

WHISTLEBLOWER AND REPORTING SUSPECTED VIOLATIONS POLICY

APPFOLIO, INC.

Whistleblower and Reporting Suspected Violations Policy

AppFolio, Inc.

I. Purpose of Policy

AppFolio, Inc. (the “*Company*”) is committed to (i) promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations, and (ii) providing at all times complete and accurate financial information. The Board of Directors of the Company (the “*Board*”) has adopted this Whistleblower and Reporting Suspected Violations Policy (this “*Policy*”) as part of this commitment. This Policy was approved by the Board on March 8, 2015 and is effective immediately.

The Company recognizes that its various constituencies, including its stockholders, employees, customers, vendors, lenders and other business relationships, rely on the Company conducting business in an ethical manner and on the accuracy and completeness of the Company’s financial information. In addition, the Company’s financial information is important in guiding the decisions of the Board and management. As a result, it is imperative that the Company take very seriously any and all suspected violations concerning (i) any law, rule, regulation or listing standard, or (ii) questionable or fraudulent financial reporting, accounting, internal accounting control, or auditing practices (each a “suspected violation”). In order to accomplish this, the Company recognizes that it must (i) maintain a workplace environment where employees who reasonably believe they are aware of a suspected violation can report the suspected violation in an environment where they are free and without fear of any harassment, discrimination or retaliation, and (ii) provide a means by which persons who are not employees, such as customers and vendors, can also report a suspected violation confidentially and without such fear. It is the Company’s policy to encourage its employees and any third-party to report a suspected violation as soon as possible after discovery.

Accordingly, the Board has established in this Policy the following procedures for:

- the submission, receipt, retention and treatment of a report regarding a suspected violation; and
- where desired, the confidential, anonymous treatment of a submission by the Company’s employees and third parties of a suspected violation.

II. Administration of Policy

The Board has delegated to its Audit Committee (the “Audit Committee”) the responsibility of administering this Policy. The Audit Committee may from time to time recommend to the Board changes to this Policy. All changes to this Policy must be approved by the Board.

III. Scope of Matters Covered by Policy

The following procedures relate to the submission, receipt, retention and treatment of a report of a suspected violation, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any of the Company’s financial statements;

- Fraud or deliberate error in the recording and maintaining of the Company's financial records;
- Deficiencies in or noncompliance with the Company's internal accounting controls;
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the Company's financial records, financial statements or audit reports;
- Deviation from full and fair reporting of the Company's financial condition;
- Breaches of any of the Company's corporate governance policies and procedures; or
- Violation of any law, rule, regulation or listing standard applicable to the Company.

IV. Receipt of Reports

It is the responsibility of all directors, officers and other employees not only to comply with, but to report in accordance with this Policy suspected violations of (i) the Company's governance policies and procedures from time to time in effect, (ii) any laws, rules, regulations and listing standards applicable to the Company; and (iii) proper financial reporting, accounting, internal accounting controls, and auditing practices. In addition, persons who are not employees of the Company may become aware of suspected violations and desire to report them to the Company, and, if inquiry is made of a Company employee, the employee should insist that the non-employee so report as provided in this Policy.

Company employees should share any questions, concerns, suggestions, complaints or external inquiries regarding any suspected violations with the employee's manager. However, if an employee is not comfortable speaking to the manager, or is not satisfied with the manager's response, or does not believe that the manager is the correct person to address the matter, the employee is encouraged to speak with anyone in management with whom the employee is comfortable approaching.

If an employee reports a suspected violation to a manager, the manager must promptly consider the information submitted to him or her and take appropriate action in accordance with applicable law, rules, regulations and listing standards, and consistent with this Policy. Managers are also required to report all suspected violations to the Chairman of the Audit Committee, with a copy to the Compliance Officer of the Company if the Company has such designated person. This includes inquiries received from persons outside the Company.

For an employee who is not comfortable discussing the suspected violation with anyone directly, or for any person who is not an employee, the suspected violation may be reported confidentially and, if desired, anonymously by any of the following means:

1. By addressing a confidential written communication to the following address:

AppFolio, Inc.
50 Castilian Dr.
Goleta, CA 93117
Attention: Chairman of the Audit Committee
2. By electronic mail to audit.chairman@appfolio.com (if an employee chooses to report by electronic mail and wishes to report anonymously, the Company suggests taking steps to ensure anonymity is maintained); or
3. By contacting the Company's Compliance and Ethics Hotline. The Compliance and Ethics Hotline is provided by Nasdaq, an independent third party that the Company has hired to receive complaints and coordinate the delivery of such complaints to the Audit Committee. The Compliance and Ethics Hotline number is (844) 307-3844 or via the website: www.openboard.info/appf/.

