

**RISK AND COMPLIANCE OVERSIGHT COMMITTEE CHARTER**

**APPFOLIO, INC.**

**ADOPTED BY THE BOARD ON JULY 16, 2020**

## Charter of the Risk and Compliance Oversight Committee

### AppFolio, Inc.

#### **I. Purpose**

The purpose of the Risk and Compliance Oversight Committee (the “Committee”) of the Board of Directors (the “Board”) of AppFolio, Inc. (the “Company”) is to assist the Board with respect to the Board’s overall responsibility to provide oversight of management’s (1) risk identification, (2) risk assessment, (3) risk management and (4) compliance with applicable laws, rules and regulations (items (1), (2) and (3) are hereinafter sometimes referred to collectively as “risk management”). As part of the framework within which the Board provides this oversight, the Board has approved a “Board Oversight of Risk Management and Compliance Memorandum”, including the “Matrix” attached thereto (the “Oversight Memo”). In the Oversight Memo, among other things, the Board has delegated certain of its oversight responsibilities to standing committees of the Board, including this Committee.

In assisting the Board with respect to the Board’s oversight responsibility, this Committee will:

- (i) fulfill the oversight responsibilities delegated to the Committee pursuant to the Oversight Memo;
- (ii) oversee, in conjunction with other Board committees or the Board itself, that management has established a framework capable of identifying, assessing and managing risks to which the Company may be subject (for purposes of this Charter, “framework” shall include management’s procedures, plans, processes or practices);
- (iii) oversee, in conjunction with other Board committees or the Board itself, that management has established a framework capable of assuring the Company’s compliance with the laws, rules and regulations to which the Company may be subject;
- (iv) oversee that management is adhering to the frameworks referred to in (ii) and (iii) above; and
- (v) oversee, in conjunction with other Board committees, that a framework is in place within which the Board will be made aware of (a) all material risks to the Company, both perceived and actual, and (b) all material legal compliance requirements affecting the Company.

It is not the purpose of this Committee to itself identify, assess and manage the risks of the Company nor to assure compliance with all laws to which the Company is subject, those are all management responsibilities.

#### **II. Membership**

The Committee shall consist of two or more members of the Board, with the exact number determined by the Board. Each member of the Committee must (1) be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a

Committee member, and (2) meet any other requirements imposed by applicable laws, rules, regulations and national securities exchange listing standards (“Independence Rules”).

The members of the Committee shall be appointed by and serve at the discretion of the Board. Committee members may be removed, without cause, by the affirmative vote of the majority of the Board at any time. Any Committee member may resign effective upon giving oral or written notice to the Chairperson of the Board (unless the notice specifies a later time for the effectiveness of such resignation). In the event that there is no Chairperson of the Board, the notice of resignation shall be delivered to the full Board. Vacancies occurring on the Committee shall be filled by the Board.

The Board may designate a Chairperson of the Committee. In the absence of that designation, the Committee may designate a Chairperson by majority vote of the Committee members. The Chairperson shall be an “independent director” within the meaning of the Independence Rules. The Chairperson will set the agenda for Committee meetings and will conduct proceedings of those meetings.

### **III. Responsibilities**

In order to fulfill the Committee’s purposes of this Charter as provided in Article I, the exclusive responsibilities of the Committee shall be to:

- (i) review and understand the Company’s applicable (a) risk management framework and (b) legal compliance framework;
- (ii) monitor these frameworks quarterly and review and understand any changes thereto;
- (iii) monitor the performance of management with respect to adhering to these frameworks;
- (iv) monitor the capabilities of the Company personnel that are involved with implementing these frameworks;
- (v) review with the General Counsel and the Chief Compliance Officer, at least quarterly, (a) the Company’s means by which the Company monitors compliance with applicable legal and regulatory requirements, and (b) the Company’s material legal and regulatory compliance risk exposures and the steps taken by management to monitor or mitigate such exposures, including the Company’s framework with respect to risk assessment and management;
- (vi) review with management, at least quarterly, (a) the Company’s privacy program, and (b) the Company’s material privacy and data use risk exposures and the steps taken by the Company to monitor or mitigate such exposures, including the Company’s framework with respect to risk assessment and management;
- (vii) review with management, at least quarterly, (a) the means by which the Company protects itself from “cyberattacks”, and (b) the Company’s cybersecurity risk exposures and the steps taken by the Company to monitor or mitigate such exposures, including the Company’s framework with respect to risk assessment and management;

