or the abbreviation “S.R.L.”
- ▶ **Limited Liability:** Members are not personally liable for corporate obligations.
- ▶ **Management:** Members' Meeting and the General Manager.
- ▶ **Legal Reserve:** There is no obligation to make the legal reserve.
- ▶ **Transfer of Ownership Interests:** Transfer of interests in favor of third parties is subject to a right of first refusal, it is carried out by means of a notarially recorded instrument and must be registered with the Public Records Office. Unless otherwise established in the corporate bylaws, if the thirty (30)-day term established by the Business Corporations Act (LGS) expires and none of the members has exercised their right of first refusal, the corporation itself may acquire the ownership interests that have been offered. If the Members' Meeting decides not to buy, the offering member shall be free to transfer its interests to third parties.

5 Branches

Branches are secondary establishments via which a corporation, either national or foreign, carries out activities in a location other than its principal place of business. Branches lack their own independent legal standing. The parent company is liable for the branch's obligations.

Branches must have a permanent legal representative who shall have sufficient powers to perform the necessary legal dealings for the performance of its activities.

In the case of branches established by foreign corporations, the agreement for the establishment of a branch adopted by the parent company shall be notarized by the Peruvian consulate and certified by the Ministry of Foreign Affairs (MRE) in Peru, or, failing that, apostilled in its country of origin, so that it can be put into the form of a notarially recorded instrument and registered in the Public Records Office. The registration of the branch requires, among other things, a certificate of good standing of the parent company, duly notarized or apostilled, as applicable. According to the LGS, branches of foreign companies may be transformed so as to be incorporated in Peru under any corporation type regulated by the LGS.



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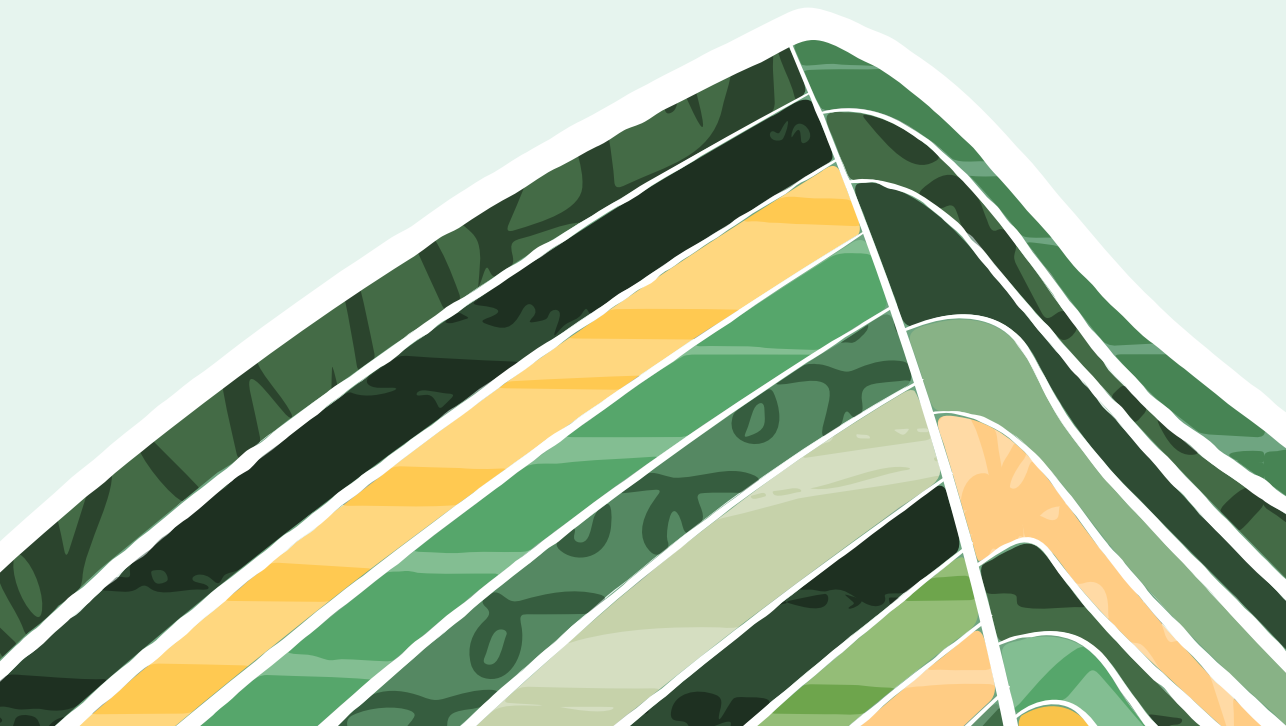
04.

Taxes

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1

General Tax Regime

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.

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 established in the Tax Code regarding SUNAT's powers in situations considered to be tax evasion or simulated transactions.

In effect, in case of situations of tax evasion, 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 general anti-evasion clause was 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



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liable if it is found, based on the anti-evasion clause, that the taxpayer has been involved in acts of tax evasion.

Likewise, on May 6, 2019, Executive Order (Decreto Supremo) 145-2019-EF was published, approving the parameters of form and content for the application of the General Anti-Evasion Law and regulating the primary scope for its application to the definitive auditing procedure. The order also establishes a non-exhaustive list of situations in which the General Anti-Evasion Law could be deemed applicable.

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 are 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

1.1. 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 Income Tax Act 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 income tax bracket 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%.



4. Taxes

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 fringe benefits, retirement pensions, and employee bonuses, etc., is permitted.

On December 29, 2022, Law 31652 was published, establishing an exceptional, temporary regimen of accelerated depreciation for buildings and structures whose construction began on or after January 1, 2023, and which meet certain conditions.

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 from loans granted by non-resident lenders), 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.

On an exceptional basis, those companies that have chosen this loss carryforward system may offset the net loss incurred in 2020 for up to five fiscal years.

- ▶ Losses can be carried forward indefinitely, but with a deduction limit equivalent to 50% of the taxpayer's income for each fiscal year.

Losses may not be carried forward to years prior to the year in which they were generated, nor may net losses from abroad be calculated.

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 such result shall be named coefficient. The resulting coefficient shall be applied 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.



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Notwithstanding the foregoing, it is possible to request the suspension of the obligation to make the referred payments, under certain circumstances. Should the payments 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 income tax bracket, 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 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- income tax bracket) a non-taxable minimum of 7 Tax Units (PEN36,050 or approximately USD9,500) applies. Additionally, there is:

- ▶ A deduction of an additional three 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 income bracket) as well as all other capital incomes (second income tax bracket) are subject to an effective rate of 5% of gross income.

Dividends distributed by companies incorporated or established in Peru, received by individuals, are subject to a 5% tax 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.
- ▶ 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 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 (PPP) 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.

¹ Under the provisions of Law 31662 (in force until December 31, 2023) 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.



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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 Japan, 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 or direct payment in case withholding is not applicable (e.g., when the

payer is not resident in Peru), 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 and beyond: 5%
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%
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%



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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	24.0% ²
Aircraft Lease	18.0% ²
Supply of Transport Containers	4.5%
Demurrage of Transport Containers	24.0%
Insurance	2.1%
International News Agencies	3.0%
Motion Picture Distribution	6.0%
Television Broadcasting Rights Assignment	6.0%
Telecommunication Services	1.5%
Sale of hydrobiological resources to companies domiciled in Peru	2.7%

² The withholding rate for these activities is 10%.

Thin Capitalization Rules

Starting in fiscal year 2021, only 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 (net income after loss carryforwards plus net interest, depreciation, and amortization). Nondeductible interest may be carried forward for the next four taxable fiscal years with the net interests of the corresponding fiscal year.

The foregoing rules shall not apply to financial and insurance companies; taxpayers whose income does not exceed 2,500 Tax Units (approximately USD3.4 million); taxpayers developing infrastructure, public utility, and other projects through Public-Private Partnerships (PPP) 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, Japan, 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.



Additionally, an agreement was signed with Spain and is currently pending ratification. Likewise, the negotiation with the United Kingdom have been successfully concluded, and the agreement is expected to be signed in the next months. There are also negotiations underway with Qatar, the United Arab Emirates, The Netherlands, Italy, France and Sweden.

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 non-cooperative countries or territories or tax heavens and entities subject to a preferential tax system. 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. Adjustments shall be permitted to reduce the taxable base of the tax in Peru solely for transactions with residents in countries with which Peru has an international double taxation avoidance treaty, provided such adjustment is permitted in accordance with said treaty and is accepted by the Peruvian Tax Administration.

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. In the event that none of the referred methods is applicable, other methods may be used, on the condition that proper supporting information is provided.

Taxpayers subject to the scope of application of transfer pricing laws shall comply with submitting three annual informational tax returns, depending on the level of their turnover and the amount of the transactions: i) Local Report; ii) Master Report; and iii) Country-by-Country Report.

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.

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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 above 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:
 - iii. Distributed: Such distribution shall not be considered as dividends or any other form of profit sharing.
 - iv. 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: 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:

- 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.
- When the distribution of dividends is agreed to within the four fiscal years following the fiscal year in which the reorganization is performed.



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- ▶ **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 simple reorganization (i.e. contribution in exchange for shares), when the newly-issued shares or assets are transferred (applicable to spin-off) or cancelled (applicable to spin-off and simple reorganization) 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 simple 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, the transferor and its related parties dispose by one or more simultaneous or successive operations of shares or ownership interests that represent 10% or more of the capital stock of the non-domiciled legal entity.

Likewise, regulations have been established for specific cases involving the indirect disposal of shares, such as: i) 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) (PEN206 million or USD55.5 million approximately); ii) when a non-domiciled legal entity issues new shares or units of interest as a consequence of a capital increase, as a result of new contributions, capitalization of credits or reorganization and places them for a value lower than the market value, provided that in any of the 12 months prior to the issue the market value of the domiciled legal entities that are indirectly disposed of is equivalent to 50% or more of the market value of the non-domiciled legal entity; and, 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.

The Regulations contain specific rules for establishing the market value of the shares or ownership interests in order to determine whether this is considered an indirect disposal of shares. For such purpose, the



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trading price method (applicable only to shares listed in a Stock Exchange), discounted cash flow method, and the shareholder value augmented method (accounting equity value) have been taken into account.

Under certain circumstances, the Peruvian issuer shall be held jointly liable, unless the non-domiciled seller has established a branch in the country.

Non-cooperative countries or territories or tax heavens

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 non-cooperative countries or territories or tax heavens shall comply with transfer pricing rules.

Certain measures have also been taken to counteract the use of "preferential tax systems" which grants the same tax treatment to non-cooperative countries or territories or tax heavens.

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 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 tax heavens, or rent, income, or earnings subject to a preferential income system.



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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-avoidance 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 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 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 PEN1 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 PEN2,000 or USD500 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." On March 3, 2022, Legislative Order (Decreto Legislativo) 1529 was published, according to which the payment of obligations to non-domiciled entities can be channeled through financial system entities or non-domiciled banking or financial companies, provided they are not incorporated and do not reside in non-cooperative countries or territories or tax havens. For this purpose,

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non-cooperating or low or zero taxation countries or territories are considered to be those indicated in Annex 1 to the Income Tax Law Regulations, which do not have a Tax Information Exchange Agreement or a Double Taxation Avoidance Agreement in force with Peru that includes an information exchange clause.

The law additionally states that whenever payment systems must be used to pay obligations to a third party designated by the supplier, this fact must be reported to SUNAT before payment is made.

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.



1.2. 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/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 income tax bracket 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 publication of a Ministerial Resolution qualifying the applicant as a beneficiary of the system is required. Such resolution is approved by the Ministry of the corresponding sector and the Agency for the Promotion of Private Investment (ProInversión). The investment to be made under the project may not be less than USD2 million as of December 31, 2024; after that, the minimum investment commitment amount will be USD5 million, except for investments to be made in the agricultural sector, which is exempt from this requirement.

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 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 Act on 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 USD500,000 must also be adopted.

The tax refund is not conditional upon the beneficiary's commencement of production operations. This regimen is in force until December 31, 2027.

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 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, Insurance and Private Pension Fund Management Companies (SBS) 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 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 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.

1.3 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, which shall not be less than its self-assessed value. The tax rate is 3%, to be paid by the buyer. The first 10 Tax Units (UITs) (PEN51,500 or USD13,500) 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 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%.



1.4. 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 USD10 million in the mining and hydrocarbons sector, and USD5 million in any other economic sector. This investment may be made within a period of no more than two years. The term of the agreement is ten 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.

Starting on December 31, 2021, all Legal Stability Agreements entered into will stabilize the income tax rate in force at the time of signing plus two percentage points.

