

Accenture plc  
**2021 IRISH STATUTORY ACCOUNTS**

Accenture plc

**Directors' Report and Consolidated Financial Statements  
For the Year Ended August 31, 2021**

**ACCENTURE PLC**

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## **Directors' Report**

### **For the Year Ended August 31, 2021**

The directors present their annual report and audited Consolidated and Parent Company Financial Statements and related Notes of Accenture plc for the year ended August 31, 2021.

The directors have elected to prepare the Consolidated Financial Statements in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of a company and its subsidiary undertakings may be given by preparing its group financial statements in accordance with US accounting standards ("US GAAP"), as defined in section 279 (1) of the Companies Act 2014, to the extent that the use of those standards in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

This report contains forward-looking statements relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates," "positioned," "outlook" and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to, the factors discussed below under the section entitled "Principal Risks and Uncertainties." Our forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to update them, notwithstanding any historical practice of doing so. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

### **Basis of Presentation**

The accompanying Consolidated Financial Statements include the accounts of Accenture plc, an Irish company, and its controlled subsidiary companies (collectively, the "Company"). In this Directors' Report, we use the terms "Accenture," "we," the "Company," "our" and "us" to refer to Accenture plc and its subsidiaries.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to "fiscal 2021" means the 12-month period that ended on August 31, 2021. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year. All references to "Consolidated Income Statements", "revenues", "gross margin", "operating income", "income taxes" and "net income attributable to Accenture plc" within this report should be read interchangeably with the following terms: "Consolidated Profit and Loss Account", "turnover", "gross profit", "operating profit", "taxation" and "profit for the financial year", respectively.

The Consolidated Financial Statements include the Consolidated Balance Sheet of Accenture plc and its subsidiaries as of August 31, 2021, and the related Consolidated Profit and Loss Account and Statements of Comprehensive Income, Shareholders' Equity and Cash Flows for the 12-months ended August 31, 2021. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2021 filed with the U.S. Securities and Exchange Commission on October 15, 2021.

### **Principal Activities**

Accenture is a leading global professional services company that helps clients build their digital core, transform their operations, and accelerate revenue growth—creating tangible value across their enterprises at speed and scale. We are uniquely able to create these outcomes because of our broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched industry experience and specialized capabilities, together with our culture of innovation and shared success to serve clients in more than 120 countries.

We serve clients in three geographic markets: North America, Europe and Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). Our geographic markets bring together capabilities from across the organization in Strategy & Consulting, Interactive, Technology and Operations—infusing digital skills and industry and functional expertise throughout—to deliver value to our clients.

We manage our business through the three geographic markets and go to market by industry, leveraging our deep expertise across our five industry groups—Communications, Media & Technology, Financial Services, Health & Public Service, Products and Resources. Our integrated service teams meet client needs rapidly and at scale, leveraging our network of more than 100 innovation hubs, our technology expertise and ecosystem relationships, and our global delivery capabilities.

During fiscal 2021, we continued to make significant investments—in strategic acquisitions, in research and development (R&D) in our assets, platforms and industry and functional solutions, and in attracting, retaining and developing people. These investments help us to further enhance our differentiation and competitiveness in the marketplace. Our disciplined acquisition strategy, which is an engine to fuel organic growth, is focused on scaling our business in high-growth areas; adding skills and capabilities in new areas; and deepening our industry and functional expertise. In fiscal 2021, we invested \$4.2 billion across 46 strategic acquisitions, \$1.1 billion in R&D, and \$900 million in learning and professional development. At year-end, we had more than 8,200 patents and pending patent applications worldwide.

Our revenues for fiscal 2021 were \$50.5 billion, and we employed more than 624,000 people as of August 31, 2021. Our revenues are derived primarily from Forbes Global 2000 companies, governments and government agencies. We have long-term relationships and have partnered with 98 of our top 100 clients in fiscal 2021 for more than 10 years.

## **Our Strategy**

The core of our growth strategy is delivering 360° value to our clients, our people, our shareholders, our partners and communities. Our strategy defines the areas in which we will drive growth, build differentiation via 360° value and enable our business to create that value every day.

Technology is the single biggest driver of change in companies today. We help our clients use technology to build their digital core to drive enterprise-wide transformation—such as moving them to the cloud, leveraging data and artificial intelligence, and embedding security and sustainability across the enterprise; by transforming their operations—such as through our Operations services and Industry X; and by accelerating their revenue growth—such as through creating new and meaningful experiences through Interactive.

We leverage our scale and global footprint, innovation capabilities, and strong ecosystem partnerships, together with our assets and platforms including MyWizard, MyNav and SynOps, to consistently deliver tangible value for our clients.

We believe our clients need our focus on 360° value, which we define as delivering the financial business case and unique value a client may be seeking, and striving to partner with our clients through our Sustainability Value Promise to achieve greater progress on inclusion and diversity, reskill and upskill our clients' employees, help our clients achieve their sustainability goals, and create meaningful experiences, both with Accenture and for the customers and employees of our clients.

Key enablers of our growth strategy include:

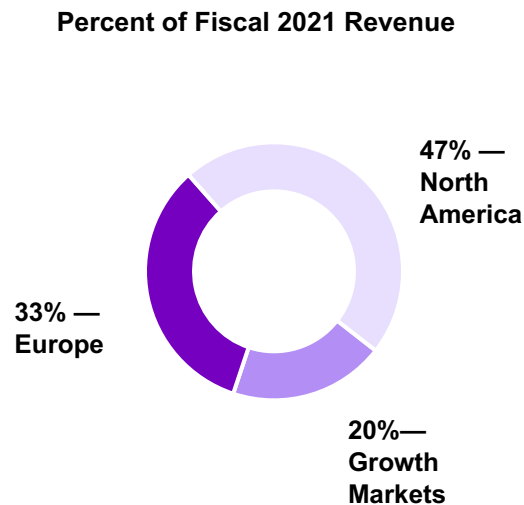
- **Our People**—As a talent- and innovation-led organization, across our entire business our people have highly specialized skills that drive our differentiation and competitiveness. We care deeply for our people, and are committed to a culture of shared success, to investing in our people to provide them with boundaryless opportunities to learn and grow in their careers through their work experience and continued development, training and reskilling, and to helping them achieve their aspirations both professionally and personally. We have an unwavering commitment to inclusion and diversity;
- **Our Commitment**—We are a purpose-driven company, committed to delivering on the promise of technology and human ingenuity by continuously innovating and developing leading-edge ideas and leveraging emerging technologies in anticipation of our clients' needs. Our culture is underpinned by our core values and Code of Business Ethics, which are key drivers of the trust our clients and partners place in us; and
- **Our Foundation**—Our growth model, which leverages our global sales and client experience, enables us to be close to our clients, people and partners to scale efficiently. Our enduring shareholder value creation model also is a key element of the foundation that enables us to execute on our growth strategy through the financial value it creates.

## Geographic Markets

Our geographic markets, North America, Europe and Growth Markets, bring together integrated service teams, which typically consist of industry and functional experts, technology and capability specialists and professionals with local market knowledge and experience, to meet client needs. The geographic markets have primary responsibility for building and sustaining long-term client relationships; bringing together our expertise and collaborating with the other parts of our business to sell and deliver our full range of services and capabilities; ensuring client satisfaction; and achieving revenue and profitability objectives.

While we serve clients in locally relevant ways, our global footprint and scale in every major country give us the ability to leverage our experience and people from around the world to accelerate outcomes for our clients.

Our three geographic markets are our reporting segments. The percent of our revenues represented by each market is shown below.



## Services

### **Strategy & Consulting**

Strategy & Consulting works with C-suite executives and boards of the world's leading organizations, helping them accelerate their digital transformation to enhance competitiveness, grow profitability and deliver sustainable stakeholder value. We use our deep industry and functional expertise underpinned by technology, data, analytics, artificial intelligence, and innovation to help clients capture more growth and solve a diverse set of business challenges, including identifying and developing new markets, products and services; improving sales and customer experience; optimizing cost structures; maximizing human performance; harnessing data to improve decision-making; mitigating risk and enhancing security; implementing modern change management programs; shaping and delivering value from large-scale cloud migrations; building more resilient supply chains; and digitizing manufacturing and operations with smart, connected products and platforms.

### **Interactive**

Interactive combines creativity and technology to deliver meaningful experiences that drive sustainable growth and value for our clients. Our capabilities span ideation to execution: growth, product and culture design; technology and experience platforms; creative, media and marketing strategy; and campaign, content and channel orchestration. With strong client relationships and deep industry and function expertise, we are uniquely positioned to design, build, communicate and run experiences, reimagining the entire journey for customers, employees, patients and citizens alike. We embed this focus on experience across our services.

### **Technology**

Technology provides innovative and comprehensive services and solutions that span cloud; systems integration and application management; security; intelligent platform services; infrastructure services; software engineering services; data and artificial intelligence; and global delivery through our Advanced Technology Centers. We continuously innovate our services, capabilities and platforms through early adoption of new technologies such as blockchain, robotics, 5G, quantum computing and Edge computing. We provide a powerful range of capabilities

that addresses the challenges faced by organizations today, including how to manage change and develop new growth opportunities.

Technology also includes the innovation and R&D activities in our Labs and our investments in emerging technologies through Accenture Ventures. Our innovation hubs around the world help clients innovate at unmatched speed, scope and scale. We have strong relationships with the world’s leading technology companies, as well as emerging start-ups, which enable us to enhance our service offerings, augment our capabilities and deliver distinctive business value to our clients. Our strong ecosystem relationships provide a significant competitive advantage, and we are a key partner of a broad range of technology providers, including Adobe, Alibaba, Amazon Web Services, Blue Yonder, Cisco, Dell, Google, HPE, IBM RedHat, Microsoft, Oracle, Pegasystems, Salesforce, SAP, ServiceNow, VMWare, Workday and many others. We push the boundaries of what technology can enable and help clients get the most value and best capabilities out of platforms.

**Operations**

We operate business processes on behalf of clients for specific enterprise functions, including finance and accounting, sourcing and procurement, supply chain, marketing and sales, as well as industry-specific services, such as platform trust and safety, banking, insurance and health services. We help organizations to reinvent themselves through intelligent operations, enabled by SynOps, our human-machine platform, powered by data and analytics, artificial intelligence, digital technology and exceptional people to provide tangible business outcomes at speed and scale, including improved productivity and customer experiences as well as sustained long-term growth.

**Industry Groups**

One of our competitive advantages is the depth and breadth of our industry expertise. Our industry focus gives us an understanding of industry evolution, business issues and new and emerging technologies, enabling us to deliver innovative solutions tailored to each client. It also allows us to bring cross-industry insights to our clients to accelerate value creation. Our industry experience and capabilities are organized in the following five industry groups.

**Communications, Media & Technology**

FY21 Revenues of \$10.3B

Communications & Media	High Tech	Software & Platforms
<p><b>Clients Served</b></p> <p>Wireline, wireless, broadcast, entertainment, print, publishing, cable and satellite communications service providers</p>	<p>Enterprise technology, network equipment, semiconductor, consumer technology, aerospace &amp; defense, and medical equipment companies</p>	<p>Cloud-based enterprise and consumer software companies; and social, commerce, content, advertising and gaming platform companies</p>
<p><b>Percent of Group’s FY21 Revenue</b></p>		
<b>43%</b>	<b>20%</b>	<b>37%</b>

**Financial Services**

FY21 Revenues of \$9.9B

Banking & Capital Markets	Insurance
<p><b>Clients Served</b></p> <p>Retail and commercial banks, mortgage lenders, payment providers, corporate and investment banks, private equity firms, market infrastructure providers, wealth and asset management firms, broker/dealers, depositories, exchanges, clearing and settlement organizations, and other diversified financial enterprises</p>	<p>Property and casualty, life and annuities and group benefits insurers, reinsurance firms and insurance brokers</p>
<p><b>Percent of Group’s FY21 Revenue</b></p>	
<b>69%</b>	<b>31%</b>

**Health & Public Service**

**FY21 Revenues of \$9.5B**

<b>Health</b>	<b>Public Service</b>
<p><b>Clients Served</b></p> <p>Healthcare providers, such as hospitals, public health systems, policy-making authorities, health insurers (payers), and industry organizations and associations</p>	<p>Defense departments and military forces; public safety authorities; justice departments; human and social services agencies; educational institutions; non-profit organizations; cities; and postal, customs, revenue and tax agencies</p>
<p><b>Percent of Group's FY21 Revenue</b></p>	
<b>34%</b>	<b>66%</b>

Our work with clients in the U.S. federal government is delivered through Accenture Federal Services LLC, a U.S. company and a wholly owned subsidiary of Accenture LLP, and represented approximately 32% of our Health & Public Service industry group's revenues and 13% of our North America revenues in fiscal 2021.

**Products**

**FY21 Revenues of \$14.0B**

<b>Consumer Goods, Retail &amp; Travel Services</b>	<b>Industrial</b>	<b>Life Sciences</b>
<p><b>Clients Served</b></p> <p>Food and beverage, household goods, personal care, tobacco, fashion/apparel, agribusiness and consumer health companies; supermarkets, hardline retailers, mass-merchandise discounters, department stores and specialty retailers; aviation; and hospitality and travel services companies</p>	<p>Industrial &amp; electrical equipment manufacturers and industrial suppliers; and construction, heavy equipment, consumer durables, engineering services, real estate, business services, freight &amp; logistics, and automotive and public transportation companies</p>	<p>Biopharmaceutical, medical technology, and biotechnology companies and distributors</p>
<p><b>Percent of Group's FY21 Revenue</b></p>		
<b>51%</b>	<b>25%</b>	<b>23%</b>

Amounts do not total due to rounding.

**Resources**

**FY21 Revenues of \$6.9B**

<b>Chemicals &amp; Natural Resources</b>	<b>Energy</b>	<b>Utilities</b>
<p><b>Clients Served</b></p> <p>Petrochemicals, specialty chemicals, polymers and plastics, gases and agricultural chemicals companies, as well as the metals, mining, forest products and building materials industries</p>	<p>Companies in the oil and gas industry, including upstream, midstream, downstream, oilfield services, clean energy and energy trading companies</p>	<p>Electric, gas and water utilities; new energy providers</p>
<p><b>Percent of Group's FY21 Revenue</b></p>		
<b>28%</b>	<b>24%</b>	<b>47%</b>

Amounts do not total due to rounding.

## People

### Overview

We are a talent- and innovation-led organization with over 624,000 people as of August 31, 2021, whose skills and specialization are a significant source of competitive differentiation. We serve clients at any given time in more than 120 countries, with offices and operations in 50 countries. The majority of our people are in India, the Philippines and the U.S. We have a culture of shared success, which is defined as success for our clients, our people, our shareholders, our partners and our communities. That culture is built upon four tangible building blocks—our beliefs, our behaviors, the way we develop and reward our people and the way we do business.

### Our Beliefs and Behaviors

Our leadership essentials set the standard for what we expect of all our people:

- *always do the right thing*, in every decision and action;
- *lead with excellence, confidence and humility*, as demonstrated by being a learner, building great teams and being naturally collaborative;
- *exemplify client-centricity* and a commitment to client value creation;
- *act as a true partner*, to each other, our clients, our ecosystem and our communities;
- *care deeply for all our people* to help them achieve their aspirations professionally and personally;
- *live our unwavering commitment to inclusion, diversity and equality*, as demonstrated by personal impact and overall results;
- *have the courage to change* and the ability to bring our people along the journey; and
- *actively innovate*—looking across Accenture, at what we are doing for clients and externally to partners, competitors, start-ups, clients, academia and analysts—to learn, respectfully challenge our assumptions and apply the innovation, and cultivate and reward our people for doing the same.

Listening to the voices of our people provides the input to ensure that they have the tools and resources to do their jobs and the right learning opportunities, and that they experience a positive, respectful and inclusive work environment. We do this on an ongoing basis across various channels, including surveys and forums. One of our surveys, our Conduct Counts Survey, which measures how our people experience our culture, shows that 87% of our global respondents believe they can work to their potential because they are in an environment where they are treated with respect and in an appropriate manner.

Our commitment to inclusion and diversity unleashes innovation and we believe creates an environment where all of our people have an opportunity to feel they belong, advance and thrive. In connection with our priorities around inclusion and diversity, we set goals, share them publicly, collect data to continuously improve and hold our leaders accountable. We now have more than 275,000 women, representing 46% of our workforce, which is tracking well against our goal of 50% by 2025. And, after achieving our goal of 25% women managing directors by the end of fiscal year 2020, we set a new goal of 30% by 2025. We are also making progress against our 2025 race and ethnicity goals in the U.S., the U.K. and South Africa, which we announced in 2020.

Through the entire talent lifecycle, we are committed to being inclusive and diverse—from discovering, to hiring, to developing and advancing our people. This commitment extends to equal pay. Pay equity at Accenture means that our people receive pay that is fair and consistent when considering similarity of work, location and tenure at career level. We conduct an annual pay equity review, and our last review was conducted in February 2021. As of February 1, 2021, we have dollar-for-dollar, 100% pay equity for women compared to men in every country where we operate. By race and ethnicity, we likewise have dollar-for-dollar, 100% pay equity in countries where we collect this data (the U.S., the U.K. and South Africa).

### The Way We Develop and Reward Our People

We invested \$900 million in continuous learning and development so our people remain highly relevant. With our digital learning platform, Accenture Connected Learning, we delivered over 31 million training hours, an increase of 43% compared with fiscal 2020, with an average of approximately 60 hours of training per person.

We promoted more than 120,000 people in fiscal 2021. In addition, we paid a one-time bonus to all of our people below managing director to recognize their contributions and dedication to our clients during the COVID-19 pandemic.

We balance our supply of skills with changes in client demand. We do this through adjusting hiring and managing our attrition (both voluntary and involuntary). In fiscal 2021, we increased our workforce by approximately



118,000 people. For fiscal 2021, attrition, excluding involuntary terminations, was 14%, up from 12% in fiscal 2020. For the fourth quarter of fiscal 2021, annualized attrition, excluding involuntary terminations, was 19% up from 17% in the third quarter of fiscal 2021.

Accenture's total rewards consist of cash compensation, equity and a wide range of benefits. Our total rewards program is designed to recognize our people's skills, contributions and career progression. Base salary, bonus and equity are tailored to the market where our people work and live. Certain rewards, like equity and bonuses, are opportunities for our people to share in the overall success of our company. As our people advance in their careers, they have greater opportunities to be rewarded.

### ***The Way We Do Business***

At Accenture, our people care deeply about doing the right thing. Together, we have proven that we can succeed—providing value to our clients and shareholders and opportunities for our people—while being a powerful force for good. Our shared commitment to operating with the highest ethical standards and making a positive difference in everything we do is what makes Accenture special. We believe in transparency, that transparency builds trust, and that we must earn the trust of our clients, our people, our partners and our communities each and every day.

Our Code of Business Ethics is organized into six fundamental behaviors: Make Your Conduct Count; Comply with Laws; Deliver for Our Clients; Protect People, Information and Our Business; Run Our Business Responsibly; and Be a Good Corporate Citizen. It applies to all our people—regardless of their title or location. With our Code of Business Ethics, we want to help our people make ethical behavior a natural part of what we do every day—with each other, our clients, our partners and our communities.

### ***Our Health, Safety and Well-Being***

We are committed to creating a place where people can be successful both professionally and personally. We take a holistic view of well-being—including physical, mental, emotional and financial well-being—providing specially defined programs and practices to support this holistic view.

In FY21, as it relates to COVID-19, we have supported our people with the expansion of critical programs, including, in many countries, 24/7 telemedicine, care-at-home services, proctored distance learning for school-aged children, virtual childcare, enhanced insurance coverage, mental health support and testing and vaccination services. The pandemic has negatively affected many people's mental health around the globe. We used new digital tools and initiatives to help employees cope with the demands and stresses of the compounding crises, and to strengthen their mental resilience. Those programs include access to in-person and virtual counseling and support, to digital tools like Calm and Wysa, to our Mental Health Ally program and to our many Thrive Global programs—Thriving Together, Thrive Reset and Thriving Mind—which have collectively been completed by over 152,000 of our people and bring science-based solutions to lower stress, enhance well-being and productivity, and build resilience and belonging.

