

CASTILHO

PREPARED FOR A TRUE TOMORROW

EDITION 01

A NEW LOOK
AT THE WORLD





01 Investing in times of inflation

One of the most successful investors of all time, Warren Buffett has shared some advice throughout his life, on how to invest in times of inflation.

02 Salary transparency in the European Union

Women earn on average 13% less an hour compared to men, having to work an extra month and a half to match annual earnings.

03 Portugal: an attractive country for digital nomads

Portugal is increasingly being seen as a good place to live and work. In addition to the quality of life that this country offers, the tax criterion also justifies this movement.



90% of managers believe that sustainability is important in business

04 The importance of environmental sustainability in companies

Our quality of life depends very much on the state of the environment in which we live in. And all of us, without exception, have an active role in protecting the environment in whatever way we can.



05 An inspirational case

Ricardo Lobo, electrical engineer by training, reveals that after working for two years in a multinational and one year doing voluntary work, his life only makes sense if he is dedicated to the humanitarian sector.

CASTILHO
Nº01

Editing and coordination
Communication and
Brand Management

Guidance
Liliana Rodrigues

Design
Marketing Department

Owner / Publisher
Castilho International
Legal Corporation

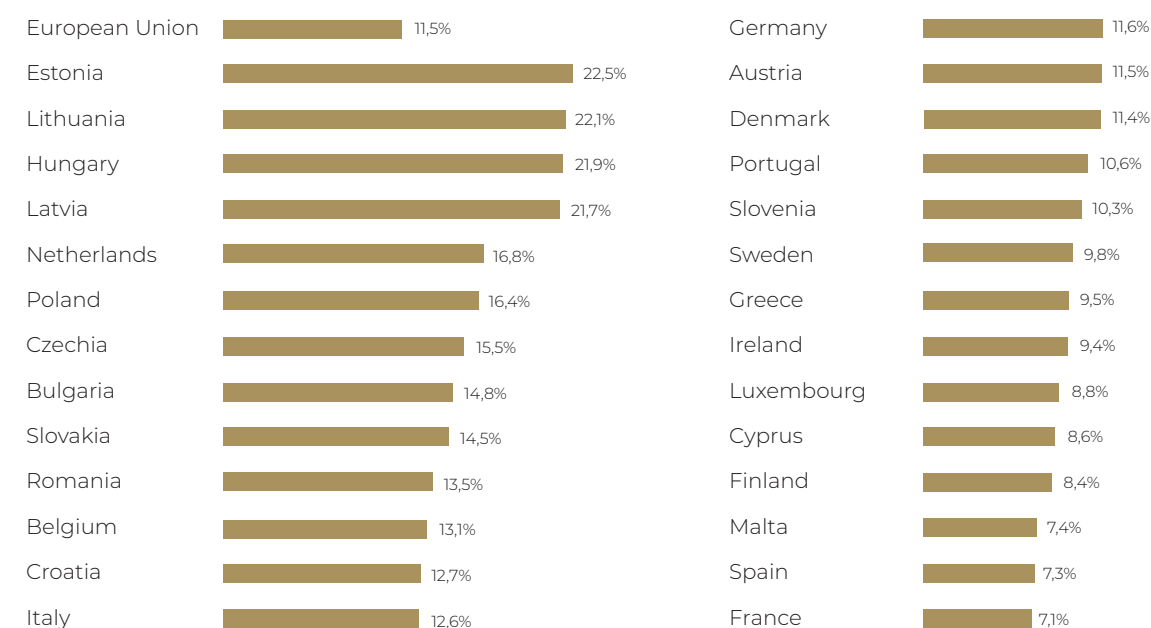
Head Office Address
Rua dos Marnotos nº8, 1st
floor - 3800-220 AVEIRO
Tel. +351 234 482 214

Periodicity
Biannually

01

Investing in times of inflation

According to the latest study by Eurostat Statistics Explained, inflation has reached record highs in Europe. In October 2022 the inflation rate in the European Union was 11.5 per cent, quite high compared to previous years when price increases in the EU were relatively low, with the inflation rate remaining below three per cent between January 2012 and August 2021.