2

Agricultural Tax Regime

On December 6, 2020, Law 31087 was published, repealing Law 27360—the Act for the Promotion of Investment in the Agricultural Sector. Subsequently, on December 31, 2020, Law 31110 was published, the Act on the Agricultural Labor Regime and Incentives for the Agriculture and Irrigation, Agro-export, and Agribusiness Sectors. The new regime has been in force since 2021. Scope of the new regime:

- ▶ Individuals or legal entities who farm crops and/or raise livestock.
- ▶ Individuals or legal entities engaged in agribusiness activities, provided they primarily use agricultural and livestock products, outside the province of Lima and the Constitutional Province of Callao. It does not include agribusiness activities related to wheat, tobacco, oil seeds, oils, and beer. The agribusiness activities included within the scope of this law has been determined by an executive order (Decreto Supremo No. 006-2023-MIDAGRI), approved by the favorable vote of the Cabinet of Ministers and countersigned by the Minister of Agricultural Development and Irrigation and the Minister of Economy and Finance (products prepared with meat, fruits and vegetables and related services).
- ▶ Agricultural producers, excluding those organized in producers' associations, provided each individual association does not exceed 5 hectares of production.

This regime applies provided the net income from other non-benefited activities do not exceed 20% of total annual net income.

Applicable Tax Benefits

A reduced income tax rate of 15% has been established from 2021 to 2030 for individuals and legal entities in the sector whose income does not exceed 1,700 UITs (PEN8,755,000 or USD2,303,947), with a gradual reduction in the special lower rate for those companies who exceed 1,700 UITs, as follows:

2021 -2022	15%
2023 -2024	20%
2025 -2027	25%
2028 on	General regime (29.5%)

For purposes of advance income tax payments, in the case of the “percentage system,” the advance payment percentage shall be 0.8% of monthly net income when the corporate income tax rate of 15% applies; 1% for a 20% tax rate; 1.3% for a 25% tax rate; and 1.5% for the general regime rate.

Additionally, there is an accelerated depreciation benefit of 20% annually for investments in water and irrigation infrastructure, as well as a deduction of expenses for which receipts have been issued by taxpayers subject to the New Simplified Consolidated Regime, for up to 10% of the amounts proven with receipts granting the right to deduct costs or expenses (with a maximum limit of 200 UITs per fiscal year).

Finally, individuals or legal entities whose net income does not exceed 1,700 UITs in the fiscal year are entitled to a tax credit of 10% of reinvestment up to 70% of annual profits, after income tax, during the 2021-2030 period. Reinvestment must prioritize the enhancement of agriculture, to the extent possible, through the implementation of a technology-based irrigation system.



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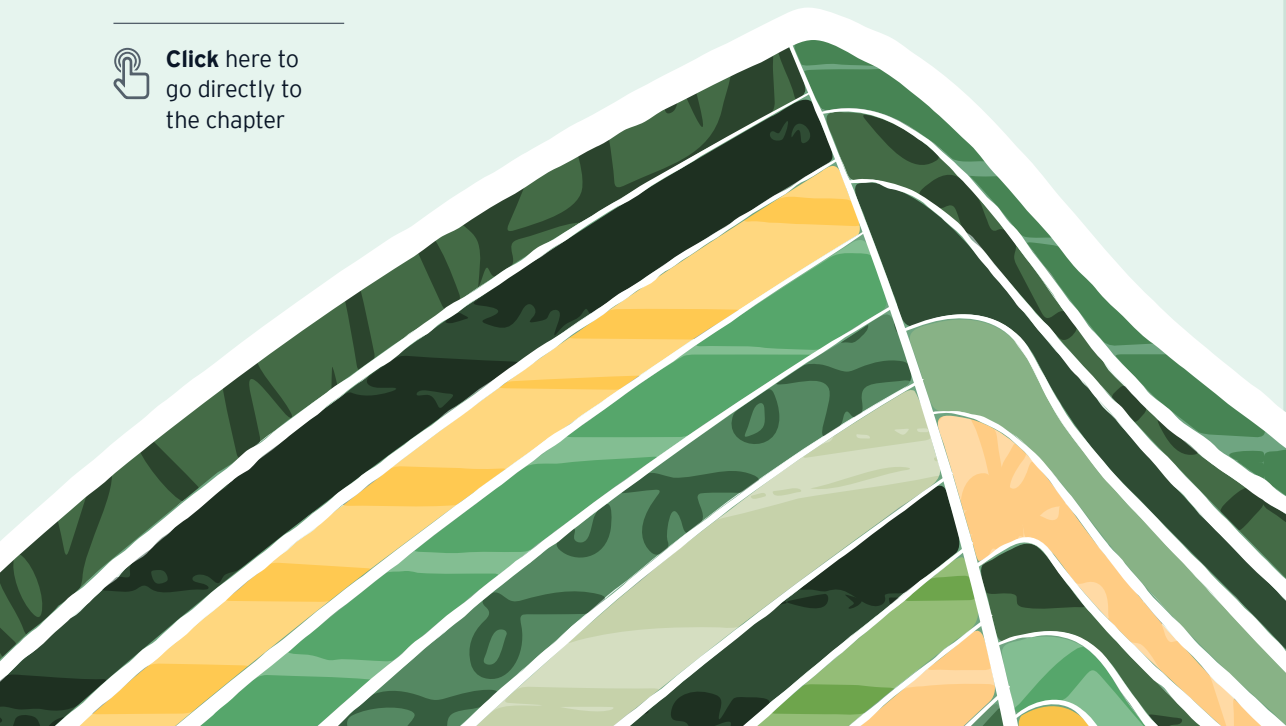
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Labor and Employment Law

1. General Labor Regime
2. Agricultural Labor Regime



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1

General Labor Regime

1.1 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.
- ▶ **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 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 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) 3 months for all workers in general; ii) 6 months for qualified workers or those in positions of trust; and iii) 12 months for management staff. For its effectiveness, the extension of the trial period must be recorded in writing.

b. 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 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. 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.



Photograph by Alex Bryce / © PROMPERÚ

1.2 Current Fringe Benefits

Workers have the right to the following fringe benefits, the cost of which is borne by the employer:

Vacation Leave:

The right to 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. If 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.

Benefit	Amount / Applicable Rate
Vacation Leave	Equivalent to 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)	9.72% monthly remunerations per year
Profit Sharing	Between 5% and 10% of income before taxes
Family Allowance	10% of the Minimum Wage

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 in the agricultural sector (As from 2024 to 2026 it will increase to 7.5%).	5%
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, or that provide evidence that they have a severe disability, 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 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 12 monthly installments.



1.3 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 12.84% 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, it is possible—in addition to the deduction of seven Tax Units applicable to tax revenues, to deduct tax units from the respective tax basis, by virtue of expenses incurred in the leasing of real properties, professional fees paid to independent contractors (such as doctors, dentists, attorneys, veterinarians, among others, provided they issue receipts for professional fees), social health insurance contributions (EsSalud) for household workers and amounts paid for consumption in restaurants, bars, and hotels, and amounts paid for tourism-related services.

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 Customs and 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.



Statutory Employer-Provided Life and Disability Insurance:

This is a collective insurance provided to workers from the first day of work. 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, 2021.

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):** Training Service (SENATI): Companies engaged in industrial activities included in Category D of the Uniform International Industrial Classification (UIIC) 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.

- ▶ 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:

▶ **Unfounded dismissal**

When the employer does not give a legal cause or ground

- **Consequences:** Reincorporation / indemnity at the discretion of the worker

▶ **Fraudulent dismissal**

When the employer falsely charges the worker of committing gross negligence.

- **Consequences:** Reincorporation / indemnity at the discretion of the worker.

▶ **Void dismissal**

When the measure violates the fundamental rights of the worker.

- **Consequences:** 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.

- **Consequences:** Indemnity

▶ **Indirect dismissal**

When the worker is subject to acts of hostility comparable to dismissal.

- **Consequences:** Indemnity

1.4 Termination of the Employment Contract

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 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.

Indemnity shall only be granted once the trial period has been completed (first 3 months of a contract) and is limited to 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 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.



1.5 Immigration

Foreigners may apply for one of the visas listed below, depending on the activity they wish to undertake in Peru:

► Tourist Visa

- **Type:** Temporary
- **Activities Permitted:** Limited to tourist visits, recreation, or similar activities. Paid or lucrative activities are not permitted.

► Business Visa

- **Type:** Temporary
- **Activities Permitted:** Allows those foreigners who do not intend to establish residence in Peru to perform business, legal, contractual specialized technical assistance, or similar activities. Granted by the Ministry of Foreign Affairs (MRE). In the case of countries with which Peru has an agreement, this visa may be granted by the customs officer at the airport. Permits multiple entries, with a cumulative stay time of up to 183 days within a 365-day period.

► Work Visa

- **Type:** Temporary / Resident
- **Activities Permitted:** This visa allows them to work in Peru on a contract previously approved by the Ministry of Labor.

► Investor Visa

- **Type:** Temporary / Resident
- **Activities Permitted:** They must provide proof of an investment equivalent to PEN500,000. Foreigner individuals may only hold the position of director or manager of their company, for which purpose they shall comply with the applicable labor and tax laws. Proof of this investment cannot consist of the transfer of shares.

► Designated Work Visa

- **Type:** Temporary
- **Activities Permitted:** 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

- **Type:** Temporary / Resident
- **Activities Permitted:** They may exercise their profession independently. It requires the execution of a service agreement and the obtainment of a tax ID number (RUC).

► Permanent Resident Visa

- **Type:** Resident
- **Activities Permitted:** Provided they enter the country to take up residence, they can develop their activities on a permanent basis.

► Student Visa

- **Type:** Temporary / Resident
- **Activities Permitted:** 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 there are visas that are issued at the Peruvian consulates of the country of residence and others in Peru, granted by the National Superintendency of Immigration.

Foreigners coming from Mercosur countries (Brazil, Argentina, Chile, Uruguay, Colombia, Bolivia, Paraguay, and Ecuador); or from countries with specific migration agreements may be subject to other immigration provisions and/or facilities.



Photograph by Karina Mendoza / © PROMPERÚ



1.6 Supervisory Body

The National Superintendency for Labor Audits (SUNAFIL) is a specialized technical entity attached to the Ministry of Labor and Employment Promotion (MTPE). 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 policies and plans, as well as the institutional policies and technical guidelines of the Ministry of Labor and Employment Promotion (MTPE).

The Labor Inspection Court is a decision-making resolutive body that forms part of the National Superintendency for Labor Audits (SUNAFIL). The Court has the technical independence to decide, as final administrative instance, all cases submitted through an appeal for review when labor law provisions have not been applied or have been incorrectly applied and interpreted.

In addition to the Labor Inspection Court, there is a Labor Inspection System tasked with ensuring legal certainty and guaranteeing that rulings on similar situations are consistent with one another.

1.7 New rules and preventions about COVID-19 at work

On January 15, 2024, Administrative Directive 349-MINSA/DGIESP-2024 was approved, which establishes guidelines for the Prevention, Monitoring and Control of the health of workers at risk of exposure to SARS-CoV-2. Below we detail the key aspects of this regulation:

1. Companies have the obligation to prepare the Covid-19 Prevention, Monitoring and Control Plan, which must be approved by the Occupational Health and Safety Committee or the supervisor, as appropriate.
2. The use of a mask is not mandatory, except for health personnel and workers who present flu symptoms. Likewise, the use of a mask is suggested for workers with risk factors.
3. Medical rest days for suspected, probable or confirmed cases of Covid-19 will be determined by the treating doctor.
4. The obligation to provide trainings on Covid-19 and have a health professional is maintained depending on the number of workers.
5. It is important to promote vaccination, have hand washing points and alcohol for disinfection and maintain ventilated environments.



1.8 Prohibition of outsourcing of activities that are related to the employer's "core business"

Executive Order (Decreto Supremo) 001-2022-TR, published on February 23, 2022, amended the regulations on the labor outsourcing law for personnel continuously assigned to the main company (company hiring the service).

The main change involves the restricted use of outsourcing for specialized activities or works where personnel are continuously assigned to the main companies' work or operating centers.

Activities forming part of the core business—understood as those forming part of the company's corporate purpose—cannot be outsourced.

The performance of labor inspections to ensure compliance with this amendment has currently been suspended due to lawsuits and administrative complaints, which have yet to exhaust all available legal channels.

2

Agricultural Labor Regime

Agricultural Labor Regime

Law 31110, which entered into force on 1 January 2021, regulates the agricultural labor regime, replacing Law 27360, which was repealed by virtue of Law 31087, published on 6 December 2020.