To promote health and safety and to reduce the risk of COVID-19 transmission, we actively connected our people and their families to effective testing in multiple ways—home testing kits, in office testing, and through pharmacies close to where they live. We have administered vaccinations in ten countries, including the U.S., India and the Philippines, through Accenture-hosted or organized onsite events and clinics. We have also provided paid time off for all our people to receive their full vaccine course, as well as their eligible dependents.

### ***Environmental Sustainability***

For more than a decade, we have continually set challenging environmental goals for ourselves, innovating our approach to environmental sustainability and making strategic investments. In alignment with the Paris Climate Agreement, we've pledged to do our part to keep global warming below 1.5° Celsius by joining the more than 400 companies that have signed the UN Global Compact's Business Ambition for 1.5° Pledge to date. We have also pledged to achieve net-zero emissions by 2025, move to zero waste and plan for water risk.

As a professional services company, the most significant aspects of our environmental footprint are the greenhouse gas emissions related to electricity used in our locations and travel. To meet our commitment to achieve net-zero emissions by 2025:

- we plan to meet our office energy needs with 100% renewable electricity by 2023—in September 2021, we announced that we had reached 50% renewable electricity—and equip our people to make climate smart travel decisions;
- we will require 90% of our key suppliers to disclose their environmental targets and actions being taken to reduce emissions by 2025; and

- to address remaining emissions, we are investing in nature-based carbon removal solutions that will directly remove carbon from the atmosphere.

To move towards zero waste, we will reuse or recycle 100% of our e-waste, such as computers and servers, as well as all of our office furniture, by 2025, and post-pandemic we have committed to eliminating single-use plastics in our locations.

To plan for water risk, we are developing plans to reduce the impact of flooding, drought and water scarcity on our business and our people in high-risk areas.

## **Global Delivery Capability**

A key differentiator is our global delivery capability, powered by the world's largest network of Advanced Technology and Intelligent Operations Centers. This allows us to bring the right people at the right time to our clients from anywhere in the world—both in physical and virtual working environments—a capability that is particularly crucial as business needs and conditions change rapidly. Our global approach provides scalable innovation; standardized processes, methods and tools; automation and artificial intelligence; industry expertise and specialized capabilities; cost advantages; foreign language fluency; proximity to clients; and time zone advantages—to deliver high-quality solutions. Emphasizing quality, productivity, reduced risk, speed to market and predictability, our global delivery model supports all parts of our business to provide clients with price-competitive services and solutions.

## **Innovation and Intellectual Property**

We are committed to developing leading-edge ideas and leveraging emerging technologies and we see innovation as a source of competitive advantage. We use our investment in R&D—on which we spent \$1.1 billion, \$871 million, and \$800 million in fiscal 2021, 2020 and 2019, respectively—to help clients address new realities in the marketplace and to face the future with confidence.

Our innovation experts work with clients across the world to imagine their future, build and co-create innovative business strategies and technology solutions, and then scale those solutions to sustain innovation. We harness our unique intellectual property to deliver these innovation services.

We leverage patent, trade secret and copyright laws as well as contractual arrangements and confidentiality procedures to protect the intellectual property in our innovative services and solutions. These include our proprietary platforms, software, reusable knowledge capital, and other innovations. We also have policies to respect the intellectual property rights of third parties, such as our clients, partners, vendors and others. As of August 31, 2021, we had a portfolio of more than 8,200 patents and pending patent applications worldwide.

We believe our combination of people, assets and capabilities, including our global network of more than 100 innovation hubs, makes Accenture one of the leading strategic innovation partners for our clients. We have deep expertise in innovation consulting including strategy, culture change and building new business models through to long-term technology innovation, which creates the products and markets of the future.

This is all supported by our Innovation Architecture, which includes Accenture Research, Accenture Ventures and Accenture Labs as well as our Studios, Innovation Centers and Delivery Centers. Our research and thought leadership teams help identify market, technology and industry trends. Accenture Ventures partners with and invests in growth-stage companies that create innovative enterprise technologies. Accenture Labs incubate and prototype new concepts through applied research and development projects. Within this, the Technology Incubation Group incubates and applies emerging technology innovation to business architectures, including blockchain, extended reality and quantum.

To protect Accenture's brands, we rely on intellectual property laws and trademark registrations held around the world. Trademarks appearing in this report are the trademarks or registered trademarks of Accenture Global Services Limited, Accenture Global Solutions Limited, or third parties, as applicable.

## **Competition**

Accenture operates in a highly competitive and rapidly changing global marketplace. We compete with a variety of organizations that offer services and solutions competitive with those we offer—but we believe no other company offers the full range of services at scale that Accenture does, which uniquely positions us in a highly competitive market. Our clients typically retain us on a non-exclusive basis.

Our competitors include large multinational IT service providers, including the services arms of large global technology providers; off-shore IT service providers in lower-cost locations, particularly in India; accounting firms and consultancies that provide consulting and other IT services and solutions; solution or service providers that compete with us in a specific geographic market, industry or service area, including advertising agencies,

engineering services providers and technology start-ups; and in-house IT departments of large corporations that use their own resources rather than engage an outside firm.

We believe Accenture competes successfully in the marketplace because:

- *We are focused on delivering 360° value*, which we define as the financial business case and unique value a client may be seeking, and striving to partner with our clients to achieve greater progress on inclusion and diversity, reskill our clients' employees, help our clients achieve their sustainability goals, and create meaningful experiences, both with Accenture and for the customers and employees of our clients;
- *We are a trusted partner* with long-term client relationships and a proven track record for delivering on large, complex programs that drive tangible value;
- *We provide a broad range of services with our unique approach to bring integrated service teams at scale* and have a significant presence in every major geographic market, enabling us to leverage our global expertise in a local context and deliver tangible value;
- *We have deep industry and cross-industry expertise*, which enable us to accelerate value as clients transform their products, customer experiences and business operations;
- *Our industry-leading Innovation Architecture*—including Accenture Research, Accenture Ventures and Accenture Labs as well as our Studios, Innovation Centers and Delivery Centers—reflects our commitment to continuous innovation and enables us to rapidly identify, incubate, and scale emerging technology solutions for our clients;
- *The breadth and scale of our technology capabilities*, combined with our strong relationships with our technology ecosystem partners, enable us to help clients transform and re-platform in a sustainable way at speed; and
- *Our goal is to recruit the most talented people* in our markets, and we have an unwavering commitment to inclusion and diversity, which creates an environment that unleashes innovation, and a world-class learning organization that helps us continuously invest in the development of our people.

## Organizational Structure

Accenture plc was incorporated in Ireland on June 10, 2009 as a public limited company. We operate our business through subsidiaries of Accenture plc.

The Consolidated Financial Statements reflect the ownership interests in Accenture Canada Holdings Inc. held by certain current and former members of Accenture Leadership as noncontrolling interests. The noncontrolling ownership interests percentage was less than 1% as of August 31, 2021. "Accenture Leadership" is comprised of members of our global management committee (our primary management and leadership team, which consists of approximately 50 of our most senior leaders), senior managing directors and managing directors.

## Principal Risks and Uncertainties

In addition to the other information set forth in this report, you should carefully consider the following factors which could materially adversely affect our business, financial condition, results of operations (including revenues and profitability) and/or stock price. Our business is also subject to general risks and uncertainties that may broadly affect companies, including us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could materially adversely affect our business, financial condition, results of operations and/or stock price. Risks in this section are grouped in the following categories: (1) Business Risks; (2) Financial Risks; (3) Operational Risks; and (4) Legal and Regulatory Risks. Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence because they have been grouped by categories.

### Business Risks

***The COVID-19 pandemic has impacted our business and operations, and the extent to which it will continue to do so and its impact on our future financial results are uncertain.***

The COVID-19 pandemic and the actions taken by governments, businesses and individuals in response to the pandemic have adversely impacted our operations and could in the future materially adversely impact our business, operations and financial results.

The extent to which the coronavirus pandemic will continue to impact our business, operations and financial results will depend on numerous evolving factors that are difficult to accurately predict, including: the duration and scope of the pandemic; the emergence and virulence of new variants, which may cause and impact the severity of additional outbreaks; how quickly and to what extent normal economic activity resumes; the availability and

effectiveness of vaccines and treatments for COVID-19 globally; vaccination against COVID-19 as a condition of employment, as we have required in the U.S., or as a condition of entry to our or our clients' offices; government, business and individuals' actions in response to the pandemic; the impact on our ability to innovate; and the effect on our clients and client demand for our services and solutions.

The closures of our and our clients' offices, and restrictions inhibiting our people's ability to access those offices, disrupted our business and operations and may do so again in the future. In addition, our employees continue to face challenges in their well-being, given the additional financial, family and health burdens that many employees have experienced and could continue to experience because of the pandemic that may negatively impact our people's mental and physical health, engagement and retention.

Any of these events could cause, contribute to or magnify the other risks and uncertainties enumerated below and could materially adversely affect our business, financial condition, results of operations and/or stock price.

***Our results of operations have been, and may in the future be, adversely affected by volatile, negative or uncertain economic and political conditions and the effects of these conditions on our clients' businesses and levels of business activity.***

Global macroeconomic and geopolitical conditions affect our clients' businesses and the markets they serve. Volatile, negative and uncertain economic and political conditions have in the past undermined and could in the future undermine business confidence in our significant markets and other markets, which are increasingly interdependent, causing our clients to reduce or defer their spending on new initiatives and technologies, and resulting in clients reducing, delaying or eliminating spending under existing contracts with us, which negatively affects our business. Growth in the markets we serve could be at a slow rate, or could stagnate or contract, in each case, for an extended period of time. Because we operate globally and have significant businesses in many markets, an economic slowdown in any of those markets could adversely affect our results of operations.

Ongoing economic and political volatility and uncertainty and changing demand patterns affect our business in a number of other ways, including making it more difficult to accurately forecast client demand and effectively build our revenue and resource plans, particularly in consulting. Economic and political volatility and uncertainty is particularly challenging because it may take some time for the effects and changes in demand patterns resulting from these and other factors to manifest themselves in our business and results of operations. Changing demand patterns from economic and political volatility and uncertainty, including as a result of the COVID-19 pandemic, changes in global trade policies, increasing geopolitical tensions and trends such as populism and economic nationalism and their impact on us, our clients and the industries we serve, could continue to have a significant negative impact on our results of operations.

***Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, including through the adaptation and expansion of our services and solutions in response to ongoing changes in technology and offerings, and a significant reduction in such demand or an inability to respond to the evolving technological environment could materially affect our results of operations.***

Our revenue and profitability depend on the demand for our services and solutions with favorable margins, which could be negatively affected by numerous factors, many of which are beyond our control and unrelated to our work product. As described above, volatile, negative or uncertain global economic and political conditions and lower growth or contraction in the markets we serve have adversely affected and could in the future adversely affect client demand for our services and solutions. Our success depends, in part, on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and offerings to serve the evolving needs of our clients. Examples of areas of significant change include digital-, cloud- and security-related offerings, which are continually evolving, as well as developments in areas such as artificial intelligence, augmented reality, automation, blockchain, Internet of Things, quantum and Edge computing, infrastructure and network engineering, intelligent connected products, digital engineering and manufacturing, and as-a-service solutions. As we expand our services and solutions into these new areas, we may be exposed to operational, legal, regulatory, ethical, technological and other risks specific to such new areas, which may negatively affect our reputation and demand for our services and solutions.

Technological developments may materially affect the cost and use of technology by our clients and, in the case of cloud and as-a-service solutions, could affect the nature of how we generate revenue. Some of these technological developments have reduced and replaced some of our historical services and solutions and may continue to do so in the future. This has caused, and may in the future cause, clients to delay spending under existing contracts and engagements and to delay entering into new contracts while they evaluate new technologies. Such technological developments and spending delays can negatively impact our results of operations if we are

unable to introduce new pricing or commercial models that reflect the value of these technological developments or if the pace and level of spending on new technologies are not sufficient to make up any shortfall.

Developments in the industries we serve, which may be rapid, also could shift demand to new services and solutions. If, as a result of new technologies or changes in the industries we serve, our clients demand new services and solutions, we may be less competitive in these new areas or need to make significant investment to meet that demand. Our growth strategy focuses on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas. If we do not sufficiently invest in new technology and adapt to industry developments, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and to execute on our growth strategy could be adversely affected.

We operate in a rapidly evolving environment in which there currently are, and we expect will continue to be, new technology entrants. New services or technologies offered by competitors or new entrants may make our offerings less differentiated or less competitive when compared to other alternatives, which may adversely affect our results of operations. In addition, companies in the industries we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If one of our current clients merges or consolidates with a company that relies on another provider for the services and solutions we offer, we may lose work from that client or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation. In a particular geographic market, service or industry group, a small number of clients have contributed, or may, in the future contribute, a significant portion of the revenues of such geographic market, service or industry group, and any decision by such a client to delay, reduce, or eliminate spending on our services and solutions could have a disproportionate impact on the results of operations in the relevant geographic market, service or industry group.

Many of our consulting contracts are less than 12 months in duration, and these contracts typically permit a client to terminate the agreement with as little as 30 days' notice. Longer-term, larger and more complex contracts, such as the majority of our outsourcing contracts, generally require a longer notice period for termination and often include an early termination charge to be paid to us, but this charge might not be sufficient to cover our costs or make up for anticipated ongoing revenues and profits lost upon termination of the contract. Many of our contracts allow clients to terminate, delay, reduce or eliminate spending on the services and solutions we provide. Additionally, a client could choose not to retain us for additional stages of a project, try to renegotiate the terms of its contract or cancel or delay additional planned work. When contracts are terminated or not renewed, we lose the anticipated revenues, and it may take significant time to replace the level of revenues lost. Consequently, our results of operations in subsequent periods could be materially lower than expected. The specific business or financial condition of a client, changes in management and changes in a client's strategy are also all factors that can result in terminations, cancellations or delays.

***If we are unable to keep our supply of skills and resources in balance with client demand around the world and attract and retain professionals with strong leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversely affected.***

Our success is dependent, in large part, on our ability to keep our supply of market-leading skills and capabilities in balance with client demand around the world and our ability to attract and retain personnel with the knowledge and skills to lead our business globally. We must hire or reskill, retain and motivate appropriate numbers of talented people with diverse skills in order to serve clients across the globe, respond quickly to rapid and ongoing changes in demand, technology, industry and the macroeconomic environment, and continuously innovate to grow our business. For example, if we are unable to hire or retrain our employees to keep pace with the rapid and continuous changes in technology and the industries we serve, we may not be able to innovate and deliver new services and solutions to fulfill client demand. There is competition for scarce talent with market-leading skills and capabilities in new technologies, and our competitors have directly targeted our employees with these highly sought-after skills and will likely continue to do so. As a result, we may be unable to cost-effectively hire and retain employees with these market-leading skills, which may cause us to incur increased costs, or be unable to fulfill client demand for our services and solutions.

We are particularly dependent on retaining members of Accenture Leadership with critical capabilities. If we are unable to do so, our ability to innovate, generate new business opportunities and effectively lead large and complex transformations and client relationships could be jeopardized. We depend on identifying, developing and retaining top talent to innovate and lead our businesses. This includes developing talent and leadership capabilities in emerging markets, where the depth of skilled employees may be limited. Our ability to expand in our key markets

depends, in large part, on our ability to attract, develop, retain and integrate both leaders for the local business and people with critical capabilities.

Similarly, our profitability depends on our ability to effectively source and staff people with the right mix of skills and experience to perform services for our clients, including our ability to transition employees to new assignments on a timely basis. The costs associated with recruiting and training employees are significant. If we are unable to effectively deploy our employees globally and remotely on a timely basis to fulfill the needs of our clients, our profitability could suffer. If our utilization rate is too low, our profitability and the engagement of our employees could suffer. If the utilization rate of our professionals is too high, it could have an adverse effect on employee engagement and attrition, the quality of the work performed as well as our ability to staff projects.

Our equity-based incentive compensation plans are designed to reward high-performing individuals for their contributions and provide incentives for them to remain with us. If the anticipated value of such incentives does not materialize because of volatility or lack of positive performance in our stock price, or if our total compensation package is not viewed as being competitive, our ability to attract and retain the personnel we need could be adversely affected. In addition, if we do not obtain the shareholder approval needed to continue granting equity awards under our share plans in the amounts we believe are necessary, our ability to attract and retain personnel could be negatively affected.

There is a risk that at certain points in time, we may have more personnel than we need in certain skill sets or geographies or at compensation levels that are not aligned with skill sets. In these situations, we have engaged, and may in the future engage, in actions to rebalance our resources, including reducing the rate of new hires and increasing involuntary terminations as a means to keep our supply of skills and resources in balance with client demand. At certain times and in certain geographical regions, we will find it difficult to hire and retain a sufficient number of employees with the skills or backgrounds to meet current and/or future demand. In these cases, we might need to redeploy existing personnel or increase our reliance on subcontractors to fill certain labor needs, and if not done effectively, our profitability could be negatively impacted. Additionally, as demand for our services and solutions has escalated at a high rate, to hire and retain people with the skills necessary to meet demand we have and may continue to adjust compensation, which puts upward pressure on our costs and may adversely affect our profitability if we are unable to recover these increased costs. If we are not successful in these initiatives, our results of operations could be adversely affected.

***We face legal, reputational and financial risks from any failure to protect client and/or Accenture data from security incidents or cyberattacks.***

We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations around the world and with our people, clients, alliance partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the increasing reliance on, and use of, mobile technologies, social media and cloud-based services, and as more of our employees are working remotely during the coronavirus pandemic, the risk of security incidents and cyberattacks has increased. Such incidents could lead to shutdowns or disruptions of or damage to our systems and those of our clients, alliance partners and vendors, and unauthorized disclosure of sensitive or confidential information, including personal data and proprietary business information. In the past, we have experienced, and in the future, we may again experience, data security incidents resulting from unauthorized access to our and our service providers' systems and unauthorized acquisition of our data and our clients' data including: inadvertent disclosure, misconfiguration of systems, phishing ransomware or malware attacks. For example, as previously reported, during the fourth quarter of fiscal 2021, we identified irregular activity in one of our environments, which included the extraction of proprietary information by a third party, some of which was made available to the public by the third party. In addition, our clients have experienced, and may in the future experience, breaches of systems and cloud-based services enabled by or provided by us. To date these incidents have not had a material impact on our or our clients' operations; however, there is no assurance that such impacts will not be material in the future, and such incidents have in the past and may in the future have the impacts discussed below.

In providing services and solutions to clients, we often manage, utilize and store sensitive or confidential client or Accenture data, including personal data and proprietary information, and we expect these activities to increase, including through the use of artificial intelligence, the Internet of Things and analytics. Unauthorized disclosure of, denial of access to, or other incidents involving sensitive or confidential client, vendor, alliance partner or Accenture data, whether through systems failure, employee negligence, fraud, misappropriation, or cybersecurity, ransomware or malware attacks, or other intentional or unintentional acts, could damage our reputation and our competitive positioning in the marketplace, disrupt our or our clients' business, cause us to lose clients and result in significant financial exposure and legal liability. Similarly, unauthorized access to or through, denial of access to, or other incidents involving, our software and IT supply chain or software-as-a-service providers, our or our service

providers' information systems or those we develop for our clients, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who continuously develop and deploy viruses, ransomware, malware or other malicious software programs or social engineering attacks, has and could in the future result in negative publicity, significant remediation costs, legal liability, damage to our reputation and government sanctions and could have a material adverse effect on our results of operations — see risk factor below entitled "Our business could be materially adversely affected if we incur legal liability." Cybersecurity threats are constantly expanding and evolving, becoming increasingly sophisticated and complex, increasing the difficulty of detecting and defending against them and maintaining effective security measures and protocols.