The Audit Committee will be responsible for reviewing, or overseeing the review of, any report of a suspected violation from any source. The Audit Committee will notify the sender and acknowledge receipt of the report within a reasonable period of time, unless the report was submitted anonymously.

V. Content of Reports

To assist in the response to, or investigation of, a reported suspected violation, the report should be factual rather than speculative, and contain as much specific information and detail as possible to allow for proper assessment of the nature, extent and urgency of the matter that is the subject of the report. Without limiting the foregoing, the report should, to the extent possible, contain the following information:

- The alleged event, matter or issue that is the subject of the report;
- The name of each person involved;
- If the report involves a specific event or events, the approximate date and location of each event; and
- Any additional information, documentation or other evidence available to support the reported suspected violation.

Reports that contain unspecified wrongdoing or broad allegations without verifiable evidentiary support will reduce the likelihood that an investigation based on such report will be initiated.

VI. Treatment of Reports

1. All reports regarding financial reporting, accounting, internal accounting control and auditing practices shall be entered on an accounting and auditing matters log, which shall include, among other things, information regarding the date the report was received, a description of the suspected violation, the submitter (if provided), and the status and disposition of an investigation of the report. Receipt of the report will be acknowledged to the sender, within a reasonable period following receipt, if appropriate information for response is supplied.
2. Reports of suspected violations that do not concern financial reporting, accounting, internal accounting control or auditing practices (*e.g.*, suspected violations of employment laws) shall be logged separately with the same information referenced in item 1 above, and the Audit Committee shall have the discretion to either undertake an investigation or forward the report to a more appropriate person or department (*e.g.*, Human Resources) and request that such person or department conduct an investigation. If forwarded, the person or department to which the report was forwarded will report to the Audit Committee the status and results of any investigation conducted consistent with the procedures referenced in item 3 below.
3. At each Audit Committee meeting, the Chairman of the Audit Committee, management, or external investigators, as the case may be, will report on the status of all previously reported suspected violations and on the nature of all reports of suspected violations received since the prior Audit Committee meeting. In addition, management will report on (i) any issues of which it has become aware that may have a material impact on the Company's financial statements, and (ii) any material reports or inquiries received from government or regulatory agencies that relate to any suspected violation. The Audit Committee may determine that providing any such report prior to the next scheduled Audit Committee meeting is necessary or appropriate in which case the Audit Committee will convene as soon as reasonably practicable following such determination.
4. In cases where, following an appropriate investigation, the Audit Committee has determined that there have been (i) questionable or fraudulent financial reporting, accounting, internal accounting control, or auditing practices, or (ii) violations of applicable laws, rules, regulations, or listing standards, prompt and appropriate corrective action shall be taken. The specific action that will be taken in response to a particular violation will be determined by the Audit Committee based on such factors as it deems relevant or appropriate, including the nature and gravity of the conduct or circumstances reported and the quality of the information provided. The Audit Committee shall retain broad discretion in assessing the appropriate action to be taken up to, and including, termination of employment.

VII. Statement of Non-Retaliation

Reprisal, threats, retribution or retaliation in any way against any person who has in good faith reported, or caused to be reported, a suspected violation, or against any person who assists in any investigation or process with respect to such suspected violation, is prohibited. The prohibited forms

of retaliation include, but are not limited to, discharge, demotion, suspension, threats, harassment or any other manner of discrimination with respect to terms or conditions of employment.

Employees who believe that they have been subjected to any reprisal, threat, retribution or retaliation for having submitted, or caused to be submitted, a report regarding a suspected violation, or for cooperating or assisting in an investigation relating to such report, should immediately communicate the concern to the Audit Committee. Any complaint that such reprisal, threat, retribution or retaliation has occurred will be promptly and thoroughly investigated. If such a complaint is substantiated, appropriate disciplinary action will be taken, up to and including termination of employment.

VIII. Statement of Confidentiality

In cases in which an individual reports a suspected violation in good faith and is not engaged in the questionable conduct, the Company will attempt to keep its discussions and actions confidential to the greatest extent possible and in compliance with applicable privacy laws and regulations. All reports and records associated with reports made under this Policy are considered confidential information of the Company and access will be restricted to the Board, the Company's internal and external legal counsel, and others involved in investigating or addressing a report described by this Policy. Access to reports and records may be granted to other parties at the discretion of the Audit Committee.

IX. Investigation and Record Keeping

Employees should not independently conduct their own investigations but should make their report by following the procedures in this Policy. The Audit Committee will coordinate the prompt investigation and resolution of all reports and ensure that corrective action, as necessary and appropriate, is taken. All records of the report of a suspected violation will be reviewed, investigated and evaluated by the Audit Committee as it deems reasonably necessary.

X. Retention of Records

The Audit Committee shall retain written reports, the logs on which any report is entered, and all related documentation, in each case as required under applicable law and in accordance with the Company's document retention policy from time to time in effect.