The only solution to overcome this loss of purchasing power is to invest in solutions with the yield above the inflation rate. But beating inflation is no easy task, hence the importance of protecting yourself against it.

How to beat inflation according to Warren Buffett

“The best thing you can do is to be exceptionally good at something”

When inflation is high, Warren Buffett mentions that the best thing we can do is to be exceptionally good at something.

“Whatever abilities you have can’t be taken away from you. They can’t actually be inflated away from you,” he said. “The best investment by far is anything that develops yourself, and it’s not taxed at all.”

One of the most successful investors of all time shared, throughout his life, some advice, resulting from all his experience and know-how.

Invest in good businesses with low capital requirements

Buffett has always defended companies that earn high returns on the capital invested in the business. During inflation, companies with low capital requirements that are able to maintain their earnings perform better than those that are forced to invest more money, at higher and higher prices, just to maintain their position.

Look for companies that can raise prices in times of high inflation

“The single most important decision in evaluating a business is pricing power,” Buffett told the Financial Crisis Inquiry Commission in 2010. “You’ve got the power to raise prices without losing business to a competitor, and you’ve got a very good business.”

Companies that are able to increase the prices of their products/services without reducing sales have a great advantage during periods of high inflation, as they are able to compensate for the increase in their own costs.

Invest in yourself and become the best in your area of expertise

In 2004, Buffett shared with Berkshire Hathaway shareholders that investing in your own talent is one of the best ways to maintain your purchasing power over time. For example, the best doctor or lawyer in a town or city benefits from an education paid at the value of the “old euro” with little inflation, but is able to charge for their services at the value of the current euro without having to retrain.

In other words, according to Warren Buffett we should invest in our curriculum by acquiring new know-how. It may be expensive at first, but besides allowing an increase in knowledge, it may transform us into an indispensable employee or entrepreneur in the future, thus allowing greater control of income over time, since we are an asset.



Control your desires

Buffett's business partner and vice chairman of Berkshire Hathaway, Charlie Munger, has his own views on how best to deal with periods of high inflation: “One of the great defenses to being worried about inflation is not having a lot of silly needs in your life”, disse Munger aos acionistas da Berkshire em 2004. “In other words, if you haven't created a lot of artificial demand to drown in consumer goods, why, you have a considerable defense against the vicissitudes of life.”

What about the gold?

Gold is an asset often regarded as a great inflation hedge. But according to Buffett, “If you own one ounce of gold for an eternity, you will still own one ounce at its end”. Instead of investing in gold, Warren Buffett advises owning productive assets such as stocks, real estate or farmland that generate dividends, income and food.

Recently, cryptocurrencies have begun to be seen as the digital version of gold, but Buffett is also highly skeptical of them. “Bitcoin has no

unique value at all”, disse ele à CNBC em 2019. “It doesn't produce anything. You can stare at it all day, and no little Bitcoins come out or anything like that. It's a delusion, basically. “



Liliana Nogueira

Lawyer & Associate

Castilho International Legal Corporation

In a market and highly competitive economy, investing is a challenge in itself. Investing in times of inflation is a bold move. The generalized increase in prices is a brake on consumption, on the progress of companies. Therefore, Warren Buffett could not be more right when he says that “the best thing we can do is to be exceptionally good at something”. Being extremely good is the differentiating criterion in times of crisis such as the one we are currently experiencing.

Sources

<https://www.bankrate.com/investing/warren-buffett-top-tips-to-beat-inflation/>
<https://www.youtube.com/watch?v=f95TY5dlryo>

<https://www.statista.com/statistics/225698/monthly-inflation-rate-in-eu-countries/>

02

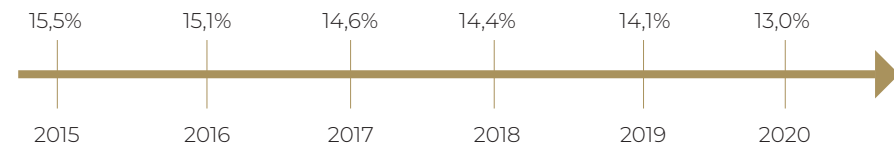
Salary transparency in the European Union

**“Women earn on average 0.87€ for every
1€ earned by men”**

According to the latest figures obtained by the European Commission the gender pay gap in the EU is 13%. This means that women earn on average 13% less an hour than men and have to work one and a half months longer to equal their annual earnings.



