

**28 February 2012**

ConocoPhillips values the opportunity to comment provided by the Business and Human Rights Resource Center.

ConocoPhillips endorses the Extractive Industries Transparency Initiative (EITI), a process which seeks to ensure that revenues paid to governments by companies working in resource-rich countries contribute to sustainable development and poverty reduction. We believe that the EITI process is superior to the Dodd-Frank Act. Although the Dodd-Frank disclosure provisions are not ideal as currently proposed, we do believe they can be implemented in a way that will not undermine the Extractive Industries Transparency Initiative (EITI) or cause significant competitive harm. The disclosure rules of the Dodd-Frank Act as currently proposed could further erode the competitiveness of U.S. energy companies. As proposed, these rules, which do not apply to most companies based in other countries, would require U.S. oil and mineral companies to report publicly the details of all payments to foreign governments. Assigning specific disclosure requirements to one sector of U.S. companies can compromise sensitive competitive information, giving non-U.S. registered companies and national oil companies an advantage over their U.S. counterparts. These provisions also do nothing to make host governments more accountable to their citizens, which should be the ultimate goal of transparency efforts.

We believe that the SEC has discretion to issue final rules that progress transparency while addressing industry concerns and we have been working with the API and SEC to that end. Despite our concerns with the disclosure provisions of the Dodd-Frank Act, we have not sought to overturn or repeal those provisions. Our contacts with the SEC do not seek to modify the law. Only Congress can do that. Our belief is that the SEC has the authority under Dodd-Frank to implement the law in a way which minimizes competitive harm; therefore, our recommendation is for the SEC to implement the law by:

- Requiring aggregated reporting of company payment data at the country, geologic basin or province level, rather than the more detailed or granular disclosure desired by some,
- Allowing explicit relief for situations where local law conflicts with the disclosure requirements, and
- Setting reasonable materiality standards.

Aggregated disclosure can still be subjected to audit and review to verify accuracy and completeness, and will still allow citizens to know how much revenue their government has received, thus allowing greater accountability, while minimizing disclosure of sensitive information to our competitors.

We believe a better approach to the issue of transparency and government accountability is the approach taken by the Extractive Industries Transparency Initiative because:

- EITI requires multi-stakeholder collaboration to establish a disclosure regime for each country, based upon the specific attributes of that country's fiscal system.
- EITI multi-stakeholder groups must include government, industry and civil society representatives, to assure that all views are taken into consideration.
- EITI requires all extractive industry companies (including national oil companies) operating in the country to participate in disclosure – not just those that are SEC-registered.
- EITI includes a data verification and audit process to assure reliability, completeness and accountability for the data being reported.

The company endorses the EITI process, which seeks to ensure that natural resource wealth is an engine for sustainable economic growth that contributes to sustainable development and poverty reduction. Read more about our position on economic transparency at [http://www.conocophillips.com/EN/susdev/policies/extractive\\_industries/Pages/index.aspx](http://www.conocophillips.com/EN/susdev/policies/extractive_industries/Pages/index.aspx)