We are subject to numerous laws and regulations designed to protect this information, such as the European Union's General Data Protection Regulation ("GDPR"), the United Kingdom's GDPR, the California Consumer Privacy Act (and its successor the California Privacy Rights Act that will go into effect on January 1, 2023), as well as various other U.S. federal and state laws governing the protection of privacy, health or other personally identifiable information and data privacy and cybersecurity laws in other regions. These laws and regulations continue to evolve, are increasing in complexity and number and increasingly conflict among the various countries in which we operate, which has resulted in greater compliance risk and cost for us. Various privacy laws impose compliance obligations regarding the handling of personal data, including the cross-border transfer of data, and significant financial penalties for noncompliance. For example, failure to comply with the GDPR may lead to regulatory enforcement actions, which can result in monetary penalties of up to 4% of worldwide revenue, orders to discontinue certain data processing operations, civil lawsuits, or reputational damage. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client, third-party or Accenture data, or otherwise mismanages or misappropriates that data, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions. These monetary damages might not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages and could be significant. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to security incidents, cyberattacks and other related incidents.

***The markets in which we operate are highly competitive, and we might not be able to compete effectively.***

The markets in which we offer our services and solutions are highly competitive. Our competitors include:

- large multinational IT service providers, including the services arms of large global technology providers;
- off-shore IT service providers in lower-cost locations, particularly in India;
- accounting firms and consultancies that provide consulting and other IT services and solutions;
- solution or service providers that compete with us in a specific geographic market, industry or service area, including advertising agencies, engineering services providers and technology start-ups and other companies that can scale rapidly to focus on or disrupt certain markets and provide new or alternative products, services or delivery models; and
- in-house IT departments of large corporations that use their own resources, rather than engage an outside firm.

Some competitors may have greater financial, marketing or other resources than we do and, therefore, may be better able to compete for new work and skilled professionals, may be able to innovate and provide new services and solutions faster than we can or may be able to anticipate the need for services and solutions before we do. Our competitors may also team together to create competing offerings.

Even if we have potential offerings that address marketplace or client needs, competitors may be more successful at selling similar services they offer, including to companies that are our clients. Some competitors are more established in certain markets, and may make executing our growth strategy to expand in these markets more challenging. Additionally, competitors may also offer more aggressive contractual terms, which may affect our ability to win work. Our future performance is largely dependent on our ability to compete successfully and expand in the markets we currently serve. If we are unable to compete successfully, we could lose market share and clients to competitors, which could materially adversely affect our results of operations.

In addition, we may face greater competition due to consolidation of companies in the technology sector through strategic mergers, acquisitions or teaming arrangements. Consolidation activity may result in new competitors with greater scale, a broader footprint or offerings that are more attractive than ours. The technology companies described above, including many of our alliance partners, are increasingly able to offer services related

to their software, platform, cloud migration and other solutions, or are developing software, platform, cloud migration and other solutions that require integration services to a lesser extent. These more integrated services and solutions may represent more attractive alternatives to clients than some of our services and solutions, which may materially adversely affect our competitive position and our results of operations.

***Our ability to attract and retain business and employees may depend on our reputation in the marketplace.***

We believe the Accenture brand name and our reputation are important corporate assets that help distinguish our services and solutions from those of competitors and also contribute to our efforts to recruit and retain talented employees. However, our corporate reputation is susceptible to material damage by events such as disputes with clients or competitors, cybersecurity incidents or service outages, internal control deficiencies, delivery failures, compliance violations, government investigations or legal proceedings. We may also experience reputational damage from employees, advocacy groups, regulators, investors and other stakeholders that disagree with the services and solutions that we offer, or the clients that we serve. Similarly, our reputation could be damaged by actions or statements of current or former clients, directors, employees, competitors, vendors, alliance partners, joint venture partners, adversaries in legal proceedings, legislators or government regulators, as well as members of the investment community or the media, including social media influencers.

Our brand and reputation are also associated with our public commitments to various corporate environmental, social and governance (ESG) initiatives, including our goals for sustainability and inclusion and diversity. Our disclosures on these matters and any failure to achieve our commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts. In addition, positions we take or do not take on social issues may be unpopular with some of our employees or with our clients or potential clients, which may in the future impact our ability to attract or retain employees or clients. We also may choose not to conduct business with potential clients or discontinue or not expand business with existing clients due to these positions.

There is a risk that negative or inaccurate information about Accenture, even if based on rumor or misunderstanding, could adversely affect our business. Damage to our reputation could be difficult, expensive and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements or could negatively impact our relationships with alliance partners, resulting in a loss of business, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of the Accenture brand name and could reduce investor confidence in us, materially adversely affecting our share price.

***If we do not successfully manage and develop our relationships with key alliance partners or if we fail to anticipate and establish new alliances in new technologies, our results of operations could be adversely affected.***

We have alliances with companies whose capabilities complement our own. A very significant portion of our revenue and services and solutions are based on technology or software provided by a few major alliance partners. See “Business—Services.”

The business that we conduct through these alliances could decrease or fail to grow for a variety of reasons. The priorities and objectives of our alliance partners may differ from ours, and our alliance partners are not prohibited from competing with us or forming closer or preferred arrangements with our competitors. In addition, some of our alliance partners are also large clients or suppliers of technology to us. The decisions we make vis-à-vis an alliance partner may impact our ongoing alliance relationship. In addition, our alliance partners could experience reduced demand for their technology or software, including, for example, in response to changes in technology, which could lessen related demand for our services and solutions.

We must anticipate and respond to continuous changes in technology and develop alliance relationships with new providers of relevant technology. We must secure meaningful alliances with these providers early in their life cycle so that we can develop the right number of certified people with skills in new technologies. If we are unable to maintain our relationships with current partners and identify new and emerging providers of relevant technology to expand our network of alliance partners, we may not be able to differentiate our services or compete effectively in the market.

If we do not obtain the expected benefits from our alliance relationships for any reason, we may be less competitive, our ability to offer attractive solutions to our clients may be negatively affected, and our results of operations could be adversely affected.



## **Financial Risks**

***Our profitability could materially suffer if we are unable to obtain favorable pricing for our services and solutions, if we are unable to remain competitive, if our cost-management strategies are unsuccessful or if we experience delivery inefficiencies or fail to satisfy certain agreed-upon targets or specific service levels.***

Our profitability is highly dependent on a variety of factors and could be materially impacted by any of the following:

*Our results of operations could materially suffer if we are not able to obtain sufficient pricing to meet our profitability expectations.* If we are not able to obtain favorable pricing for our services and solutions, our revenues and profitability could materially suffer. The rates we are able to charge for our services and solutions are affected by a number of factors, including:

- general economic and political conditions;
- our clients' desire to reduce their costs;
- the competitive environment in our industry;
- our ability to accurately estimate our service delivery costs, upon which our pricing is sometimes determined, including our ability to estimate the impact of inflation and foreign exchange on our service delivery costs over long-term contracts; and
- the procurement practices of clients and their use of third-party advisors.

*Our profitability could suffer if we are not able to remain competitive.* The competitive environment in our industry affects our ability to secure new contracts at our target economics in a number of ways, any of which could have a material negative impact on our results of operations. The less we are able to differentiate our services and solutions and/or clearly convey the value of our services and solutions, the more risk we have in winning new work in sufficient volumes and at our target pricing and overall economics. In addition, the introduction of new services or products by competitors could reduce our ability to obtain favorable pricing and impact our overall economics for the services or solutions we offer. Competitors may be willing, at times, to take on more risk or price contracts lower than us in an effort to enter the market or increase market share.

*Our profitability could suffer if our cost-management strategies are unsuccessful, and we may not be able to improve our profitability.* Our ability to improve or maintain our profitability is dependent on our being able to successfully manage our costs, including taking actions to reduce certain costs. Our cost management strategies include maintaining appropriate alignment between the demand for our services and solutions and the workforce needed to deliver them. If we are not effective in managing our operating costs in response to changes in demand or pricing, or if we are unable to cost-effectively hire and retain personnel with the knowledge and skills necessary to deliver our services and solutions, particularly in areas of new technologies and offerings and in the right geographic locations, we may incur increased costs, which could reduce our ability to continue to invest in our business in an amount necessary to achieve our planned rates of growth and our desired levels of profitability.

*If we do not accurately anticipate the cost, risk and complexity of performing our work or if third parties upon whom we rely do not meet their commitments, then our contracts could have delivery inefficiencies and be less profitable than expected or unprofitable.* Our contract profitability is highly dependent on our forecasts regarding the effort and cost necessary to deliver our services and solutions, which are based on available data and could turn out to be materially inaccurate. If we do not accurately estimate the effort, costs or timing for meeting our contractual commitments and/or completing engagements to a client's satisfaction, our contracts could yield lower profit margins than planned or be unprofitable. Moreover, many of our contracts include clauses that tie our ultimate compensation to the achievement of agreed-upon performance standards or milestones. If we fail to satisfy these measures, it could significantly reduce or eliminate our fees under the contracts, increase the cost to us of meeting performance standards or milestones, delay expected payments or subject us to potential damage claims under the contract terms, any of which could significantly affect our profitability. We also have a number of contracts in which a portion of our compensation depends on performance measures such as cost-savings, revenue enhancement, benefits produced, business goals attained and adherence to schedule. These goals can be complex and may depend on our clients' actual levels of business activity or may be based on assumptions that are later determined not to be achievable or accurate and could negatively impact our profit margins if not achieved. Similarly, if we experience unanticipated delivery difficulties due to our management, the failure of third parties or our clients to meet their commitments, or for any other reason, our contracts could yield lower profit margins than planned or be unprofitable. We are increasingly entering into contracts for large, complex client engagements to transform our clients' businesses. These deals may involve transforming a client's business, transitioning it to the cloud and

updating their technology, while operating portions of their business, all in a compressed timeframe. The scale and complexity of these compressed transformational projects present risks in execution. In particular, large and complex arrangements often require that we utilize subcontractors or that our services and solutions incorporate or coordinate with the software, systems or infrastructure requirements of other vendors and service providers, including companies with which we have alliances. Our profitability depends on the ability of these subcontractors, vendors and service providers to deliver their products and services in a timely manner and in accordance with the project requirements, as well as on our effective oversight of their performance. In some cases, these subcontractors are small firms, and they might not have the resources or experience to successfully integrate their services or products with large-scale engagements or enterprises. Some of this work involves new technologies, which may not work as intended or may take more effort to implement than initially predicted. In addition, certain client work requires the use of unique and complex structures and alliances, some of which require us to assume responsibility for the performance of third parties whom we do not control. Any of these factors could adversely affect our ability to perform and subject us to additional liabilities, which could have a material adverse effect on our relationships with clients and on our results of operations.

***Changes in our level of taxes, as well as audits, investigations and tax proceedings, or changes in tax laws or in their interpretation or enforcement, could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition.***

We are subject to taxes in numerous jurisdictions. We calculate and provide for taxes in each tax jurisdiction in which we operate. Tax accounting often involves complex matters and requires our judgment to determine our worldwide provision for income taxes and other tax liabilities. We are subject to ongoing audits, investigations and tax proceedings in various jurisdictions. Tax authorities have disagreed, and may in the future disagree, with our judgments, and are taking increasingly aggressive positions opposing the judgments we make, including with respect to our intercompany transactions. We regularly assess the likely outcomes of our audits, investigations and tax proceedings to determine the appropriateness of our tax liabilities. However, our judgments might not be sustained as a result of these audits, investigations and tax proceedings, and the amounts ultimately paid could be materially different from the amounts previously recorded.

In addition, our effective tax rate in the future could be adversely affected by challenges to our intercompany transactions, changes in the valuation of deferred tax assets and liabilities, changes in tax laws or in their interpretation or enforcement, changes in the mix of earnings in countries with differing statutory tax rates, the expiration of current tax benefits, and changes in accounting principles, including the U.S. generally accepted accounting principles. Tax rates and policies in the jurisdictions in which we operate may change materially as a result of shifting economic, social and political conditions. In addition, changes in tax laws, treaties or regulations, or their interpretation or enforcement, have become more unpredictable and may become more stringent, which could materially adversely affect our tax position. A number of countries where we do business, including the United States and many countries in the European Union, have implemented, and are considering implementing, changes in relevant tax, accounting and other laws, regulations and interpretations.

The overall tax environment remains highly uncertain and increasingly complex. The European Commission has been conducting investigations, focusing on whether local country tax rulings or tax legislation provides preferential tax treatment that violates European Union state aid rules. Countries around the world are also considering changes in their tax laws and regulations. In the U.S., various proposals to raise corporate income taxes are under active consideration. Individual countries across the globe and the European Union have either enacted or plan to enact digital taxes to impose incremental taxes on companies based on where ultimate users are located. The Organization for Economic Co-operation and Development (“OECD”), a global coalition of member countries, proposed a two-pillar plan to reform international taxation. The proposals aim to ensure a fairer distribution of profits among countries and to impose a floor on tax competition through the introduction of a global minimum tax. There remains significant uncertainty around whether the various proposals will ultimately be enacted and, if enacted, the extent of their impact. Some of the proposals, if enacted, could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition.

Although we expect to be able to rely on the tax treaty between the United States and Ireland, legislative or diplomatic action could be taken, or the treaty may be amended in such a way, that would prevent us from being able to rely on such treaty. Our inability to rely on the treaty would subject us to increased taxation or significant additional expense. In addition, congressional proposals could change the definition of a U.S. person for U.S. federal income tax purposes, which could also subject us to increased taxation. In addition, we could be materially adversely affected by future changes in tax law or policy (or in their interpretation or enforcement) in Ireland or other jurisdictions where we operate, including their treaties with Ireland or the United States. These changes could be exacerbated by economic, budget or other challenges facing Ireland or these other jurisdictions as a result of the ongoing COVID-19 pandemic, environmental or social concerns, or other matters.

***Our results of operations could be materially adversely affected by fluctuations in foreign currency exchange rates.***

Although we report our results of operations in U.S. dollars, a majority of our revenues is denominated in currencies other than the U.S. dollar. Unfavorable fluctuations in foreign currency exchange rates have had an adverse effect, and could in the future have a material adverse effect, on our results of operations.

Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, expenses and income, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the value of the U.S. dollar against other currencies will affect our revenues, operating income and the value of balance-sheet items, including intercompany payables and receivables, originally denominated in other currencies. These changes cause our growth stated in U.S. dollars to be higher or lower than our growth in local currency when compared against other periods. Our currency hedging programs, which are designed to partially offset the impact on consolidated earnings related to the changes in value of certain balance sheet items, might not be successful. Additionally, some transactions and balances may be denominated in currencies for which there is no available market to hedge.

As we continue to leverage our global delivery model, more of our expenses are incurred in currencies other than those in which we bill for the related services. An increase in the value of certain currencies, such as the Indian rupee or Philippine peso, against the currencies in which our revenue is recorded could increase costs for delivery of services at off-shore sites by increasing labor and other costs that are denominated in local currency. Our contractual provisions or cost management efforts might not be able to offset their impact, and our currency hedging activities, which are designed to partially offset this impact, might not be successful. This could result in a decrease in the profitability of our contracts that are utilizing delivery center resources. In addition, our currency hedging activities are themselves subject to risk. These include risks related to counterparty performance under hedging contracts, risks related to ineffective hedges and risks related to currency fluctuations. We also face risks that extreme economic conditions, political instability, or hostilities or disasters of the type described below could impact or perhaps eliminate the underlying exposures that we are hedging. Such an event could lead to losses being recognized on the currency hedges then in place that are not offset by anticipated changes in the underlying hedged exposure.

***Changes to accounting standards or in the estimates and assumptions we make in connection with the preparation of our consolidated financial statements could adversely affect our financial results.***

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. It is possible that changes in accounting standards could have a material adverse effect on our results of operations and financial position. The application of generally accepted accounting principles requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition, and our accompanying disclosure with respect to, among other things, revenue recognition and income taxes. Our most critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations under "Critical Accounting Policies and Estimates." We base our estimates on historical experience, contractual commitments and various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. These estimates and assumptions involve the use of judgment and are subject to significant uncertainties, some of which are beyond our control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from our estimates, and we may need to, among other things, adjust revenues or accrue additional costs that could adversely affect our results of operations.

***We might be unable to access additional capital on favorable terms or at all. If we raise equity capital, it may dilute our shareholders' ownership interest in us.***

We might choose to raise additional funds through public or private debt or equity financings in order to:

- facilitate purchases, redemptions and exchanges of shares and pay dividends;
- acquire complementary businesses or technologies;
- take advantage of opportunities, including more rapid expansion;
- develop new services and solutions and respond to competitive pressures; and
- support general working capital purposes.

Any additional capital raised through the sale of equity would dilute shareholders' ownership percentage in us. Furthermore, any additional financing or refinancing we need might not be available on terms favorable to us, or at all.

## **Operational Risks**

***As a result of our geographically diverse operations and our growth strategy to continue to expand in our key markets around the world, we are more susceptible to certain risks.***

We have offices and operations in more than 200 cities in 50 countries around the world. One aspect of our growth strategy is to continue to expand in our key markets around the world. Our growth strategy might not be successful. If we are unable to manage the risks of our global operations and growth strategy, including pandemics, international hostilities, terrorist activities, natural disasters, security or data incidents and the concentration of our global delivery capability in India and the Philippines, our results of operations and ability to grow could be materially adversely affected. In addition, emerging markets generally involve greater financial and operational risks, such as those described below, than our more mature markets. Negative or uncertain political climates in countries or geographies where we operate could also adversely affect us.

*Pandemics, international hostilities, terrorist activities, natural disasters, and infrastructure disruptions could prevent us from effectively serving our clients and thus significantly adversely affect our results of operations.* Health emergencies or pandemics, including COVID-19; acts of terrorist violence; political and social unrest; regional and international hostilities and international responses to these hostilities; natural disasters, volcanic eruptions, sea level rise, floods, droughts, wildfires and storms, occurrences of which may increase in frequency and severity as a result of climate change; or the threat of or perceived potential for these events; and other acts of god have had and could in the future have significantly negative impacts on us. These events could adversely affect our clients' levels of business activity and precipitate sudden and significant changes in regional and global economic conditions and cycles. These events also pose significant risks to our people and to physical facilities and operations around the world, whether the facilities are ours or those of our alliance partners, suppliers or clients. By disrupting communications and travel and increasing the difficulty of obtaining and retaining highly skilled and qualified personnel, these types of events impact our ability to deliver our services and solutions to our clients. Extended disruptions of electricity, other public utilities or network or cloud services at our facilities or in the areas where our people are working remotely, as well as physical infrastructure damage to, system failures at, cyberattacks on, or security incidents involving, our facilities or systems, or those of our alliance partners, suppliers or clients, could also adversely affect our ability to conduct our business and serve our clients. If any of these circumstances occurs, we have a greater risk that interruptions in communications with our clients and other Accenture locations and personnel, and any down-time in important processes we operate for clients, could result in a material adverse effect on our results of operations and our reputation in the marketplace.

We are unable to protect our people, facilities and systems, and those of our alliance partners, suppliers and clients, against all such occurrences. Our business continuity and disaster recovery plans may not be effective, particularly if catastrophic events occur where large numbers of our people are located, or simultaneously affect our people in multiple locations around the world. We generally do not have insurance for losses and interruptions caused by terrorist attacks, conflicts and wars. If these disruptions prevent us from effectively serving our clients, our results of operations could be significantly adversely affected.

*Our global delivery capability is concentrated in India and the Philippines, which has and may continue to expose us to operational risks. Our business model is dependent on our global delivery capability.* While our delivery centers are located throughout the world, we have based large portions of our delivery capability in India and the Philippines, where we have the largest and second largest number of our people located, respectively. Concentrating our global delivery capability in these locations presents a number of operational risks, including those discussed in this risk factor, many of which are beyond our control and which have been and may in the future be exacerbated by COVID-19. For example, there was a considerable increase in new COVID-19 cases in India during the third quarter of fiscal 2021 and in the Philippines during the fourth quarter of fiscal 2021. Our ability to deliver services to our clients was not materially impacted as we initiated business continuity procedures and took actions to support our people and their families. However, pandemics are unpredictable and we might not be as successful in mitigating these operational risks in the future.