There are considerable gender pay gaps in the EU countries. Luxembourg, Romania, Slovenia and Italy have the lowest. But as a general rule, in most countries the gender pay gap has narrowed over the last ten years. However, since 2015, we have only achieved a decrease of 2.8%.



EU action for equal pay

Equal pay is a political priority for President Ursula Von Der Leyen, which has been worked on over the years with the creation of new legislation and monetisation of its implementation. The European Commission proposes measures for wage transparency and a mechanism to reinforce compliance with the right to equal pay for equal work, as well as rules that support a better work-life balance. It should be noted that, as of the year 2021, large companies were obliged to follow the directive for gender balance in corporate boards, allowing women to assume positions of great responsibility alongside the opposite sex.

Pay transparency and equal pay

Equal pay for equal work, or work of equal value between women and men, has been a right in the EU since 1957, but it has not been upheld by some European organisations. In order to combat this problem, the European Commission has put in place a number of pay transparency measures and a mechanism to enforce this right.

Wage transparency measures:

- Employers will have to provide information about the starting pay level, or the corresponding range, in the job offer or before the job interview and will

not be able to ask potential employees about their pay background.

- Workers will have the right to request information from their employer on their individual level of remuneration and on average levels of remuneration, broken down by sex, categories of workers doing the same work or work of equal value.

- Employers with at least 250 employees shall publish information on the pay gap between employees in their organisation. Internally, they must also provide information on the pay gap between male and female workers by categories of workers performing the same work or work of equal value.

- If the information on pay reveals a pay gap of at least 5%, which the employer cannot justify on the basis of objective, gender-neutral factors, employers will have to carry out a pay review in cooperation with workers' representatives.

Work-life balance

Following the repeal of the Maternity Leave Directive, the European Commission has decided to adopt a broader approach to address the under-representation of women in the labour market by creating the “Work-life Balance” initiative. This initiative allows parents and persons with care responsibilities to better reconcile their professional and family life and to encourage a better division of care responsibilities between women and men.



Legal action:

- Introduction of paternity leave. Fathers will be able to take at least 10 working days of paternity leave at the time of the child's birth, compensated at least at the level of sickness benefit.
- Strengthening of the existing right to 4 months parental leave by making 2 of the 4 months non-transferable from one parent to the other, and compensated at a level to be defined by Member States. Fathers will also have the right to request to take leave in a flexible way (e.g. part-time or piecemeal).
- Introduction of carer's leave for workers who provide personal care or support to a family member or person living in the same household. Working carers will be able to take 5 days off per year.
- Extending the existing right to request flexible working (reduced hours, flexitime and flexibility in the workplace) to all working

parents of children up to at least 8 years old and to all parents with children in education.

Gender balance on boards of directors

Few women take the top jobs. Less than a third of board members in the EU's largest companies are women, although 60% of university graduates are female.

The new Directive set a target for large listed companies in the EU to accelerate progress towards gender balance. By 30 June 2026, there would have to be at least 40% women among non-executive board members or 33% among company directors.

Companies with a lower quota will be obliged to make appointments on the basis of a comparative analysis of the candidates' qualifications, applying clear, neutral criteria so that they are assessed objectively on their individual merits, regardless of gender. The reasons and the measures they are taking to address this shortcoming should also be communicated.

Member states' sanctions for companies that fail to comply with selection and reporting obligations may include fines and the annulment of the contested director's appointment. In addition to this, member states will also publish the information on companies that fail to meet the targets.

