

**Charter  
Audit Committee  
Evolent Health, Inc.**

The Board (the “Board”) of Evolent Health, Inc. (the “Corporation”) has adopted this charter for its Audit Committee (the “Committee”).

**Composition**

**Number and Qualifications.** The Committee shall have at least three members. Each Director who serves on the Committee must be affirmatively determined by the Board to satisfy the requirements established by the Corporation’s Corporate Governance Guidelines, as well as by the New York Stock Exchange, to be considered an “independent” member of the Board. Except as otherwise permitted by applicable phase-in rules and exemptions, the Board must determine that each member of the Committee satisfies the requirements governing independence of audit committee members established by the New York Stock Exchange and Securities and Exchange Commission (the “SEC”), including those issued pursuant to Rule 10A-3 of the Securities Exchange Act of 1934.

In addition to satisfying the foregoing independence requirements, each member of the Committee must be financially literate, and at least one member of the Committee must have accounting or related financial management expertise and satisfy the criteria to be an audit committee financial expert under the rules and regulations of the SEC, as those qualifications are interpreted by the Board.

No Committee member shall serve on the audit committees of more than two other public companies at the same time as he or she serves on this Committee, unless the Board specifically determines that such service would not impair the ability of an existing or prospective Committee member to serve effectively on the Committee. Further, each prospective Committee member shall evaluate carefully the existing demands on his or her time before accepting appointment or re-appointment to the Committee.

**Appointment.** The Board, upon the recommendation of its Nominating and Governance Committee, shall elect the chairman and other members of the Committee on an annual basis, generally at the first meeting of the Board following the Corporation’s annual stockholders meeting.

**Removal.** The Board may, pursuant to the By-laws, remove a member of the Committee, or replace the chairman, provided that the Board must, at all times, assure that the Committee will have, as soon as practicable, a chairman and sufficient members to satisfy the requirements set forth above relating to the number and qualifications of Committee members.

**Purpose**

The Committee’s purpose is to assist the Board in fulfilling its responsibilities to the shareholders, by assisting in the Board’s oversight of: the quality and integrity of the

Corporation's financial statements and accounting practices, the Corporation's compliance with legal and regulatory requirements, the qualifications and independence of the Independent Auditor (as defined below), and the performance of the Corporation's Internal Auditor (as defined below), internal audit function, and Independent Auditor. In addition, the Committee assists the Board in connection with the Corporation's financial structure and strategy. The Committee also provides assistance to the Board by performing certain functions in connection with reports of material violations of securities laws, material breaches of fiduciary duties, and similar violations by the Corporation, and investigations related to such reports. Further, the Committee shall produce the Committee's report to be included in the Corporation's annual proxy statement.

### **Responsibilities**

While the fundamental responsibility for preparing the Corporation's financial statements rests with management and the responsibility for the audit of such financial statements rests with the Independent Auditor, and while the Internal Auditor and Independent Auditor are responsible for conducting audits, the Committee shall have the following authority and responsibilities:

#### ***Independent Auditor***

**Appointment and Oversight.** The Committee is responsible for the appointment, compensation, retention, removal and oversight of, and pre-approval of services provided by, the registered accounting firm engaged for the purpose of preparing or issuing an audit report and performing other audit, review, or attest services covering the consolidated financial statements of the Corporation (the "Independent Auditor" or "firm") and any other services provided to the Corporation by such firm. The Independent Auditor shall report directly to the Committee. The Committee shall have a clear understanding with the Independent Auditor that the firm is ultimately accountable to the Committee.

**Evaluation.** The Committee shall, no less than annually (including at the time it appoints the Independent Auditor), evaluate the Independent Auditor's qualifications, performance, fees, and independence. This evaluation shall include the review and evaluation of the lead audit partner of the Independent Auditor. In making its evaluation, the Committee shall take into account the opinions of management and the Internal Auditor. The Committee shall report its findings to the Board.