***If we are unable to manage the organizational challenges associated with our size, we might be unable to achieve our business objectives.***

As of August 31, 2021, we had more than 624,000 employees worldwide. Our size and scale present significant management and organizational challenges. As our organization grows and evolves, it might become increasingly difficult to maintain effective standards across a large enterprise and effectively institutionalize our knowledge or to effectively change the strategy, operations or culture of our Company in a timely manner. It might also become more difficult to maintain our culture, effectively manage and monitor our personnel and operations and effectively communicate our core values, policies and procedures, strategies and goals, particularly given our world-wide operations, rate of new hires, and the significant percentage of our employees who have the option to

work remotely or who have been required to work remotely because of COVID-19 pandemic related restrictions. The size and scope of our operations increase the possibility that we will have employees who engage in unlawful or fraudulent activity, or otherwise expose us to unacceptable business risks, despite our efforts to train them and maintain internal controls to prevent such instances. For example, employee misconduct could involve the improper use of sensitive or confidential information entrusted to us, or obtained inappropriately, or the failure to comply with legislation or regulations regarding the protection of sensitive or confidential information, including personal data and proprietary information. Furthermore, the inappropriate use of social networking sites by our employees could result in breaches of confidentiality, unauthorized disclosure of non-public company information or damage to our reputation. If we do not continue to develop and implement the right processes and tools to manage our enterprise and instill our culture and core values into all of our employees, our ability to compete successfully and achieve our business objectives could be impaired. In addition, from time to time, we have made, and may continue to make, changes to our operating model, including how we are organized, as the needs and size of our business change, and if we do not successfully implement the changes, our business and results of operation may be negatively impacted.

***We might not be successful at acquiring, investing in or integrating businesses, entering into joint ventures or divesting businesses.***

We expect to continue pursuing strategic acquisitions, investments and joint ventures to enhance or add to our skills and capabilities or offerings of services and solutions, or to enable us to expand in certain geographic and other markets. We have increased and may again in the future increase the amount of capital invested in such opportunities. These acquisitions and other transactions and investments involve challenges and risks, such as that we may not succeed in completing targeted transactions, including as a result of the market becoming increasingly competitive, or achieve desired results of operations.

Furthermore, we face risks in successfully integrating any businesses we might acquire, and these risks may be magnified by the size and number of transactions we have executed. Ongoing business may be disrupted, and our management's attention may be diverted by acquisition, investment, transition or integration activities. In addition, we might need to dedicate additional management and other resources, and our organizational structure could make it difficult for us to efficiently integrate acquired businesses into our ongoing operations and assimilate and retain employees of those businesses into our culture and operations. The loss of key executives, employees, customers, suppliers, vendors and other business partners of businesses we acquire may adversely impact the value of the assets, operations or businesses. Furthermore, acquisitions or joint ventures may result in significant costs and expenses, including those related to retention payments, equity compensation, severance pay, early retirement costs, intangible asset amortization and asset impairment charges, enhancing controls, procedures and policies including those related to financial reporting, disclosure, and cyber and information security, assumed litigation and other liabilities, and legal, accounting and financial advisory fees, which could negatively affect our profitability as these costs and expenses grow along with the increased capital invested in such acquisitions and joint ventures. We may have difficulties as a result of entering into new markets where we have limited or no direct prior experience or where competitors may have stronger market positions.

We might fail to realize the expected benefits or strategic objectives of any acquisition, investment or joint venture we undertake. We might not achieve our expected return on investment or may lose money. We may be adversely impacted by liabilities that we assume from a company we acquire or in which we invest, including from that company's known and unknown obligations, intellectual property or other assets, terminated employees, current or former clients or other third parties. In addition, we may fail to identify or adequately assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring, investing in or partnering with a company, including potential exposure to regulatory sanctions or liabilities resulting from an acquisition target's previous activities, or from an acquisition's controls related to financial reporting, disclosure, and cyber and information security environment. The number of transactions we execute annually may increase this risk. If any of these circumstances occurs, they could result in unexpected regulatory or legal exposure, including litigation with new or existing clients, unfavorable accounting treatment, unexpected increases in taxes or other adverse effects on our relationships with clients and our business. In addition, we have a lesser degree of control over the business operations of the joint ventures and businesses in which we have made minority investments or in which we have acquired less than 100% of the equity. This lesser degree of control may expose us to additional reputational, financial, legal, compliance or operational risks. Litigation, indemnification claims and other unforeseen claims and liabilities may arise from the acquisition or operation of acquired businesses. For example, we may face litigation or other claims as a result of certain terms and conditions of the acquisition agreement, such as earnout payments or closing working capital adjustments. Alternatively, shareholder litigation may arise as a result of proposed acquisitions. If we are unable to complete the number and kind of investments for which we plan, or if we are inefficient or unsuccessful at integrating acquired businesses into our operations, we may not be able to achieve our

planned rates of growth or improve our market share, profitability or competitive position in specific markets or services.

We also periodically evaluate, and have engaged in, the disposition of assets and businesses. Divestitures could involve difficulties in the separation of operations, services, products and personnel, the diversion of management's attention, the disruption of our business and the potential loss of key employees. After reaching an agreement with a buyer for the disposition of a business, the transaction may be subject to the satisfaction of pre-closing conditions, including obtaining necessary regulatory and government approvals, which, if not satisfied or obtained, may prevent us from completing the transaction. Divestitures may also involve continued financial involvement in or liability with respect to the divested assets and businesses, such as indemnities or other financial obligations, in which the performance of the divested assets or businesses could impact our results of operations. Any divestiture we undertake could adversely affect our results of operations.

### **Legal and Regulatory Risks**

#### ***Our business could be materially adversely affected if we incur legal liability.***

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. Our business is subject to the risk of litigation involving current and former employees, clients, alliance partners, subcontractors, suppliers, competitors, shareholders, government agencies or others through private actions, class actions, whistleblower claims, administrative proceedings, regulatory actions or other litigation. Regardless of the merits of the claims, the cost to defend current and future litigation may be significant, and such matters can be time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages, fines, penalties or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

We could be subject to significant legal liability and litigation expense if we fail to meet our contractual obligations, contribute to internal control or other deficiencies of a client or otherwise breach obligations to third parties, including clients, alliance partners, employees and former employees, and other parties with whom we conduct business, or if our subcontractors breach or dispute the terms of our agreements with them and impede our ability to meet our obligations to our clients. For example, by taking over the operation of certain portions of our clients' businesses, including functions and systems that are critical to the core businesses of our clients, by contributing to the design, development and/or engineering of client products, or by providing various operational technology solutions, we may be exposed to additional and evolving operational, regulatory, reputational or other risks specific to these areas, including risks related to data security. A failure of a client's system based on our services or solutions could also subject us to a claim for significant damages that could materially adversely affect our results of operations. In order to remain competitive, we increasingly enter into agreements based on our clients' contract terms after conducting an assessment of the risk of doing so, which may expose us to additional risk. In addition, the contracting practices of competitors, along with the demands of increasingly sophisticated clients, may cause contract terms and conditions that are unfavorable to us to become new standards in the industry. We may commit to providing services or solutions that we are unable to deliver or whose delivery may reduce our profitability or cause us financial loss. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expense and our results of operations could be materially adversely affected. Moreover, as we expand our services and solutions into new areas, we may be exposed to additional and evolving risks specific to these new areas.

In addition, we engage in platform trust and safety services on behalf of clients, including content moderation, which could have a negative impact on our employees due to the nature of the materials they review. We have been subject to media coverage regarding our provision of these services as well as litigation related to the provision of these services, which may result in adverse judgments or settlements or government inquiries and investigations.

While we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if they prevail, the amount of our recovery.

***Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm our business.***

We are subject to numerous, and sometimes conflicting, legal regimes on matters as diverse as anticorruption, import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, including ESG initiatives, anti-competition, anti-money-laundering, data privacy and protection, government compliance, wage-and-hour standards, employment and labor relations and human rights. The global nature of our operations, including emerging markets where legal systems may be less developed or understood by us, and the diverse nature of our operations across a number of regulated industries, further increase the difficulty of compliance. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, enforcement actions or criminal sanctions against us and/or our employees, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our clients also could result in liability for significant monetary damages, fines, enforcement actions and/or criminal prosecution or sanctions, unfavorable publicity and other reputational damage and restrictions on our ability to effectively carry out our contractual obligations and thereby expose us to potential claims from our clients. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws may not be well developed or provide sufficiently clear guidance and may be insufficient to protect our rights.

In particular, in many parts of the world, including countries in which we operate and/or seek to expand, practices in the local business community might not conform to international business standards and could violate anticorruption laws, or regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010. Our employees, subcontractors, vendors, agents, alliance or joint venture partners, the companies we acquire and their employees, subcontractors, vendors and agents, and other third parties with which we associate, could take actions that violate policies or procedures designed to promote legal and regulatory compliance or applicable anticorruption laws or regulations. Violations of these laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about the actions leading to the violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, including U.S. federal contracting, any of which could materially adversely affect our business, including our results of operations and our reputation.

Changes in laws and regulations could also mandate significant and costly changes to the way we implement our services and solutions or could impose additional taxes on our services and solutions. For example, changes in laws and regulations to limit using off-shore resources in connection with our work or to penalize companies that use off-shore resources, which have been proposed from time to time in various jurisdictions, could adversely affect our results of operations. Such changes may result in contracts being terminated or work being transferred onshore, resulting in greater costs to us, and could have a negative impact on our ability to obtain future work from government clients.

***Our work with government clients exposes us to additional risks inherent in the government contracting environment.***

Our clients include national, provincial, state and local governmental entities. Our government work carries various risks inherent in the government contracting process. These risks include, but are not limited to, the following:

- Government entities, particularly in the United States, often reserve the right to audit our contract costs and conduct inquiries and investigations of our business practices and compliance with government contract requirements. U.S. government agencies, including the Defense Contract Audit Agency, routinely audit our contract costs, including allocated indirect costs, for compliance with the Cost Accounting Standards and the Federal Acquisition Regulation. These agencies also conduct reviews and investigations and make inquiries regarding our accounting, information technology and other systems in connection with our performance and business practices with respect to our government contracts. Negative findings from existing and future audits, investigations or inquiries, or failure to comply with applicable IT security or supply chain requirements, could affect our future sales and profitability by preventing us, by operation of law or in practice, from receiving new government contracts for some period of time. In addition, if the U.S. government concludes that certain costs are not reimbursable, have not been properly determined or are based on outdated estimates of our work, then we will not be allowed to bill for such costs, may have to refund money that has already been paid to us or could be required to retroactively and prospectively adjust previously agreed to billing or pricing rates for our work. Negative findings from existing and future audits of our business systems, including our accounting system, may result in the U.S. government preventing us

from billing, at least temporarily, a percentage of our costs. As a result of prior negative findings in connection with audits, investigations and inquiries, we have from time to time experienced some of the adverse consequences described above and may in the future experience further adverse consequences, which could materially adversely affect our future results of operations.

- If a government client discovers improper or illegal activities in the course of audits or investigations, we may become subject to various civil and criminal penalties, including those under the civil U.S. False Claims Act, and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with other agencies of that government. The inherent limitations of internal controls may not prevent or detect all improper or illegal activities.
- U.S. government contracting regulations impose strict compliance and disclosure obligations. Disclosure is required if certain company personnel have knowledge of “credible evidence” of a violation of federal criminal laws involving fraud, conflict of interest, bribery or improper gratuity, a violation of the civil U.S. False Claims Act or receipt of a significant overpayment from the government. Failure to make required disclosures could be a basis for suspension and/or debarment from federal government contracting in addition to breach of the specific contract and could also impact contracting beyond the U.S. federal level. Reported matters also could lead to audits or investigations and other civil, criminal or administrative sanctions.
- Government contracts are subject to heightened reputational and contractual risks compared to contracts with commercial clients. For example, government contracts and the proceedings surrounding them are often subject to more extensive scrutiny and publicity. Negative publicity, including an allegation of improper or illegal activity, regardless of its accuracy, may adversely affect our reputation.
- Terms and conditions of government contracts also tend to be more onerous and are often more difficult to negotiate. For example, these contracts often contain high or unlimited liability for breaches and feature less favorable payment terms and sometimes require us to take on liability for the performance of third parties.
- Government entities typically fund projects through appropriated monies. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions or other debt constraints could result in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Furthermore, if insufficient funding is appropriated to the government entity to cover termination costs, we may not be able to fully recover our investments.
- Political and economic factors such as pending elections, the outcome of recent elections, changes in leadership among key executive or legislative decision makers, revisions to governmental tax or other policies and reduced tax revenues can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that we bid, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed.
- Our ability to work for the U.S. government is impacted by the fact that we are an Irish company. We elected to enter into a proxy agreement with the U.S. Department of Defense that enhances the ability of our U.S. federal government contracting subsidiary to perform certain work for the U.S. government. The proxy agreement regulates the management and operation of, and limits the control we can exercise over, this subsidiary. In addition, legislative and executive proposals remain under consideration or could be proposed in the future, which, if enacted, could place additional limitations on or even prohibit our eligibility to be awarded state or federal government contracts in the United States or could include requirements that would otherwise affect our results of operations. Various U.S. federal and state legislative proposals have been introduced and/or enacted in recent years that deny government contracts to certain U.S. companies that reincorporate or have reincorporated outside the United States. While Accenture was not a U.S. company that reincorporated outside the United States, it is possible that these contract bans and other legislative proposals could be applied in a way that negatively affects Accenture.

The occurrences or conditions described above could affect not only our business with the particular government entities involved, but also our business with other entities of the same or other governmental bodies or with certain commercial clients, and could have a material adverse effect on our business or our results of operations.



***If we are unable to protect or enforce our intellectual property rights, or if our services or solutions infringe upon the intellectual property rights of others or we lose our ability to utilize the intellectual property of others, our business could be adversely affected.***

Our success depends, in part, upon our ability to obtain intellectual property protection for our proprietary platforms, methodologies, processes, software and other solutions. Existing laws of the various countries in which we provide services or solutions may offer only limited intellectual property protection of our services or solutions, and the protection in some countries may be very limited. We rely upon a combination of confidentiality policies and procedures, nondisclosure and other contractual arrangements, and patent, trade secret, copyright and trademark laws to protect our intellectual property rights. These laws are subject to change at any time and could further limit our ability to obtain or maintain intellectual property protection. There is uncertainty concerning the scope of patent and other intellectual property protection for software and business methods, which are fields in which we rely on intellectual property laws to protect our rights. Even where we obtain intellectual property protection, our intellectual property rights may not prevent or deter competitors, former employees, or other third parties from reverse engineering our solutions or proprietary methodologies and processes or independently developing services or solutions similar to or duplicative of ours. Further, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money and oversight, and we may not be successful in enforcing our rights.

In addition, we cannot be sure that our services and solutions, including, for example, our software solutions, or the solutions of others that we offer to our clients, do not infringe on the intellectual property rights of third parties (including competitors as well as non-practicing holders of intellectual property assets), and these third parties could claim that we or our clients are infringing upon their intellectual property rights. Furthermore, although we have established policies and procedures to respect the intellectual property rights of third parties and that prohibit the unauthorized use of intellectual property, we may not be aware if our employees have misappropriated and/or misused intellectual property, and their actions could result in claims of intellectual property misappropriation and/or infringement from third parties. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over an extended period of time. In most of our contracts, we agree to indemnify our clients for expenses and liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client. Any claims or litigation in this area could be time-consuming and costly, damage our reputation and/or require us to incur additional costs to obtain the right to continue to offer a service or solution to our clients. If we cannot secure this right at all or on reasonable terms, or we are unable to implement in a cost-effective manner alternative technology, our results of operations could be materially adversely affected. The risk of infringement claims against us may increase as we expand our industry software solutions and continue to develop and license our software to multiple clients. Any infringement action brought against us or our clients could be costly to defend or lead to an expensive settlement or judgment against us.

Further, we rely on third-party software and other intellectual property in providing some of our services and solutions. If we lose our ability to continue using any such software or intellectual property for any reason, including because it is found to infringe the rights of others, we will need to obtain substitutes or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. Our inability to replace such software or intellectual property effectively or in a timely and cost-effective manner could materially adversely affect our results of operations.

***Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls.***

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our shareholders on our internal control over financial reporting that includes an assessment of the effectiveness of these controls. Internal control over financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, incur incremental compliance costs, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be

required to restate our financial statements, and our results of operations, our share price and our ability to obtain new business could be materially adversely affected.

***We are incorporated in Ireland and Irish law differs from the laws in effect in the United States and might afford less protection to our shareholders. We may also be subject to criticism and negative publicity related to our incorporation in Ireland.***

Irish law differs from the laws in effect in the United States and our shareholders could have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As such, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on U.S. federal or state civil liability laws, including the civil liability provisions of the U.S. federal or state securities laws, or hear actions against us or those persons based on those laws.

As an Irish company, we are governed by the Companies Act. The Companies Act differs in some significant, and possibly material, respects from laws applicable to U.S. corporations and shareholders under various state corporation laws, including the provisions relating to interested directors, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors.

Under Irish law, the duties of directors and officers of a company are generally owed to the company only. Shareholders of Irish companies do not generally have rights to take action against directors or officers of the company under Irish law, and may only do so in limited circumstances. Directors of an Irish company must, in exercising their powers and performing their duties, act with due care and skill, honestly and in good faith with a view to the best interests of the company. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests might conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or officer of an Irish company is found to have breached his or her duties to that company, he or she could be held personally liable to the company in respect of that breach of duty.

Under Irish law, we must have authority from our shareholders to issue any shares, including shares that are part of the company's authorized but unissued share capital. In addition, unless otherwise authorized by its shareholders, when an Irish company issues shares for cash to new shareholders, it is required first to offer those shares on the same or more favorable terms to existing shareholders on a pro-rata basis. If we are unable to obtain these authorizations from our shareholders, or are otherwise limited by the terms of our authorizations, our ability to issue shares under our equity compensation plans and, if applicable, to facilitate funding acquisitions or otherwise raise capital could be adversely affected.

Some companies that conduct substantial business in the United States but that have a parent domiciled in certain other jurisdictions have been criticized as improperly avoiding U.S. taxes or creating an unfair competitive advantage over U.S. companies. Accenture never conducted business under a U.S. parent company and pays U.S. taxes on all of its U.S. operations. Nonetheless, we could be subject to criticism in connection with our incorporation in Ireland.

## **Review of the Development and Performance of the Business**

We use the term "in local currency" so that certain financial results may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Financial results "in local currency" are calculated by restating current period activity into U.S. dollars using the comparable prior-year period's foreign currency exchange rates. This approach is used for all results where the functional currency is not the U.S. dollar.

### **Overview**

Accenture plc is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations. We serve clients in three geographic markets: North America, Europe and Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). We help our clients build their digital core, transform their operations, and accelerate revenue growth—creating tangible value across their enterprises at speed and scale.

Highlights from fiscal 2021 compared with fiscal 2020 included:

- Revenues of \$50.5 billion, representing 14% growth in U.S. dollars and 11% growth in local currency;
- New bookings of \$59.3 billion, an increase of 20% in U.S. dollars;
- Operating margin of 15.1%, a 40 basis point expansion from fiscal 2020;

- R&D spend of \$1.1 billion; and
- Cash returned to shareholders of \$5.9 billion, including share purchases of \$3.7 billion and dividends of \$2.2 billion.

In fiscal 2021, the COVID-19 pandemic continued to impact our business operations and financial results. We saw strong demand across our business in the second half of the year as customers accelerated their digital transformation. Revenues for the second half of fiscal 2021 grew 22% in U.S. dollars and 18% in local currency compared to the same period in fiscal 2020.

### **Summary of Results**

Revenues for fiscal 2021 increased 14% in U.S. dollars and 11% in local currency compared to fiscal 2020. This included the impact of a decline in reimbursable travel costs, which reduced revenues approximately 1%. During fiscal 2021, revenue growth in local currency was very strong in North America and Growth Markets and strong in Europe. We experienced local currency revenue growth that was very strong in Health & Public Service, Communications, Media & Technology, Financial Services and Products and slight in Resources. Revenue growth in local currency was very strong in outsourcing and strong in consulting during fiscal 2021. The business environment remained competitive. In many areas, our pricing, which we define as the contract profitability or margin on the work that we sell, was lower.