Justice for victims of pay discrimination

Workers who have suffered pay discrimination on the grounds of gender may be able to obtain compensation, including full repayment of wages and related bonuses or payments in kind. It will be for the employer, rather than the employee, to prove that there has been no discrimination in pay. Equal treatment bodies and workers' representatives may engage in judicial or administrative proceedings on behalf of workers, as well as bring collective actions on equal pay.



Sofia Garrido

Legal Collection Manager

Castilho International Legal Corporation

The EU enshrines, as one of its structural pillars, the principle of equality and non-discrimination on any ground including gender.

The Charter of Fundamental Rights of the European Union (CFREU) explicitly states, in Article 23, that "[e]very equality between men and women must be ensured in all areas, including employment, work and pay". Moreover, the Universal Declaration of Human Rights (UDHR) itself, as the foundation document of countless modern democratic constitutions and founding international treaties (including the CFREU itself), in its article 23(2) already provided that '[e]very human being, without distinction of any kind, has the right to equal pay for equal work'.

Despite the good intentions underlying this first step, the truth is that it is a path whose goal of full realization of the right to gender equality has not yet been achieved.

Over recent years we have been witnessing, both at European and international level, various legislative advances aimed at neutralizing the so-called gender pay gap that persists. Thus, although the results of the efforts made still reflect some obstacles, the current legal framework on equal pay which has been built, analyzed, reflected upon and improved, will always be worthy of recognition.

Considering the achievements in terms of express recognition of the principle of equal pay in national legislation, as well as the creation of effective solutions and "remedies" to which victims of pay discrimination can resort (access to justice) to protect their rights, the current focus of European concern relates to the creation of mechanisms to ensure pay transparency and to ensure, in practice, equal pay.

It is in this line that the measures proposed by the European Commission reflected in a Directive appear.

In Portugal, in 2018, the Government advanced in this area with the proposal that led to the creation of Law no. 60/2018, of 21 August, which anticipated some of the aspects set out in the draft Directive. Without prejudice, Portugal will certainly also advance with complementary actions in order to achieve full harmony with European and international objectives.

However, the fact that the States are providing themselves with legislation in this specific field does not automatically mean its transposition into reality. Therefore, reflection and discussion on the efforts that should be maintained - and also increased - in order to fight against flaws that would be believed to be non-existent in the 21st century should continue to be an important stage.

Sources

https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality/equal-pay_pt

<https://ciedminho.ipca.pt/?p=3070>



03

Portugal is an attractive country for digital nomads

**Companies globally support and benefit
from this “new” modality, remote
working.**

The possibility of teleworking anywhere in the world is a reality that has been gaining more and more supporters. In Europe alone, the number of people in this regime increased by 8% in 2021, in relation to the year 2019, and the trend is that this figure will increase even more. Hence the importance in the emergence of the “digital nomad” concept, which can be defined as someone who uses technology to perform their duties remotely, not needing a physical space, depending solely and exclusively on the use of the electronic means at their disposal.

In recent years, Portugal has been recognised with one of the best countries to work remotely, having recently launched, on 30 October 2022, numerous measures and benefits to support and facilitate the adhesion of the digital nomad visa.

Legally speaking

Although there are several models of employment relationships, in this article we will focus essentially on the reality of the employee, being the model that most benefits from this visa.

Employment contract

In the contract of an employee, the place of work is a very relevant element and one which comes with numerous legal restrictions as to the possibility of its definitive or temporary change. There are always some exceptions in which, due to the nature of the duties, employees may have mobile workplaces, however, the employer must always indicate all possible locations in the contract. In the case of digital nomadic workers, the place of work is not a relevant information for the proper fulfilment of the employment contract, so there is more freedom for the contracted person to choose from which location they carry out their work.

As there is no specific legal regime regulating this type of situations, all working conditions will have to be well defined in the contract. It is essential to mention if the employee is, or not, totally free to choose the place from where he/she provides the service, or if it depends on the agreement with the employer, or if the employee's freedom to choose the place is limited to a certain territorial space (country, for example). Another quite important aspect to be mentioned in the contract is whether or not the entity is liable for the expenses incurred by the worker as a result of successive changes of place of work and "residence".