**Annual Report on Quality Control and Independence.** The Committee shall receive and review, at least annually, a report from the Independent Auditor relating to the firm's independence and quality of its internal controls. This report shall describe (i) the Independent Auditor's internal quality-control procedures, (ii) any material issues raised by the most recent peer review or internal quality-control review of the firm, (iii) any material issues raised by any governmental or professional authority in any inquiry or investigation, within the preceding five years, regarding any independent audit carried out by the firm, and (iv) any steps taken to deal with any issues raised in

connection with clauses (ii) through (iii) above. Further, to assist the Committee in assessing the firm's independence, the report shall describe relationships between the Independent Auditor and the Corporation (including any significant fees for any anticipated non-audit services), including all those required by the applicable requirements of the Public Company Accounting Oversight Board regarding the Independent Auditor's communications with the Committee concerning independence.

**Firm Rotation and Partner Selection.** The Committee shall periodically consider whether the Corporation should have a policy requiring a regular rotation of the Independent Auditor and report its findings to the Board. The Committee and its Chairman shall also be involved in the selection of the Independent Auditor's lead partner on the engagement with the Company. The Committee shall ensure compliance with SEC regulations regarding rotation of the lead partner and concurring and reviewing partners of the Independent Auditor.

**Hiring Policy.** The Committee shall also establish a policy regarding the Corporation's hiring of current or former employees of the Independent Auditor.

**Independent Auditor Plan.** The Committee shall review with the Independent Auditor and management the plan and scope of the Independent Auditor's proposed annual financial audit and quarterly reviews, including the procedures to be utilized and the Independent Auditor's compensation. The Committee or subcommittee thereof shall also pre-approve audit, non-audit, and any other services to be provided by the Independent Auditor in accordance with such policies as may, from time to time, be adopted by the Committee.

**Audit Reports and Reviews.** The Committee shall, in consultation with management and the Independent Auditor, review the results of the annual financial audit and limited quarterly reviews of the Corporation's financial statements, significant findings thereof, and any other matters required to be communicated by the Independent Auditor under Generally Accepted Auditing Standards, including, if applicable, the Independent Auditor's summary of any significant accounting, auditing and internal control issues, along with questions, comments and recommendations and management's corrective action plans, if applicable (i.e., the management or internal control letter).

In conjunction with its annual audit and its limited quarterly reviews of the Corporation's financial statements, the Independent Auditor will review with the Committee any problems or difficulties the Independent Auditor encountered in the course of its work, including any restrictions on the scope of the firm's activities, its access to information, or any significant disagreements with management and management's responses to such matters. Management shall notify the Committee when it seeks a second opinion on a significant accounting issue. The Committee shall be responsible for the resolution of any disagreements between management and the Independent Auditor regarding financial reporting.

## *Internal Audit*

**Internal Auditor.** The Corporation's internal audit function shall be managed by an employee who shall report directly to the Committee (the "Internal Auditor"). The role of the internal audit function shall include, but not be limited to, operational, financial, information technology, and compliance audits. The Committee shall have the sole authority to hire and terminate the employment of the Internal Auditor. The Internal Auditor shall otherwise report for administrative purposes to the Chief Financial Officer.

**Internal Audit Charter, Plan, and Reports.** The Committee shall review and approve, at least annually, an Internal Audit Charter and an Internal Audit Plan. The Committee shall also receive regular reports from the Internal Auditor regarding the results of the internal audits. The Committee shall also discuss with the Internal Auditor, at least annually, the responsibilities, budget, and staffing of the Corporation's internal audit function as well as the planned allocation of internal audit resources among its various areas of audit responsibilities.

## *Financial Statements*

**Form 10-K.** The Committee shall meet to review, in consultation with management and the Independent Auditor, the Corporation's annual financial statements, the Independent Auditor's report, Management's Report on Internal Control over Financial Reporting, and the Corporation's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") to be contained in the annual report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of the Form 10-K) prior to the filing of the Form 10-K with the SEC. The Committee shall be responsible for providing the Board with a recommendation as to the inclusion of the Corporation's financial statements in the Form 10-K.

