
Corporate Governance Guidelines

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Board Composition and Director Qualifications

Board Size

It is the sense of the Board of Directors (Board) that between seven and thirteen members is about the right size. This range provides diversity of thought and experience without hindering effective discussion or individual accountability. However, the Board may be willing to expand to a somewhat larger size to accommodate the availability of one or possibly more outstanding candidates.

Director Tenure and Retirement Age

It is the sense of the Board that term limits should not be established, and it is the policy of the Board that no Director should stand for reelection unless otherwise approved by the Nominating and Corporate Governance Committee and the Board.

Directors Who Change Their Present Job Responsibility

Management Directors are expected to notify the Chair of the Nominating and Corporate Governance Committee at the time of retirement from active employment with Nelnet, Inc. (the Company), or when transferring from a senior management position in the Company, other than as a result of promotion.

Subject to the following paragraph, non-Management Directors (i.e., Directors who are not Company officers whether or not they also qualify as “independent” Directors) are expected to notify the Chair of the Nominating and Corporate Governance Committee under the following circumstances.

- When a Director retires from their principal business organization or other activity with which they were identified at the time of election to the Board
- Whenever a Director's affiliation or position of principal employment changes after election to the Board
- Whenever the health, mental, or physical condition of a Director prevents them from satisfactorily fulfilling the responsibilities of the position

It is the sense of the Board that a non-Management Director who retires or experiences a change in the position they held when most recently elected to the Board should not necessarily leave the Board. There should, however, be an opportunity for the Nominating and Corporate Governance Committee to review, and to make a recommendation to the Board with respect to, the continued appropriateness of such non-Management Director's Board membership under these circumstances.

Independence of Directors

It is the policy of the Board that a majority of Board members, and all members of the Audit Committee, People Development and Compensation Committee, and Nominating and Corporate Governance Committee, are “independent” Directors in accordance with the requirements of the New York Stock Exchange (NYSE) and other applicable laws, rules, and regulations. A Director is not qualified as an “independent” Director unless the Board has affirmatively determined, pursuant to applicable legal and regulatory requirements, that such Director has no material relationship with the Company (either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company). The Board may adopt general standards to assist it in making such independence determinations. The Board discloses the basis for its determination of Director independence in the Company's annual proxy statement, or, if the Company does not file an annual proxy statement, in the Company's annual report on Form 10-K, filed with the U.S. Securities and Exchange Commission (SEC), in accordance with applicable legal and regulatory requirements.

Compliance with the definition of “independent” Director is reviewed annually by the Nominating and Corporate Governance Committee.

Number of Directorships

It is the sense of the Board that Directors should not be limited from simultaneously serving on other public company boards. However, before accepting an invitation to serve on the board of another public company, each Director should consider whether such acceptance interferes with their responsibilities as a Director of the Company and should advise the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee of any planned acceptance. Based on this notification, the Nominating and Corporate Governance Committee considers and either approves or denies permission for such Director to accept the invitation to serve on the Board of a public company.

Board Membership Criteria

The Nominating and Corporate Governance Committee is responsible for evaluating, and periodically reviewing with the Board, the appropriate mix of skills and characteristics required of Board members in the context of the perceived needs of the Board at a given point in time and shall periodically review and update the criteria as deemed necessary.

The following criteria are considered in selecting candidates for the Board.

- Independence
- Wisdom
- Integrity
- Understanding and general acceptance of the Company's corporate philosophy
- Valid business or professional knowledge and experience that can bear on the Company's and Board's challenges and deliberations
- Proven record of accomplishment with excellent organizations
- Inquiring mind
- Willingness to speak one's mind
- Ability to challenge and stimulate management
- Future orientation
- Willingness to commit time and energy
- Diversity

Consistent with past practices, the Board is committed to a strong and diverse membership and to a thorough process to identify those individuals who can best contribute to the Company's continued success. As part of this process, the Nominating and Corporate Governance Committee continues to take all reasonable steps to identify and consider for Board membership all candidates, including women and people of color, who satisfy the business needs of the Company at the time of appointment. The Nominating and Corporate Governance Committee seeks candidates with a broad diversity of experience, professional skills, and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Company believes the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge, and abilities that allow the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, gender, religion, national origin, sexual orientation, disability, or any other basis proscribed by law.

Selection of Directors

The Board is responsible for selecting Director nominees for election to the Board and for filling vacancies on the Board and newly created Directorships that may occur between annual meetings of shareholders. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to serve on the Board and recommending that the Board select Director nominees for election to the Board and to fill vacancies and newly created Directorships. The Nominating and Corporate Governance Committee also considers proposals for nominees for Director from shareholders, which are made in writing to the Secretary of the Company in compliance with the bylaws of the Company, state corporation law, and SEC rules.