Which law will be applicable to the employment contract? That of the employer's or employee's country?

If this is not defined in the contract, the applicable law is the one in force in the country of the contracted person.

In the case of digital nomads, the contract will tend to be executed in multiple countries, each with specific rules regarding working time, holidays, public holidays, absences, remuneration, termination of the employment contract, among others. Specifying the national law applicable to the contract is very important for a better definition of the terms and conditions and the mutual rights and duties arising from such variations.

Fiscal matters

Portuguese tax regime attracts digital nomads

Portugal is increasingly being seen as a good place to live and work. In addition to the quality of life that this country offers, the tax criterion also justifies this movement.

Benefits of acquiring tax residence in Portugal

The Portuguese tax legislation encourages digital nomads to relocate and acquire tax residence in Portugal, offering numerous benefits such as the non-habitual residence regime and the "Regressar" Program.

Portuguese tax legislation encourages digital nomads to relocate and acquire tax residence in Portugal, offering numerous benefits such as the non-habitual residence regime and the "Regressar" Programme.

Non-habitual resident regime (NHR)

Employment income obtained by tax residents in Portugal is generally subject to progressive rates up to 48%, plus a solidarity surcharge (if applicable). However, under the Non-Habitual Resident ('NHR') regime, employment income is subject to lower percentages:

- Employment income obtained in Portugal in value-added activities is taxed at a flat rate of 20%. Otherwise they are subject to the progressive rates referred to above;

- Employment income which is earned outside the Portuguese territory is exempt in Portugal if the employee is effectively taxed by the source State.

In order to benefit from this regime, the worker will only have to fulfil two requirements:

- Not have lived in Portugal in the last 5 years;

- Have remained in Portugal for 183 days of one year or have their own house which serves as their main residence.

The NHR tax regime applies for a period of 10 years. If, during this period, the employee is considered resident in another country, he will not benefit from the regime until he returns to Portugal. The 10-year period is not suspended during the absence of the employee from Portuguese territory.

"Regressar" Programme

The "Regressar" programme is a measure that was created to support emigrants, as well as their descendants and other relatives, so that they have better conditions to return to Portugal.

Eligible emigrants will benefit from an exclusion from taxation of the taxable base of their labour income by 50%. Taxable income will,

however, be subject to the progressive rates already mentioned.

The cumulative requirements to benefit from this scheme are the following:

- The worker has been tax resident in Portugal in 2019 or 2020;

- The worker must not have been resident in Portuguese territory in any of the three previous years;

- The worker must have been tax resident in Portuguese territory before 31 December 2015;

- The worker must have their tax situation in order;

- This regime is not cumulative with the NHR status.

The scheme is applicable to income earned in the first year in which the resident meets the above requirements and continues for the following four years. Consequently, for any individual who meets the requirements and becomes a resident in 2021, the scheme will apply until 2025.

Applicable social security regime

According to the Portuguese Social Security Contributions Code, employment income is subject to social security contributions at an aggregate rate of 34.75%, of which 11% by the employee and 23.75% by the employer.

Under Regulation (EC) No 883/2004 of 29 April 2004 we can see that:

- An individual pursuing an activity as an employed or self-employed person in a Member State is subject to the legislation of that Member State.

- A person who normally pursues an activity as an employed person in two or more Member States shall be subject to the legislation of the Member State of residence of the person if he pursues a substantial part of his activity in that Member State. Otherwise, if the employee does not pursue a substantial part of his activity in his Member State of residence, the legislation applicable shall be the legislation of the Member State where the registered office or place of business of the employer is situated.

- the worker is employed by two or more entities which have their registered office or place of business in two different Member States, one of which is the Member State of residence. For these purposes, a "substantial part" of the employee's activities means at least 25% of his working time and/or income.

If the above Regulation does not apply, it will have to be assessed whether there are agreements governing the social security legislation applicable between the two countries concerned.

Requirements

Remote work done by foreigners in Portugal may have to meet certain requirements for the exercise of that activity under Portuguese law, namely:

- Employees will have to have an employment contract, and may not be as service providers.