**Form 10-Q.** The Committee shall meet to review, in consultation with management and the Independent Auditor, the Corporation's interim financial statements (including disclosures under MD&A), prior to filing each of the Corporation's Quarterly Reports on Form 10-Q with the SEC.

**Scope of Review.** In reviewing the Corporation's Forms 10-Q and 10-K, the Committee shall meet to review with management and the Independent Auditor:

- the certifications required to be made by management in relation to the filings, including regarding any significant deficiencies or material weaknesses in the design or operation of the Corporation's internal control over financial reporting, the adequacy of disclosures about changes in internal control over financial reporting, and any fraud, whether or not material, involving management or other employees who have a significant role in the Corporation's system of internal control;

- major issues regarding the presentation of, and the clarity of the disclosure in, the Corporation’s financial statements;
- all critical accounting policies and practices used by the Corporation, including (i) major issues or significant changes in the Corporation’s selection or application of its accounting principles, (ii) material questions of choice with respect to the appropriate accounting principles and practices used and to be used in the preparation of the Corporation’s financial statements, including judgments about the quality, not just acceptability, of accounting principles, and (iii) the reasonableness of those significant judgments;
- significant regulatory and accounting initiatives, including material changes in, or adoptions of, accounting principles and disclosure practices and standards;
- the effect of off-balance sheet structures on the Corporation’s financial statements;
- analyses prepared by management or the Independent Auditor regarding the foregoing matters; and
- other communications regarding the results of the Independent Auditor’s audit or review, including any other matters required to be communicated to the Committee by the Independent Auditor under Generally Accepted Auditing Standards.

### ***Earnings Releases and Guidance***

**Review of Releases.** The Committee (or Committee chairman) shall discuss with management the Corporation’s earnings releases and reports to rating agencies.

**Periodic Review.** In addition, the Committee shall periodically review and discuss with management and the Independent Auditor the type of presentation and information to be included in the Corporation’s earnings press releases (including, but not limited to, the use of “pro forma” and “non-GAAP” financial information), and earnings guidance provided to analysts and rating agencies.

## *Finance Matters*

**Review of Financial Structure.** The Committee shall assist the Board in its oversight of the Corporation's financial structure (including sources and uses of capital), financial condition (including matters such as liquidity, debt levels, financial capacity, credit ratings, and interest rate risk exposure) and capital strategy. In fulfilling this responsibility, the Committee shall:

- annually review the Corporation's and Evolent Health LLC's financial condition, structure, and strategy in connection with the Board's consideration of the Corporation's business plan and budget;
- periodically review reports from management on the Corporation's and Evolent Health LLC's condition, structure, and the implementation of its financial strategy;
- periodically review and make recommendations to the Board with respect to guidelines governing the transactions that require approval or review by the Board or the Committee;
- review and make recommendations to the Board with respect to sources of capital, including borrowings, in accordance with Board-approved transaction guidelines;
- review and make recommendations to the Board with respect to uses of capital, including, among other things, dividends and stock repurchase programs;
- periodically review the Corporation's strategy for and use of derivatives for hedging risks and for other purposes and, in connection with such responsibility, the Committee shall review and consider at least annually and shall have the authority to approve the Corporation's decision to enter into swaps and security-based swaps that are subject to the exception for "end users" from the mandatory clearing and exchange trading provisions of the Dodd-Frank Act; provided, however, that in exercising this authority, the Committee may approve the Corporation's decision to use swaps and security-based swaps on a general basis and does not need to make such approvals on a swap-by-swap basis;
- periodically review the performance and funding of the Corporation's retirement programs;
- periodically review the Corporation's insurance coverage, including Directors & Officers liability insurance; and
- periodically review the Corporation's tax status and strategy.

**Approval of Other Matters.** The Committee shall also have the authority to approve certain transactions and other matters that are consistent with guidelines that may be established from time to time by the Board, including administering, and recommending, if appropriate, changes to, the Policy and Procedures Governing Related Person Transactions.

