

## Investment Stewardship

# Vote Bulletin: Cogna Educação, S.A.

Company	<b>Cogna Educação, S.A. (B3: COGN3)</b>
Market and Sector	Brazil, Diversified Consumer Services
Meeting Date	29 April 2022
Key Resolutions <sup>1</sup>	<b>Item 4: Elect board members</b>
Key Topics	Board quality and effectiveness; company impacts on people
Board Recommendation	The board recommended shareholders vote FOR item 4
BlackRock Vote	BlackRock voted FOR item 4

### Overview

Cogna Educação, S.A. (Cogna) is a Brazilian company that provides educational services and digital solutions across Brazil’s teaching ecosystem: primary, secondary, higher, and graduate education programs. The company serves more than 2.4 million students in the country and employs more than 23,300 people.<sup>2</sup>

BlackRock Investment Stewardship (BIS) engages companies to reflect a long-term investor perspective and better understand how company leadership identifies and manages risks and opportunities – including environmental, social, and governance (ESG) factors – that we believe can impact their ability to deliver sustained financial performance for long-term investors like BlackRock’s clients.

In our engagements with Cogna we have discussed the quality and timeliness of their disclosures. Specifically, we have encouraged Cogna to enhance their disclosures to provide investors with a better understanding of the composition of the board and its role in overseeing management’s approach to material risks and opportunities. We look to directors on key committees to demonstrate that they have taken into consideration the interests of long-term shareholders – such as BlackRock’s clients – and other stakeholders as they make the decisions that shape their companies.

### Rationale for BlackRock’s vote

#### **Item 4: Elect board members**

**We are encouraged by Cogna’s receptiveness to shareholder feedback, including BlackRock’s, reflected in the steps the company has taken to date to improve the quality, detail, and timeliness of their disclosures. As a result, BIS supported all five directors up for election.**

<sup>1</sup> Cogna Educação, S.A. “Ata da Assembleia Geral Ordinária e Extraordinária da Cogna Educação, S.A., realizada em 29 de abril de 2022.”

<sup>2</sup> Cogna Educação, S.A. “2021 Sustainability Report.” Page 10.

Over the course of our engagements with Cogna, we have explained how enhanced disclosure is helpful to further our understanding of how the company identifies and manages risks and opportunities, and the board's oversight role in supporting management's strategy for delivering long-term financial returns. Prior to 2022, the company's disclosures lacked sufficient detail to gain a deep understanding of their approach to corporate governance. In particular, the company's disclosures did not provide enough detail related to the composition of the board and how the board's combined skills and expertise support oversight of the company's strategic aims over the long-term.

As a result of on-going engagement with shareholders, including BlackRock, Cogna has significantly improved their board-related disclosures. As reflected in the "2021 Sustainability Report" – which was released in advance of the 2022 annual general meeting – the company now provides a detailed overview of the composition of the board, including a clear description of the board members' diversity, skills, attendance rate, and tenure. We found the description in the report of the four key advisory committees within the board helpful to our understanding of how each director's skills and expertise, in aggregate, contribute to risk management oversight. Moreover, the report describes how in 2021 the board renewed the charter of its People and ESG Committee – formerly the People and Governance Committee – to ensure that ESG risks and opportunities are discussed periodically and considered in the long-term strategy of the company.<sup>3</sup>

In addition to discussing board quality and effectiveness, we have also engaged to further understand Cogna's approach to human capital management. Specifically, we have engaged to monitor progress on the steps the company has taken to address a number of labor lawsuits – filed by former employees and teachers, including outsourced workers – related to the payment of severance pay and overtime, among other claims.<sup>4</sup> We believe that companies' performance is more resilient when they mitigate adverse impacts to people that could arise from their business practices, because it reduces their exposure to material risks and enhances stakeholder engagement. Cogna was receptive to our feedback and shared the measures they were taking to address the issue with the São Paulo State Court. BIS encouraged the company to disclose these measures to help investors, and other stakeholders, better understand how Cogna's board is overseeing management in addressing these material risks.

We were pleased to find that Cogna's "2021 Sustainability Report" included updates on this issue. The report also disclosed that as a result of efforts to date, the company was "certified as a Justice Friendly Company, by the São Paulo State Court because of its adhesion to the court's initiative to stimulate the resolution of conflicts by means of administrative agreements and solutions, reducing the resolution of cases in the court room."<sup>5</sup> According to the report, Cogna was the first company in the education segment to receive this certification.

The responsiveness of the board to shareholder feedback, including BlackRock's, and the company's enhanced disclosure enabled us to vote in support of all the directors standing for re-election. BIS is encouraged by the progress demonstrated to date and will continue to engage to provide direct feedback, or signal concerns, as Cogna seeks to further enhance their disclosures. We aim to be a constructive, supportive shareholder, bringing a long-term perspective to our work with companies as they grapple with governance and sustainability challenges in their business models that, when addressed, support long-term value creation.

---

<sup>3</sup> Cogna Educação, S.A. "2021 Sustainability Report." Page 29.

<sup>4</sup> Cogna Educação, S.A and Subsidiaries. "Interim financial information for the period ended September 30, 2021." Pages 49 and 50.

<sup>5</sup> Cogna Educação, S.A. "2021 Sustainability Report." Page 34.

## About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability (ESG) risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.<sup>6</sup>

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with sustainable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

**Want to know more?** [blackrock.com/stewardship](https://blackrock.com/stewardship)

[contactstewardship@blackrock.com](mailto:contactstewardship@blackrock.com)

*This Vote Bulletin is provided for information and educational purposes only and does not constitute legal advice, a recommendation or an offer or solicitation to buy or sell the securities of any company. The information here is as of May 26, 2022. BlackRock has no obligation to provide any updates. Investing involves risk, including the loss of principal.*

*Prepared by BlackRock, Inc.*

*©2022 BlackRock, Inc. All rights reserved. BLACKROCK is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.*

---

<sup>6</sup> As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.