

Audit Committee Charter

Business Segment	Nelnet, Inc.
Business Unit	All
Abstract	Charter for the Audit Committee, addressing the purpose, organization, meetings, relationship with auditors, and powers and responsibilities.

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Purpose

The primary purpose of the Audit Committee (Committee) is to:

- Assist the Board of Director's oversight of the following.
 - Integrity of Nelnet, Inc.'s (the Company's) financial statements and system of internal control over financial reporting
 - Independent auditor's qualifications, independence, and performance
 - Performance of the Company's internal audit function
 - Policy standards and guidelines for risk assessment and risk management
 - The Company's compliance with legal and regulatory requirements
- Prepare a report to be included in the Company's annual proxy statement, or, if the Company does not file a proxy statement, in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission (SEC), in accordance with applicable rules and regulations.

The Committee also has certain additional powers and responsibilities.

The Company's management is responsible for preparing consolidated financial statements that are complete, accurate, and in accordance with generally accepted accounting principles (GAAP) in the United States and establishing satisfactory internal control over financial reporting. The Company's independent auditor is responsible for auditing the Company's financial statements and the effectiveness of the Company's internal control over financial reporting. The Committee's responsibility in this regard is one of oversight and review. The Committee does not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations, or GAAP.

Organization

The Company's Board of Directors shall designate annually, based upon the recommendation of the Nominating and Governance Committee of the Board of Directors, a Committee comprised of three or more Directors, who may be removed by the Board of Directors in its discretion. Each member of the Committee shall be, as determined and disclosed by the Board of Directors:

- *Independent* as determined in accordance with the rules and regulations of the New York Stock Exchange (NYSE) and the rules and regulations of SEC.
- Sufficiently financially literate to enable them to discharge the responsibilities of a Committee member.

Additionally, at least one member of the Committee shall have accounting or related financial management expertise and qualify as an *audit committee financial expert*, as defined in the SEC's applicable rules and regulations. Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The members of the Committee shall comply with and satisfy the rules and regulations of SEC, applicable securities laws, the rules and regulations of the NYSE, and all other applicable laws, rules, and regulations. The Committee shall report regularly to the Board of Directors.

A Chairman of the Committee shall be elected annually by the Board of Directors, based upon the recommendation of the Nominating and Governance Committee.

Meetings

The Committee shall meet at least four times each year, or more frequently if it deems necessary or appropriate to carry out its responsibilities, and may, in its sole discretion, form and delegate authority to subcommittees (comprised only of Committee members) in furtherance of such responsibilities. Meetings of the Committee shall be called by the Chairman of the Committee, Chairman of the Board, Vice-Chairman of the Board, or Chief Executive Officer. All such meetings shall be held pursuant to the by-laws of the Company without regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the Company's records. In order to foster open communication, the Committee shall meet periodically with senior management, the Chief Audit Executive, and the independent auditor in separate private sessions to discuss any matters that the Committee or any such persons believe appropriate. The Committee may also ask members of management or others to attend Committee meetings and provide pertinent information, as necessary.

Relationship with Independent Auditors

The Committee shall have the sole authority to appoint, retain, and terminate the Company's independent auditor, which shall report directly to the Committee. The Committee shall be directly responsible for the evaluation, compensation (including fees and terms), and oversight of the work of the Company's independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attestation services for the Company. All related fees and costs of the independent auditor, as determined by the Committee, shall be paid promptly by the Company in accordance with its normal business practices. All auditing services and permitted non-audit services performed for the Company by the independent auditor shall be pre-approved by the Committee.

