



## CHARTER OF THE RISK AND COMPLIANCE OVERSIGHT COMMITTEE

### 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 oversight of the Company’s overall risk framework and the Company’s compliance with its legal and regulatory obligations.

### Membership

The Committee shall consist of three or more members of the Board, with the exact number determined by the Board. A majority of the Committee must be an “independent director” as defined under the listing rules of the national securities exchange on which the Company’s securities are listed for trading.

The members of the Committee shall be appointed by and serve at the discretion of the Board based on recommendations from the Nominating and Corporate Governance Committee. Committee members may be removed, without cause, by the affirmative vote of a 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). If 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 of the Committee shall be an independent director. The Chairperson of the Committee will set the agenda for Committee meetings and will conduct proceedings of those meetings.

### Responsibilities, Duties, and Powers

To carry out its purpose, the Committee shall have the responsibilities, duties, and powers set forth below.

#### A. Risk Oversight

- (i) Oversee and assess the Company’s risk management framework (the “**Enterprise Risk Management Program**”), including policies and practices established by management to identify, assess, categorize, and manage key current and evolving risks facing the Company, including without limitation strategic risk, operational risk, talent management risk, legal and compliance risk, financial risk, and technology and cyber risk.



- (ii) Review periodic reports regarding ongoing enhancements to, and the overall effectiveness of, the Enterprise Risk Management Program, including corrective actions taken by management to address risk issues, the progress of key risk initiatives, and the implementation of risk management enhancements.
- (iii) Monitor the performance of management with respect to adhering to and effectively operating the Enterprise Risk Management Program.
- (iv) Through discussions with management and review of reports, ensure the Company's Enterprise Risk Management Program is appropriately resourced and facilitated by individuals with appropriate skills, stature, and independence.
- (v) Review and assess the Company's business continuity plan(s).
- (vi) Obtain and review reports on selected risk topics as management or the Committee deems appropriate.

**B. Compliance Oversight**

- (i) Review periodic reports from the Company's internal legal and compliance department, and members of management as appropriate, with respect to the Company's efforts to identify and comply with its legal and regulatory obligations.
- (ii) Review management's response to significant compliance related matters, including actions to remediate any known material compliance deficiencies, progress on significant compliance initiatives, and remediation of material legal and regulatory actions.
- (iii) Through discussions with management and review of reports, ensure the Company's legal and compliance function is appropriately resourced and comprised of individuals with appropriate skills, stature, and independence.
- (iv) Obtain and review reports on selected legal and compliance topics as management or the Committee deems appropriate.

**C. Independent Assurance and Review**

- (i) Require that the Company maintain an internal audit function to provide the Committee with ongoing assurance regarding appropriate issues.
- (ii) Review periodic reports from the Company's internal audit team and/or external, independent third parties with respect to (a) management's efforts to adhere to and effectively operate the Enterprise Risk Management Program, and (b) the Company's efforts to comply with its legal and regulatory obligations.
- (iii) Oversee the effectiveness of the Company's internal audit team with respect to its evaluation of and reporting on risk management and compliance items.



- (iv) Through discussions with management and the internal audit team leader, ensure the Company's internal audit function is appropriately resourced and comprised of individuals with appropriate skills, stature, and independence.

**D. Other**

- (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 the Committee receives in its discussions and communications with management.
- (iii) Periodically review the terms and conditions of the Company's cyber insurance policy and make recommendations to the Board with respect to changes thereto.
- (iv) Have unrestricted access to Company personnel and documents, and seek any information the Committee requires from employees, officers, directors, or external parties.
- (v) Meet with other Board committees to avoid overlap as well as potential gaps in overseeing the Company's risk and compliance obligations.
- (vi) 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, (i) the Committee, and its members and advisors, shall only meet with such persons regarding matters applicable to the responsibilities and duties of the Committee, and (ii) the Committee shall retain the discretion to exclude any such person from all or any portion of any Committee meeting and shall meet regularly without such individuals present.
- (vii) 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.
- (viii) Incur such expenses as are necessary or appropriate in carrying out its duties.
- (ix) Undertake any other responsibilities expressly delegated to the Committee by the Board from time to time related to risk or compliance matters.

**Limitations on Committee Responsibilities**

Notwithstanding the responsibilities, duties, and powers of the Committee set forth in this charter, it is not the duty of the Committee (but rather the responsibility of management) to identify and assess the Company's exposure to risk and ensure the Company's compliance with applicable laws and regulations. While the Committee is responsible for overseeing the



Company's risk management and compliance frameworks, including reviewing material policies and practices with respect thereto, it is not the sole body responsible for ensuring that such frameworks are carried out efficiently and effectively.

### **Meetings and Procedures**

The Committee will meet at least once per fiscal quarter or more frequently, as determined appropriate by the Committee. The agenda and materials for Committee meetings will be prepared by the Chairperson of the Committee in consultation with the other Committee members. 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 virtual meetings), action without meetings, notice, waiver of notice, quorum and voting requirements as are applicable to the Board.

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

In performing its responsibilities, the Committee shall have the authority to (i) conduct investigations, and (ii) in the Committee's sole discretion, 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.

### **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 this charter that the Committee deems appropriate.

### **Annual Performance Review**

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

