

**SENDGRID, INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**APPROVED BY THE BOARD OF DIRECTORS  
JULY 26, 2018**

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**PURPOSE AND POLICY**

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of SendGrid, Inc. (“**SendGrid**”) is to:

- help the Board oversee SendGrid’s corporate accounting and financial reporting processes, systems of internal control, and financial-statement audits;
- manage the selection, engagement terms, fees, qualifications, independence, and performance of the registered public accounting firms engaged as SendGrid’s independent outside auditors for the purpose of preparing or issuing an audit report or performing audit services (the “**Auditors**”);
- review any reports or disclosures required by applicable rules and regulations of the Securities and Exchange Commission (the “**SEC**”) and the stock exchange that lists SendGrid’s stock;
- oversee the organization and performance of SendGrid’s internal audit function; and
- provide regular reports and information to the Board with respect to material issues.

The Committee will maintain and foster an open avenue of communication with SendGrid’s management, internal audit and Auditors. It will also be responsible for any additional duties and responsibilities that the Board mandates.

**COMPOSITION**

The members of the Committee, including the Chairperson, will be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee. With respect to the Committee:

- the Committee will consist of at least three members of the Board;
- each member of the Committee will satisfy:
  - the independence and financial-literacy requirements imposed by the SEC and the stock exchange that lists SendGrid’s stock;
  - any other qualifications determined by the Board;
  - any other requirements imposed by applicable law; and
- at least one member of the Committee will satisfy the applicable financial-sophistication requirements and any other requirement for accounting or related financial management expertise as determined by the Board and required by the SEC and the stock exchange that lists SendGrid’s stock.

## **AUTHORITY**

The Committee will have access to all books, records, facilities and SendGrid personnel as deemed necessary or appropriate by any member of the Committee. If the Committee concludes that it must retain legal, accounting, or other outside advisors, it may do so and determine compensation for those advisors at the expense of SendGrid. The Committee may also pay any ordinary administrative expenses it deems appropriate in carrying out its duties at the expense of SendGrid.

The Committee may form and delegate authority to one or more subcommittees to the extent allowed under applicable law. By delegating an issue to a subcommittee, the Committee does not surrender any authority over that issue. Although the Committee may act on any issue that has been delegated to a subcommittee, doing so will not limit or restrict future action by the subcommittee on any matters delegated to it. Any action or decision of a subcommittee, including the preapproval of audit or nonaudit services, will be presented to the full Committee at its next scheduled meeting. By approving this Charter, the Board delegates authority to the Committee with respect to these responsibilities.

## **RESPONSIBILITIES**

The Committee will oversee SendGrid's financial-reporting process on behalf of the Board. The Auditors and any other registered public accounting firm engaged for the financial reporting process will report directly to the Committee and be accountable to it. The Committee's responsibilities are a guide and should remain flexible to account for changing circumstances and needs. The Committee may supplement its duties as appropriate and establish policies and procedures consistent with applicable rules and regulations. The Committee shall have the following responsibilities:

### ***Auditor Management:***

- 1. Hiring and Selecting Auditors.** The Committee will evaluate, determine whether to retain, which retention shall be subject only to ratification by the Company's stockholders (if the Committee or the Board elects to submit such retention for ratification by the stockholders), and determine the fees of any Auditors. In addition, the Committee may replace any existing Auditors with a different public accounting firm.
- 2. Approving Audit and Non-Audit Engagements.** The Committee will review audit plans, the adequacy of staffing, the fees to be paid to Auditors, and oversee the negotiation and execution of any engagement letters on behalf of SendGrid. The Committee will oversee the rotation of the Auditors' partners on SendGrid's audit engagement team as required by applicable rules and regulations. The Committee will approve all audit and non-audit related services that the Auditors provide to SendGrid before the engagement begins, unless applicable rules and regulations allow otherwise. The Committee may establish pre-approval policies and procedures or delegate pre-approval authority to one or more Committee members as permitted by applicable rules and regulations.
- 3. Auditor Independence.** At least annually, the Committee will assess the qualifications, performance, and independence of the Auditors, or in the case of prospective Auditors, before they are engaged. That assessment will include reviewing written disclosures from any Auditors regarding any relationships they have that may affect independence, as defined by applicable rules and regulations. The Committee will review a written statement from any Auditors affirming their independence, and assess, consider, and discuss with them any potential relationships concerning their objectivity and independence.
- 4. Auditor Communications.** At least annually, the Committee will discuss with the Auditors the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted

by the Public Company Accounting Oversight Board (United States) (“**PCAOB**”) (including any successor rule adopted by the PCAOB).

**5. National Communications.** The Committee will review with the Auditors, as appropriate, any communications between the audit team and the Auditors’ national office with respect to auditing or accounting issues presented by the engagement.

**6. Former Employees of Auditors.** The Committee will oversee the policies and procedures as required by applicable rules and regulations governing how SendGrid may employ individuals who are or once were employed by the Auditors.

***Financial Review and Disclosure:***

**7. Annual Audit Results.** The Committee will review with SendGrid management and the Auditors the results of the annual audit, including:

- the Auditors’ assessment of the quality of SendGrid’s accounting principles and practices;
- the Auditors’ views about qualitative aspects of SendGrid’s significant accounting practices, the reasonableness of significant judgments, and estimates (including material changes in estimates and analyses of the effects of alternative generally accepted accounting principles (“**GAAP**”) methods on the financial statements);
- all known and likely misstatements identified during the audit (other than those the Auditors believe to be insignificant);
- the adequacy of the disclosures in the financial statements; and
- any other matters that the Auditors must communicate to the Committee under applicable accounting or auditing standards.

**8. Audited Financial Statement Review; Quarterly and Annual Reports.** The Committee will review the annual audited financial statements and quarterly financial statements with SendGrid management and the Auditors. The Committee will be responsible for recommending to the Board whether the proposed annual audited financial statements should be included in SendGrid’s Annual Report on Form 10-K. The Committee will be responsible for approving the filing of SendGrid’s Quarterly Report on Form 10-Q.

**9. Management’s Discussion and Analysis.** The Committee will review with management and the Auditors, as appropriate, SendGrid’s disclosures contained under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in its periodic reports to be filed with the SEC.

**10. Earnings Announcements.** The Committee will review and discuss with SendGrid management and the Auditors, as appropriate, any earnings press releases and other financial information regarding SendGrid’s results of operations.

**11. Proxy Report.** After the Public Effective Date, the Committee will oversee the preparation of any report required by applicable rules and regulations to be included in SendGrid’s annual proxy statement.

**12. Accounting Principles and Policies.** The Committee will review and discuss with SendGrid management and the Auditors significant issues regarding accounting principles and financial-statement presentation, including:

- critical accounting policies and practices;
- alternative accounting policies available under GAAP;
- the potential impact on SendGrid's financial statements of alternative treatments; and
- any other significant reporting issues and judgments, significant regulatory, legal, and accounting initiatives, or developments that may have a material impact on SendGrid's financial statements, compliance programs, and policies.

The Committee will review with the Auditors and SendGrid management, if appropriate, any written communication, such as any management letter or internal-control letter, before the Auditors issue it and before management responds to the communication.

**13. Management Cooperation with Audit.** The Committee will evaluate SendGrid management's cooperation with the Auditors during their audit examination, including any significant difficulties or disagreements encountered during the audit, if any. The Committee will resolve any conflicts or disagreements regarding financial reporting.