Powers and Responsibilities

Oversight of the Company's Financial Statements and Internal Control Over Financial Reporting

The Committee shall:

1. Discuss with management and the independent auditor the Company's annual audited financial statements, including the Company's disclosures made under *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and recommend to the Board of Directors whether such audited financial statements should be included in the Company's annual report on Form 10-K.
2. Discuss with management and the independent auditor the Company's quarterly financial statements, including the Company's disclosures made under *Management's Discussion and Analysis of Financial Condition and Results of Operations*.
3. Review the Company's disclosure controls and procedures and internal controls and procedures for financial reporting and the certifications required to be made by any officer of the Company in each of the Company's quarterly reports on Form 10-Q and the Company's annual report on Form 10-K (the Periodic Reports).
4. Prepare the annual report referred to in the [Purpose](#) section.
5. Review all reports from the independent auditor pursuant to applicable laws, rules, and regulations concerning:
 - The independent auditor's overall audit strategy, including timing, significant risks, and any charges thereto;
 - All critical accounting policies and practices to be used;
 - All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - Other material written communications between management and the independent auditor, such as any management letter or schedule of unadjusted differences.
6. Discuss with the independent auditor certain matters related to the conduct of the audit pursuant to the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 1301: Communications with Audit Committees (as amended), including (if applicable):
 - Significant issues the independent auditor discussed with management in connection with the appointment or retention of the auditor, including significant discussions regarding the application of accounting principles and auditing standards;
 - Establishing an understanding of the terms of the audit, including objectives and the respective responsibilities of the independent auditor and management, with such understanding being documented in the form of an executed engagement letter;
 - The nature and extent of specialized skill or knowledge needed to perform the planned audit procedures or evaluate the audit results related to significant risks;
 - The extent to which the auditor plans to use the work of the company's internal auditors in an audit of financial statements and for internal control over financial reporting;
 - The names, locations, and planned responsibilities of other independent public accounting firms or other persons, who are not employed by the independent auditor, that perform audit procedures in the current period audit;
 - Qualitative aspects of significant accounting policies and practices;

- Critical accounting policies and practices and management's disclosure thereto;
 - The basis for the independent auditor's conclusions regarding the reasonableness of critical accounting estimates;
 - Significant unusual transactions, including the independent auditor's understanding of the business purpose;
 - Difficult or contentious matters requiring consultation of those outside the engagement team by the independent auditor;
 - Awareness that management has consulted with other independent auditors about significant auditing or accounting matters;
 - Uncorrected and corrected misstatements;
 - Disagreements with management and/or difficulties encountered performing the audit; and
 - Other matters deemed important to the financial reporting process.
7. Discuss generally with management the types of information to be disclosed and presentations to be made in connection with the Company's: (a) issuance of earnings press releases (including the Company's use of "pro forma" or "adjusted" non-GAAP financial information); and (b) disclosure of financial information, earnings releases, and earnings guidance to analysts and rating agencies. The Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
8. Review and discuss with management and the independent auditor as it deems necessary or appropriate:
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, major issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of material control deficiencies;
 - Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; and
 - The effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the Company's financial statements.
9. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other associates who have a significant role in the Company's internal controls.

Oversight of the Company's Independent Auditor

The Committee shall:

1. Obtain and review a report from the independent auditor on at least an annual basis describing:
- The internal quality control procedures of such independent auditor;
 - Any material issues raised by the independent auditor's most recent internal quality control review or peer review and any steps taken to deal with such issues;
 - Any material issues raised by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditor and any steps taken to address such issues; and

- All relationships between the independent auditor and the Company.
- 2. Evaluate the qualifications, performance, and independence of the independent auditor, taking into account the foregoing report, the services provided by the independent auditor, and the opinions of management and the Company's internal auditors, and report such conclusions to the Board of Directors.
- 3. Evaluate the lead (or coordinating) audit partner having primary responsibility for the audit, taking into account the opinions of management and the Company's internal auditors.
- 4. Ensure the required rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the independent audit, and consider whether it is appropriate or necessary, in order to assure continuing independence, to rotate the Company's independent auditor on a regular basis.
- 5. Recommend to the Board of Directors policies with respect to the employment of current and former employees of the independent auditor who were engaged on the Company's account.
- 6. Review and discuss with management and the independent auditor the proposed plan and overall scope of the Company's annual audit.

