

15 November, 2011

Public Company Accounting Oversight Board

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**Comments to concept release on Auditor Independence and Audit Firm Rotation
(PCAOB Release No. 2011-006 – Rulemaking Docket Matter No. 37)**

Please find our comments to selected questions in the concept release on Auditor Independence and Audit Firm Rotation published by the Public Company Accounting Oversight Board (PCAOB) on August 16, 2011.

We do not find the proposal of mandatory audit firm rotation the preferred solution as we find that the risk of increased audit fee and risk of undetected material misstatements outweigh the benefits of the proposal.

Selected general questions

Question 1: Would mandatory auditor rotation enhance auditors' objectivity and ability and willingness to resist management pressure?

Answer: In our opinion the current mandatory partner rotation is sufficient and we see no need to introduce further restrictions for auditor rotation and the period of auditors' term. From our point of view, there is a risk that the frequent rotations will increase the audit fee and increase the risk of a material misstatement not being detected by the auditor which may particularly be the case in highly complex industries.

Question 4: Are there any alternatives to mandatory rotation that would enhance independence, objectivity and professional scepticism?

Answer: We agree that auditor independence, objectivity and professional scepticism are crucial to the trust to the global financial system. However, we believe this will be best handled by PCAOB continued focus on inspections and enforcement programs.

In our opinion, the PCAOB could also consider providing guidance to audit committees on an appropriate level of non-audit services by setting a maximum level for non-audit services of the total fee to the audit firm i.e. maximum 50% of the total fee to relate to non-audit services.

In addition, it is our opinion that the proposal from the former SEC chairman Richard Breeden on page 13 of a required audit tender performed by the audit committee after a number of years instead of a mandatory audit firm rotation, is a better solution.

Selected specific questions

Question 1: Appropriate term length, if the Board move forward with the development of a mandatory audit firm rotation?

Answer: In our opinion, the term should be at least seven years for mandatory audit firm rotation or alternatively an audit tender which is similar to the current requirement for audit partner rotation. This provides peace for a period and the opportunity for the auditor to understand the company and the management. A more frequent term will be time consuming and costly for companies (and audit firms) to perform an audit tender.

Question 2: Should different term lengths for different kind of audit engagements (i.e. size or industry)?

Answer: In our opinion, it should be the same term no matter size or industry for a required audit tender.

Question 3: Does audit effectiveness vary over an auditor's tenure on a particular engagement?

Answer: In our opinion, there is a "learning curve" before auditors can become effective and efficient. Our assessment is that it typically takes 2-3 years until an auditor will get acquainted with a complex company and to provide the best quality of assurance.

Question 4: Would auditors become more or less diligent towards the end of their term? Does the answer depend on the length of the term?

Answer: In our opinion, the length of the term is not relevant for the auditor diligence.

Question 5: How much time should be required before a rotated firm could return to an engagement?

Answer: In our opinion, this should follow the current terms for rotation of audit partner i.e. five years.

Question 6: Should the Board consider requiring rotation for all issuer audits or just for some subset?

Answer: If the PCAOB implement a mandatory audit firm rotation, it shall apply for all issues.

Question 7: To what extent would a rotation requirement limit a company's choice of an auditor? Are there specific industries or regions in which a rotation requirement would present particular difficulties in identifying an auditor with the necessary skills and expertise?

Answer: Novo Nordisk prefers to have an auditor with global representation which ensures the necessary coordination of the audit activities and a streamlined and consistent communication method both internally between the group and local auditor and between the auditor and local and group management. In our assessment, only four audit firms would be able to provide such service in the present global auditor market given they would also have to have the skills and experience within the pharmaceutical industry.

Question 10: Would rotation create unique challenges for audits of multinational companies? For voluntary rotations that have taken place, what have been the implementation and cost issues and how have they been managed?

Answer: In our opinion change of audit firm will require a substantial cost in the audit tender phase as well as after, as all affiliates and all process owners have to invest in providing the auditor with understanding of the business and relevant processes.

Question 15: What effect would a rotation requirement have on competition for audit engagements? If competition would be increased, how might that affect audit quality?

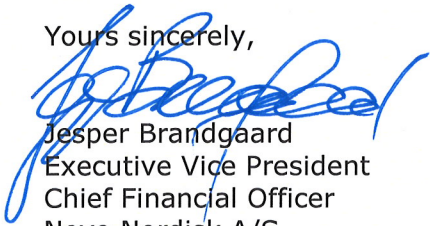
Answer: In our opinion, it will increase the competition as audit firms have to spend significant resources in preparing for proposals. This cost is assumed to be paid for by companies in higher audit fees. We do not believe that more competition will lead to increased audit quality.

Question 17: If the early years of an auditor-client relationship pose higher audit risks than later years, should the Board require firms to provide additional audit supervision and oversight in the first year or two of a new engagement? Should such requirements not only be imposed in an audit rotation or for all new engagements? What impact would additional requirements have on audit costs?

Answer: In our opinion, this is not a good idea as this will complicate the audit and lead to incremental audit fees. In addition, current quality requirements for new engagements are considered appropriate and additional audit supervision/oversight requirements will – all things being equal – further increase the burden for companies pursuing a change in audit firm.

Please do not hesitate to contact Novo Nordisk if the PCAOB would like further discussions regarding our opinion.

Yours sincerely,



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