

Twilio UK Limited and SendGrid UK Limited - Tax Strategy

For Tax Year Ended December 31, 2019

Introduction

Twilio Inc. (“Twilio”) is a multinational business headquartered in San Francisco, California, USA. Twilio has a strong focus on corporate responsibility and is committed to building its success in a sustainable, responsible and legally compliant manner. Our Code of Business Conduct and Ethics¹ sets out the standards of behavior all employees are expected to adhere to across all aspects of our business. Twilio is committed to complying with all applicable tax laws in the countries in which it operates and to acting in a prudent and responsible manner.

Our commitment is underpinned by the following strategy, which covers Twilio, both Twilio UK Limited and SendGrid UK Limited (collectively, “Twilio UK”), all affiliates of Twilio, and all UK taxes (as defined under paragraph 15(1) of Schedule 19 of the Finance Act 2016) applicable to Twilio and Twilio UK.

This document is published in compliance with the group’s duty under Schedule 19 to the Finance Act 2016 to publish a tax strategy in the current fiscal year. This strategy is valid for 2019.

How We Manage Our UK Tax Risks

Twilio seeks to identify and address tax risks in respect of all UK taxes. Where a tax risk is identified, Twilio’s internal governance procedures require that those risks are promptly brought to the attention of the appropriate senior personnel, including Twilio executives. In addition, Twilio may seek to manage tax risks that are complex or uncertain by obtaining expert advice and where appropriate by engaging directly with HM Revenue and Customs (“HMRC”).

Twilio works to ensure that its tax positions appropriately reflect the business activities that it undertakes in the UK.

Twilio does not encourage any form of behavior that facilitates evasion of tax, whether in the UK or in any other jurisdiction. Twilio is committed to ensuring that it has reasonable procedures in place at all times to prevent tax evasion by anyone acting on its behalf.

Attitude Towards Tax Planning

When entering into transactions or making changes to its business, Twilio assesses what it must do in order to remain compliant with local requirements including tax and takes steps to achieve this. The same approach is taken whenever new tax legislation is introduced or HMRC changes their policies. Where there is uncertainty or complexity in relation to the law or its application, expert advice may be sought. If this is insufficient to achieve certainty or to address the complexity, Twilio may engage directly with HMRC to better understand the application of the law and ensure compliance.

Twilio’s tax positions and reporting reflect the business activities undertaken in the UK. Twilio does not enter into artificial or abusive arrangements in order to reduce its UK tax liability.

Level of Risk in Relation to UK Taxation That It Is Prepared to Accept

¹ [https://s21.q4cdn.com/247074597/files/doc_downloads/gov_doc/2018/Twilio-Code-of-Business-Conduct-and-Ethics-\(Revised-4-13-18\).pdf](https://s21.q4cdn.com/247074597/files/doc_downloads/gov_doc/2018/Twilio-Code-of-Business-Conduct-and-Ethics-(Revised-4-13-18).pdf)

In reviewing the level of tax risk of an action or decision, the following factors are considered:

- The legal and fiduciary duties of directors and employees;
- The maintenance of corporate reputation;
- The tax benefits and impact on Twilio's reported result compared to the potential financial costs involved, including the risk of penalties and interest; and
- The wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

Relationship with HMRC

Twilio seeks to have a constructive and cooperative relationship with HMRC. It makes fair, accurate and timely disclosures in tax returns. Twilio seeks to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement. Twilio reasonably believes that transactions are structured to give a tax result consistent with the economic consequences and the intentions of Parliament.