Oversight of the Company's Internal Audit Function

The Committee shall:

1. Review and approve the internal audit function's annual risk assessment and proposed audit plan (which shall include Nelnet Bank auditable entities and audits as approved in accordance with the Nelnet Bank *Audit Committee Charter*).
2. Discuss with management and the independent auditor the responsibilities, budget, and staffing of the internal audit function and any recommended changes in the planning and scope of the three-year audit plan. Review and approve the responsibilities, budget, and staffing of the internal audit function.
3. Review, periodic progress reports on the status of the current year audit plan (including explanations for any deviations from such plan), and results of all concluded internal audits, including summaries of any significant issues raised during the performance of the internal audits and management's responses. Approve changes to the current year audit plan.
4. Review the remediation status of outstanding findings, including explanations for deviations from the original remediation plan.
5. Affirm the Chief Audit Executive's independence.
6. Review and approve the Chief Audit Executive's performance and compensation. The Audit Committee solicits input from the independent auditor, Nelnet Chief Financial Officer, and Nelnet Bank Audit Committee.
7. Review the Chief Audit Executive's reporting structure, and document consideration of any risks of the reporting structure and any compensating controls.
8. Approve in advance the appointment and replacement of the Chief Audit Executive.

Oversight of Risk Assessment and Risk Management

The Committee shall, in consultation with the Risk and Finance Committee and as required by NYSE rules, review and discuss at least annually with management the key guidelines and policies governing the Company's significant processes for risk assessment and risk management.

Oversight of the Company's Compliance with Legal and Regulatory Requirements

The Committee shall:

1. Obtain assurance from the independent auditor that the Company is in compliance with the provisions of Section 10A of the Securities Exchange Act of 1934, as amended.
2. Review with management and the independent auditor the Company's *Code of Ethics and Conduct* for directors, officers, and associates, which prohibits unethical or illegal activities by the Company's directors, officers, and associates, as well as review the actions taken to monitor compliance with the *Code of Ethics and Conduct*.
3. Review with management, the independent auditor, and the Company's counsel any legal, regulatory, and environmental matters that may have a material impact on the Company's financial statements or accounting policies.
4. Establish procedures for the: (a) receipt, retention, and treatment of complaints received by the Company regarding the Company's accounting, internal accounting controls, or auditing matters; and (b) confidential, anonymous submission by Company associates of concerns regarding questionable accounting or auditing matters.
5. Review and assess on an annual basis compliance with all applicable laws, rules, and regulations, including those of SEC and NYSE, specifically applicable to the composition and responsibilities of the Committee.
6. The Committee, if asked by the Board of Directors to function as a qualified legal compliance committee (QLCC), shall establish written procedures for the privileged and confidential receipt, retention, and consideration of reports to the QLCC by the Company's internal legal officer or any other attorney representing the Company of evidence of a material violation of the securities laws, breaches of fiduciary duties, or similar violations.

Additional Powers and Responsibilities

The Committee shall:

1. Have the authority to engage and obtain advice and assistance from independent or outside legal counsel, accountants, and other advisors as it determines necessary or appropriate to carry out its duties. All related fees and costs of such advisors, as determined by the Committee, shall be paid promptly by the Company in accordance with its normal business practices. The Company shall also pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
2. On an annual basis, review and reassess the adequacy of this charter.
3. On an annual basis, conduct an evaluation of the Committee's own performance during such past year.
4. Perform such other activities as the Board of Directors may from time to time deem necessary or appropriate.

About This Document

Document History

Date	Revision	Owner	Approver
02/25/2020	Updated per maintenance review. Approved by the Audit Committee on 02/25/2020.	Executive Director I	Audit Committee

Date	Revision	Owner	Approver
02/24/2021	Updated per maintenance review. Approved by the Audit Committee on 02/24/2021.	Executive Director I	Audit Committee
02/28/2022	Updated for documentation standards and template changes. Initial publication on The Nelnet Source. Approved by the Audit Committee on 02/25/2022.	Executive Director I	Audit Committee
05/23/2022	Updated to clearly reflect position titles and Audit Committee approval responsibilities with respect to the internal audit function. Approved by the Audit Committee on 05/18/2022.	Chief Audit Executive	Audit Committee

Supporting Documentation

Title (Document ID)	Location	Audience
Audit Committee Charter (Nelnet Bank) (5864)	Nelnet Bank Document Central	Nelnet Bank
Code of Ethics and Conduct	The Nelnet Source	Nelnet, Inc.