Chair of the Board

The Board has no policy respecting the need to separate or combine the offices of Chair of the Board and Chief Executive Officer of the Company. It is the sense of the Board that it should be free to make this choice in any way that seems best for the Company at a given point in time.

Board and Director Responsibilities and Meeting Procedures

Board and Director Responsibilities

The Board and each of the Directors recognize their responsibility to the Company's customers, associates, suppliers, and shareholders, as well as to the communities in which the Company operates. The Board regularly monitors the effectiveness of management to evaluate whether the Company is being properly managed. It is the sense of the Board, however, that it should not involve itself in the day-to-day management decisions of the Company. The Board expects each Director, as well as the Company's officers and associates, to be familiar with and comply with the Company's [Code of Ethics and Conduct](#).

Frequency and Length of Meetings

The annual schedule for regular Board meetings is submitted and approved by the Board in advance. Board meetings are for such length of time as may be required to cover the subjects on the scheduled agenda. Special meetings of the Board may be called by the Chair of the Board and are called by the Secretary on the written request of five Directors. Directors are expected to attend Board meetings and the meetings of committees on which they serve, and to spend the time required and meet as frequently as necessary to properly discharge their responsibilities.

Selection of Agenda for Board Meetings

In conjunction with the lead non-Management Director, the Chair of the Board, with input from other members of executive management, establishes the agenda for each Board meeting. At the beginning of the Board year (from the annual shareholders meeting to the annual meeting), the Chair of the Board establishes a schedule of agenda subjects to be discussed during the year (to the extent these can be foreseen). The agenda for each meeting is distributed to Directors in advance. Board members may suggest items for inclusion on the agenda and may raise for discussion at any Board meeting subjects not on the agenda.

Board Materials Distributed in Advance

Information and data that are important to the Board's understanding of the Company's business are distributed in writing to Directors the week before the scheduled Board meeting and as far in advance as is practicable before special Board meetings. Directors have a responsibility to review these materials in advance of such scheduled meetings. The Company's officers strive to make the information clear and concise yet comprehensive, and make an ongoing effort to solicit suggestions from non-Management Directors on how to best meet their information needs. Directors also receive and are expected to review the periodic financial statements, earnings reports, significant press releases, certain analyst reports, and other information designed to keep them informed of material aspects of the Company's business, performance, and prospects.

Meetings of Non-Management Directors

To promote open and unfettered discussion among non-Management Directors, such Directors meet at regularly scheduled executive sessions without management. The non-Management Directors shall either select a non-Management Director to preside at each executive session or shall establish a procedure by which the presiding Director for each executive session shall be selected. If a Director is chosen to preside over these executive sessions, their name must be disclosed in the Company's annual proxy statement, or, if the Company does not file an annual proxy statement, in the Company's annual report on Form 10-K filed with SEC.

Board Committees

Number and Structure

At all times, the Board has an Audit Committee, a People Development and Compensation Committee, and a Nominating and Corporate Governance Committee. These Committees, and all members of these Committees, satisfy and comply with the independence requirements of NYSE and all other applicable laws, rules, and regulations. Committee members are recommended by the Nominating and Corporate Governance Committee, approved by the Board, and may be removed by the Board at its discretion. The Board may also form additional committees. A non-Management Director may attend any Committee meeting ex officio with the concurrence of the Chair of such committee.

Committee Agenda

The Chair of each Committee, in consultation with appropriate members of the applicable Committee and management, develops the Committee's agenda. At the beginning of the Board year, each Committee establishes a schedule of agenda subjects to be discussed during the year (to the extent these can be foreseen).

Committee Charters and Annual Self-Evaluation

The Audit Committee, People Development and Compensation Committee, and Nominating and Corporate Governance Committee each develop, maintain, and comply with a charter describing, among other things, its duties and responsibilities in accordance with applicable legal and regulatory requirements, including those of NYSE. Additional Committees formed or maintained by the Board may, under the leadership of their respective Chairs, develop and maintain charters describing their respective duties and responsibilities. Charters developed or amended are reviewed by the Committee and approved by the full Board. Each Committee shall, on an annual basis, review and reassess the adequacy of its charter, conduct an evaluation of its performance during such past year, and report these findings to the full Board as appropriate.

Disclosure of Committee Activities

The Chair of each Committee reports to the full Board, no later than the next regularly scheduled meeting of the Board following a Committee meeting, on all significant matters discussed, actions taken, and recommendations made by the Committee. The Chair and other Committee members have an opportunity to comment on Committee activities at each Board meeting. Copies of the final minutes of all Committee meetings are distributed to all Committee members.

Number of Audit Committee Directorships

Members of the Audit Committee shall not simultaneously serve on the audit committee of more than three public company boards (including the Company's).