Please note that during the period between the repeal of Law 27360 and the entry into force of Law 31110, labor relations in the agricultural sector were governed by the general private sector labor norms, as well as the provisions established for the payment of legally required bonuses and severance packages (CTS) under the said general regime, as well as all other applicable benefits.

Scope of Application

Pursuant to Law 31110, the following activities fall under the scope of application of the new agricultural labor regime:

- Individuals or legal entities who grow crops and/or raise livestock.
- Individuals or legal entities engaged in agro-industrial activities, provided they primarily use agricultural and livestock products, outside the province of Lima and the Constitutional Province of Callao.
- Agricultural producers organized into producers' associations, provided each associate individually owns more than five (5) hectares of productive land.
- Agro-industrial activities for the farming of palm oil and palm heart.



The following activities are excluded from the scope of the law scope:

- Companies engaged in agro-industrial activities involving wheat, tobacco, oilseeds, oils, and beer.
- Producers' associations, provided each individual associate owns no more than five (5) hectares of productive land.
- Personnel belonging to the administrative and technical support areas of companies (that fall under the scope of application of the new agricultural labor regime).

Note that individuals or legal entities engaged in activities that are excluded from the scope of the agricultural labor regime are subject to the general private sector labor regime, the provisions of which are contained in the Consolidated Text (TUO) of the Labor Productivity and Competitiveness Act, approved by Executive Order (Decreto Supremo) 003-97-TR (hereinafter, the "LPCL").

2.1 Hiring System

Employment contracts in the agricultural sector may be fixed-term or at-will. In both cases, the employer must pay all labor rights established in the LPCL, or the proportional part thereof, depending on the contract type and duration, pursuant to the special provisions set forth in this Law.

Agricultural labor law regulates the right to preferential hiring applicable to agricultural workers hired for fixed terms, as set forth in detail in the following table:

Right to Preferential Hiring

Workers	Condition	Benefit
Workers who work for a single employer	Have a fixed-term contract for more than two (2) months within a period of one (1) year	Preferential hiring for the same crop type
	Hired twice (2), whether consecutively or not, under an intermittent, seasonal, or similar kind of contract	Preferential hiring for the following seasons
Workers who work for various employers (related companies)	Hired for at least two (2) seasons in the same year, by companies with different crops whose seasonality, taken as a whole, covers one (1) full year	Preferential hiring for the following seasons
	Seasonal contracts, covering one (1) full year at related companies	Preferential hiring for the following seasons by the same companies

Failure to comply with the foregoing may be deemed a very serious offence, punishable by fine at the decision of the National Superintendency of Labor Oversight (SUNAFIL).



2.2 Labor Benefits

Workers have the right to the following labor benefits, the cost of which shall be borne by the employer:

Concept	Annual Amount/Applicable Rate
Basic remuneration (BR)	Cannot be less than the minimum living remuneration (RMV), provided workers work more than four (4) hours per day.
Daily remuneration (DR)	Equivalent to the sum of the BR, bonuses, and CTS, divided by 30, as per the following formula: $D = \frac{BR + \text{Bonuses (16.66\%)} + \text{CTS (9.72\%)}}{2}$
Legal bonuses	Equivalent to 16.66% of the BR.
Severance package (CTS)	Equivalent to 9.72% of the BR.
Family allowance	Equivalent to 10% of the RMV, proportional to the number of days actually worked. Starting on 1 May 2022, the RMV is equivalent to PEN1,025.
Special Bonus for Agricultural Work (BETA)	Equivalent to 30% of the RMV.
Workday	Must not exceed eight (8) hours per day or forty-eight (48) hours per week.
Overtime work	<ul style="list-style-type: none"> ▶ For the first two (2) hours, the overtime surcharge may not be less than 25% per hour, calculated according to the worker's BR, based on the corresponding hour value. ▶ After the first two (2) hours, a surcharge of 35% shall be paid.
Nighttime work	From 10 p.m. to 6 a.m., a surcharge of 35% of the RMV shall be paid.
Vacation time	The proportional part of thirty (30) vacation days per year of service, depending on the contract type. Incomplete vacation days are calculated based on days worked at a rate of 8.33% of the BR.
Compulsory weekly rest	Compulsory weekly rest period of at least twenty-four (24) consecutive hours.
Holiday rest	Per holiday, a remuneration equal to one ordinary workday (proportional to days actually worked).
Profit-sharing	Equivalent to 5% of profits from 2021 to 2023; 7.5% of profits from 2024 to 2026; and 10% of profits from 2027 onward.
Extraordinary bonus	Right to receive an extraordinary bonus.
Life insurance	Right to life insurance, covered by the employer at the start of the employment relationship.



- ▶ **Bonuses and CTS:** Without prejudice to the foregoing, agricultural workers may choose to receive legal bonuses (July and December) and CTS (May and November) on the dates established in the general labor regime, without prorating them based on daily remuneration. In such case, in our opinion the law has only established that said benefits shall be paid on the dates set forth in the general regime, but not using the formulas proposed in said regime. Consequently, legal bonuses and CTS may be paid to the agricultural worker, at the discretion of the latter, on the dates established in the general regime, but based on the BR, in which case other types of remuneration shall not be included in the basis of calculation.
- ▶ **Family allowance:** The payment of a family allowance proportional to days worked, if applicable, pursuant to Law 25129—the Family Allowance for Private Sector Workers Act.
- ▶ **Special Bonus for Agricultural Work (BETA):** The Law establishes that agricultural workers shall receive a “Special Bonus for Agricultural Work” (BETA), which is equivalent to 30% of the RMV, which is equal to PEN307.5 as of this date. As indicated, this is calculated based on the RMV and not the BR, DR, or supplementary remunerations.

The BETA is considered non-remunerative for legal purposes; i.e., it is not subject to contributions to social health insurance (EsSalud), nor pension contributions to private pension fund management companies (AFP) or the Pension Standardization Office (ONP). However, it is subject to fifth-category income Tax.

Finally, it should be noted that the BETA can be paid monthly or in daily proportions based on days worked.

- ▶ **Workday:** The maximum workday in the agricultural sector may not exceed eight (8) hours per day or forty-eight (48) hours per week. The Law establishes that, by law or at the employer's unilateral decision, it is possible to agree to a shorter-than-maximum workday, without affecting remuneration.
- ▶ **Overtime work:** The value of overtime work is regulated according to the same conditions established for the General Private Sector Regime. Therefore, overtime shall be paid as follows:
 - For the first two (2) hours, the overtime surcharge may not be less than 25% per hour, calculated according to the worker's BR, based on the corresponding hour value.

After the first two (2) hours, a surcharge of 35% shall be paid. Labor laws also establish that the employer and worker may agree to compensate the work performed during overtime hours by granting equivalent rest periods.

- ▶ **Nighttime work:** Nighttime work, from 10 p.m. to 6 a.m., shall be compensated with a surcharge of 35% of the RMV.
- ▶ **Vacation:** Workers in the agricultural sector shall have the right to thirty (30) days of vacation time per year of service or the proportional part thereof, depending on the contract type.



Incomplete vacation time shall be calculated based on days worked at a rate of 8.33% of the BR, to be paid upon termination of the employment relationship or the end of the intermittent or seasonal work.

- ▶ **Compulsory weekly rest:** Workers in the agricultural sector have the right to a compulsory weekly rest period of at least twenty-four (24) consecutive hours.
- ▶ **Holiday rest:** Workers in the agricultural sector have the right to receive, per day of holiday, a remuneration equivalent to an ordinary workday, proportional to the number of days actually worked.

Work performed on non-working holidays without substitute rest periods shall be subject to the payment of the corresponding compensation for the work performed, with a surcharge of 100%.

- ▶ **Profit-sharing:** Workers in the agricultural sector shall be entitled to a share of the employer's profits, as follows:

Profit-sharing

Period	Percentage
From 2021 to 2023	5%
From 2024 to 2026	7.5%
From 2027 on	10%

Workers are entitled to receive profits from the first day they work for the company.

- ▶ **Extraordinary bonus:** Workers in the agricultural sector have the right to receive the extraordinary bonus established in Article 3 of Law 30334.
- ▶ **Life insurance:** Workers in the agricultural sector have the right to life insurance, to be taken out by their employer at the start of the employment relationship.

2.3 Social Health Insurance (EsSalud)

Workers in the agricultural sector and their beneficiaries are compulsorily insured by Social Health Insurance (EsSalud). Previously, the contribution rate was determined based on a sliding scale according to the type of company. However, this system was amended by Law 31969, which reduced the monthly contribution payable to EsSalud by agricultural companies to a rate of 6% between January 2024 and December 2028.

2.4 Additional Deduction

Pursuant to Law 31969, which entered into force on 1 January 2024, individuals or legal entities who receive third-category income and fall under the scope of the agricultural labor regime are entitled to an additional deduction for the hiring of workers in the agriculture and irrigation, agro-export, and agro-industrial sectors. The income tax applicable to this additional deduction on the basic remuneration payable to the new worker (regardless of their workday and contract type) is based on the fiscal year, as follows:

Fiscal Year	Deduction Percentage
2024-2025	70% and 50%
2026-2028	30%

It is important to bear in mind that in order to be eligible for this tax benefit, the following prerequisites must be met:

- ▶ The worker cannot have been registered on the electronic payroll of any company within six (6) months prior to the start of work.
- ▶ The new worker's basic remuneration cannot exceed PEN1,700 per month; or, in the case of variable remuneration, the monthly average cannot exceed said amount for fiscal years 2024 through 2028.



- ▶ The employer must register the new worker in the T-Registry of the electronic payroll by the legally applicable deadline.
- ▶ The employer cannot be the recipient of labor or pension subsidies granted by the government between fiscal years 2024 and 2028.
- ▶ The employer cannot be the recipient of tax benefits related to the hiring of workers on income tax, as per other laws in force between fiscal years 2024 and 2028.
- ▶ The number of workers on the employer's electronic payroll must be more than employment during the base period.
- ▶ The employment relationship must begin on or after 1 January 2024.
- ▶ The employment contract shall be valid for a maximum of one (1) month in the agriculture and irrigation, agro-export, and agro-industrial sectors, and two (2) months in the textile and garment sector.

Pursuant to the abovementioned Law, parties with a final and binding conviction for tax or customs crimes are not eligible for this benefit.

2.5 Supplemental High-Risk Work Insurance (SCTR)

Those activities performed in the agricultural and agro-industrial sector that are considered high-risk are covered by SCTR, which provides additional coverage for the tasks performed by agricultural workers.

Whether a particular activity is considered high-risk is determined based on an Executive Order, which at this time has yet to be issued by the Ministry of Health.

The list of high-risk economic activities established in Annex 5 of Executive Order 009-97-SA—contains Code 0113, corresponding to the farming of vegetables and melons, roots, and tubers.

Peru is well-known for crops such as avocado, potato, asparagus, blueberries, and others. Accordingly, employers engaged in the farming of these crops should, as a general rule, consider taking out SCTR for all workers located at its production sites. The one exception would be not to take out this policy for those workers who are located far from the high-risk activities inherent to the line of business.

Finally, employers in the agro-export sector should consider expanding SCTR coverage to other crops, since, as we mentioned, EsSalud will eventually issue an Executive Order.

2.6 Termination of the Employment Contract

The employment contract shall be terminated in the following cases:

- ▶ Fulfillment of the resolutive condition or expiration of the duration of fixed-term contracts.
- ▶ By agreement between the worker and the employer, which shall be put into writing.
- ▶ By resignation or voluntary termination on the part of the worker, with thirty (30) days' advance notice.
- ▶ Due to permanent total disability of the worker.
- ▶ Due to the death of the worker or the employer, if they are an individual.
- ▶ Due to the worker's retirement.



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- ▶ Due to dismissal for just cause, which shall be related to the worker's abilities or conduct, as per the assumptions established in national law.
- ▶ In those cases of collective termination provided for by national law.

Dismissal shall be conditional upon verification of an objective just cause provided for by Law. If no such cause exists, the employer shall be required to pay an indemnity.

Workers subject to the agricultural labor regime shall be entitled to an indemnity equivalent to forty-five (45) DRs for each complete year of service, with a cap of three hundred sixty (360) DRs. Annual fractions are paid by twelfths and thirtieths.

The calculation formula for this indemnity is different from that which is paid in the general regime, since the latter is based only on the worker's monthly remuneration, without including benefits such as legal bonuses or severance pay.