- They may not perform any activity with clients or potential clients in Portugal.

- And they will have to limit their activity to the use of remote infrastructure (without any kind of own premises) to carry out their activity in an integrated manner in the foreign entity.

The same happens to Portuguese employees working remotely abroad, the Portuguese entity must ensure that the requirements under the law of the State where the employee is located do not apply.



Ana Vilela Nogueiro

Senior Lawyer & Associate

Castilho International Legal Corporation

The new labor paradigm - remote work - in particular for digital nomads, presents several advantages, from cultural sharing and enrichment to the mobilization of the Portuguese economy.

As far as the legal context is concerned, it is still possible to find several difficulties, namely in foreigners' law, tax law, social security law and labor law. Issues of reduced simplicity, such as employment insurance coverage, may prove to be an obstacle.

In the absence of the possibility of a uniform application of labor law, the planning of the change of country is essential for the digital nomads, being the only method to assess the incompatibilities of the various legal regimes.

Sources

<https://www.nacionalidadeportuguesa.com.br/visto-nomade-digital-em-portugal/>

<https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20221108-1>

https://www.plmj.com/xms/files/03_Novidades_legislativas/2021/03_marco/NL_Nomadas_Digitais_-_Enquadramento_legal_e_tributario.pdf

04

**90% of managers
believe that
sustainability is
important in business**



The importance of environmental sustainability in companies

Our quality of life is highly dependent on the state of the environment in which we live. And all of us, without exception, have an active role in protecting the environment in whatever way we can.

Creating/ transforming a more sustainable business and adhering to the ESG model enables the optimisation of the business strategy for the environment, human society and the economy. There is increasing evidence that a sustainability strategy enables it to create long-term business value.

Research by Deutsche Bank found that companies with high ESG ratings outperformed the market in the medium (5 years) and long term (5 to 10 years). And in 2020, a study by Accenture provides further evidence of this, finding that companies with high ESG performance ratings averaged 3.7 times higher operating margins than those with lower ESG performance.

Today, in addition to the commercial value allied to sustainability, both consumers and investors attach a great deal of importance to this issue, and are increasingly beginning to support brands that are allied to ESG principles. Since sustainability is seen as a competitive advantage, companies with environmental, ecological and social values are able to build a

good reputation around the brand. One of the many examples of the increase in this reputation combined with sustainability is Lego, which is among the most highly regarded companies in terms of corporate social responsibility. The brand changed its strategy by creating its products and packaging from sustainable materials, such as leaves and sugarcane. This strategic vision has made the company's reputation soar.

Creating a sustainable business starts with joining the sustainable corporate governance initiative.

According to the European Commission "this initiative aims to improve the EU regulatory framework for company law and corporate governance", allowing companies to focus on creating long-term sustainable value rather than short-term profits. The aim is to help better define the interests of companies, shareholders, managers and society in general. This project "helps companies to better manage sustainability issues in their own operations and value chains, in relation to issues such as social and human rights, climate change, the environment, etc."



Maria Inês Bandeira
Legal Trainee & Collection Manager
Castilho International Legal Corporation

Although many companies are already adopting more ecological and sustainable conducts, the truth is that it is not so linear that their operations pass by the "totally sustainable".

An example of this is what we can take from the Covid-19 pandemic which, despite having generated major constraints worldwide, brought positive effects to the planet.

With industries shut down, the level of pollution dropped considerably. However, the economic strength worsened substantially.

From layoffs to closures of several companies, the abrupt fall of the world economy was brutal, especially in economies that are dependent on large sectors also severely affected by this virus.

One wonders, therefore, if industry and sustainability can "go hand in hand" with each other? I do not believe in impossibilities, but it will certainly be a slow and gradual process that should have started a long time ago.



Sources

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Governacao-sustentavel-das-empresas_pt
<https://www.diligent.com/insights/esg/what-is-the-relationship-between-corporate-governance-sustainability/sustainability-important/>

<https://greenbusinessbureau.com/topics/sustainability-benefits-topics/why-is-sustainability-important/>

A portrait of Ricardo Lobo, a man with a beard and a colorful patterned shirt, standing outdoors in front of a building and greenery. The number '05' is overlaid in the top left corner.

