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ConocoPhillips

September 8, 2015

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Sent by email to rule-comments@sec.gov

Re: File Number S7-13-15, SEC Concept Release – Possible Revisions to Audit Committee Disclosures

Dear Secretary,

ConocoPhillips appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) Concept Release – *Possible Revisions to Audit Committee Disclosures* (Concept Release). ConocoPhillips is the world's largest independent exploration and production (E&P) company, based on proved reserves and production of liquids and natural gas. Headquartered in Houston, Texas, our global operations involve the exploration, production, transportation, and marketing of crude oil, bitumen, natural gas, liquefied natural gas, and natural gas liquids. As of June 30, 2015, ConocoPhillips had operations and activities in 25 countries, $32 billion in annualized revenue, $112 billion of total assets, and approximately 18,100 employees worldwide.

We recognize the audit committee plays an important role in protecting the interests of investors, and strong corporate governance is important for the integrity of capital markets. We support the SEC's focus on the prominence of the audit committee. However, we question the need for additional audit committee disclosures, especially in light of the SEC's recent disclosure effectiveness initiative to improve disclosure. Our key points are further elaborated below.

***Value to Investors*:** The Concept Release notes many audit committees voluntarily provide information beyond the disclosures required by current SEC rules, raising a question of whether there is market demand for additional information. However, the Concept Release also acknowledges there is limited research as to why companies provide voluntary disclosure and whether and how such additional information impacts investors' investment or voting decisions.

Disclosure of this additional information is occurring without SEC compulsion and presumably in response to the opinions of each issuer's unique investor base. In our view, investors already have the means to compel the board to disclose much of the additional information discussed in the Concept Release. Specifically, if there is an actual or perceived lack of transparency or decision-useful information, investors can and do communicate their concerns to the board and to senior management. If the board disregards these concerns, the investor remedy is to withhold support from the members of the audit committee or to vote against the audit firm. Such investor responses are compelling, targeted and issuer specific. We do not see a need for the SEC to propose rule-making for a problem which does not impact investors or issuers universally and for which various alternative remedies already exist.

In addition, we question whether additional information regarding the audit committee's oversight of the auditor, process for appointing and retaining the auditor, and evaluation of audit firm qualifications is at

the forefront of additional corporate governance disclosure investors would consider useful. We believe current shareholder engagement in audit committee matters is generally limited, particularly for companies with no significant audit issues. In our view, investors place much higher value on information related to corporate strategy and performance, governance structure, and succession planning.

***Risk of Boilerplate Disclosures*:** We believe the additional disclosures contemplated in the Concept Release may result in boilerplate verbiage. Such boilerplate, generic disclosures would not provide decision-useful information for investors. Information is more useful when it is tailored to address the facts and circumstances of a specific entity. Any new disclosures required by the SEC should avoid overly prescriptive language and focus on disclosure objectives, perhaps even providing examples of disclosures that would meet those objectives. This would allow audit committees to disclose the most relevant information in light of their specific facts and circumstances.

***Disclosures Regarding the Audit Committee's Other Responsibilities*:** While the focus of the Concept Release is on the relationship between the auditor and audit committee, it also invites commenters to provide views on other aspects of audit committee disclosures, such as the audit committee's oversight of the accounting and financial reporting process. Item 407 of Regulation S-K requires the audit committee to disclose that 1) it has reviewed and discussed the audited financial statements with management, and 2) it has recommended to the board of directors that the audited financial statements be included in the company's annual report on Form 10-K. We do not believe specific details regarding the process the audit committee used to arrive at their conclusions would provide decision-useful information for investors. Rather, we believe investors are more interested in the outcome of the process, and not the details of the process itself.

***Audit Firm Tenure and Naming the Audit Engagement Partner*:** As we discussed in our comment letter regarding the 2013 PCAOB initiative to disclose additional information about the auditor, there are limited empirical studies addressing the relationship between audit firm tenure and audit quality, and results are inconclusive as to whether the correlation is positive or negative. Consequently, we do not believe disclosure of audit firm tenure is necessary. If disclosure of audit firm tenure is required, we believe this additional information should be provided by the audit committee or management rather than in the auditor's report. Likewise, the audit committee or management should have the opportunity to provide related narrative so financial statement users do not reach an inappropriate conclusion regarding the correlation between audit quality and audit firm tenure.

Regarding naming the individual audit engagement partner, we believe disclosing the general experience and qualifications of the engagement partner would provide more relevant information. The SEC has similar disclosure requirements in other areas. For example, Item 1202 of Regulation S-K requires oil and gas companies to disclose the qualifications of the technical person responsible for overseeing the preparation of the reserves estimates.

***Summary and Conclusion*:** Considering disclosure overload and the SEC's disclosure effectiveness initiative, new disclosure requirements should be limited to those which provide decision-useful information to investors. We challenge whether additional audit committee disclosures regarding their relationship with the auditor or with management would provide useful information to inform investment or voting decisions, and it may lead to boilerplate disclosures. We do not believe including details of the audit committee's processes would be meaningful to investors. We also do not believe disclosure of audit firm tenure is necessary, and disclosing the general experience and qualifications of the audit engagement partner would be more useful than naming the partner.

We thank you for the opportunity to offer our comments on the Concept Release, and we hope that you find our comments helpful. Please contact Ken Seaman, Assistant Controller, by telephone at [redacted] or by e-mail at [redacted] if you have any questions or wish to discuss our comments further.

Sincerely,

Glenda M. Schwarz
Vice President and Controller
ConocoPhillips