2.7 Labor Outsourcing

It should be stressed that Law 31110 has prohibited labor brokering and outsourcing involving the dismissal of personnel, in the case of primary activities. The employer is required to directly hire workers who perform agricultural activities.

However, there are exceptions to this prohibition in cases of occasionality and substitution, as established in Law 27626–the Act Regulating the Activity of Special Service Providers and Workers' Cooperatives; and the hiring of specialized activities and work provided for in Law 29245–the Act Regulating Outsourcing Services.

For a better understanding, the scope of the type of prohibited activity and permitted cases is as follows:

Outsourcing and Brokering Restrictions

Status	Activity Type	Scope
Prohibited	Main activity	Activities consubstantial to the line of business. Main activities include the different stages of the process for the production of goods and rendering of services.
	Supplemental activities	Activities that are auxiliary in nature, and not tied to the main activity. Their absence or lack of execution does not interrupt the business's activity (security, safety, repairs, couriers, and cleaning).
Permitted	Occasionality	Involves a temporary or extraordinary need.
	Substitution	The purpose of these activities is to substitute one of the company's stable employees who is suspended or has been temporarily assigned to other tasks.
	Specialized activities	Auxiliary activities that require a high level of technical, scientific, or particularly qualified knowhow, such as maintenance and specialized cleanup.

In our opinion, in the cases permitted, the main agricultural company or user should verify whether or not the BETA has been paid to relocated or assigned workers who fall under the scope of the NRLA.



2.8 Working Conditions

Employers must guarantee dignified and safe working conditions for their workers, which shall be implemented in accordance with the Regulations on the Law, approved by Executive Order 006-2021-TR and Executive Order 005-2021-MIDAGRI.

The general working conditions applicable to all workers in the agricultural sector and specific conditions for female workers and minors are as follows:

General Conditions	Scope
Transportation of workers to the workplace	When there is no public transportation service available to take workers to the workplace, and it is not possible for them to safely travel there on their own, the employer shall guarantee transportation, whether provided directly or through third parties (special overland transportation service).
Meal conditions	Meals shall only be a work condition when workers perform their tasks in hard-to-reach locations.
Dining area conditions	When employers provide workers with their main meal, or when workers bring their own main meal, the employer shall set up a dining area.
Proper hydration	The employer shall guarantee a drinking water supply for human consumption throughout the entire workday.
Rest areas	During the workday, the employer shall provide shaded areas for workers to rest.
Restrooms	The employer must establish restrooms for individual or collective use, whether fixed or portable.
Showers and locker rooms	When the nature of the work means workers must use toxic products, according to the respective safety data sheet, the employer shall provide one or more areas for workers to wash themselves, fitted out with showers.
Use and maintenance of machinery, equipment, and tools	The employer shall take occupational safety and health measures for the use and maintenance of machinery, equipment, and tools.
Sun protection factor and provision of sun protection equipment	When the nature of the work performed by workers means they are exposed to solar radiation on a prolonged basis, the employer shall take the necessary steps to control risks associated with sun exposure.

General Conditions	Scope
Personal protective equipment	The employer shall provide personal protective equipment.
Use and handling of agrochemical products	The employer shall take occupational safety and health measures for the use and handling of agrochemical products.
Emergency plans	The employer is obligated to have emergency plans.
Prohibition of child labor	The employer shall bear in mind that the minimum working age for those activities that fall under the scope of Law 31110 is eighteen (18) years old.
Protection against acts of sexual harassment	All workers shall have suitable and effective protection against all acts of sexual harassment.
Training on human rights, with a gender approach	The employer is obligated to provide training on human rights with a gender approach to supervisors, forepersons, engineers, and personnel who directly interact with female workers.
Implementation of lactation rooms	The employer shall guarantee the availability of lactation rooms in the workplace.
Protection of pregnant and breastfeeding workers	Any dismissal due to pregnancy, childbirth and its consequences, or breastfeeding shall be null and void, if the dismissal occurs at any time during pregnancy or within ninety (90) days after childbirth.
Equal pay for men and women	The employer shall evaluate and group job positions in tables of categories and duties, using objective criteria, based on the tasks they perform, the aptitudes necessary to perform them, and the job profile.



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06.

Customs Regime

1. Customs Duties
2. Restricted and Prohibited Goods
3. Trademarks and Patents
4. Customs Regimes
5. Trade Agreements
6. Free Trade Zones



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1

Customs Duties

The import of goods is subject to the payment of customs duties, whose current ad valorem rates are 0%, 6%, and 11%.¹

A value-added tax of 18% is also applied to the import of goods. Additionally, depending on the type of goods and their origin, the import thereof may be subject to the payment of excise tax, antidumping duties, countervailing duties, and others.

Furthermore, specific duties shall be applied that establish variable additional duties to be levied on the import of certain agricultural and livestock products such as yellow corn, rice, milk, and sugar.

When importing goods subject to the payment of antidumping and countervailing duties, it should be borne in mind that antidumping duties apply to certain imported goods when, at the discretion of the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI) they cause or threaten harm to a domestic production branch because the seller has set a price lower than that normally applicable in the market of origin. Countervailing duties, on the other hand, apply when imported goods are subsidized in their country of origin and the import thereof causes or threatens harm to a domestic production branch, at the discretion of INDECOPI.

The application of the most common customs taxes and duties is summarized below:

Tax/duty	Rate	Tax basis
Customs duties ^(a)	0%, 6% y 11%	Customs value ^(d)
Value added tax ^{(b) (c)}	18%	Customs value + customs duties

- (a) Customs duty rates depend on the type of goods imported. For example, fertilizers for agricultural use detailed in Chapter 31 of the Tariff Schedule currently in force are subject to an ad valorem of 0%.
- (b) Value added tax (VAT) paid on imports may be used as a tax credit by the importer. However, it should be noted that the import of certain agricultural fertilizer is exempt from the payment of VAT.
- (c) Certain goods are additionally subject to excise tax.
- (d) This value is determined in accordance with the WTO's Customs Valuation Agreement, as well as the laws of the Andean Community and domestic law, based on CIF customs basis (i.e., FOB, freight, and insurance).

The import of goods is subject to the VAT Collection Regime, which is determined by applying a percentage of the customs value plus all taxes and duties levied on the import, plus other surcharges, where applicable. The applicable rate is 3.5%, 5%, or 10%, depending on the situation of the importer and/or the goods to be cleared through customs. The amount paid, along with the VAT, can be used by the importer as a tax credit. However, there are certain cases in which VAT collection does not need to be paid, e.g., when the importing is performed by VAT withholding agents, or in the case of certain goods excluded from this regime.

¹ Additionally, a customs tariff of 4% shall apply solely for Expedited Delivery Shipments (goods whose FOB value exceeds USD200, up to a maximum of USD2,000 per shipment).



6. Customs Regime

Additionally, payments for the international sale of imported goods with an FOB value in excess of PEN7,000 or USD2,000 shall be performed using payment forms such as account deposits, wires, funds transfers, or payment orders, among others established in Article 5 of the Consolidated Text (TUO) of Law 28194—the Act for the Fight Against Tax Evasion and the Formalization the Economy. Payments made as part of customs transactions other than those destined for the import regime shall be done using payment forms starting at PEN2,000 or USD500.

For the import of goods for consumption valued at over USD2,000, it shall be necessary to retain the services of a customs agent authorized to operate in the country by the Customs Administration, which shall take charge of all import paperwork and formalities. The importer must have all necessary documentation for the import of the goods, such as the commercial invoice, transport documents, etc.

In addition to the formalities of the clearance procedure, it is necessary to comply with any local regulations establishing additional requirements for the entry of restricted or prohibited goods. For further details on such goods, see below.

2

Restricted and Prohibited Goods

When bringing goods into the country, certain types are legally considered to be restricted or prohibited for reasons of national safety and public health, among other things.

Restricted goods require certain authorizations, licenses, permits, etc., to be granted by the competent institutions, depending on the nature of the imported good, for its entry into the country. These documents must be submitted at the time of import clearance, after meeting the requirements established by the supervisory entities of the competent sector.

Some of these entities are listed below, along with the restricted goods under their jurisdiction:

- ▶ National Superintendency of Customs and Tax Administration (SUNAT), acting through the National Intendency of Chemical Inputs and Supervised Goods, with regard to certain chemical inputs and supervised goods that are frequently used in illegal mining and the manufacture of illicit drugs, among others.
- ▶ Ministry of Health (MINSA), acting through the Medicines, Suppliers, and Drugs Administration (DIGEMID), with regard to medicines; and through the Bureau of Environmental Health with regard to foods and beverages, among other things.



- ▶ Ministry of Internal Affairs (MININTER), acting through the National Superintendency for the Control of Security Services, Arms, Munitions, and Explosives for Civilian Use (SUCAMEC) for goods such as firearms, explosives, etc.
- ▶ Ministry of Agriculture (MINAGRI) acting through the National Agricultural Health Service, as the entity in charge of protecting agricultural health, among other things.
- ▶ Ministry of Transportation and Communications (MTC), for goods that use the electromagnetic spectrum in general and/or telecommunications equipment.

For their part, prohibited goods may not enter or leave the country.

3

Trademarks and Patents

To protect copyrights and other related rights, as well as trademarks, border measures have been established that can be initiated ex parte or ex officio by the Customs Administration.

This mechanism allows holders of the protected right to register with the Customs Administration so that they can request the suspension of the clearance (authorization for withdrawal from bonded warehouses) of goods, when goods with counterfeit or confusingly similar trademarks, or pirated goods that harms copyright, are presumed to exist. In response, INDECOPI performs an inspection of the goods that an importer is attempting to bring into the country.



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4

Customs Regimes

Below are some of the customs regimes established in the Customs Act:

Definitive export

This regime allows for the exit from customs territory of domestic goods or imported goods that have been cleared through customs for definitive use or consumption abroad.

The export value shall be expressed in FOB. The declared value must be rectified in the event that credit or debit notes are issued, within fifteen (15) days following the issuing of said document. Once this deadline has passed, a fine will be imposed for each uncorrected document. The regularization of export declarations entitles the exporter to claim the Balance in Favor of the Exporter, i.e., a refund of the value added tax (VAT) on local purchases made by the exporter.

Under this regime, the exporter declares its intention to adhere to regimes such as the duty-free replacement of goods or the drawback regime.

Drawback

The drawback regime allows producers and exporters to recover, in whole or in part, the customs duties imposed on the import of commodities, inputs, intermediate goods, and parts or pieces incorporated or consumed in the production of goods for export, provided the CIF value of the imports does not exceed 50% of the FOB value of the exported good

and all established requirements have been met to be eligible for this benefit. The applicable drawback rate is equal to 3% of the FOB value of the exported good.

In the agro-industrial sector, in order to be eligible for this regime, the process followed to obtain the goods for export must include each one of the activities deemed agro-industrial sector activities, as established in Executive Order (Decreto Supremo) 147-81-AG, approving the Regulations on the Agricultural Promotion and Development Act.

Duty-free replacement of goods

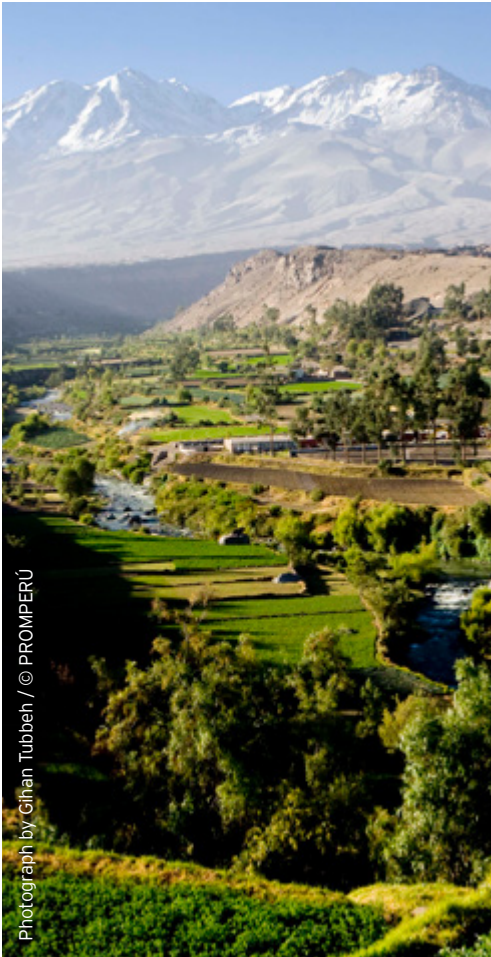
Customs regime that allows for the import of goods, automatically exempt from customs duties and other import taxes, provided said goods are equivalent to goods that have been cleared through customs and transformed, manufactured, or materially incorporated into definitively exported goods. This regime's beneficiaries are individuals or legal entities who have exported goods, directly or through third parties, in which imported goods have been used.