In our consulting business, revenues for fiscal 2021 increased 13% in U.S. dollars and 9% in local currency compared to fiscal 2020. This included the impact of a decline in reimbursable travel costs, which reduced consulting revenues approximately 2%. Consulting revenue growth in local currency in fiscal 2021 was led by very strong growth in Growth Markets and strong growth in North America and Europe. Our consulting revenue continues to be driven by helping our clients accelerate their digital transformation, including moving to the cloud, embedding security across the enterprise and adopting new technologies. In addition, clients continue to be focused on initiatives designed to deliver cost savings and operational efficiency, as well as projects to accelerate growth and improve customer experiences.

In our outsourcing business, revenues for fiscal 2021 increased 15% in U.S. dollars and 13% in local currency compared to fiscal 2020. Outsourcing revenue growth in local currency in fiscal 2021 was led by very strong growth in North America and Growth Markets and strong growth in Europe. We continue to experience growing demand to assist clients with application modernization and maintenance, cloud enablement and managed security services. In addition, clients continue to be focused on transforming their operations through data and analytics, automation and artificial intelligence to drive productivity and operational cost savings.

As we are a global company, our revenues are denominated in multiple currencies and may be significantly affected by currency exchange rate fluctuations. The majority of our revenues are denominated in currencies other than the U.S. dollar, including the Euro, Japanese yen, and U.K. pound. There continues to be volatility in foreign currency exchange rates. Unfavorable fluctuations in foreign currency exchange rates have had and could in the future have a material effect on our financial results. If the U.S. dollar weakens against other currencies, resulting in favorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be higher. If the U.S. dollar strengthens against other currencies, resulting in unfavorable currency translation, our revenues, revenue growth and results of operations in U.S. dollars may be lower. The U.S. dollar weakened against various currencies during fiscal 2021, resulting in favorable currency translation and U.S. dollar revenue growth that was approximately 3% higher than our revenue growth in local currency for the year. Assuming that exchange rates stay within recent ranges, we estimate that our fiscal 2022 revenue growth in U.S. dollars will be approximately 0.5% lower than our revenue growth in local currency.

The primary categories of operating expenses include Cost of services, Sales and marketing and General and administrative costs. Cost of services is primarily driven by the cost of client-service personnel, which consists mainly of compensation, subcontractor and other personnel costs, and non-payroll costs on outsourcing contracts. Cost of services includes a variety of activities such as: contract delivery; recruiting and training; software development; and integration of acquisitions. Sales and marketing costs are driven primarily by: compensation costs for business development activities; marketing- and advertising-related activities; and certain acquisition-related costs. General and administrative costs primarily include costs for non-client-facing personnel, information systems, office space and certain acquisition-related costs.

Utilization for fiscal 2021 was 93%, up from 90% in fiscal 2020. We hire to meet current and projected future demand. We proactively plan and manage the size and composition of our workforce and take actions as needed to address changes in the anticipated demand for our services and solutions, given that compensation costs are the most significant portion of our operating expenses. Our workforce, the majority of which serves our clients, increased to approximately 624,000 as of August 31, 2021, compared to 506,000 as of August 31, 2020. The year-

over-year increase in our workforce reflects an overall increase in demand for our services and solutions, as well as people added in connection with acquisitions. For fiscal 2021, attrition, excluding involuntary terminations, was 14%, up from 12% in fiscal 2020. For the fourth quarter of fiscal 2021, annualized attrition, excluding involuntary terminations, was 19% up from 17% in the third quarter of fiscal 2021. We evaluate voluntary attrition, adjust levels of new hiring and use involuntary terminations as means to keep our supply of skills and resources in balance with changes in client demand. In addition, we adjust compensation in certain skill sets and geographies in order to attract and retain appropriate numbers of qualified employees. For the majority of our personnel, compensation increases become effective December 1st of each fiscal year. We strive to adjust pricing and/or the mix of people to reduce the impact of compensation increases on our margin. Our ability to grow our revenues and maintain or increase our margin could be adversely affected if we are unable to: keep our supply of skills and resources in balance with changes in the types or amounts of services and solutions clients are demanding; recover increases in compensation; deploy our employees globally on a timely basis; manage attrition; and/or effectively assimilate and utilize new employees.

Gross margin (Revenues less Cost of services as a percentage of Revenues) for fiscal 2021 was 32.4%, compared with 31.5% for fiscal 2020. The increase in gross margin for fiscal 2021 was due to lower non-payroll costs, primarily for travel, partially offset by an increase in labor costs, including a one-time bonus for all employees below the managing director level in the second quarter of fiscal 2021.

Sales and marketing and General and administrative costs as a percentage of revenues were 17.3% for fiscal 2021, compared with 16.8% for fiscal 2020. For fiscal 2021 compared to fiscal 2020, Sales and marketing costs as a percentage of revenues increased 10 basis points and General and administrative costs as a percentage of revenues increased 40 basis points, primarily due to higher non-payroll costs.

Operating margin (Operating income as a percentage of revenues) for fiscal 2021 was 15.1%, compared with 14.7% for fiscal 2020.

During fiscal 2021 and 2020, we recorded gains of \$271 million and \$332 million and related tax expense of \$41 million and \$52 million, respectively, related to our investment in Duck Creek Technologies. For additional information, see Note 1 (Summary of Significant Accounting Policies) to our Consolidated Financial Statements.

The effective tax rates for fiscal 2021 and 2020 were 22.8% and 23.5%, respectively. Absent the investment gains and related tax expense, our effective tax rates for fiscal 2021 and 2020 would have been 23.1% and 23.9%, respectively.

Diluted earnings per share were \$9.16 for fiscal 2021, compared with \$7.89 for fiscal 2020. The \$230 million and \$280 million gains on an investment, net of taxes, increased diluted earnings per share by \$0.36 and \$0.43 in fiscal 2021 and 2020, respectively. Excluding the impact of these gains, diluted earnings per share would have been \$8.80 and \$7.46 for fiscal 2021 and 2020, respectively.

We have presented our effective tax rate and diluted earnings per share excluding the impact of gains related to an investment in fiscal 2021 and 2020, as we believe doing so facilitates understanding as to the impact of these items and our performance in comparison to the prior period.

Our operating income and diluted earnings per share are affected by currency exchange rate fluctuations on revenues and costs. Most of our costs are incurred in the same currency as the related revenues. Where practical, we seek to manage foreign currency exposure for costs not incurred in the same currency as the related revenues, such as the costs associated with our global delivery model, by using currency protection provisions in our customer contracts and through our hedging programs. We seek to manage our costs, taking into consideration the residual positive and negative effects of changes in foreign exchange rates on those costs. For more information on our hedging programs, see Note 9 (Financial Instruments) to our Consolidated Financial Statements.

## **Revenues by Segment/Geographic Market**

Effective March 1, 2020, we began managing our business under a new growth model through our three geographic markets, North America, Europe and Growth Markets, which became our reportable segments in the third quarter of fiscal 2020. Prior to this change, our reportable segments were our five industry groups, Communications, Media & Technology, Financial Services, Health & Public Service, Products and Resources.

In addition to reporting revenues by geographic market, we also report revenues by two types of work: consulting and outsourcing, which represent the services sold by our geographic markets. Consulting revenues, which include strategy, management and technology consulting and technology integration consulting, reflect a finite, distinct project or set of projects with a defined outcome and typically a defined set of specific deliverables. Outsourcing revenues typically reflect ongoing, repeatable services or capabilities provided to transition, run and/or manage operations of client systems or business functions.

From time to time, our geographic markets work together to sell and implement certain contracts. The resulting revenues and costs from these contracts may be apportioned among the participating geographic markets. Generally, operating expenses for each geographic market have similar characteristics and are subject to the same factors, pressures and challenges. However, the economic environment and its effects on the industries served by our geographic markets affect revenues and operating expenses within our geographic markets to differing degrees. The mix between consulting and outsourcing is not uniform among our geographic markets. Local currency fluctuations also tend to affect our geographic markets differently, depending on the geographic concentrations and locations of their businesses.

While we provide discussion about our results of operations below, we cannot measure how much of our revenue growth in a particular period is attributable to changes in price or volume. Management does not track standard measures of unit or rate volume. Instead, our measures of volume and price are extremely complex, as each of our services contracts is unique, reflecting a customized mix of specific services that does not fit into standard comparability measurements. Revenue for our services is a function of the nature of each service to be provided, the skills required and the outcome sought, as well as estimated cost, risk, contract terms and other factors.

## Results of Operations for Fiscal 2021 Compared to Fiscal 2020

Revenues by geographic market, industry group and type of work are as follows:

	Fiscal		Percent Increase (Decrease) U.S. Dollars	Percent Increase (Decrease) Local Currency	Percent of Total Revenues for Fiscal	
	2021	2020			2021	2020
(in millions of U.S. dollars)						
<b>GEOGRAPHIC MARKETS</b>						
North America	\$ 23,701	\$ 20,982	13 %	12 %	47 %	47 %
Europe	16,749	14,402	16	8	33	32
Growth Markets	10,083	8,943	13	11	20	20
<b>TOTAL REVENUES</b>	<b>\$ 50,533</b>	<b>\$ 44,327</b>	<b>14 %</b>	<b>11 %</b>	<b>100 %</b>	<b>100 %</b>
<b>INDUSTRY GROUPS (1)</b>						
Communications, Media & Technology	\$ 10,286	\$ 8,883	16 %	14 %	20 %	20 %
Financial Services	9,933	8,519	17	13	20	19
Health & Public Service	9,498	8,024	18	16	19	18
Products	13,954	12,287	14	10	28	28
Resources	6,863	6,614	4	1	14	15
<b>TOTAL REVENUES</b>	<b>\$ 50,533</b>	<b>\$ 44,327</b>	<b>14 %</b>	<b>11 %</b>	<b>100 %</b>	<b>100 %</b>
<b>TYPE OF WORK</b>						
Consulting	\$ 27,338	\$ 24,227	13 %	9 %	54 %	55 %
Outsourcing	23,196	20,100	15	13	46	45
<b>TOTAL REVENUES</b>	<b>\$ 50,533</b>	<b>\$ 44,327</b>	<b>14 %</b>	<b>11 %</b>	<b>100 %</b>	<b>100 %</b>

Amounts in table may not total due to rounding.

- (1) Effective September 1, 2020, we revised the reporting of our industry groups to include amounts previously reported in Other. Prior period amounts have been reclassified to conform with the current period presentation.

**Revenues**

Revenues were impacted by a reduction of approximately 1% from a decline in revenues from reimbursable travel costs in fiscal 2021 across all markets. The following revenues commentary discusses local currency revenue changes for fiscal 2021 compared to fiscal 2020:

**Geographic Markets**

- North America revenues increased 12% in local currency, led by growth in Public Service, Software & Platforms and Banking & Capital Markets. These increases were partially offset by a decline in Energy. Revenue growth was driven by the United States.
- Europe revenues increased 8% in local currency, led by growth in Consumer Goods, Retail & Travel Services, Banking & Capital Markets, Software & Platforms, Industrial and Life Sciences. Revenue growth was driven by the United Kingdom, Italy, Germany and Switzerland.
- Growth Markets revenues increased 11% in local currency, led by growth in Banking & Capital Markets, Public Service and Consumer Goods, Retail & Travel Services. Revenue growth was driven by Japan.

**Operating Income and Operating Margin**

Operating income for fiscal 2021 increased \$1,108 million, or 17%, over fiscal 2020. Operating margin for fiscal 2021 was 15.1%, compared with 14.7% for fiscal 2020.

Operating income and operating margin for each of the geographic markets are as follows:

	Fiscal				Increase (Decrease)
	2021		2020		
	Operating Income	Operating Margin	Operating Income	Operating Margin	
	(in millions of U.S. dollars)				
North America	\$ 3,908	16 %	\$ 3,170	15 %	\$ 738
Europe	2,236	13	1,799	12	437
Growth Markets	1,477	15	1,545	17	(67)
TOTAL	<u>\$ 7,622</u>	<u>15.1 %</u>	<u>\$ 6,514</u>	<u>14.7 %</u>	<u>\$ 1,108</u>

Amounts in table may not total due to rounding.

We estimate that the aggregate percentage impact of foreign currency exchange rates on our operating income during fiscal 2021 was similar to that disclosed for revenue for each geographic market. The reduction in travel costs during fiscal 2021 had a favorable impact on operating income. In addition, during fiscal 2021 each geographic market's operating income was unfavorably impacted by higher labor costs, including a one-time bonus in the second quarter of fiscal 2021 equal to one week of base pay for all employees below the managing director level. The commentary below provides insight into other factors affecting geographic market performance and operating income for fiscal 2021 compared with fiscal 2020:

- North America operating income increased primarily due to revenue growth, higher consulting contract profitability and lower sales and marketing costs as a percentage of revenues.
- Europe operating income increased primarily due to revenue growth and higher contract profitability.
- Growth Markets operating income decreased as revenue growth was offset by lower contract profitability and higher sales and marketing costs as a percentage of revenues.

**Capitalization and Acquisition of Shares**

We intend to continue to use a significant portion of cash generated from operations for share repurchases during fiscal 2022. The number of shares ultimately repurchased under our open-market share purchase program may vary depending on numerous factors, including, without limitation, share price and other market conditions, our ongoing capital allocation planning, the levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic and/or business conditions, and board and management discretion. Additionally, as these factors may change over the course of the year, the amount of share repurchase activity during any particular period cannot be predicted and may fluctuate from time to time. Share repurchases may be made from time to time through open-market purchases, in respect of purchases and redemptions of Accenture

Canada Holdings Inc. exchangeable shares, through the use of Rule 10b5-1 plans and/or by other means. The repurchase program may be accelerated, suspended, delayed or discontinued at any time, without notice. For additional information, see Note 14 (Shareholders' Equity) to our Consolidated Financial Statements.

### **Dividends**

Future dividends on Accenture plc Class A ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Accenture plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Accenture plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act.

In certain circumstances, as an Irish tax resident company, we may be required to deduct Irish dividend withholding tax ("DWT") (currently at the rate of 25%) from dividends paid to our shareholders. Shareholders resident in "relevant territories" (including countries that are European Union member states (other than Ireland), the United States and other countries with which Ireland has a tax treaty) may be exempted from Irish DWT. However, shareholders residing in other countries will generally be subject to Irish DWT.

For information about our dividend activity during fiscal 2021, see Note 14 (Shareholders' Equity) to our Consolidated Financial Statements.

### **Financial Risk Management**

All of our market risk sensitive instruments were entered into for purposes other than trading.

### **Foreign Currency Risk**

We are exposed to foreign currency risk in the ordinary course of business. We hedge material cash flow exposures when feasible using forward contracts. These instruments are subject to fluctuations in foreign currency exchange rates and credit risk. Credit risk is managed through careful selection and ongoing evaluation of the financial institutions utilized as counterparties.

Certain of these hedge positions are undesignated hedges of balance sheet exposures such as intercompany loans and typically have maturities of less than one year. These hedges, the most significant of which are U.S. dollar/Japanese yen, U.S. dollar/Euro, U.S. dollar/U.K. pound and U.S. dollar/Indian rupee, are intended to offset remeasurement of the underlying assets and liabilities. Changes in the fair value of these derivatives are recorded in Other income (expense), net in the Consolidated Income Statements. Additionally, we have hedge positions that are designated cash flow hedges of certain intercompany charges relating to our global delivery model. These hedges, the most significant of which are U.S. dollar/Indian rupee, U.S. dollar/Philippine peso, U.K. pound/Indian rupee and Euro/Indian rupee, typically have maturities not exceeding three years and are intended to partially offset the impact of foreign currency movements on future costs relating to our global delivery resources. For additional information, see Note 9 (Financial Instruments) to our Consolidated Financial Statements.

For designated cash flow hedges, gains and losses currently recorded in Accumulated other comprehensive loss are expected to be reclassified into earnings at the time when certain anticipated intercompany charges are accrued as Cost of services. As of August 31, 2021, it was anticipated that approximately \$104 million of net gains, net of tax, currently recorded in Accumulated other comprehensive loss will be reclassified into Cost of services within the next 12 months.

We use sensitivity analysis to determine the effects that market foreign currency exchange rate fluctuations may have on the fair value of our hedge portfolio. The sensitivity of the hedge portfolio is computed based on the market value of future cash flows as affected by changes in exchange rates. This sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the offsetting gain or loss on the underlying exposure. A 10% change in the levels of foreign currency exchange rates against the U.S. dollar (or other base currency of the hedge if not a U.S. dollar hedge) with all other variables held constant would have resulted in a change in the fair value of our hedge instruments of approximately \$469 million and \$592 million as of August 31, 2021 and 2020, respectively.

### **Interest Rate Risk**

The interest rate risk associated with our borrowing and investing activities as of August 31, 2021 is not material in relation to our consolidated financial position, results of operations or cash flows. While we may do so in the future, we have not used derivative financial instruments to alter the interest rate characteristics of our investment holdings or debt instruments.

## **Equity Investment Risk**

Our non-marketable and marketable equity securities are subject to a wide variety of market-related risks that could substantially reduce or increase the fair value of our investments.

Our non-marketable equity securities are investments in privately held companies which are often in a start-up or development stage, which is inherently risky. The technologies or products these companies have under development are typically in the early stages and may never materialize, which could result in a loss of a substantial part of our investment in these companies. The evaluations of privately held companies are based on information that we request from these companies, which is not subject to the same disclosure regulations as U.S. publicly traded companies, and as such, the basis for these evaluations is subject to the timing and accuracy of the data received from these companies. We have minimal exposure on our long-term investments in privately held companies as these investments were not material in relation to our consolidated financial position, results of operations or cash flows as of August 31, 2021.

We record our marketable equity securities not accounted for under the equity method at fair value based on readily determinable market values.

The carrying values of our investments accounted for under the equity method generally do not fluctuate based on market price changes; however, these investments could be impaired if the carrying value exceeds the fair value.

## **Future Developments**

The directors do not anticipate that the activities of the Company and its subsidiaries will materially change in the foreseeable future.

## **Company Accounting Records**

The directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by engaging the services of a fellow group undertaking which employs accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are located at its registered office.

## **Directors Compliance Statement**

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The directors further confirm that a "compliance policy statement" (as defined in section 225(3)(a)) has been drawn up, that appropriate arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place and that a review of those arrangements and structures has been conducted in the financial year to which this report relates.

## **Audit Committee**

As required by section 167(3) of the Companies Act 2014, the directors confirm that the Company has established an audit committee.

## **Relevant Audit Information**

As required by section 330 of the Companies Act 2014, each of the persons who are directors at the time this report is approved confirm that:

- a) so far as the director is aware, there is no relevant audit information, within the meaning of that section, of which the Company's statutory auditors are unaware; and
- b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

## **Political Donations**

No political contributions that require disclosure under section 26(1) Electoral Act 1997 (as amended) were made during the fiscal year ended August 31, 2021.



## Subsidiaries

Information regarding subsidiaries is provided in Note 20 (Subsidiaries) to the Consolidated Financial Statements and the business conducted by these subsidiaries is described above. See “Directors’ Report—Principal Activities.”

## Significant Events Since Year End

This report was issued on October 22, 2021. The Company has evaluated events and transactions subsequent to the balance sheet date. Based on this evaluation, the Company is not aware of any events or transactions (other than those disclosed in Note 14 (Shareholders’ Equity) to our Consolidated Financial Statements) that occurred subsequent to the balance sheet date but prior to October 22, 2021 that would require recognition or disclosure in its Consolidated or Parent Company Financial Statements.

## Non-Financial Reporting

For the purpose of Statutory Instrument 360/2017 European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), our United Nations Global Compact: Communication on Progress (“UNGC COP”), Carbon Disclosure Project Response (“CDPR”) and Code of Business Ethics, each as published on the Company’s website ([www.accenture.com](http://www.accenture.com)), is deemed to be incorporated in this part of the Directors’ Report.

In addition, the following sections on pages 3 to 11 of this Directors’ Report provide a description of the Company’s business model: Principal Activities, Our Strategy, Geographic Markets, Services, Industry Groups, People, Environmental Sustainability, Global Delivery Capability, Innovation and Intellectual Property, Competition and Organizational Structure. Lastly, a description of principal risks facing the Company and their impact on our business may be found in the Principal Risks and Uncertainties section on pages 11 to 26 of this Directors’ Report.