05

An inspirational case

Ricardo Lobo, an electrical engineer by training, reveals that after working for two years in a multinational and one year doing volunteer work, his life only makes sense when dedicated to the humanitarian sector. In a short interview, Ricardo adds that **“The difference between dedicating ourselves to capitalist projects or to the survival of others, of the planet, is immense”** and that companies have a great responsibility in the evolution and defence of human rights. Let yourself be inspired and follow all the details of this interview.

“The opportunity to experience gratitude in the first person is quite disparate from visualising a piece of software at work.”

Interview with Ricardo Lobo

Tell us a little about yourself.

“I consider myself a simple, selfless person with a good sense of humour. From an early age I was given the opportunity to explore beyond borders and I think it has partly made me a nomad. Surfing, yoga and running are the formulas of my physical and mental wellbeing, coupled with social and cultural escapism. I constantly seek to improve who I am and my surroundings, using balance as my norm and spiritual guide.”

What is your area of training? When did you know that this was the life you wanted for yourself?

“I have a Master’s degree in Electrotechnical Engineering, but after working for two years in a multi-national and doing a year of volunteering in South America and Central America I knew that my life should be dedicated to the humanitarian sector. The difference between dedicating oneself to

capitalist projects or to the survival of others, of the planet, is immense. The opportunity to experience gratitude in the first person is quite disparate from visualising a piece of software running.”

Where are you currently? Taking into account all your experiences, what do you take away as most important from them?

“I am in Sri Lanka assisting 7 million people with basic needs and food insecurity as a result of the severe economic crisis. If you look back and try to visualise the more than 60 countries I have visited and of which I have worked in 19, there is a bit of each experience that transforms you. The power of adaptation is fundamental. Without it it is very difficult to gain the trust of others and achieve the goals we set ourselves. It is a colossal mistake not to listen to those most in need and assume that theory and knowledge applies to all contexts.”



Is hope a concept that still makes sense to you after all you have experienced?

“It has to be. In this kind of work it is essential to find a positive side to every situation. The families we help are or have been very close to death and one of our roles is to give hope about the possibility of better days. The world is bad and I am, early on, aware that unfortunately you won’t be able to save it, just postpone its self-destruction and help a few thousand among those who need it most to live each day a little better.”

When you think of the concept of home, do you still associate it with a physical space?

“Ultimately no. Home is Portugal, a country. I don’t always stay in the same place and I usually stay there for a short time. It’s difficult to consider it my own space when material possessions (clothes, photos, books) are scattered in various places. I see each space I live in as comfort that gives me energy to recharge for the next mission.”

One word to describe the world your eyes have seen.

“Injustice.”

Do you feel that companies have an important role in the evolution and defence of human rights?

“Companies can set an example by following standards/ laws that guarantee and promote working conditions, rights for every citizen to live with dignity. The new mind-set that companies should have in the long term is to take into account that their biggest capital is their human resources. Taking care of them is the way to productivity and success.”

Suggestion

Responsible business and investment - rooted in universal principles - will be essential to achieving transformational change through the Sustainable Development Goals (SDGs). For companies, successful implementation will strengthen the enabling environment for doing business and building markets around the world.

The Sustainable Development Goals are the blueprint for achieving a better and more sustainable future for all.

Subscribe to the UN Global Compact

- Poverty Eradication;
- Zero Hunger and Sustainable Agriculture;
- Health and Well-Being;
- Quality Education;
- Gender Equality
- Drinking Water and Sanitation
- Clean and Accessible Energy
- Decent Work and Economic Growth;
- Industry, Innovation and Infrastructure;
- Reduction of Inequalities;
- Sustainable Cities and Communities.



Subscribe

**A special thanks to
everyone who collaborated
on this first edition,
specially our guest
Ricardo Lobo for sharing
his experiences and
inspiration**



<https://www.castilholegalcorp.com/>