Temporary admission for reexport in the same state

This customs regime allows for the receipt of certain goods in Peruvian territory, with the suspension of customs duties and other import taxes (for a maximum period of eighteen (18) months), duly secured, intended to fulfill a specific purpose at a specific place and to be reexported before the abovementioned deadline without undergoing any modifications whatsoever, with the exception of normal depreciation as a result of use.

Bonded warehouse

This regime allows goods entering Peruvian territory to be stored in a bonded warehouse for such purpose, for a given period (maximum term of twelve (12) months), under customs control, without paying customs duties and other taxes applicable to import for consumption, provided no customs regime has been requested and said goods are not in a state of abandonment.



5 Trade Agreements

Peru's development strategy is based on an economy that is open to international trade, with competitive export offerings. This successful strategy has enabled the country to consolidate its foreign trade as a tool for economic development and poverty reduction. International trade negotiations have allowed the Peruvian economy to address and gradually reduce its external vulnerability at times of crisis, such as the current international context. In recent years, Peru has negotiated free trade agreements (FTAs) with large and medium-sized markets.

This allows foreign goods to enter Peru under preferential conditions, lowering customs duties by up to 100%. For such purpose, it is necessary to comply with the rules of origin of each one of the 24 trade agreements to which Peru is a signatory:

- ▶ Agreements of the World Trade Organization (WTO).
- ▶ Agreements of the Asia-Pacific Economic Cooperation Forum (APEC).
- ▶ Peru-Andean Community Free Trade Agreement.
- ▶ Economic Complementation Agreement 58, signed by the governments of the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay, and the Oriental Republic of Uruguay, States Party to the MERCOSUR, and the government of the Republic of Peru.



- ▶ Economic Complementation Agreement 50, entered into between the Republic of Cuba and the Republic of Peru.
- ▶ Free Trade Agreement between the government of the Republic of Peru and the government of the Republic of Chile, amending and substituting ECA 38, its annexes, appendices, protocols, and other instruments entered into thereunder.
- ▶ Trade Integration Agreement between the Republic of Peru and the United Mexican States.
- ▶ Peru-United States Free Trade Agreement.
- ▶ Free Trade Agreement between Canada and the Republic of Peru.
- ▶ Free Trade Agreement between the government of the Republic of Peru and the government of the Republic of Singapore.
- ▶ Free Trade Agreement between the government of the Republic of Peru and the government of the People's Republic of China.
- ▶ Free Trade Agreement between the Republic of Peru and the EFTA States (Switzerland, Liechtenstein, Norway, and Iceland).
- ▶ Free Trade Agreement between the Republic of Peru and the Republic of Korea.
- ▶ Framework Agreement on Closer Economic Partnership between the government of the Republic of Peru and the government of the Republic of Thailand and its additional protocols.
- ▶ Economic Partnership Agreement between the Republic of Peru and Japan.
- ▶ Free Trade Agreement between the Republic of Peru and the Republic of Panama.
- ▶ Trade Agreement between Peru, Colombia, and Ecuador, on the one part, and the European Union and its member states, on the other.
- ▶ Free Trade Agreement between the government of the Republic of Costa Rica and the government of the Republic of Peru.
- ▶ Partial Scope Trade Agreement between the Republic of Peru and the Bolivarian Republic of Venezuela.
- ▶ Framework Agreement of the Pacific Alliance and its additional protocol (Colombia, Chile, Mexico, and Peru).
- ▶ Free Trade Agreement between the Republic of Peru and the Republic of Honduras.
- ▶ Free Trade Agreement between the Republic of Peru and Australia.
- ▶ Trade Agreement between the United Kingdom of Great Britain and Northern Ireland, on the one part, the Republic of Colombia, the Republic of Ecuador, and the Republic of Peru, on the other.
- ▶ Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).



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6 Free Trade Zones

A. Tacna Free Trade Zone

The Tacna Free Trade Zone was created in 2002 to promote investment in southern Peru by attracting companies engaged in industrial, agro-industrial, maquila, crating, and storage, distribution, uncrating, and packing services, and other similar services. For such purpose, a tax exemption regime was established that includes income tax, valued added tax (VAT), excise tax, municipal promotion tax (MPT), and all other taxes, currently existing or created in the future, provided activities are performed within said zone.

Goods coming from abroad that enter this zone shall not be subject to the payment of import taxes, given that the Tacna Free Trade Zone is a special customs treatment zone. If said goods are transported to the Tacna Free Trade Zone, only a special tariff shall be paid. However, if the goods are destined for the rest of Peruvian territory, all taxes levied on the import of goods shall be payable.

This benefits regime will remain in force until 2032.



B. Puno Special Economic Zone

Like the Tacna Free Trade Zone, the Puno Special Economic Zone is an extraterritorial customs zone that provides a special tax system that not only waives import duties on goods entering the zone, but also establishes an exemption from income tax, value added tax (VAT), excise tax, municipal promotion tax (MPT), and all other taxes levied by the central, regional, or municipal government, currently existing or created in the future, including those that require an express exemption, provided the users perform authorized activities within the zone, such as industry, agro-industry, maquila and assembly, and storage, distribution, uncrating, crating services, etc.

These exemptions shall remain in force until 2027, with the exception of income tax, which expires on December 31, 2028.

This zone is not yet operative.

C. Cajamarca Free Trade Zone

The Cajamarca Free Trade Zone was created in 2021 to foster the sustainable socioeconomic development of northeastern Peru by attracting companies engaged in production, commercialization, industrial, and agro-industrial activities, maquiladoras, and service providers. For such purpose, they will be given access to a tax exemption regime that includes income tax, value added tax (VAT), excise tax, municipal promotion tax (MPT), customs duties, and all other taxes, whether imposed by the central, regional, or municipal government, currently existing or created in the future, including those that require express exemption.

This zone is not yet operative.



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D. Chimbote Free Trade Zone

In 2022, the government declared the creation of the Chimbote Free Trade Zone to be in the national interest, contributing to the sustainable socioeconomic development of the Region of Áncash by attracting companies engaged in industrial and agro-industrial activities, maquiladoras, and service providers.

This zone is not yet operative.

E. Other Special Treatment Zones

Special Development Zones (ZEDs) (previously known as CETICOS)

In addition to the abovementioned special customs zones, there are also Special Development Zones in Ilo, Matarani, Paita, Tumbes, and Loreto.

ZEDs are specifically delineated geographic areas that are considered primary special treatment customs zones, where industrial, maquila, logistics (storage, transport, distribution, and sale of goods, among other things), repairs or refurbishment, telecommunications, information technology, and scientific and technological research and development activities may be performed.

Goods entering these zones are not subject to import taxes. However, goods entering the rest of Peru from ZEDs are subject to customs duties and all other import taxes.

As for other taxes, activities performed in the ZED Ilo, Matarani, Paita, and Tumbes ZEDs are exempt through December 31, 2042, from income tax, value added tax (VAT), excise tax, municipal promotion tax (MPT), customs duties, and all other taxes, currently existing or created in the future, including those that require express exemption, with the exception of EsSALUD contributions and rates. The transfer of goods and the provision of services between users established in the ZEDs are also exempt from income tax, value added tax (VAT), excise tax, and any other taxes, currently existing or created in the future, including those that require express exemption.



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Finally, with regard to the Loreto ZED, it is important to note that the period for the incorporation of companies in this zone, as well as their exemption, is fifty (50) years, starting on May 22, 1998.

At present, the Loreto and Tumbes ZEDs are not yet operative.

Protocol Amending the Peru-Colombia Customs Cooperation Agreement of 1938

This Protocol grants preferential tariff treatment to the import of certain goods detailed in the Common External Tariff that forms part of the Protocol. This preferential treatment only applies when the goods are imported to Loreto, San Martín, and/or Ucayali.

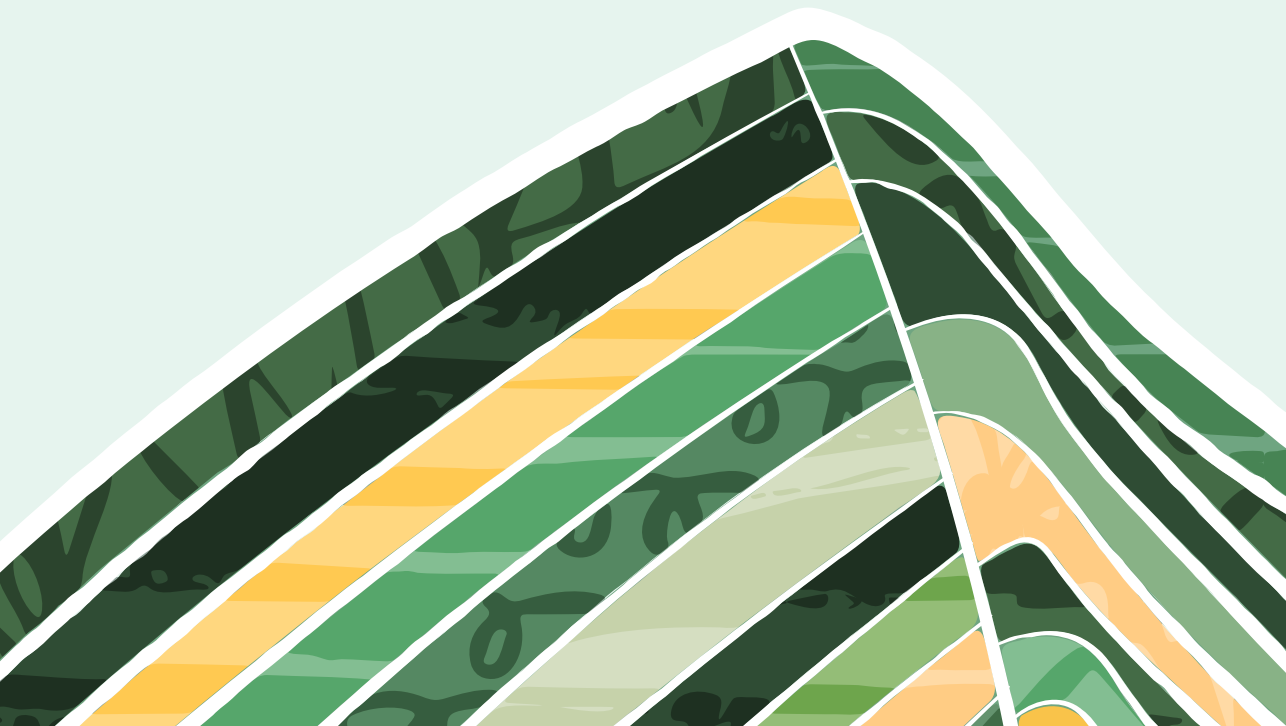


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07.

Accounting Standards





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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 "El Peruano" Official Gazette, 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 the regulations of the Peruvian Securities and Exchange Superintendency (SMV). Companies supervised by the SMV are obliged to issue their financial statements in accordance with IFRS, as issued in accordance with the International Financial Reporting Standards Board.

According to the most recent regulations in force, companies that obtained an income in excess of 2,300 UITs (PEN11,845,000) are required to submit financial statements in accordance with the IFRSs. Small and medium-sized enterprises that obtained an income higher than 150 UITs (PEN772,500) and lower than 2,300 UITs (PEN11,845,000) are required to issue their financial statements in accordance with the IFRS for SMEs. The IFRS for SMEs is a simplified set of rules designed specifically for small and medium-sized non-financial enterprises.

The annual financial information of companies supervised by the Peruvian Securities and Exchange Superintendency (SMV) must be audited and include the previous year for comparative purposes. Quarterly information does not need to be audited. This audit must be performed in accordance with the International Standards on Auditing issued by the International Federation of Accountants (IFAC).

Since 2016, companies not listed in the Public Stock Exchange Registry are not required to submit audited financial statements.

In June 2023, the International Sustainability Standards Board (ISSB) presented its first IFRS (ESG) standards, IFRS S1 and IFRS S2, marking a major milestone for the Peruvian capital market and opening doors to a new era of sustainability disclosure. These standards will help boost trust in companies when disclosing sustainability information, providing a solid foundation on which to base investment decisions.

Both IFRS S1 and IFRS S2 entered into force for annual periods starting on January 1, 2024. The compulsory application of the IFRS sustainability disclosure standards will depend on the regulatory or approval processes of each local jurisdiction. The application of the IFRS sustainability disclosure standards is not tied to the application of IFRS accounting standards. Thus, an entity that applies the IFRS accounting standards for financial reporting purposes is not currently also required to apply the IFRS sustainability disclosure standards, and vice versa.