The relevant sections of the UNGC COP and CDPR set out the detailed outcomes of our policies in our previous financial year. We will disclose detailed outcomes of our policies for our 2021 financial year in our revised UNGC COP and CDPR that will be published on our website ([www.accenture.com/us-en/about/corporate-citizenship/corporate-citizenship-disclosures](http://www.accenture.com/us-en/about/corporate-citizenship/corporate-citizenship-disclosures)). Our assessment of the outcomes of our policies for the 2021 financial year indicates that we have continued to make progress towards our environmental, diversity and other goals.

## Going Concern

The directors believe that the Group and Parent Company have adequate resources to continue in operational existence for at least the next 12 months and that it is appropriate to adopt the going concern basis in preparing the financial statements.

## Directors’ and Secretary’s Interest in Shares

The directors and secretary of the Company as of August 31, 2021 are listed in the table below and, except as noted below, have served from the period of September 1, 2020 through August 31, 2021 and through the date of this report. Beth E. Mooney became a director of the Company on February 3, 2021. Herbert Hainer resigned from the Board of Directors of the Company on June 19, 2021. As he was not serving as a director or secretary of the Company on August 31, 2021, Mr. Hainer is not included in the table below in accordance with section 329 of the Companies Act 2014.

No director, company secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors’ remuneration is set forth in Note 18 (Directors’ Remuneration) to the Consolidated Financial Statements. The interests of the current directors and secretary of the Company in the ordinary share capital of Accenture plc as of August 31, 2021 and as of September 1, 2020, or the date when they first became a director or secretary of the Company (if such appointment occurred later than September 1, 2020), as required to be stated pursuant to section 329 of the Companies Act 2014, are presented in the table below. No person listed below owns any Accenture plc Class X ordinary shares.

**As of August 31, 2021**

**Directors**

Julie Sweet	7,428
David Rowland	65
Jaime Ardila	12,384
Nancy McKinstry	4,250
Beth E. Mooney	—
Gilles C. Pélisson	15,233
Paula A. Price	6,436
Venkata (Murthy) Renduchintala	2,580
Arun Sarin	5,733
Frank K. Tang	8,080
Tracey T. Travis	4,289

**Secretary**

Joel Unruch	16,905
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**As of September 1, 2020 or Date of Appointment (if later)**

**Directors**

Julie Sweet	3,285
David Rowland	15,080
Jaime Ardila	11,824
Nancy McKinstry	3,690
Beth E. Mooney	—
Gilles C. Pélisson	14,236
Paula A. Price	6,448
Venkata (Murthy) Renduchintala	3,010
Arun Sarin	5,173
Frank K. Tang	7,254
Tracey T. Travis	3,410

**Secretary**

Joel Unruch	17,440
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**Auditors**

KPMG, Chartered Accountants, will continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors



**Julie Sweet**  
*Director*



**Paula A. Price**  
*Director*

October 22, 2021

**ACCENTURE PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Consolidated Financial Statements for each financial period which give a true and fair view of the state of affairs of the parent company and group and of the profit or loss of the group for the period there ended. Under that law, the directors have elected to prepare the Consolidated Financial Statements in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of a company and its subsidiary undertakings may be given by preparing its group financial statements in accordance with U.S. accounting standards ("U.S. GAAP"), as defined in section 279(1) of the Companies Act 2014, to the extent that the use of those standards in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014. The directors have elected to prepare the Financial Statements of the Parent Company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as applied under the Companies Act 2014. Under company law the directors must not approve the group and company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and parent company and of the group's profit or loss for that year. In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014. The directors are responsible for the maintenance and integrity of the Irish Statutory Accounts included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCENTURE PLC

### 1. Report on the audit of the financial statements

#### **Opinion**

We have audited the Group and Parent Company financial statements (the “financial statements”) of Accenture plc as of and for the year ended 31 August 2021, which comprise the Consolidated and Parent Company Balance Sheets, the Consolidated Profit and Loss Account, the Consolidated Statements of Comprehensive Income, the Consolidated Shareholders’ Equity Statements, the Consolidated Cash Flows Statements, the Parent Company Statements of Changes in Equity and the Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and US Generally Accepted Accounting Principles (“US GAAP”), and, as regards the Parent Company financial statements, International Financial Reporting Standards (“IFRS”) as adopted by the European Union, both as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view, in accordance with US GAAP, of the assets, liabilities and financial position of the Group as at 31 August 2021 and of its profit for the year then ended;
- the Parent Company balance sheet gives a true and fair view, in accordance with IFRS, of the assets, liabilities and financial position of the Parent Company as at 31 August 2021;
- the Group financial statements have been properly prepared in accordance with US GAAP, as applied in accordance with the provisions of the Companies Act 2014;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (“ISAs (Ireland)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (“IAASA”) as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director’s assessment of the entity’s ability to continue to adopt the going concern basis of accounting included consideration of the inherent risks to the Group’s and Parent Company’s business model and analysed how those risks might affect the Group’s and Parent Company’s financial resources or ability to continue operations over the going concern period. We assessed the completeness of the going concern disclosure. We assessed the Group and Parent Company’s track record of budgeting accurately by comparing past budgets to actual results and assessed the completeness of the going concern disclosures included within Note 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company’s ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 2. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2020):

### ***Estimated costs to complete certain technology integration consulting services contracts***

*Refer to financial statements pages 47 to 49 (accounting policy) and page 53 (financial disclosures)*

As discussed in Notes 1 and 2 to the Group financial statements, revenues from contracts for technology integration consulting services where the Group designs, builds, and implements new or enhanced system applications and related processes for its clients are recognised over time since control of the system is transferred continuously to the client. Generally, revenue is recognised using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying the Group's performance obligations, which typically occurs over time periods ranging from six months to two years.

We identified the evaluation of estimated costs to complete certain technology integration consulting services contracts as a key audit matter. Significant auditor judgement was required to evaluate management's estimate of costs to complete the contracts.

The following are the primary procedures we performed to address this key audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Group's process for estimating costs to complete technology integration consulting services contracts, including controls over the estimate of costs to complete the contracts. We tested the estimated costs to complete for certain technology integration consulting services contracts by evaluating:

- The scope of the work and timing of delivery for consistency with the underlying contractual terms;
- The estimated costs to complete in relation to progress toward satisfying the Group's performance obligations, based on internal and customer-facing information;
- Changes to estimated costs, if any, including the amount and timing of the change; and
- Actual costs incurred subsequent to the balance sheet date to assess if they were consistent with the estimate for that time period.

We evaluated the Group's ability to estimate costs by comparing estimates developed at contract inception to actual costs ultimately incurred to satisfy the performance obligation.

We also assessed the adequacy of the related financial statement disclosures.

As a result of our work, we found the judgements made by management were supported by reasonable assumptions and the associated financial statement disclosures to be adequate.

### ***Unrecognised tax benefits***

*Refer to financial statements page 49 (accounting policy) and pages 63 to 64 (financial disclosures)*

As discussed in Note 11 to the Group financial statements, the Group has \$1,344 million of unrecognised tax benefits as of August 31, 2021. As discussed in Note 1 to the Group financial statements, the Group recognises tax positions when it believes such positions are more likely than not of being sustained if challenged. Recognised tax positions are measured at the largest amount of benefit greater than 50 percent likely of being realised. The Group uses estimates and assumptions in determining the amount of unrecognised tax benefits.

We identified the evaluation of the Group's unrecognised tax benefits related to transfer pricing and certain other intercompany transactions as a key audit matter. Complex auditor judgement was required in evaluating the Group's interpretation of tax law and its analysis of the recognition and measurement of its tax positions.

The following are the primary procedures we performed to address this key audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Group's unrecognised tax benefits process, including controls over transfer pricing and certain other intercompany transactions. We involved our KPMG tax and transfer pricing professionals with specialised skills and knowledge, who assisted in:

- Evaluating the Group's interpretation of tax laws and income tax consequences of intercompany transactions, including internal restructurings and intra-entity transfers of assets;
- Assessing transfer pricing studies for compliance with applicable laws and regulations;
- Analysing the Group's tax positions, including the methodology over the measurement of unrecognised tax benefits related to transfer pricing;
- Evaluating the Group's determination of unrecognised tax benefits, including the associated effect in other jurisdictions; and
- Inspecting settlements with applicable taxing authorities.

In addition, we evaluated the Group's ability to estimate its unrecognised tax benefits by comparing historical unrecognised tax benefits to actual results upon the conclusion of examinations by applicable taxing authorities.

We also assessed the adequacy of the related financial statement disclosures.

As a result of our work, we found the judgements made by management were supported by reasonable assumptions and that the financial statement disclosures provide a proportionate description of the current status of unrecognised tax benefits.

#### **Parent Company key audit matters**

Due to the nature of the Parent Company's activities as a holding company, there are no key audit matters that we are required to communicate in accordance with ISAs (Ireland).

### **3. Our application of materiality and an overview of the scope of our audit**

We set our measure of Group materiality for the financial statements as a whole at \$334 million for the year ended 31 August 2021 (2020: \$313 million). We determined materiality for the Group based on profit before tax from continuing operations ("PBTCO"). Group materiality represents 5% of this benchmark (2020: 5%). We use this materiality to determine the nature and extent of testing required to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements to an appropriately low level. Our evaluation of the impact of any identified misstatements considers the financial impact of such misstatements both individually, and in the aggregate, with respect to our materiality determination. We also consider other qualitative factors including the impact on line item disclosures in the financial statements. We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$16.7 million (2020: \$15.6 million), in addition to other misstatements that warrant reporting on qualitative grounds.

With respect to the Parent Company, we based our calculation of materiality on total assets due to its nature as a holding company. As the calculated materiality was higher than Group materiality, we restricted our materiality to \$334 million (2020: \$313million).

Our Group audit was conducted over the consolidated results of the Group as a whole and we did not identify any individually material financial components. We used international audit teams to cover individual components that, while not financially material, presented specific individual risks that needed to be addressed as part of the Group audit. In considering the specific audit procedures to be performed at these components, materiality was set below Group materiality, and varied based principally on the revenues and net income of the relevant component.

### **4. Other information**

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report, including the United Nations Global Compact: Communication on Progress ("UNGC COP"), Carbon Disclosure Project Response

("CDPR") and Code of Business Ethics as published on the Group's website ([www.accenture.com](http://www.accenture.com)) and which are each deemed incorporated in the Non-Financial Reporting section of the directors' report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that, in those parts of the directors' report specified for our consideration;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report, has been prepared in accordance with the Companies Act 2014.

## **5. Our opinions on other matters prescribed by the Companies Act 2014 are unmodified**

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited and the Parent Company's balance sheet is in agreement with the accounting records.

## **6. We have nothing to report on other matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made;
- the Parent Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 August 2021 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

## **7. Respective responsibilities and restrictions on use**

### ***Directors' responsibilities***

As explained more fully in their statement set out on page 35, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

## **8. The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Parent Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

***Emer McGrath***

*For and on behalf of*

***KPMG***

*Chartered Accountants, statutory audit firm*

*1 Stokes Place, St Stephen's Green, Dublin 2*

*October 22, 2021*



**Accenture plc**  
**Consolidated Balance Sheets**  
**August 31, 2021 and 2020**  
(In thousands of U.S. dollars)

	Note	2021	2020
<b>Fixed assets</b>			
<b>Intangible Assets</b>			
Goodwill	1, 7	\$ 11,125,861	\$ 7,709,820
Other intangible assets, net	1, 7	1,710,938	1,029,218
<b>Tangible Assets</b>			
Property and equipment, net	1, 5, 16	1,639,105	1,545,568
<b>Financial Assets</b>			
Investments	1	329,526	324,514
Lease assets	8	3,182,519	3,183,346
		<u>17,987,949</u>	<u>13,792,466</u>
<b>Current assets</b>			
<b>Debtors</b>			
Other current assets		1,765,831	1,393,225
Receivables and contract assets	1, 2	9,728,212	7,846,892
<b>Investments</b>			
	1	4,294	94,309
<b>Cash and cash equivalents</b>			
	1	8,168,174	8,415,330
		<u>19,666,511</u>	<u>17,749,756</u>
<b>Creditors: Amounts falling due within one year</b>			
Current portion of long-term debt and bank borrowings	10	12,080	7,820
Accounts payable		2,274,057	1,349,874
Deferred revenues	1, 2	4,229,177	3,636,741
Accrued payroll and related benefits		6,747,853	5,083,950
Income taxes payable	1, 11	423,400	453,542
Lease liabilities	8	744,164	756,057
Accrued consumption taxes		609,553	662,409
Other accrued liabilities		668,583	712,197
		<u>15,708,867</u>	<u>12,662,590</u>
<b>Net current assets</b>		<u>3,957,644</u>	<u>5,087,166</u>
<b>Debtors: Amounts falling due after more than one year</b>			
Contract assets	1, 2	38,334	43,257
Deferred contract costs	1, 2	731,445	723,168
Deferred tax assets	1, 11	4,007,130	4,153,146
Other non-current assets		744,474	616,800
		<u>5,521,383</u>	<u>5,536,371</u>
<b>Total assets less current liabilities</b>		27,466,976	24,416,003
<b>Creditors: Amounts falling due after more than one year</b>			
Long-term debt	10	53,473	54,052
Deferred revenues	1, 2	700,080	690,931
Income taxes payable	1, 11	1,105,896	930,695
Lease liabilities	8	2,696,917	2,667,584
Other non-current liabilities		553,839	534,421
		<u>5,110,205</u>	<u>4,877,683</u>
<b>Net assets excluding provisions for liabilities</b>		22,356,771	19,538,320
<b>Provisions for liabilities</b>			
Retirement obligation	12	2,016,021	1,859,444
Deferred tax liabilities	1, 11	243,636	179,703
		<u>2,259,657</u>	<u>2,039,147</u>
<b>Net assets including provisions for liabilities</b>		20,097,114	17,499,173
<b>Shareholders' Equity:</b>			
Ordinary shares	14	72	72
Restricted share units	13	1,750,784	1,585,302
Additional paid-in capital		8,617,838	7,167,227
Treasury shares	14	(3,408,491)	(2,565,761)
Retained earnings		13,988,748	12,375,533
Accumulated other comprehensive loss	1, 4	(1,419,497)	(1,561,837)
<b>Total Accenture plc shareholders' equity</b>		<u>19,529,454</u>	<u>17,000,536</u>
<b>Noncontrolling interests</b>		567,660	498,637
<b>Total shareholders' equity</b>		<u>\$ 20,097,114</u>	<u>\$ 17,499,173</u>

Approved by the Board of Directors on October 22, 2021 and signed on its behalf by:



**Julie Sweet**  
*Director*



**Paula A. Price**  
*Director*

**Accenture plc**  
**Consolidated Profit and Loss Account**  
**For the Years Ended August 31, 2021, 2020 and 2019**  
(In thousands of U.S. dollars, except per share amounts)

	Note	2021	2020	2019
<b>Turnover</b>	1, 2, 16	\$ 50,533,389	\$ 44,327,039	\$ 43,215,013
<b>Cost of services</b>		34,169,261	30,350,881	29,900,325
<b>Gross profit</b>		16,364,128	13,976,158	13,314,688
Sales and marketing		5,288,237	4,625,929	4,447,456
General and administrative costs		3,454,362	2,836,585	2,562,158
<b>Operating profit</b>	16	7,621,529	6,513,644	6,305,074
Interest receivable and similar income		33,365	69,331	87,508
Interest payable and similar charges		(59,492)	(33,071)	(22,963)
Other income (expense), net		165,714	224,427	(117,822)
<b>Profit on ordinary activities before taxation</b>		7,761,116	6,774,331	6,251,797
<b>Taxation</b>	1, 11	1,770,571	1,589,018	1,405,556
<b>Profit after taxation</b>		5,990,545	5,185,313	4,846,241
<b>Noncontrolling interests</b>	1	(83,736)	(77,474)	(67,129)
<b>Profit for the financial year</b>		<u>\$ 5,906,809</u>	<u>\$ 5,107,839</u>	<u>\$ 4,779,112</u>
<b>Earnings per share attributable to Accenture plc ordinary shareholders:</b>				
Basic	3	\$ 9.31	\$ 8.03	\$ 7.49
Diluted	3	\$ 9.16	\$ 7.89	\$ 7.36

Approved by the Board of Directors on October 22, 2021 and signed on its behalf by:



**Julie Sweet**  
*Director*



**Paula A. Price**  
*Director*

**Accenture plc**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended August 31, 2021, 2020 and 2019**  
(In thousands of U.S. dollars)

	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Profit for the financial year</b>		\$ 5,990,545	\$ 5,185,313	\$ 4,846,241
<b>Other comprehensive income (loss), net of taxation:</b>				
Foreign currency translation	4	35,215	197,696	(132,707)
Defined benefit plans	4	55,265	57,100	(253,039)
Cash flow hedges	4	51,811	24,721	123,003
Investments	4	49	(777)	(1,663)
<b>Other comprehensive income (loss) attributable to Accenture plc</b>		142,340	278,740	(264,406)
Other comprehensive income (loss) attributable to noncontrolling interests	4	1,117	8,243	(6,749)
<b>Comprehensive income</b>		<u>\$ 6,134,002</u>	<u>\$ 5,472,296</u>	<u>\$ 4,575,086</u>
<b>Comprehensive income attributable to Accenture plc</b>		6,049,149	5,386,579	4,514,706
Comprehensive income attributable to noncontrolling interests		84,853	85,717	60,380
<b>Comprehensive income</b>		<u>\$ 6,134,002</u>	<u>\$ 5,472,296</u>	<u>\$ 4,575,086</u>

**Accenture plc**  
**Consolidated Shareholders' Equity Statements**  
**For the Years Ended August 31, 2021, 2020 and 2019**  
**(In thousands of U.S. dollars and share amounts)**

	Ordinary Shares		Additional Paid-In Capital	Restricted Share Units	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Total Accenture plc Shareholders' Equity	Noncontrolling interests	Total Shareholders' Equity
	\$	No. Shares								
<b>Balance as of August 31, 2018</b>	\$ 72	664,024	\$ 4,870,764	\$ 1,234,623	\$ (2,116,948)	\$ 7,952,413	\$ (1,576,171)	\$ 10,364,753	\$ 359,835	\$ 10,724,588
Cumulative effect adjustment						2,134,818		2,134,818	3,158	2,137,976
Profit for the financial year						4,779,112		4,779,112	67,129	4,846,241
Other comprehensive income (loss)							(264,406)	(264,406)	(6,749)	(271,155)
Purchase of Class A shares			3,302		(2,669,336)			(2,666,034)	(3,302)	(2,669,336)
Cancellation of treasury shares		(17,599)	(326,092)		2,745,321	(2,419,229)		—		—
Share-based compensation expense			69,459	1,023,794				1,093,253		1,093,253
Purchases/redemptions of Accenture Canada Holdings Inc. exchangeable shares and Class X shares		(47)	(21,768)					(21,768)	(10)	(21,778)
Issuances of Class A shares for employee share programs		9,010	1,219,600	(903,526)	652,587	(121,250)		847,411	1,034	848,445
Dividends				57,012		(1,918,737)		(1,861,725)	(2,628)	(1,864,353)
Other, net			(10,817)			14,411		3,594	216	3,810
<b>Balance as of August 31, 2019</b>	\$ 72	655,388	\$ 5,804,448	\$ 1,411,903	\$ (1,388,376)	\$ 10,421,538	\$ (1,840,577)	\$ 14,409,008	\$ 418,683	\$ 14,827,691
Profit for the financial year						5,107,839		5,107,839	77,474	5,185,313
Other comprehensive income (loss)							278,740	278,740	8,243	286,983
Purchases of Class A shares			3,116		(2,894,253)			(2,891,137)	(3,116)	(2,894,253)
Cancellation of treasury shares		(5,526)	(108,670)		1,056,145	(947,475)		—		—
Share-based compensation expense			79,522	1,118,284				1,197,806		1,197,806
Purchases/redemptions of Accenture Canada Holdings Inc. exchangeable shares and Class X shares		(81)	(21,594)					(21,594)	—	(21,594)
Issuances of Class A shares for employee share programs		9,336	1,409,627	(1,022,144)	660,723	(93,912)		954,294	1,014	955,308
Dividends				77,259		(2,112,457)		(2,035,198)	(2,535)	(2,037,733)
Other, net			778					778	(1,126)	(348)
<b>Balance as of August 31, 2020</b>	\$ 72	659,117	\$ 7,167,227	\$ 1,585,302	\$ (2,565,761)	\$ 12,375,533	\$ (1,561,837)	\$ 17,000,536	\$ 498,637	\$ 17,499,173
Profit for the financial year						5,906,809		5,906,809	83,736	5,990,545
Other comprehensive income (loss)							142,340	142,340	1,117	143,457
Purchases of Class A shares			3,622		(3,693,747)			(3,690,125)	(3,622)	(3,693,747)
Cancellation of treasury shares		(10,263)	(255,809)		2,105,666	(1,849,857)		—		—
Share-based compensation expense			89,272	1,253,679				1,342,951		1,342,951
Purchases/redemptions of Accenture Canada Holdings Inc. exchangeable shares and Class X shares		(15)	(9,377)					(9,377)		(9,377)
Issuances of Class A shares for employee share programs		8,305	1,617,702	(1,176,967)	745,351	(121,343)		1,064,743	1,032	1,065,775
Dividends				88,770		(2,322,394)		(2,233,624)	(2,470)	(2,236,094)
Other, net			5,201					5,201	(10,770)	(5,569)
<b>Balance as of August 31, 2021</b>	\$ 72	657,144	\$ 8,617,838	\$ 1,750,784	\$ (3,408,491)	\$ 13,988,748	\$ (1,419,497)	\$ 19,529,454	\$ 567,660	\$ 20,097,114

