



September 22, 2015

Office of the Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Concept Release No. 33-9862; File No. S7-13-15 – Possible Revisions to Audit Committee Disclosures

Ladies and Gentlemen:

Autoliv, Inc. (the “Company” or “Autoliv”) is pleased to have the opportunity to comment on the Securities and Exchange Commission’s (the “Commission”) Concept Release entitled “Possible Revisions to Audit Committee Disclosures” (Release No. 33-9862; 34-75344) (the “Release”). Autoliv, Inc. is a Fortune 500 supplier of automotive safety equipment with global sales of \$9.24 billion in 2014. The Company is publicly traded on the New York Stock Exchange. We have reviewed the Release and considered the benefits and usefulness to our investors of the additional disclosures proposed by the Release along with the costs and concerns to the Company such additional disclosure requirements may impose. In this response we did not separately address the questions posed by the Release. Instead, we address some broad concerns and respond to each of the three general topic areas addressed in the Release.

General Comments

We agree with the Release’s statement that the audit committee plays a critical role in protecting investors by overseeing the integrity of a company’s internal and external audit and financial reporting processes. Accordingly, additional disclosures regarding these matters should provide investors with information that is specific to the company providing the disclosure and allows investors to make meaningful comparisons between companies. We believe that issuers are more likely to provide thoughtful and useful information through voluntary or principles-based disclosure rather than specific rules-based required disclosure. Specific disclosure requirements are unlikely to provide useful comparisons between companies since auditor oversight processes and functions of audit committees will and should vary over time and from company-to-company. Moreover, there is a risk that requiring additional disclosure through specific rule requirements will lead to boilerplate disclosure that is not useful to investors and should be avoided.

In addition, there is no indication that there is a need or a demand for additional disclosure other than from a very small number of vocal investors. There is also no indication that there is a widespread failure among auditors or audit committees in performing their duties. We have not observed a demand among the Company’s investors for additional information regarding Autoliv’s audit committee, independent auditor or the communications between the two.

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We believe that in order for additional disclosure to be useful to investors by allowing for comparability between companies, such disclosure would need to include a substantial amount of background and explanatory information. Such voluminous disclosure is likely to simply add to the “information overload” to investors as referred to by Chair White¹. Many investors already feel that issuer proxy statements are too long, and requiring additional disclosure will obscure meaningful information with boilerplate disclosure or deter investors from carefully reviewing and considering the information provided throughout the proxy statement.

Audit Committee Oversight of the Auditor

Additional disclosure regarding the audit committee’s oversight of the auditor should not be required by the Commission since sufficient information regarding the role of the audit committee in overseeing the auditor is already provided by existing disclosure requirements. The information provided by the audit committee charter and the disclosures required by Item 407 of Regulation S-K is sufficient for investors to assess the nature of the audit committee’s oversight function. In addition, the guidelines of required auditor communication under Rule 2-07 of Regulation S-X provide information regarding the specific matters on which auditors report to the audit committee.

Moreover, additional disclosure requirements regarding communications with auditors are likely to chill open lines of formal and informal communication between audit committees and auditors. Requiring certain additional disclosures would constrain the ability of audit committees to candidly discuss sensitive and important issues with auditors. There is a risk that the discussions and communications of the audit committee itself would become tailored to meet disclosure requirements, rather than meeting the needs of the company. In addition, requiring additional disclosure would discourage potential directors from serving on the audit committee as a result of increased responsibility and risk of potential liability. The likely negative impact of requiring these additional disclosures would significantly outweigh any benefits to shareholders the additional information may provide.

Audit Committee’s Process for Appointing or Retaining the Independent Auditor

The Commission should not require additional disclosure regarding the audit committee’s process for appointing or retaining the auditor. The current disclosure of the audit committee charter provides investors with sufficient information regarding the characteristics and guidelines the audit committee considers in appointing or retaining an independent auditor. In addition, companies may voluntarily disclose in their audit committee reports or their proxy statement certain additional facts or considerations that the company believes are important enough to be highlighted to investors. Such voluntary disclosure is more likely to provide useful information to investors.

Furthermore, additional disclosure related to the audit committee’s consideration of whether to retain the independent auditor is unlikely to be useful to investors due to the lack of universal indicators for defining a quality audit. Without the benefit of the audit committee’s evaluation of the indicators and the range of other information it used in conducting its assessment of the audit firm, investors will be unable to effectively assess the audit committee’s determination.

¹ See “The Path Forward on Disclosure,” Mary Jo White, Chair of the Securities and Exchange Commission (October 15, 2013). Available at <https://www.sec.gov/News/Speech/Detail/Speech/1370539878806>.



Qualifications of the Audit Firm

Additional specific disclosures related to audit firm qualifications should not be required by the Commission as such disclosure will not provide investors with information that is meaningful to making investment and voting decisions. In particular, companies should not be required to make specific disclosures related to audit firm tenure. Tenure is not necessarily an indicator of audit quality or audit firm qualifications since the relationship between auditor tenure and audit quality is necessarily fact and circumstance-specific to each issuer. Requiring disclosure related to audit firm tenure could lead investors to make arbitrary comparisons between companies without further information regarding the background of the relationship between a company and audit firm. Additionally, any issues related to firms that audit public companies are already reported to the PCAOB through its oversight responsibility function.

Conclusion

In the absence of widespread investor demand for additional information regarding audit committees and audit firms and the absence of a failure of the auditor and audit committee functions, the Commission should not adopt additional disclosure requirements. We agree with the other commenters who have expressed concern that the additional disclosure suggested by the Release will lead to boilerplate disclosure and information overload and will thus fail to serve the purpose of providing investors with important information they need to make informed decisions. Furthermore, such additional requirements could divert the focus of audit committees to aligning their communications and practices with disclosure, rather than meeting the changing needs of the company. We appreciate your consideration of our comments.

Sincerely,

Robert W. Alspaugh
Chairman of the Audit Committee,
Autoliv, Inc.

Mats Wallin
Chief Financial Officer and Group VP, Finance,
Autoliv, Inc.

cc: David Kepler, Audit Committee Member
Franz-Josef Kortüm, Audit Committee Member
Jan Carlson, Chairman of the Board, CEO and President, Autoliv, Inc.