- (viii) review with management from time to time to (a) obtain reasonable assurances that other potential risks for which this Committee has oversight responsibility are being identified, monitored and mitigated or managed, and (b) understand steps being taken to manage known risks;
- (ix) help to set the tone and develop a culture within the Company regarding the importance and value of risk management and legal compliance;
- (x) review periodically the Oversight Memo, including the Matrix thereto, and the Enterprise Risk Management Memorandum (the “ERMM”) and (a) assess compliance therewith, including the “Black Swan” provisions of the Oversight Memo, and (b) consider if any modifications should be made thereto;
- (xi) interact and coordinate with other Board committees to understand such other committee’s risk and legal compliance oversight activities and confirm that (a) such committees are managing their respective oversight responsibilities, and (b) there are no gaps with respect to such oversight;
- (xii) review and approve (a) the list of responsibilities prepared by the internal audit team regarding the team’s assessments of management’s compliance with the Company’s risk management and legal compliance framework (the “Assessments”) and (b) a form of report prepared by the internal audit team to be used in connection with such Assessments;
- (xiii) meet periodically, but not less than quarterly, with the internal audit team, or the leader thereof, regarding the team’s Assessments; and
- (xiv) require that the internal audit team report directly to the Committee regarding the team’s Assessments.

#### **IV. Reporting**

The Committee shall:

- (i) establish a reporting system with management whereby the Committee will be made immediately aware of any material risk that arises, or that becomes more likely from that previously disclosed to the Committee;
- (ii) establish a reporting system with management whereby the Committee will be made immediately aware of any material changes to the Company’s legal compliance obligations or any failure by the Company to meet its compliance obligations; and
- (iii) review and provide input as appropriate to the Board and Audit Committee regarding the Company’s risk management and legal compliance.

#### **V. Authority to Conduct Investigations and Retain Advisors**

In performing its responsibilities, the Committee shall have the authority (1) to conduct investigations and, (2) in the Committee’s complete discretion, to engage and obtain advice, reports or opinions from legal counsel and other advisors, as it determines necessary, to carry out its

responsibilities. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any legal counsel and other advisor retained by the Committee and, in this regard, the Committee will have sole authority to approve related fees and retention terms for any legal counsel and advisors retained by the Committee. The Company will provide the Committee with appropriate funding, as the Committee determines, for the payment of compensation to any legal counsel and other advisors as it deems appropriate.

## **VI. Additional Committee Authority**

The Committee is authorized, on behalf of the Board, to do any of the following, as the Committee deems necessary or appropriate in its discretion:

- (i) form, and delegate authority to, subcommittees consisting of one or more of its members as the Committee deems appropriate to carry out its responsibilities and exercise its powers (to the extent allowable under applicable laws, rules, regulations or listing standards);
- (ii) rely upon advice and information that it receives in its discussions and communications with management and such legal counsel or advisors as may be consulted by the Committee;
- (iii) have unrestricted access to Company personnel and documents, and to seek any information it requires from, employees, officers, directors, or external parties;
- (iv) meet with other Board committees to avoid overlap as well as potential gaps in overseeing the Company's risks;
- (v) request that any officer or employee of the Company, the Company's outside legal counsel, or any other advisor retained by the Company to render advice to the Company, attend a meeting of the Committee, or meet with any members of or advisors to the Committee, provided that the Committee shall retain the discretion to exclude any such person from all or a portion of any Committee meeting;
- (vi) perform other activities that are consistent with this Charter, the Company's Certificate of Incorporation and Bylaws (each as amended and in effect from time to time), and applicable laws, rules, regulations and listing standards as the Committee or the Board deems necessary or appropriate;
- (vii) direct and supervise an investigation into any matters within the scope of its duties;
- (viii) incur such expenses as are necessary or appropriate in carrying out its duties; and
- (ix) perform such other functions as may be requested by the Board from time to time.

## **VII. Annual Review of Charter**

The Committee shall review and assess the adequacy of this Charter at least annually and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.

### **VIII. Annual Performance Review**

The Committee shall annually evaluate and assess the Committee's performance.

### **IX. Meetings and Procedures**

The Committee will meet at least four times per year or more frequently, as determined appropriate by the Committee. The Committee will regularly report to the Board on significant matters related to the Committee's responsibilities, and as requested by the Board with respect to other matters. The Committee will maintain written minutes of its meetings and will make such minutes available to the Board.

The Committee will be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, quorum and voting requirements as are applicable to the Board.