**Accenture plc**  
**Consolidated Cash Flows Statements**  
**For the Years Ended August 31, 2021, 2020 and 2019**  
(In thousands of U.S. dollars)

	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit for the financial year	\$ 5,990,545	\$ 5,185,313	\$ 4,846,241
Adjustments to reconcile Profit for the financial year to Net cash provided by (used in) operating activities—			
Depreciation, amortization and other	1,891,242	1,773,124	892,760
Share-based compensation expense	1,342,951	1,197,806	1,093,253
Deferred tax expense (benefit)	60,930	170,951	(96,360)
Other, net	(342,849)	(243,867)	(87,522)
Change in assets and liabilities, net of acquisitions—			
Receivables and contract assets, current and non-current	(1,471,613)	721,500	(526,297)
Other current and non-current assets	(591,836)	(503,482)	(489,817)
Accounts payable	825,472	(359,682)	177,186
Deferred revenues, current and non-current	554,830	236,207	258,067
Accrued payroll and related benefits	1,445,010	(7,845)	386,930
Income taxes payable, current and non-current	111,795	55,198	(162,916)
Other current and non-current liabilities	(841,329)	(10,071)	335,428
Net cash provided by (used in) operating activities	<u>8,975,148</u>	<u>8,215,152</u>	<u>6,626,953</u>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(580,132)	(599,132)	(599,009)
Purchases of businesses and investments, net of cash acquired	(4,171,123)	(1,531,599)	(1,193,071)
Proceeds from sales of businesses and investments	413,553	230,393	27,951
Other investing, net	27,936	5,819	8,553
Net cash provided by (used in) investing activities	<u>(4,309,766)</u>	<u>(1,894,519)</u>	<u>(1,755,576)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of shares	1,065,775	955,308	848,445
Purchases of shares	(3,703,124)	(2,915,847)	(2,691,114)
Proceeds from (repayments of) long-term debt, net	(7,798)	(6,719)	(4,772)
Cash dividends paid	(2,236,094)	(2,037,733)	(1,864,353)
Other, net	(45,096)	(44,101)	(55,377)
Net cash provided by (used in) financing activities	<u>(4,926,337)</u>	<u>(4,049,092)</u>	<u>(3,767,171)</u>
Effect of exchange rate changes on cash and cash equivalents	13,799	16,936	(38,713)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(247,156)</u>	<u>2,288,477</u>	<u>1,065,493</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>8,415,330</u>	<u>6,126,853</u>	<u>5,061,360</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 8,168,174</u>	<u>\$ 8,415,330</u>	<u>\$ 6,126,853</u>

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

**1. Summary of Significant Accounting Policies**

**Description of Business**

Accenture plc is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations. We serve clients in three geographic markets: North America, Europe and Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). We help our clients build their digital core, transform their operations, and accelerate revenue growth—creating tangible value across their enterprises at speed and scale.

**Basis of Presentation**

The Consolidated Financial Statements include the accounts of Accenture plc, an Irish company, and our controlled subsidiary companies. Accenture plc is an Irish public limited company, which operates its business through its subsidiaries.

The shares of Accenture Canada Holdings Inc. held by persons other than us are treated as a noncontrolling interest in the Consolidated Financial Statements. The noncontrolling interests percentage was less than 1% as of August 31, 2021 and 2020, respectively.

The directors have elected to prepare the Consolidated Financial Statements in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of assets and liabilities, financial position and profit or loss of a company and its subsidiary undertakings may be given by preparing its group financial statements in accordance with U.S. GAAP, to the extent that the use of U.S. GAAP in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

The directors believe that the Group and Parent Company have adequate resources to continue in operational existence for at least the next 12 months and that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Consolidated Financial Statements are prepared in accordance with Irish Company Law, to present to the shareholders of Accenture plc and file with the Companies Registration Office in Ireland. Accordingly, these Consolidated Financial Statements include disclosures required by the Companies Act 2014 of Ireland in addition to those required under U.S. GAAP.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on August 31. For example, a reference to “fiscal 2021” means the 12-month period that ended on August 31, 2021. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year. All references to “Consolidated Income Statements”, “revenues”, “gross margin”, “operating income”, “income taxes” and “net income attributable to Accenture plc” within this report should be read interchangeably with the following terms: “Consolidated Profit and Loss Account”, “turnover”, “gross profit”, “operating profit”, “taxation” and “profit for the financial year”, respectively.

The Consolidated Financial Statements include the Consolidated Balance Sheet of Accenture plc and its subsidiaries as of August 31, 2021, and the related Consolidated Profit and Loss Account and Statements of Comprehensive Income, Shareholders' Equity and Cash Flows for the 12-months ended August 31, 2021. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to our Annual Report on Form 10-K for the fiscal year ended August 31, 2021 filed with the U.S. Securities and Exchange Commission on October 15, 2021.

The preparation of the Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that we may undertake in the future, actual results may be different from those estimates.

**Revenue Recognition**

We account for revenue in accordance with FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

### ***Performance Obligations***

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service based on margins for similar services sold on a standalone basis. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as we sell those performance obligations unaccompanied by other performance obligations. Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in the contract specifications, requirements or duration. If a contract modification results in the addition of performance obligations priced at a standalone selling price or if the post-modification services are distinct from the services provided prior to the modification, the modification is accounted for separately. If the modified services are not distinct, they are accounted for as part of the existing contract.

Our revenues are derived from contracts for outsourcing services, technology integration consulting services and non-technology integration consulting services. These contracts have different terms based on the scope, performance obligations and complexity of the engagement, which frequently require us to make judgments and estimates in recognizing revenues. We have many types of contracts, including time-and-materials contracts, fixed-price contracts, fee-per-transaction contracts and contracts with multiple fee types.

The nature of our contracts gives rise to several types of variable consideration, including incentive fees. Many contracts include incentives or penalties related to costs incurred, benefits produced or adherence to schedules that may increase the variability in revenues and margins earned on such contracts. These variable amounts generally are awarded or refunded upon achievement of or failure to achieve certain performance metrics, milestones or cost targets and can be based upon client discretion. We include these variable fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee and it is not probable a significant reversal of revenue will occur. These estimates reflect the expected value of the variable fee and are based on an assessment of our anticipated performance, historical experience and other information available at the time.

Our performance obligations are satisfied over time as work progresses or at a point in time. The majority of our revenues are recognized over time based on the extent of progress towards satisfying our performance obligations. The selection of the method to measure progress towards completion requires judgment and is based on the contract and the nature of the services to be provided.

### ***Outsourcing Contracts***

Our outsourcing contracts typically span several years. Revenues are generally recognized on outsourcing contracts over time because our clients benefit from the services as they are performed. Outsourcing contracts require us to provide a series of distinct services each period over the contract term. Revenues from unit-priced contracts are recognized as transactions are processed. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognized as amounts become billable in accordance with contract terms.

### ***Technology Integration Consulting Services***

Revenues from contracts for technology integration consulting services where we design/redesign, build and implement new or enhanced systems and related processes for our clients are recognized over time as control of the system is transferred continuously to the client. Contracts for technology integration consulting services generally span six months to two years. Generally, revenue, including estimated fees, is recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the client.



**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

***Non-Technology Integration Consulting Services***

Our contracts for non-technology integration consulting services are typically less than a year in duration. Revenues are generally recognized over time as our clients benefit from the services as they are performed, or the contract, for which the related services lack an alternative use, includes termination provisions enabling payment for performance completed to date. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognized as amounts become billable in accordance with contract terms. Revenues from fixed-price contracts are generally recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the client. For non-technology integration consulting contracts which do not qualify to recognize revenue over time, we recognize revenues at a point in time when the client obtains control of the promised good or service.

***Contract Estimates***

Estimates of total contract revenues and costs are continuously monitored over the lives of our contracts, and recorded revenues and cost estimates are subject to revision as the contract progresses. If at any time the estimate of contract profitability indicates an anticipated loss on a technology integration consulting contract, we recognize the loss in the quarter it first becomes probable and reasonably estimable.

***Contract Balances***

The timing of revenue recognition, billings and cash collections results in Receivables, Contract assets, and Deferred revenues (Contract liabilities) on our Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. Our receivables are rights to consideration that are conditional only upon the passage of time as compared to our contract assets, which are rights to consideration conditional upon additional factors. When we bill or receive payments from our clients before revenue is recognized, we record Contract liabilities. Contract assets and liabilities are reported on our Consolidated Balance Sheet on a contract-by-contract basis at the end of each reporting period.

For some outsourcing contracts, we receive payments for transition or set-up activities, which are deferred and recognized as revenue as the services are provided. These advance payments are typically not a significant financing component because they are used to meet working capital demands in the early stages of a contract and to protect us from the other party failing to complete its obligations under the contract. We elected the practical expedient to report revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

***Employee Share-Based Compensation Arrangements***

Share-based compensation expense is recognized over the requisite service period for awards of equity instruments to employees based on the grant date fair value of those awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

***Income Taxes***

We calculate and provide for income taxes in each of the tax jurisdictions in which we operate. Deferred tax assets and liabilities, measured using enacted tax rates, are recognized for the future tax consequences of temporary differences between the tax and financial statement bases of assets and liabilities. A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized. We establish liabilities or reduce assets when we believe tax positions are not more likely than not of being sustained if challenged. Recognized tax positions are measured at the largest amount of benefit greater than 50 percent likely of being realized. Each fiscal quarter, we evaluate tax positions and adjust the related tax assets and liabilities in light of changing facts and circumstances. We release stranded tax effects from Accumulated other comprehensive loss using the specific identification approach for our defined benefit plans and the portfolio approach for other items.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

### Translation of Non-U.S. Currency Amounts

Assets and liabilities of non-U.S. subsidiaries whose functional currency is not the U.S. dollar are translated into U.S. dollars at fiscal year-end exchange rates. Revenue and expense items are translated at average foreign currency exchange rates prevailing during the fiscal year. Translation adjustments are included in Accumulated other comprehensive loss. Gains and losses arising from intercompany foreign currency transactions that are of a long-term investment nature are reported in the same manner as translation adjustments.

### Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and liquid investments with original maturities of three months or less, including certificates of deposit and time deposits. As a result of certain subsidiaries' cash management systems, checks issued but not presented to the banks for payment may create negative book cash balances. Such negative balances are classified as Current portion of long term debt and bank borrowings.

### Allowance for Credit Losses—Client Receivables and Contract Assets

We record our client receivables at their face amounts less allowances. The allowance represents our estimate of expected credit losses based on historical experience, current economic conditions and certain forward-looking information. As of August 31, 2021 and 2020, total allowances recorded for credit losses recorded for client receivables and contract assets was \$32,206 and \$40,277, respectively. The change in the allowance is primarily due to immaterial write-offs and changes in gross client receivables and contract assets.

### Concentrations of Credit Risk

Our financial instruments, consisting primarily of cash and cash equivalents, foreign currency exchange rate instruments and client receivables, are exposed to concentrations of credit risk. We place our cash and cash equivalents and foreign exchange instruments with highly-rated financial institutions, limit the amount of credit exposure with any one financial institution and conduct ongoing evaluations of the credit worthiness of the financial institutions with which we do business. Client receivables are dispersed across many different industries and countries; therefore, concentrations of credit risk are limited.

### Investments

All available-for-sale securities and liquid investments with an original maturity greater than three months but less than one year are considered to be Short-term investments. Non-current investments consist of equity securities in publicly-traded and privately-held companies and are accounted for using either the equity or fair value measurement alternative method of accounting (for investments without readily determinable fair values). Investments are periodically assessed for other-than-temporary impairment. If an investment is deemed to have experienced an other-than-temporary decline below its basis, we reduce the carrying amount of the investment to its estimated fair value.

Our non-current investments are as follows:

	August 31, 2021	August 31, 2020
Equity method investments	\$ 184,157	\$ 240,446
Investments without readily determinable fair values	145,369	84,068
<b>Total non-current investments</b>	<b>\$ 329,526</b>	<b>\$ 324,514</b>

For investments in which we can exercise significant influence but do not control, we use the equity method of accounting. Equity method investments are initially recorded at cost and our proportionate share of gains and losses of the investee are included as a component of other income (expense), net. Our equity method investments consist primarily of an investment in Duck Creek Technologies. As of August 31, 2021, the carrying amount of our investment was \$162,775, and the estimated fair value of our approximately 16% ownership was \$854,823. We account for the investment under the equity method because we have the ability to influence operations through the combination of our voting power and through other factors, such as representation on the board and our business relationship.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

For equity securities without a readily determinable fair value, we use the fair value measurement alternative and measure the securities at cost less impairment, if any, plus or minus observable price changes in orderly transactions for an identical or similar investment of the same issuer.

**Depreciation and Amortization**

See table below for summary of depreciation on fixed assets, deferred transition amortization, intangible assets amortization and operating lease cost for fiscal 2021 and 2020, respectively.

	Fiscal	
	2021	2020
Depreciation	\$ 512,051	\$ 482,054
Amortization—Deferred transition	297,216	300,680
Amortization—Intangible assets	312,706	239,664
Operating lease cost	765,232	749,233
Other	4,037	1,493
Total depreciation, amortization and other	\$ 1,891,242	\$ 1,773,124

**Property and Equipment**

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

Computers, related equipment and software	2 to 7 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	Lesser of lease term or 15 years

**Goodwill**

Goodwill represents the excess of the purchase price of an acquired entity over the fair value of net assets acquired. We review the recoverability of goodwill by operating segment annually, or more frequently when indicators of impairment exist. Based on the results of our annual impairment analysis, we determined that no impairment existed as of August 31, 2021 or 2020, as each reportable segment's estimated fair value substantially exceeded its carrying value.

**Long-Lived Assets**

Long-lived assets, including deferred contract costs and identifiable intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future undiscounted net cash flows are less than the carrying amount, the asset is considered impaired and a loss is recorded equal to the amount required to reduce the carrying amount to fair value.

Intangible assets with finite lives are generally amortized using the straight-line method over their estimated economic useful lives, ranging from one to fifteen years.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

**Operating Expenses**

Selected components of operating expenses are as follows:

	Fiscal		
	2021	2020	2019
Research and development costs	\$ 1,118,320	\$ 870,611	\$ 799,734
Advertising costs (1)	171,883	57,658	85,521
Provision for (release of) doubtful accounts (2)	6,199	147	974

(1) Advertising costs are expensed as incurred.

(2) For additional information, see “Allowance for Credit Losses - Client Receivables and Contract Assets.”

**Recently Adopted Accounting Pronouncements*****Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-13 (“Topic 326”)***

On September 1, 2020, we adopted FASB ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends guidance on recognition and measurement of credit losses and related disclosures. The amendments replace the existing incurred loss impairment model with a methodology to measure and recognize lifetime expected credit losses for all in-scope financial assets, including accounts receivable and contract assets. The adoption did not have an impact on our Consolidated Financial Statements.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

## 2. Revenues

### Disaggregation of Revenue

See Note 16 (Segment Reporting) to these Consolidated Financial Statements for our disaggregated revenues.

### Remaining Performance Obligations

We had remaining performance obligations of approximately \$23 billion and \$20 billion as of August 31, 2021 and 2020, respectively. Our remaining performance obligations represent the amount of transaction price for which work has not been performed and revenue has not been recognized. The majority of our contracts are terminable by the client on short notice with little or no termination penalties, and some without notice. Under Topic 606, only the non-cancelable portion of these contracts is included in our performance obligations. Additionally, our performance obligations only include variable consideration if we assess it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty is resolved. Based on the terms of our contracts, a significant portion of what we consider contract bookings is not included in our remaining performance obligations. We expect to recognize approximately 70% of our remaining performance obligations as of August 31, 2021 as revenue in fiscal 2022, an additional 14% in fiscal 2023, and the balance thereafter.

### Contract Estimates

Adjustments in contract estimates related to performance obligations satisfied or partially satisfied in prior periods were immaterial for both fiscal 2021 and 2020.

### Contract Balances

Deferred transition revenues were \$700,080 and \$690,931 as of August 31, 2021 and 2020, respectively, and are included in Non-current deferred revenues. Costs related to these activities are also deferred and are expensed as the services are provided. Generally, deferred amounts are protected in the event of early termination of the contract and are monitored regularly for impairment. Impairment losses are recorded when projected remaining undiscounted operating cash flows of the related contract are not sufficient to recover the carrying amount of contract assets. Deferred transition costs were \$731,445 and \$723,168 as of August 31, 2021 and 2020, respectively, and are included in Deferred contract costs. Deferred transition amortization expense for fiscal 2021, 2020 and 2019 was \$297,216, \$300,680 and \$274,814, respectively.

The following table provides information about the balances of our Receivables, Contract assets and Contract liabilities (Deferred revenues):

	As of August 31, 2021	As of August 31, 2020
Receivables, net of allowance	\$ 8,796,992	\$ 7,192,110
Contract assets (current)	931,220	654,782
Receivables and contract assets (current)	9,728,212	7,846,892
Contract assets (non-current)	38,334	43,257
Deferred revenues (current)	4,229,177	3,636,741
Deferred revenues (non-current)	700,080	690,931

Changes in the contract asset and liability balances during fiscal 2021, were a result of normal business activity and not materially impacted by any other factors.