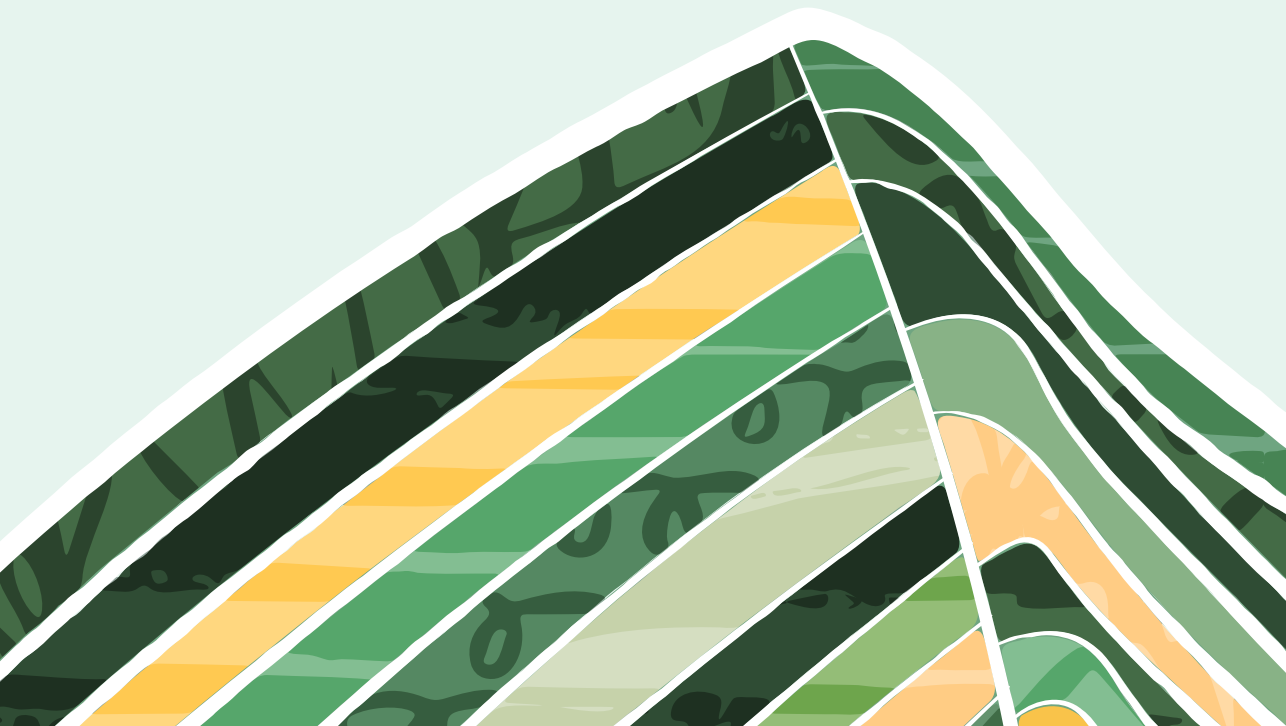
08.

Appendix

1. Principal Regulatory and Investment Promotion Entities in Peru
2. Economic Promotion Institutions and Relevant Entities
3. EY Services and Strengths in the Sector
4. EY Thought Leadership



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1

Principal Regulatory and Investment Promotion Entities in Peru

1. 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.

2. 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.

3. Ministry of Agricultural Development and Irrigation - MIDAGRI

(Ministerio de Desarrollo Agrario y Riego - MIDAGRI)

Tel: +51 1 209 8600

www.gob.pe/midagri 


MIDAGRI is the governing public agency in agrarian matters. It works in accordance with the National Agrarian Policy that defines the medium and long term guidelines for the sustainable development of agriculture, with the purpose of activating development and social inclusion for the benefit of the rural population. We also promote the sustainable use of water, forest and wildlife resources.



4. Ministry of Economy and Finance - MEF

(Ministerio de Economía y Finanzas - MEF)

Tel: +51 1 311 5930


www.gob.pe/mef 

The Ministry of 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.

5. Ministry of Labor and Employment Promotion - MTPE

(Ministerio de Trabajo y Promoción del Empleo - MTPE)

Tel: +51 1 630 6000


www.gob.pe/mtpe 

The Ministry of Labor and Employment Promotion (MTPE) is the State institution responsible for designing, coordinating, and executing 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.

6. 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.gob.pe/indecopi 

Indecopi promotes a culture of fair competition and protects all forms of intellectual property (trademarks, copyrights, patents, and biotechnology).


7. 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

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.



8. Supervisory Board for Private Investment in Telecommunications - OSIPTEL

(Organismo Supervisor de Inversión Privada en Telecomunicaciones - OSIPTEL)

Tel: +51 1 225 1313

www.osiptel.gob.pe



OSIPTEL is in charge of regulating and supervising the public telecommunication services market, independently of the operating companies.

9. 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

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.

10. Private Investment Promotion Agency - PROINVERSIÓN

(Agencia de Promoción de la Inversión Privada - Perú - ProInversión)

Tel: +51 1 200 1200

www.gob.pe/proinversion



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.

11. National Superintendency of Labor Audits - 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 (MTPE), and is responsible for promoting, supervising, and auditing the compliance with labor laws and those related to occupational health and safety.



12. Superintendency of Banking and Insurance and Private Pension Fund Management Companies - SBS

(Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones SBS)

Tel: +51 1 630 9000

www.sbs.gob.pe



SBS 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.

13. National Superintendency of Public Records Offices - SUNARP

(Superintendencia Nacional de los Registros Públicos - SUNARP)

Tel: +51 1 208 3100

www.gob.pe/sunarp



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.

14. 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.

15. National Superintendency of Customs and Tax Administration - SUNAT

(Superintendencia Nacional de Administración Tributaria - SUNAT)

Tel: +51 1 315 0730

www.sunat.gob.pe




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, facilitates foreign trade economic activities, and inspects the international traffic in persons and the means of transportation. It also conducts the actions necessary to prevent and punish customs crimes.



16. 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.

17. 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.

18. Ministry of Energy and Mines - MINEM

(Ministerio de Energía y Minas - MINEM)

Tel: +51 1 411 1100


www.minem.gob.pe 

The Ministry of Energy and Mines (MINEM) is the entity responsible for promoting the development and use of energy resources on a rational, efficient, and competitive basis in a scenario of decentralization and regional development, prioritizing private investment, satisfaction of demand, and the use of renewable energies. It also promotes the development of the mining industry, safeguarding legal stability, rational exploitation, and the introduction of new technologies.

19. Ministry of Transportation and Communications - MTC

(Ministerio de Transportes y Comunicaciones - MTC)

Tel: +51 1 615 7800

www.gob.pe/mtc 

The Ministry of Transportation and Communications (MTC) is the Peruvian Government entity that seeks to ensure rational territorial order with respect to resources, production, markets, and population, through the regulation, promotion, implementation, and supervision of transportation and communications infrastructure.



20. Ministry of Foreign Trade and Tourism - MINCETUR

(Ministerio de Comercio Exterior y Turismo - MINCETUR)

Tel: +51 1 513 6100

www.gob.pe/mincetur



The Ministry of Foreign Trade and Tourism (MINCETUR) is the Peruvian Government entity responsible for formulating, directing, coordinating, implementing, and supervising foreign trade policy, with the exception of tariff regulations; and tourism policy, in accordance with general government policy and in coordination with the sectors and institutions within its jurisdiction.

21. Ministry of Industry and Fisheries - PRODUCE

(Ministerio de la Producción - PRODUCE)

Tel: +51 1 616 2222

www.gob.pe/produce



The Ministry of Industry and Fisheries is responsible for drafting, approving, implementing, and supervising national policies applicable to extractive, productive, and transformation activities in the industry and fishing sector, promoting their competitiveness and increasing their production, while guaranteeing the sustainable use of natural resources and environmental protection.

22. Ministry of Environment - MINAM

(Ministerio del Ambiente - MINAM)

Tel: +51 1 611 6000

www.gob.pe/minam



The Ministry of Environment promotes the conservation and sustainable use of natural resources, the enhancement of biological diversity and environmental quality for the benefit of people and the environment in a decentralized and coordinated manner with public and private organizations and civil society, within the framework of green growth and environmental governance.

It also drafts, plans, conducts, executes, supervises and evaluates the National Environmental Policy, applicable to all levels of government, and is in charge of the National Environmental Management System and the National Environmental Impact Assessment System, assuming a guiding role in the Environmental Sector.

23. National Agrarian Health Service of Peru - SENASA

(Servicio Nacional de Sanidad Agraria del Perú - SENASA)

Tel: +51 1 313 3300

www.gob.pe/senasa



SENASA is the entity in charge of protecting the country from the entry of pests and diseases, to preserve agricultural and livestock wealth; allowing Peruvian and world consumers to enjoy healthy and safe food.



24. National Forest and Wildlife Service - SERFOR

(Servicio Nacional Forestal y de Fauna Silvestre - SERFOR)

Tel: +51 1 225 9005

www.gob.pe/serfor



SERFOR's main function is to promote the sustainable management of the country's wild flora and fauna. It defines policies and issues standards and procedures to promote the development of the sector, in addition to providing specialized and free technical assistance in forest and wildlife management. It promotes productive ventures and investments linked to forest plantations, ecotourism, wildlife management and management of timber and non-timber forest products.

It works with regional and local governments, indigenous, peasant and civil organizations to ensure the sustainability of forests and other wild vegetation ecosystems and the legal trade of their resources.

25. National Institute of Agrarian Innovation - INIA

(Instituto Nacional de Innovación Agraria - INIA)

Tel: +51 1 240 2100

www.gob.pe/inia



INIA contributes to equitable, competitive, and sustainable economic growth through the provision of specialized services (research and technology transfer) in the field of Agricultural Innovation.

It develops research, technology transfer, conservation and use of genetic resources, as well as the production of seeds, seedlings and breeding animals of high genetic value. It articulates and regulates research, development and innovation (R+D+i) with the actors of the SNIA, aimed at competitiveness, food security and adaptation to climate change.

It also formulates, proposes, and executes the national policy and the agricultural innovation plan.

26. National Water Authority - ANA

(Autoridad Nacional del Agua - ANA)

Tel: +51 1 513 7130

www.ana.gob.pe



ANA was created to manage, conserve, protect and take advantage of the water resources of the different basins in a sustainable way, promoting in turn the culture of water and water resources, which is part of the National Environmental Management System.

It is responsible for exercising technical-regulatory stewardship and establishing procedures for the integrated, sustainable and multisectoral management of water resources for the benefit of water users and the population in general, in a timely and effective manner.



2

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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Director of Tourism Promotion
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Minister
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Minister
Director of Trade Promotion
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- E-mail: lcaballero@rree.gob.pe
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+51 1 204 3365 (DPE)
+51 1 204 3369 (PCO)
+51 1 204 3385 (PIN)
+51 1 204 3392 (PTU)
- ▶ E-mail: dpe@rree.gob.pe

▶ Website: www.gob.pe/rree 




2. Ministry of Foreign Trade and Tourism (MINCETUR) and Peruvian Commission for the Promotion of 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

- ▶ Úrsula León Chempén
Minister
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Córpac, San Isidro
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- Website: www.gob.pe/mincetur 

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

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Executive President
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- Lima, Peru
- Tel: +51 1 616 7300
+51 1 616 7400
- E-mail: postmaster@promperu.gob.pe
- Website: www.promperu.gob.pe 



3. Private Investment Promotion Agency - 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 offers its services for investments in Peru free of charge, in three stages:

Pre-Incorporation

- ▶ 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.

Incorporation


- ▶ 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.
- ▶ Advice on migratory processes for entry and residence of businesspeople.

Post-Incorporation

- ▶ Establishment of a network of contacts with public and private companies.
- ▶ Guidance for the expansion of the business.
- ▶ Identification of administrative barriers.

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 (PPP), among others.