Board Access to Management and Independent and Outside Advisors

Board Access to Management and Counsel

Directors have open access to the Company's management team and counsel. Directors may contact members of the management team without permission of the Chief Executive Officer. However, they should use judgment to ensure this contact is not distracting to business operations. Other than correspondence relating to the activities of a Committee, which is sent by the Chair of such Committee to the officer designated as the coordinator for such Committee, and other than routine or immaterial communications, correspondence from a Board member to a member of the management team is copied to the Chief Executive Officer and Chair of the Board.

Furthermore, the Board encourages the management team to, from time to time, bring managers into Board meetings who (i) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (ii) are managers with future potential that senior management believes should be given exposure to the Board.

Board Access to Independent and Outside Advisors

The Board and each Committee shall have the authority to engage independent or outside compensation consultants, legal counsel, or other advisors, in each case of its choice and as it determines to be necessary or appropriate, in compliance with the rules and regulations of NYSE, SEC, and other applicable laws and regulations, including the independence standards for such advisors set forth therein. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices.

Executive Officer Evaluation and Management Succession

Performance Evaluations

The People Development and Compensation Committee meets in an executive session chaired by the Chair of the Committee to evaluate the performance of the members of executive management as a group, at least once a year. The following factors are considered in evaluating the performance of this group.

- Leadership, vision, and impact on the Company's values and culture
- Integrity
- Communications internally and with the Board
- Executive collaboration
- Financial and other performance of the business
- Innovation and growth through development and implementation of initiatives to provide long-term economic benefit to the Company
- Strategic execution
- Talent development and succession planning
- Stakeholder engagement

The evaluation is communicated to and reviewed with the non-Management Directors by the Chair of the People Development and Compensation Committee at a regularly scheduled executive session of the non-Management Directors. The Chair also communicates the evaluation to the executive management group.

Management Succession

The Board works in cooperation with the People Development and Compensation Committee to develop policies and principles with respect to the search for and evaluation of potential successors to the Executive Chair, Chief Executive Officer, and other members of executive management. The Executive Officers at all times make available their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals in the event the officer should unexpectedly retire or be otherwise unable or unwilling to perform their respective duties. At least annually, and more frequently if appropriate, the Executive Officers present their recommendations to the Board of Directors in an executive session. Following such presentation, the non-Management Directors discuss the recommendations in an executive session chaired by the Chair of the People Development and Compensation Committee.

Board Orientation, Compensation, and Self-Evaluation

Director Orientation and Continuing Education

All new Directors must participate in the Company's orientation program, which is conducted as soon as practicable following the annual meetings at which new Directors are elected or following the appointment of a new Director by the Board of Directors to fill an existing or newly created vacancy on the Board. This orientation includes presentations by senior management to familiarize new Directors with the Company's: strategic plans; significant financial, accounting, and risk management issues; compliance programs; Code of Ethics and Conduct; principal officers; and the internal audit department and independent auditor.

The Board encourages, but does not require, that Directors periodically pursue continuing education opportunities in the form of programs, sessions, or materials with respect to the responsibilities of Directors of public companies and reimburses Directors for reasonable expenses incurred in connection with such continuing education opportunities.

Director Compensation

The People Development and Compensation Committee recommend to the Board the form and amount of Director compensation, taking into consideration whether Directors are rewarded in a manner consistent with the compensation strategy of the Company, competitive market practices, and applicable legal and regulatory requirements.

Board and Director Self-Evaluation

The Board conducts a self-evaluation annually to determine whether it and its Committees are functioning effectively. This review is overseen by the Nominating and Corporate Governance Committee as specified in its charter. The objective of the self-evaluation is to increase the effectiveness of the Board, and thereby its value to the Company, through the consideration of, among other things, improved and alternative Board structures, organization, or processes.

General

Reporting of Concerns to Non-Management Directors

Anyone who has a concern about the Company may communicate that concern directly to the presiding non-Management Director. Such communications may be mailed to the Corporate Secretary. All such communications are forwarded to the appropriate Directors for their review. The presiding non-Management Director may take any action deemed appropriate or necessary, including the retention of independent or outside counsel, accountants, or other advisors, with respect to any such communication addressed to them. No adverse action is taken against any individual making any such communication to the presiding non-Management Director.

Periodic Review of These Guidelines

The operation of the Board is a dynamic and evolving process. Accordingly, these corporate governance guidelines are reviewed at least annually by the Nominating and Corporate Governance Committee, and any recommended revisions are submitted to the Board for consideration.

Intent

These corporate governance guidelines are intended to be a statement of general principles to guide the Board in formulating corporate policy in accordance with applicable laws, rules, and regulations, including those of NYSE. The corporate governance guidelines are not rules or bylaws. They may be amended from time to time by the Board upon the recommendation of the Nominating and Corporate Governance Committee. In addition, the Board may on occasion depart from these corporate governance guidelines when circumstances indicate that a departure is in the best interest of the Company and its shareholders.