***Internal Control and Procedures:***

- **Risk Assessment and Management.** The Committee will review and discuss with SendGrid management and the Auditors SendGrid's policies on financial risk management and assessment. The Committee will provide regular reports to the Board about material issues affecting the quality or integrity of SendGrid's financial statements, compliance with legal or regulatory requirements, the performance or independence of the Auditors, the performance of SendGrid's internal audit function, and other matters as the Committee deems appropriate.
- **Internal Auditors.** The Committee will review the audit plan of SendGrid's internal audit team and discuss with that team the adequacy and effectiveness of SendGrid's scope, staffing, and general audit approach. The Committee will review any significant reports prepared by SendGrid's internal auditors, as well as management's response. The head of the internal auditors will also report to and be evaluated by the Committee.
- **Internal Control over Financial Reporting; Disclosure Controls.** The Committee will confer with SendGrid management and the Auditors concerning the scope, design, adequacy and effectiveness of internal control over financial reporting and SendGrid's disclosure controls and procedures. The Committee will review reports on significant findings and recommendations with respect to internal controls over financial reporting, together with management responses and any special audit steps adopted in light of any material weaknesses identified.
- **Correspondence with Regulators.** The Committee will consider and review with SendGrid management, the Auditors, and outside advisors or accountants at least annually any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding SendGrid's financial statements or accounting policies.

- **Internal Control Report.** At least annually, the Committee will review a report by the Auditors describing any material issues raised by (i) that firm’s internal quality-control review, (ii) any peer review of the firm’s internal quality-control review, or (iii) any inquiry or investigation by governmental or professional authorities conducted in the last five years of any audit performed by the Auditors. As part of this annual review, the Auditors’ report will also describe any steps taken to address the issues raised.
- **Complaint Procedures.** The Committee is responsible for overseeing procedures for receiving, retaining, and investigating:
  - complaints received by SendGrid regarding accounting, internal accounting controls, or auditing matters and the confidential; and
  - confidential and anonymous submissions by employees concerning questionable accounting or auditing matters.
- **Ethical Compliance.** The Committee will review the results of management’s efforts to monitor compliance with SendGrid’s programs and policies adhering to applicable laws and rules, including SendGrid’s Code of Conduct.
- **Related Party Transactions.** The Committee will review and approve, in accordance with SendGrid’s policies, any related party transaction as defined by applicable rules and regulations.

*Other Matters.*

- **Committee Self-Assessment.** The Committee will annually evaluate its performance and the adequacy of this Charter.
- **Other Legal and Finance Matters.** The Committee will review with SendGrid management legal and regulatory compliance and any actual, pending, or threatened legal or financial matters that could significantly affect SendGrid’s business or financial statements or as otherwise deemed appropriate by the Committee.
- **General Authority.** The Committee will perform such other functions and have such other powers as may be necessary or appropriate in complying with the policies of this Charter.

The Committee’s responsibility is one of oversight. The members of the Committee are not SendGrid employees, and they do not perform management’s or any Auditors’ functions. The Committee relies on the expertise and knowledge of management, the internal auditors, and any Auditors in carrying out its oversight responsibilities. SendGrid management is responsible for preparing accurate and complete financial statements in accordance with GAAP, crafting periodic reports, and establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Auditors will audit SendGrid’s annual consolidated financial statements and the effectiveness of SendGrid’s internal control over financial reporting and review SendGrid’s quarterly financial statements. It is not the Committee’s responsibility to prepare or certify SendGrid’s financial statements, guarantee the audits or reports of the Auditors, certify as to whether any Auditors are “independent” under applicable rules, or ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP, or otherwise comply with applicable laws and SendGrid’s policies.

## **MEETINGS AND MINUTES**

The Committee will meet whenever its members deem a meeting necessary or appropriate. The Committee will meet at least quarterly, but may meet more frequently if its members deem doing so necessary or appropriate. The Committee will determine where and when to meet and provide this schedule in advance to the Board.

Unless otherwise directed by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management, personnel in charge of the internal-audit function, and the Auditors in separate executive sessions. From time to time, or when requested by the Board, the chairperson of the Committee will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.