Contact

- ▶ José Antonio Salardi
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
 - E-mail: jsalardi@proinversion.gob.pe
 - Website: www.gob.pe/proinversion 
- ▶ 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. Foreign Trade Society of Peru - 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

- ▶ Alonso Rey Bustamante
 President
- 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

- ▶ Alfonso Bustamante Canny
 President
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- Tel: +51 1 415 2555
- Fax: +51 1 415 2566
- Website: www.confiep.org.pe



6. 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 businesspeople, 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

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President
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Jesús María, Lima
- Tel: +51 1 463 3434
- Website: www.camaralima.org.pe



Photograph by Manchamanteles / © PROMPERÚ



7. 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


- ▶ Julio Pérez Alván
President
- Address: Av. Javier Prado Este 2875
San Borja, Lima
- Tel: +51 1 618 3333
- Website: www.adexperu.org.pe 

8. Association for the Promotion of National Infrastructure - AFIN

(Asociación para el Fomento de la Infraestructura Nacional - AFIN)

AFIN is the business association that brings together the main concessionaires of infrastructure for public services in the sectors of energy, transport infrastructure, telecommunications, sanitation, irrigation and social infrastructure.

Contact

- ▶ Leonie Roca Voto Bernales
President
- Address: Av. Jorge Basadre 310 Oficina
601-D, San Isidro, Lima 27, Peru
- Tel: +51 1 441 1000
- Fax: +51 1 422 7611
- E-mail: comunicaciones@afin.org.pe
- Website: www.afin.org.pe 





9. Association of Agricultural Producers' Trade Associations of Peru - AGAP

(Asociación de Gremios Productores del Perú - AGAP)

AGAP is a non-profit association that brings together producing, processing, marketing, agro-exporting companies, guilds, and other private companies in the agricultural sector in Peru. Its main objective is to promote the development of the national agricultural sector, seeking to improve its competitiveness, through the search for consensus with other institutions with regard to agricultural policy.

Contact

- ▶ Gabriel Amaro Alzamora
President
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Urb. Córpac, San Isidro Lima, Lima 27,
Peru
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- E-mail: hcorpus@agapperu.org
- Website: www.agapperu.org



10. Agricultural Bank - Agrobanco

(Banco Agropecuario - Agrobanco)

Agrobanco, created in 2001, is a state-owned financial institution dedicated to granting loans aimed at the agricultural sector to achieve the sustained and permanent development of the sector. It pays special attention to livestock, agricultural, forestry, aquaculture, agro-industrial activities, and the processes of transformation, marketing and export of natural products and their derivatives.

It is focused on the financial inclusion of small agricultural producers, individually and/or in association. It also promotes technical assistance, associativity, and rural banking; and the development of family farming is committed.

Contact

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President
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- Website: www.agrobanco.com.pe



Photograph by Inés Menacho / © PROMPERÚ



Photograph by Cihan Tubbeh / © PROMPERÚ

3

EY Services and Strengths in the Sector

EY is the leading business consulting firm in Peru, assisting companies through its consulting, auditing, tax, strategy and transaction services.

At EY, we focus on helping our clients' 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. Cipiduntet etum il



1. Assurance

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.

We create value for your business, generating confidence in order to allow for adequate decision-making.



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Audit Services

Financial statement auditing and special reviews

- ▶ Financial statement audits
- ▶ Internal control audits over financial reporting process
- ▶ Review and assurance services, in accordance with International Auditing Standards, such as:
 - Pre-agreed procedures
 - Special purpose audits
 - Limited review of interim financial statements
 - Reasonable or limited assurance in accordance with ISAE 3000
- ▶ Evaluation of the accounting closing process
- ▶ Special reviews for companies that will be audited for the first time or plan to issue shares or bonds in the market
- ▶ Special reviews related to the effectiveness of internal control design
- ▶ Special reports: money laundering, validation and certification of technical assistance expenses, SOC reports

Integrity / Compliance Risks and Forensics Services

Integrity Risks

- ▶ Forensic audits to investigate irregular situations
- ▶ Design and implementation of corporate and ethical compliance programs (eg, anticorruption, free competition, and similar laws)
- ▶ Consulting on and evaluation of compliance with money laundering prevention and terrorist financing laws
- ▶ Consulting on reputational risk management and fraud prevention programs
- ▶ Support in cyber incidents response to identify root cause and cyber attacks impact
- ▶ Support with technological platforms to monitor compliance risks
- ▶ Forensic audits to investigate potential irregular situations, supported by e-discovery technology
- ▶ Forensic data analysis for the identification and prediction of warning signals
- ▶ Support as technical experts for the settlement of disputes
- ▶ Operation of reporting or grievance lines - "Ethics hotline"
- ▶ Due diligence advice on third-party compliance



Financial Consultancy Services

Consulting on International Financial Reporting Standards (IFRS)

- ▶ Diagnosis and implementation of IFRS
- ▶ Analysis of complex and unusual transactions in accordance with the IFRS practices
- ▶ Review of concession agreements (IFRIC 12) and accounting model analysis
- ▶ Analysis of the financial effect of tax transactions
- ▶ 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
- ▶ Review of accounting estimates: impairment of non-financial assets, provision for dismantling, differed income tax, real estate investments, etc
- ▶ Specialized training programs for each Industry

Financial and non-financial reporting

- ▶ Operating and systems diagnosis to speed up or improve the financial reporting process
- ▶ Development of governance (policies, processes, checks) for financial reporting presentation
- ▶ Support in financial and non-financial reports

Mergers & Acquisitions - Deal Accounting

- ▶ Support or performance of accounting due diligence
- ▶ Financial/accounting analysis of scenarios for acquisition structure
- ▶ Counseling on Purchase-Price Allocation (PPA) under IFRS 3
- ▶ IPO and capital market support

Sustainability and Climate Change Services

Sustainability and Climate Change Services

- ▶ Diagnosis and implementation of sustainability strategies
- ▶ Preparation and verification of sustainability reports
- ▶ Development of tools for measuring the impact of social and environmental investments
- ▶ Value chain and climate change risk assessment
- ▶ Consulting and verification on the issuing of green bonds
- ▶ Climate risk management and disclosure



2. Consulting

We believe in transforming businesses through the power of people, technology, and innovation. In the consulting area, we provide personalized help to our clients in handling each project, offering a one-of-a-kind experience. Our approach and support methodology, from strategy design to execution, allow us to understand their challenges and opportunities so we can then facilitate the achievement of tangible results that drive, optimize, and transform.



Jorge Acosta
Consulting Leader
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Business Transformation Consulting

Redesign of business models

- ▶ Business model redesign
- ▶ Digital transformation RoadMap
- ▶ Balanced scorecard (BSC) design and implementation for strategy monitoring
- ▶ Alignment of the operating model to the company's strategy
- ▶ Design and implementation of transformation officers (CTOs)
- ▶ Design and implementation of agile worktables
- ▶ Diagnosis and optimization of business processes
- ▶ Design and implementation of sustainability strategies
- ▶ Design and implementation of social responsibility strategies (CSR)

Strategic and Innovation Services

Corporate Strategy and Strategic Planning

- ▶ Definition of a value proposition (“playbook to win”)
- ▶ Customer experience transformation
- ▶ Innovation strategy, building innovation platforms, and accompaniment in agile tables
- ▶ Ecosystem strategy and building
- ▶ Route to market
- ▶ Purpose led transformation: define and align the purpose of the organization



Advanced Technology Services

IT Strategy Planning

- ▶ Diagnosis and design of systems area management (governance, financial management, cost optimization, budgets and projects, performance, and demand and productivity analysis)
- ▶ Software and vendor selection
- ▶ Process automation and implementation through RPA, machine learning, chatbots, and solution development
- ▶ Implementation and development of platforms using smart development (low- code and no-code), accompanied by emergent technologies such as artificial intelligence, blockchain, IoT, etc.
- ▶ Diagnosis, design, implementation and support for business tools and applications (ERP, CRM, SCM, BI, GRC, Cloud, IoT, automation and analytics)
- ▶ Quality diagnosis, cleanup and review of data migration process and data governance strategy
- ▶ Analysis, design, and implementation of access roles and separation of duties (SoD)
- ▶ Co-creation, development, and maintenance of end-to-end technological solutions applying agile, waterfall, and continuous delivery methodologies
- ▶ Digital architectures in on-premises and cloud environments
- ▶ Cybersecurity management (maturity model, penetration testing, and ethical hacking)
- ▶ Digital transformation and digital governance strategy
- ▶ Journey to Cloud: Services to help companies in their strategy for migration to the cloud
- ▶ Implementation of descriptive analytics models to aid in decision-making

Talent and Change Management Consulting

Reinforcement of leadership and talent management in hybrid environments

- ▶ Design and accompaniment of change management in transformation projects with EY Change Experience methodology
 - Integral strategic transformation programs
 - Leadership
 - Processes
 - Technology
 - Cultural modeling
 - Diversity and inclusion
- ▶ Design and support for talent management in organizational development and leadership projects
 - Successful leadership profile
 - Competency models
 - Succession planning
 - Upskilling and reskilling processes
 - Talent assessment



Process Services

Consulting for financial areas

- ▶ Operational and financial performance improvement
- ▶ Redesign of financial processes - Finance of the future and Digital Finance
- ▶ Redesign of financial planning and analytical processes (FP&A)
- ▶ Design and implementation of a zero based budgeting (ZBB) model
- ▶ APRE: Payments and cash recovery analysis
- ▶ Design and development of corporate policies
- ▶ Design, implementation and elaboration of business cases for global business services (GBS), shared services centers (CSC) and corporate areas
- ▶ Design of cost and expense management model (responsibility centers and ABC costing)
- ▶ Operational optimization of main cost and expense categories
- ▶ Finance analytics
- ▶ Design and implementation of family offices

Commercial excellence and customer experience

- ▶ Commercial contribution margin optimization: gross2net analysis, price and discount management, promotions and trade marketing management
- ▶ Implementation of dynamic pricing tools with models
- ▶ Revenue assurance & improvement (revenue assurance & improvement) prescriptive pricing models by sku and store
- ▶ Redesign of commercial models and improvement of sales force effectiveness
- ▶ Digital channel optimization
- ▶ CRM model design and implementation
- ▶ Customer experience diagnostics and action plan design
- ▶ Business intelligence and customer analytics

Corporate Governance

- ▶ Diagnosis and benchmarking
- ▶ Governance structure
- ▶ Board evaluation
- ▶ Improving board effectiveness
- ▶ Corporate policies and regulations
- ▶ Family protocol
- ▶ Shareholder agreements
- ▶ Segregation of duties

Supply Chain Management

- ▶ Supply Chain RoadMap transformation
- ▶ Strategic sourcing management
- ▶ Design of strategic vendor management models
- ▶ Sales and operation planning (S&OP) design and implementation
- ▶ Production process optimization using predictive models with advanced analytics
- ▶ Optimization of plant processes using IWS
- ▶ Logistics optimization: Design and optimization of networks, distribution centers, and warehouses
- ▶ Inventory optimization and replenishment model design
- ▶ SCM analytics
- ▶ Internet of Things (IoT) applied to plants - digital factoring

Organizational Consulting

- ▶ Alignment of strategy and organizational structure (structure, roles, responsibilities, levels, positions, profiles and number of FTEs per area)
- ▶ Redesign and optimization of organizational structures, management and operation models
- ▶ Organizational optimization - ZBO (zero based organization)



Risk Management

Internal Audit

- ▶ Creation and implementation of an AI function
- ▶ Digital transformation of the IA function
- ▶ IA quality assessment
- ▶ Risk-based IA plan
- ▶ IA outsourcing and co-sourcing
- ▶ Continuous Audit based on Data Analytics
- ▶ Test automation
- ▶ ESG related process audits

Risk Management

- ▶ Design of the risk management function
- ▶ Definition of risk appetite
- ▶ Strategic risk mapping
- ▶ Specific risk analysis:
 - Strategic and emerging
 - Reputational
 - Operational
 - Sustainability (ESG)
 - Compliance
 - Relationship with third parties
 - Financial
- ▶ Identification, design, evaluation and monitoring of risk indicators (KRIs)
- ▶ Preparation of dashboards for risk management
- ▶ Diagnosis and implementation of COSO ERM and ISO 31000 risk frameworks
- ▶ Strengthening the organizational culture for risk management

Internal Control

- ▶ Diagnosis of the internal control system based on COSO
- ▶ Testing and continuous improvement of the internal control system
- ▶ Design and improvement of processes, controls, policies and procedures
- ▶ Internal control over financial reporting (SOX)
- ▶ Diagnosis of the internal control system related to ESG
- ▶ Design and evaluation of ESG controls

Business Continuity

- ▶ Implementation, improvement and stress testing of business continuity systems
- ▶ Development of crisis simulation tests



3. Tax

We help companies overcome business challenges through compliance with legal, tax, customs, and labor obligations, taking advantage of opportunities for tax management and minimizing their risks in a context of constant regulatory and legal changes.