### ***Financial Compliance, Internal Controls & Risk Management***

**Financial Compliance.** The Committee shall oversee the Corporation's and Evolent Health LLC's financial compliance (i.e. accounting, auditing and financial reporting) and receive regular reports from the Chief Accounting Officer on any significant compliance findings and recommendations. The Committee shall also establish procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

**Regulatory Action and Investigations.** Unless otherwise determined by the Board, the Committee (i) shall have the authority to oversee the Corporation's response to regulatory actions and investigations involving financial, accounting, and internal control matters, and (ii) may investigate any matter within the scope of its responsibilities that it determines appropriate.

**Internal Control.** The Committee shall review major issues as to the adequacy of the Corporation's internal controls and any audit steps taken in light of material control deficiencies.

**Risk Assessment.** The Committee shall discuss the Corporation's major financial and other risk exposures and the steps that management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies. In fulfilling this responsibility, the Committee shall, no less than annually, receive and provide to the Board a report from management regarding the manner in which the Corporation is assessing and managing the Corporation's exposure to financial and other risks.

### **Committee Operations**

**Meeting Schedule.** The Committee shall approve its schedule of meetings and shall meet at least four times per year. The Committee may hold additional meetings at the direction of the Committee Chairman or at the request of any other Committee member. The Committee may meet in person or by telephone conference call, and may act by unanimous written consent.

**Agenda and Materials.** The Committee Chairman shall approve the agenda for the Committee's meetings, and any member may suggest items for the Committee's consideration. Briefing materials shall be provided to the Committee as far in advance of a meeting as practicable.

**Attendance at Meetings.** The Committee, at the discretion of the Committee Chairman, may invite members of management and such other persons as it deems appropriate to carry out its responsibilities, to attend the Committee's meetings.

**Executive Sessions.** Unless the Committee determines otherwise, the Committee shall hold an executive session at each regularly scheduled meeting. As part of these executive sessions, the Committee shall have an opportunity to meet separately and privately with each of the following (i) management, (ii) the Internal Auditor, and (iii) representatives of the Independent Auditor.

**Voting.** A majority of the Committee members shall constitute a quorum. Each Committee member shall have one vote and actions at meetings shall be approved by a majority of the members present.

**Delegation.** Except as otherwise prohibited by law, the applicable regulations of the New York Stock Exchange, the Corporation's Certificate of Incorporation or the Corporation's By-laws, the Committee may delegate its responsibilities to subcommittees or individuals.

**Minutes.** The Corporation's Office of the Corporate Secretary shall maintain minutes and other records of meetings and activities of the Committee.

**Reporting to the Board.** At the Board meeting following each Committee meeting, the Committee Chairman (or the Chairman's designee) shall report to the full Board on the Committee's actions and recommendations. Among other things, these reports shall address any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, risk assessment and management, the performance and independence of the Independent Auditor, and the performance of the internal audit function.

### **Committee Resources**

To assist the Committee in fulfilling its responsibilities, (i) the Committee shall have access to the books and records of the Corporation and its consolidated subsidiaries, (ii) each Committee member shall have full access to any member of management, the Internal Auditor, and the Independent Auditor and (iii) the Committee may, in its sole discretion, retain consultants, counsel, and other advisors as it determines necessary to carry out its duties. The Committee will have sole authority and responsibility for hiring, approving the fees and retention terms for, overseeing the work of, and terminating the services of, such advisors.

The Corporation will provide appropriate funding, as determined by the Committee, for payment of the fees of the Independent Auditor, the administrative expenses of the Committee, and any advisors that the Committee may employ in carrying out its duties.



### **Performance Evaluation and Review of Charter**

The Committee shall conduct an evaluation of the Committee's performance at least annually. The evaluation shall address subjects including the Committee's composition, responsibilities, structure and processes, and effectiveness.

The Committee shall also review the Committee's charter at least annually. The Committee shall, as appropriate, make recommendations to management, the Nominating and Governance Committee or the full Board as a result of its performance evaluation and review of its charter.

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