David de la Torre

Tax Leader

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Tax Advice

- ▶ Constant consultancy on tax matters
- ▶ Tax planning
- ▶ Advice on audit processes
- ▶ Sector taxation
- ▶ Advice on reorganizations, mergers and others
- ▶ Diagnostic reports on the possible application of the Anti-Avoidance General Rule
- ▶ Advice on the identification of the final beneficiaries of companies and legal entities established in the country

Transfer Pricing

- ▶ Compliance
- ▶ Consultancy and strategic planning
- ▶ Disputes

Tax Compliance

- ▶ Review of Income Tax, Value Added Tax, Temporary Net Assets Tax Returns and other tax returns related to other applicable taxes
- ▶ Advice on assessment, improvement, and monitoring of tax processes
- ▶ Tax information report
- ▶ Advice on tax burden management
- ▶ Advice on the generation of information and electronic reports required by SUNAT
- ▶ Analysis of tax implications related to the IFRS implementation
- ▶ Support in audit processes undertaken by the Tax Administration



Individual Labor and Tax Advice

- ▶ Labor, tax/labor, and social security law
Topics of contracting, occupational safety and health, union relations and negotiations, and design of special compensation systems
- ▶ Compliance on labor and tax/labor matters, including support for audits that the relevant authority may carry out
- ▶ Taxation of individuals
- ▶ Analysis and migration procedures from and to other countries
- ▶ Labor inspections and labor-related judicial proceedings

Customs and Indirect Taxes

- ▶ Consultancy on customs and customs taxation (customs assessment, compliance with customs systems, tariff classification, etc)
- ▶ Advice and management on customs audit proceedings, performance of diagnostics and preventive reviews, as well as advice on non-contentious and contentious proceedings
- ▶ Implementation of customs advantages, planning, taking advantage of commercial agreements, compliance with rules of origin, customs valuation studies, etc
- ▶ Advice, implementation and support in export promotion regimes (drawback, replacement of franchised merchandise, temporary admissions for inward processing, etc)
- ▶ Advice and support on balance mechanisms in favor of the exporter, refund and early and definitive recovery of VAT, as well as recovery of withholdings and collections of VAT
- ▶ 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

EY Law

- ▶ Corporate consulting: good corporate governance, establishment and extinction of companies and branches, corporate resolutions, reorganization, and general corporate consulting
- ▶ Bank financing and stock market consulting
- ▶ Legal support for Public-Private Partnerships (PPP), state contracts, and project financing
- ▶ Legal support in contractual matters
- ▶ Consulting on regulatory matters: banking and finance, stock market, energy, telecommunications
- ▶ Advice on environmental regulatory issues and in natural resources, which includes certification of environmental aspects, water use, generation of effluents, solid waste, substances, chemicals and hazardous materials, applicable to different sectors of the national industry
- ▶ Legal compliance: personal data, money laundering and terrorist financing prevention system, and antibribery system
- ▶ Advice and litigation on legal issues of Competition: Free Competition, Advertising, Unfair Competition, Consumer Protection and Disposal of Bureaucratic Barriers
- ▶ Registration of trademarks, copyrights and patents and inventions
- ▶ Advice on the development of environments sustainable businesses (Social Footprint) considering strengthening of corporate government, review and improvement of structures and internal processes and relationship with interest groups, among others
- ▶ 360° ESG advice that includes environmental, social and governance aspects in business strategy as well as obtaining sustainable financing and compliance under international standards (diagnosis, support in the development and scale of ESG projects, design and goals required in ESG strategies)



International Taxation

- ▶ Advice 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
- ▶ Advice 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

Tax Litigation

- ▶ Contentious tax proceedings for claims with the National Superintendency of Customs and Tax Administration (SUNAT), regulatory bodies, municipalities, and the Tax Court (complaints, appeals, claims and oral reports)
- ▶ Non-contentious refund, compensation and statute of limitations proceedings
- ▶ Review of expert reports and agreed procedures to incorporate and support the defence
- ▶ Issuance of contingencies diagnostic reports
- ▶ Planning of defence strategies, including alternative plans for substantive issues, debt components and timing aspects
- ▶ Participation in the support of oral reports before the Tax Court
- ▶ Assessment of tax litigation contingencies for disclosure in the financial statements

Judicial litigation tax and with the state

- ▶ Judicial proceedings in tax matters before the Judiciary (contentious-administrative proceedings) and the Constitutional Court (amparo, compliance, habeas data, popular action and unconstitutionality proceedings)
- ▶ Precautionary processes
- ▶ Judicial execution processes of sentences
- ▶ Amparo processes against judicial resolution and legal norms
- ▶ Judicial proceedings against the State (Indecopi, Sedapal, OEFA, municipalities, among others)
- ▶ Defence in non-compliance actions before the Court of Justice of the Andean Community of Nations (CAN)
- ▶ Issuance of expert reports and agreed procedures, to incorporate and support the defence
- ▶ Issuance of contingency diagnosis and technical support reports
- ▶ Specific design of defence strategies, especially by tax debt components
- ▶ Updating of the judicial defence
- ▶ Participation in the support of oral reports before the Judiciary, the Constitutional Court and the Court of Justice of the CAN
- ▶ Review and verification of the qualification of the contingency of the tax judicial litigation for disclosure purposes in the financial statements
- ▶ Issuance of report reports and analysis of cassation jurisprudence

Outsourcing Services

- ▶ Accounting processing
- ▶ Statutory reports
- ▶ Tax compliance
- ▶ Payroll processing
- ▶ Staff Administration



Digital Tax

- ▶ Generation and review of monthly and annual electronic books
- ▶ Automated cleanup and reconciliation processes for accounting information
- ▶ Design of analytical tools for tax, labor, and customs law compliance
- ▶ Development of systems to streamline tax compliance
- ▶ Internal control mechanisms aligned with tax administration systems
- ▶ Preparation of reports aimed at improving tax predictability and decision-making

Taxes on transactions

- ▶ Advice on pre-transaction structuring in order to identify options that increase the value of transactions: reduction of tax costs in the financing of the transaction
- ▶ Advice 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
- ▶ Tax advice aimed at generating higher post-acquisition or sale value

Executive Training Program

- ▶ Training on technical issues (tax, customs, legal, labor and financial accounting), specialized programs and soft skills: open and in-house courses



Photograph by Manchamanteles / © PROMPERÚ



4. Strategy and Transactions

Managing Corporate Transactions and 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, project funding, and the measurement of the transaction implications, so that your business is more competitive, profitable, and faster growing.

Likewise, our EY Parthenon team has extensive experience in consulting for corporate clients and investment funds on market studies, value creation strategies, strategic planning, and commercial due diligence processes.



Enrique Oliveros

Strategy and Transactions Leader

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Strategy & Transactions Services

Mergers and Acquisitions

- ▶ Valuation of the target company (buy side or sell side)
- ▶ Advice 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
- ▶ Advice on sale agreements and the negotiation of terms and conditions to close the transaction

Reorganizations

- ▶ Liquidity and working capital optimization
- ▶ Independent assessment of business plans and strategic alternatives for debtors
- ▶ Identification and structuring of debt/capital financing alternatives

Structuring of Debt and Equity Instruments

- ▶ Consulting on fixed- and variable-income issues
- ▶ Financial modeling of the optimal instrument structure for financing
- ▶ Consulting on capital raising processes
- ▶ Design of structured financing alternatives (securitization of product flows)
- ▶ Review of legal features of the transaction
- ▶ IPO readiness accompaniment



Financial Valuation and Modeling

- ▶ Valuation of companies, business units, intangible assets for transactional, tax or financial processes
- ▶ Fairness opinion: independent opinion on the market value of companies and assets and/or reasonability of a proposed transaction
- ▶ Financial modeling: Preparation and review of financial models for management, financing, and transactional purposes
- ▶ Purchase price allocation: valuation of individual net assets and assignment of purchase prices as part of business combination transactions under IFRS 3
- ▶ Impairment test: Valuation of investments and cash generating units for IAS 36 compliance

Financial, Accounting, Tax, Labor, and Legal Due Diligence

- ▶ 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 and advice on the negotiation of the Share Purchase Agreement (SPA)
- ▶ Review of the financial model

Project Finance, Concessions and Public-Private Partnerships (PPP)

- ▶ Development of feasibility studies
- ▶ Preparation of financial modeling
- ▶ Risk analysis and mitigation
- ▶ Advice on the definition of the optimal financial structure
- ▶ Support in negotiation with possible financiers and contractual closure
- ▶ Design of optimal (tax and financial) structuring models
- ▶ Review and analysis of public and private projects
- ▶ Comprehensive advice on tender processes and PPPs (buy side or sell side)
- ▶ Advice on renegotiation of concessions agreements and PPPs

Working Capital Management

- ▶ Diagnosis, 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



Commercial Due Diligence

- ▶ 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 Transaction Services (OTS)

- ▶ 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

Operational Due Diligence

- ▶ 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

Strategy

- ▶ Commercial due diligence
- ▶ Growth strategies
- ▶ Value creation strategies
- ▶ Route to market
- ▶ Digital transformation strategy
- ▶ Strategic planning
- ▶ Strategic reflection

Tax Structure

- ▶ Advice on pre-transaction structuring to identify options that increase the transaction's value: reduction of tax costs and design of future exit strategies
- ▶ Advice 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

Consumer Understanding and New Business Models

- ▶ Value proposition ("playbook to win")
- ▶ Customer experience
- ▶ Ecosystem strategy and design
- ▶ New business model strategy and design
- ▶ Market studies



5. Financial Services Office (FSO)

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.



José Carlos Bellina

Financial Services Office Leader

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Business transformation

- ▶ Digital transformation
- ▶ Diagnosis 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

Business Protection

- ▶ 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

Value for the Client

- ▶ 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 advice
- ▶ 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
- ▶ Consultancy and transformation of policies and products
- ▶ Consultancy and transformation of general, life and health insurance
- ▶ Business transformation (front, middle and back office)

Financial Performance and Risks

- ▶ 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 consultancy
- ▶ Financial, risks and reports improvement
- ▶ Regulatory reports



4

EY Thought Leadership



Peru's Business and Investment Guide 2024

The Peru's Business and Investment Guide 2024 is a tool for national and foreign 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.



www.ey.com/es_pe/entrepreneurship/peru-business-investment-guide



Peru's Energy Investment Guide 2024/2025

The Energy Investment Guide, developed by EY in collaboration with the Ministry of Foreign Affairs and PeruPetro, provides crucial insights into Peru's energy industry. This guide has been designed to be an indispensable tool to assist investors in making informed decisions about the exploration and development of new extractive projects within the country. Featuring up-to-date data and in-depth analysis, the guide aims to create a favorable investment climate, encouraging sustainable growth and development in Peru's dynamic energy sector.



www.ey.com/es_pe/energy-reimagined/energy-investment-guide



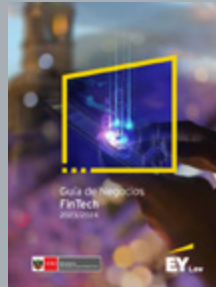


Peru's Mining & Metals Investment Guide 2024/2025

Peru's Mining and Metals Investment Guide has been structured to serve as an initial step in the process of evaluating the mining landscape in Peru as an essential tool to guide investors, providing detailed information on regulations, opportunities and projections with the possibility of making long-term investments in the exploration and development of new mines in the country. This strategic resource not only drives efficiency and sustainability in the industry, but also contributes to the country's economic growth by attracting investments committed to best practices and the long-term development of Peruvian mining.



[www.ey.com/es_pe/
mining-metals/mining-
metals-investment-guide](http://www.ey.com/es_pe/mining-metals/mining-metals-investment-guide)



EY FinTech Business Guide 2023/2024

EY Law presents the FinTech Business Guide 2023/2024 prepared to provide information on the industry, the perspectives of regulators, the main legal, financial and accounting aspects to develop FinTech businesses in Peru, as well as an overview of the ecosystem in the region.



[www.ey.com/es_pe/law/
fintech-business-guide](http://www.ey.com/es_pe/law/fintech-business-guide)





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Statement

This publication contains summarized information and is therefore intended solely as a general reference guide for facilitating access to information related to potential business. It is not intended, under any circumstances, to be used as a substitute for detailed research or the exercise of professional criteria and judgment. Additionally, the constant changes in the markets and their resulting information may result in the need to update the information included in this document. EY accepts no responsibility for the economic results that any person, company, or business may attempt to attribute to any material in this publication. For all specific business or investment matters, advice should always be sought from a qualified advisor.



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YUNGAY
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0.50 K

AMARILLA
GUADALUPE
1.00 Kilo

90%

100%

1000g

1000g



EY

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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