Revenues recognized during fiscal 2021 that were included in Deferred revenues as of August 31, 2020 were \$3.3 billion. Revenues recognized during fiscal 2020 that were included in Deferred revenues as of August 31, 2019 were \$2.8 billion.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

### 3. Earnings Per Share

Basic and diluted earnings per share are calculated as follows:

	Fiscal		
	2021	2020	2019
<b>Basic Earnings per share</b>			
Net income attributable to Accenture plc	\$ 5,906,809	\$ 5,107,839	\$ 4,779,112
Basic weighted average Class A ordinary shares	634,745,073	636,299,913	638,098,125
Basic earnings per share	<u>\$ 9.31</u>	<u>\$ 8.03</u>	<u>\$ 7.49</u>
<b>Diluted Earnings per share</b>			
Net income attributable to Accenture plc	\$ 5,906,809	\$ 5,107,839	\$ 4,779,112
Net income attributable to noncontrolling interests in Accenture Canada Holdings Inc. (1)	6,539	6,325	6,694
Net income for diluted earnings per share calculation	<u>\$ 5,913,348</u>	<u>\$ 5,114,164</u>	<u>\$ 4,785,806</u>
Basic weighted average Class A ordinary shares	634,745,073	636,299,913	638,098,125
Class A ordinary shares issuable upon redemption/exchange of noncontrolling interests (1)	702,567	787,429	892,654
Diluted effect of employee compensation related to Class A ordinary shares	10,344,620	10,599,773	11,111,679
Diluted effect of share purchase plans related to Class A ordinary shares	116,782	109,888	102,415
Diluted weighted average Class A ordinary shares	<u>645,909,042</u>	<u>647,797,003</u>	<u>650,204,873</u>
Diluted earnings per share	<u>\$ 9.16</u>	<u>\$ 7.89</u>	<u>\$ 7.36</u>

- (1) Diluted earnings per share assumes the exchange of all Accenture Canada Holdings Inc. exchangeable shares for Accenture plc Class A ordinary shares on a one-for-one basis. The income effect does not take into account "Net income attributable to noncontrolling interests - other," since those shares are not redeemable or exchangeable for Accenture plc Class A ordinary shares.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

#### 4. Accumulated Other Comprehensive Loss

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss attributable to Accenture plc:

	Fiscal		
	2021	2020	2019
<b>Foreign currency translation</b>			
Beginning balance	\$ (1,010,279)	\$ (1,207,975)	\$ (1,075,268)
Foreign currency translation	36,562	207,566	(138,680)
Income tax benefit (expense)	(346)	(1,719)	(607)
Portion attributable to noncontrolling interests	(1,001)	(8,151)	6,580
Foreign currency translation, net of tax	35,215	197,696	(132,707)
Ending balance	(975,064)	(1,010,279)	(1,207,975)
<b>Defined benefit plans</b>			
Beginning balance	(615,223)	(672,323)	(419,284)
Actuarial gains (losses)	(50,166)	22,414	(379,090)
Pension settlement	39,016	3,757	793
Prior service costs arising during the period	27,570	—	(2,105)
Reclassifications into net periodic pension and post-retirement expense	49,864	55,035	32,985
Income tax benefit (expense)	(10,959)	(24,041)	94,052
Portion attributable to noncontrolling interests	(60)	(65)	326
Defined benefit plans, net of tax	55,265	57,100	(253,039)
Ending balance	(559,958)	(615,223)	(672,323)
<b>Cash flow hedges</b>			
Beginning balance	63,714	38,993	(84,010)
Unrealized gain (loss)	168,244	72,437	209,017
Reclassification adjustments into Cost of services	(102,676)	(48,545)	(48,333)
Income tax benefit (expense)	(13,701)	857	(37,522)
Portion attributable to noncontrolling interests	(56)	(28)	(159)
Cash flow hedges, net of tax	51,811	24,721	123,003
Ending balance (1)	115,525	63,714	38,993
<b>Investments</b>			
Beginning balance	(49)	728	2,391
Unrealized gain (loss)	49	(778)	(1,970)
Income tax benefit (expense)	—	—	305
Portion attributable to noncontrolling interests	—	1	2
Investments, net of tax	49	(777)	(1,663)
Ending balance	—	(49)	728
<b>Accumulated other comprehensive loss</b>	<b>\$ (1,419,497)</b>	<b>\$ (1,561,837)</b>	<b>\$ (1,840,577)</b>

(1) As of August 31, 2021, \$103,549 of net unrealized gains related to derivatives designated as cash flow hedges is expected to be reclassified into cost of services in the next twelve months.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**5. Property and Equipment**

The components of Property and equipment, net are as follows:

	August 31, 2021	August 31, 2020
Buildings and land	\$ 60	\$ 61
Computers, related equipment and software	2,052,408	1,978,380
Furniture and fixtures	470,624	456,136
Leasehold improvements	1,528,462	1,424,722
Property and equipment, gross	4,051,554	3,859,299
Total accumulated depreciation	(2,412,449)	(2,313,731)
Property and equipment, net	<u>\$ 1,639,105</u>	<u>\$ 1,545,568</u>

Depreciation expense for fiscal 2021, 2020 and 2019 was \$512,051, \$482,054 and \$440,796, respectively.

**6. Business Combinations**

We completed a number of individually immaterial acquisitions during fiscal 2021, 2020 and 2019. These acquisitions were completed primarily to expand our services and solutions offerings. The table below gives additional details related to these acquisitions:

	Fiscal		
	2021	2020	2019
Total consideration	\$ 4,109,145	\$ 1,513,910	\$ 1,170,044
Goodwill	3,388,948	1,352,839	920,696
Intangible assets	983,910	377,060	282,144

The intangible assets primarily consist of customer-related intangibles, which are being amortized over one to fifteen years. The goodwill was allocated among our reportable operating segments and is partially deductible for U.S. federal income tax purposes.



**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

## 7. Goodwill and Intangible Assets

### Goodwill

The changes in the carrying amount of goodwill by reportable operating segment are as follows:

	August 31, 2019	Additions/ Adjustments	Foreign Currency Translation	August 31, 2020	Additions/ Adjustments	Foreign Currency Translation	August 31, 2021
<b>GEOGRAPHIC MARKETS</b>							
North America	\$3,973,356	\$ 628,458	\$ 2,627	\$ 4,604,441	\$ 2,010,303	\$ 3,454	\$6,618,198
Europe	1,569,223	420,413	148,452	2,138,088	1,179,932	11,726	3,329,746
Growth Markets	662,971	289,598	14,722	967,291	205,469	5,157	1,177,917
<b>Total</b>	<b>\$6,205,550</b>	<b>\$ 1,338,469</b>	<b>\$ 165,801</b>	<b>\$ 7,709,820</b>	<b>\$ 3,395,704</b>	<b>\$ 20,337</b>	<b>\$11,125,861</b>

Goodwill includes immaterial adjustments related to prior period acquisitions.

### Intangible Assets

Our definite-lived intangible assets by major asset class are as follows:

Intangible Asset Class	August 31, 2020			August 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer-related	\$ 1,319,332	\$ (495,367)	\$ 823,965	\$ 2,068,156	\$ (654,460)	\$ 1,413,696
Technology	150,765	(55,543)	95,222	250,481	(54,391)	196,090
Patents	129,295	(66,954)	62,341	126,202	(66,650)	59,552
Other	82,676	(34,986)	47,690	70,407	(28,807)	41,600
<b>Total</b>	<b>\$ 1,682,068</b>	<b>\$ (652,850)</b>	<b>\$ 1,029,218</b>	<b>\$ 2,515,246</b>	<b>\$ (804,308)</b>	<b>\$ 1,710,938</b>

Total amortization related to our intangible assets was \$312,706, \$239,664 and \$177,150 for fiscal 2021, 2020 and 2019, respectively. Estimated future amortization related to intangible assets held as of August 31, 2021 is as follows:

Fiscal Year	Estimated Amortization
2022	\$ 352,776
2023	286,589
2024	260,069
2025	237,270
2026	191,099
Thereafter	383,135
<b>Total</b>	<b>\$ 1,710,938</b>

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**8. Leases**

On September 1, 2019, we adopted FASB ASU No. 2016-02, Leases, and related updates (“Topic 842”) using the effective date method. Prior period amounts were not adjusted. The primary impact of adoption is the requirement for lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by both operating and finance leases. Enhanced quantitative and qualitative disclosures about leasing arrangements are also required. We elected the package of practical expedients which does not require reassessment of prior conclusions related to identifying leases, lease classification or initial direct costs. We also elected the practical expedient to combine lease and non-lease components, accounting for the combined components as a single lease component, for our office real estate and automobile leases. The standard did not have a material impact on our Consolidated Income Statement.

As a lessee, substantially all of our lease obligation is for office real estate. Our significant judgments used in determining our lease obligation include whether a contract is or contains a lease and the determination of the discount rate used to calculate the lease liability. We elected the practical expedient not to separate lease and associated non-lease components, accounting for them as a single combined lease component, for our office real estate and automobile leases.

Our leases may include the option to extend or terminate before the end of the contractual term and are often non-cancelable or cancelable only by the payment of penalties. Our lease assets and liabilities include these options in the lease term when it is reasonably certain that they will be exercised. In certain cases, we sublease excess office real estate to third-party tenants.

Lease assets and liabilities recognized at the lease commencement date are determined predominantly as the present value of the payments due over the lease term. Since we cannot determine the implicit rate in our leases, we use our incremental borrowing rate on that date to calculate the present value. Our incremental borrowing rate approximates the rate at which we could borrow, on a secured basis for a similar term, an amount equal to our lease payments in a similar economic environment.

When we are the lessee, all leases are recognized as lease liabilities and associated lease assets on the Consolidated Balance Sheet. Lease liabilities represent our obligation to make payments arising from the lease. Lease assets represent our right to use an underlying asset for the lease term and may also include advance payments, initial direct costs, or lease incentives. Payments that depend upon an index or rate, such as the Consumer Price Index (CPI), are included in the recognition of lease assets and liabilities at the commencement-date rate. Other variable payments, such as common area maintenance, property and other taxes, utilities and insurance that are based on the lessor’s cost, are recognized in the Consolidated Income Statement in the period incurred.

As of August 31, 2021 and 2020, we had no material finance leases. Operating lease expense is recorded on a straight-line basis over the lease term. Lease costs are as follows:

	Fiscal 2021	Fiscal 2020
Operating lease cost	\$ 765,232	\$ 749,233
Variable lease cost	176,426	181,612
Sublease income	(23,717)	(27,192)
	<u>\$ 917,941</u>	<u>\$ 903,653</u>

Supplemental information related to operating lease transactions is as follows:

	Fiscal 2021	Fiscal 2020
Lease liability payments	\$ 753,167	\$ 725,892
Lease assets obtained in exchange for liabilities	599,866	592,026

As of August 31, 2021 and 2020, our operating leases had a weighted average remaining lease term of 7.3 years and a weighted average discount rate of 3.9% and 4.2%, respectively.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

The following maturity analysis presents future undiscounted cash outflows (inflows) for operating leases as of August 31, 2021:

	Lease Payments	Sublease Receipts
2022	\$ 757,020	\$ (13,029)
2023	667,204	(12,088)
2024	558,848	(10,787)
2025	448,858	(8,288)
2026	335,658	(7,269)
Thereafter	1,144,549	(19,895)
Total lease payments (receipts)	<u>\$ 3,912,137</u>	<u>\$ (71,356)</u>
Less interest	(471,056)	
Total lease liabilities	<u>\$ 3,441,081</u>	

As of August 31, 2021, we have entered into leases that have not yet commenced with future lease payments of \$282 million that are not reflected in the table above. These leases are primarily related to office real estate and will commence in fiscal 2022 with lease terms of up to 16 years.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

## **9. Financial Instruments**

### **Derivatives**

In the normal course of business, we use derivative financial instruments to manage foreign currency exchange rate risk. Derivative transactions are governed by a uniform set of policies and procedures covering areas such as authorization, counterparty exposure and hedging practices. Positions are monitored using techniques such as market value and sensitivity analyses. We do not enter into derivative transactions for trading purposes. We classify cash flows from our derivative programs as cash flows from operating activities in the Consolidated Cash Flows Statements.

Certain derivatives give rise to credit risks from the possible non-performance by counterparties. Credit risk is generally limited to the fair value of those contracts that are favorable to us, and the maximum amount of loss due to credit risk, based on the gross fair value of our derivative financial instruments that are in an asset position, was \$211,988 as of August 31, 2021.

We utilize standard counterparty master agreements containing provisions for the netting of certain foreign currency transaction obligations and for set-off of certain obligations in the event of an insolvency of one of the parties to the transaction. These provisions may reduce our potential overall loss resulting from the insolvency of a counterparty and reduce a counterparty's potential overall loss resulting from our insolvency. Additionally, these agreements contain early termination provisions triggered by adverse changes in a counterparty's credit rating, thereby enabling us to accelerate settlement of a transaction prior to its contractual maturity and potentially decrease our realized loss on an open transaction. Similarly, a decrement in our credit rating could trigger a counterparty's early termination rights, thereby enabling a counterparty to accelerate settlement of a transaction prior to its contractual maturity and potentially increase our realized loss on an open transaction. The aggregate fair value of our derivative instruments with credit-risk-related contingent features that were in a liability position as of August 31, 2021 was \$18,066.

Our derivative financial instruments consist of deliverable and non-deliverable foreign currency forward contracts. Fair values for derivative financial instruments are based on prices computed using third-party valuation models and are classified as Level 2 in accordance with the three-level hierarchy of fair value measurements. All of the significant inputs to the third-party valuation models are observable in active markets. Inputs include current market-based parameters such as forward rates and yield curves. For additional information related to the three-level hierarchy of fair value measurements, see Note 12 (Retirement and Profit Sharing Plans) to these Consolidated Financial Statements.

### **Cash Flow Hedges**

Certain of our subsidiaries are exposed to currency risk through their use of our global delivery resources. To mitigate this risk, we use foreign currency forward contracts to hedge the foreign exchange risk of the forecasted intercompany expenses denominated in foreign currencies for up to three years in the future. We have designated these derivatives as cash flow hedges. As of August 31, 2021 and 2020, we held no derivatives that were designated as fair value or net investment hedges.

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow or net investment hedge by documenting the relationship between the derivative and the hedged item. The documentation includes a description of the hedging instrument, the hedged item, the risk being hedged, our risk management objective and strategy for undertaking the hedge, the method for assessing the effectiveness of the hedge and the method for measuring hedge ineffectiveness. Additionally, the hedge relationship must be expected to be highly effective at offsetting changes in either the fair value or cash flows of the hedged item at both inception of the hedge and on an ongoing basis.

For a cash flow hedge, the effective portion of the change in estimated fair value of a hedging instrument is recorded in Accumulated other comprehensive loss as a separate component of Shareholders' Equity and is reclassified into Cost of services in the Consolidated Income Statements during the period in which the hedged transaction is recognized. The amounts related to derivatives designated as cash flow hedges that were reclassified into Cost of services were net gains of \$102,676, \$48,545 and \$48,333 during fiscal 2021, 2020 and 2019, respectively. The ineffective portion of the change in fair value of a cash flow hedge is recognized immediately in Other income (expense), net in the Consolidated Income Statements and for fiscal 2021, 2020 and 2019, was not material. In addition, we did not discontinue any cash flow hedges during fiscal 2021, 2020 or 2019.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**Other Derivatives**

We also use foreign currency forward contracts, which have not been designated as hedges, to hedge balance sheet exposures, such as intercompany loans. These instruments are generally short-term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates. Realized gains or losses and changes in the estimated fair value of these derivatives were net gains of \$15,370, and \$111,623 for fiscal 2021 and 2020, respectively, and a net loss of \$112,113 for fiscal 2019. Gains and losses on these contracts are recorded in Other income (expense), net in the Consolidated Income Statements and are offset by gains and losses on the related hedged items.

**Fair Value of Derivative Instruments**

The notional and fair values of all derivative instruments are as follows:

	August 31, 2021	August 31, 2020
<b>Assets</b>		
Cash Flow Hedges		
Other current assets	\$ 109,416	\$ 75,871
Other non-current assets	70,250	50,914
Other Derivatives		
Other current assets	32,322	27,964
<b>Total assets</b>	<b>\$ 211,988</b>	<b>\$ 154,749</b>
<b>Liabilities</b>		
Cash Flow Hedges		
Other accrued liabilities	\$ 5,867	\$ 13,614
Other non-current liabilities	8,585	13,576
Other Derivatives		
Other accrued liabilities	3,614	11,828
<b>Total liabilities</b>	<b>\$ 18,066</b>	<b>\$ 39,018</b>
<b>Total fair value</b>	<b>\$ 193,922</b>	<b>\$ 115,731</b>
<b>Total notional value</b>	<b>\$ 10,045,903</b>	<b>\$ 9,600,691</b>

We utilize standard counterparty master agreements containing provisions for the netting of certain foreign currency transaction obligations and for the set-off of certain obligations in the event of an insolvency of one of the parties to the transaction. In the Consolidated Balance Sheets, we record derivative assets and liabilities at gross fair value. The potential effect of netting derivative assets against liabilities under the counterparty master agreements is as follows:

	August 31, 2021	August 31, 2020
Net derivative assets	\$ 193,936	\$ 129,520
Net derivative liabilities	14	13,789
<b>Total fair value</b>	<b>\$ 193,922</b>	<b>\$ 115,731</b>

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**10. Borrowings and Indebtedness**

As of August 31, 2021, we had the following borrowing facilities, including the issuance of letters of credit, to support general working capital purposes:

	Facility Amount	Borrowings Under Facilities
Syndicated loan facility (1)	\$ 3,000,000	\$ —
Separate, uncommitted, unsecured multicurrency revolving credit facilities (2)	1,200,031	—
Local guaranteed and non-guaranteed lines of credit (3)	247,261	—
Total	<u>\$ 4,447,292</u>	<u>\$ —</u>

- (1) On April 26, 2021, we replaced our \$1,000,000 syndicated 5-year credit facility and \$1,000,000 syndicated 364-day credit facility with a new \$3,000,000 syndicated credit facility maturing on April 24, 2026. This facility provides unsecured, revolving borrowing capacity for general corporate capital purposes, including the issuance of letters of credit. Borrowings under this facility will accrue interest at the applicable risk-free rate plus a spread. We continue to be in compliance with relevant covenant terms. The facility is subject to annual commitment fees. As of August 31, 2021, we had no borrowings under the facility.
- (2) We maintain separate, uncommitted and unsecured multicurrency revolving credit facilities. These facilities provide local currency financing for the majority of our operations. Interest rate terms on the revolving facilities are at market rates prevailing in the relevant local markets. As of August 31, 2021 and 2020, we had no borrowings under these facilities.
- (3) We also maintain local guaranteed and non-guaranteed lines of credit for those locations that cannot access our global facilities. As of August 31, 2021 and 2020, we had no borrowings under these various facilities, respectively.

Under the borrowing facilities described above, we had an aggregate of \$695,139 and \$487,795 of letters of credit outstanding as of August 31, 2021 and 2020, respectively. In addition, we had total outstanding debt of \$65,553 and \$61,872 as of August 31, 2021 and 2020, respectively.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**11. Income Taxes**

	Fiscal		
	2021	2020	2019
Current tax expense	\$ 1,709,641	\$ 1,418,067	\$ 1,501,916
Deferred tax (benefit) expense	60,930	170,951	(96,360)
<b>Total</b>	<b>\$ 1,770,571</b>	<b>\$ 1,589,018</b>	<b>\$ 1,405,556</b>

Income tax expense attributable to income from continuing operations was \$1,770,571, \$1,589,018, and \$1,405,556 for the years ended August 31, 2021, 2020 and 2019, respectively. These amounts are higher than the amounts computed by applying our relevant income tax rate to pre-tax income from continuing operations due to our global operations being taxed at different rates around the world and adjustments to prior year tax liabilities, offset by benefits from final determinations of prior year taxes and share-based payments. The revaluation of deferred tax assets and liabilities due to enacted changes in tax laws and tax rates did not have a material impact on our income tax expense in fiscal 2021, 2020 or 2019.

As of August 31, 2021, we had not recognized a deferred tax liability on approximately \$1,900,000 of undistributed earnings for certain foreign subsidiaries, because these earnings are intended to be indefinitely reinvested. If such earnings were distributed, some countries may impose additional taxes. The unrecognized deferred tax liability (the amount payable if distributed) is approximately \$100,000.

The components of our deferred tax assets and liabilities included the following:

	August 31, 2021	August 31, 2020 (1)
<b>Deferred tax assets</b>		
Pensions	\$ 474,934	\$ 443,231
Revenue recognition	120,990	115,287
Compensation and benefits	726,430	574,349
Share-based compensation	355,157	334,061
Tax credit carryforwards	915,382	659,835
Net operating loss carryforwards	196,611	159,506
Deferred amortization deductions	857,441	828,098
Indirect effects of unrecognized tax benefits	285,768	279,105
Licenses and other intangibles	1,533,152	1,752,612
Leases	704,200	729,787
Other	305,575	280,883
<b>Total deferred tax assets</b>	<b>6,475,640</b>	<b>6,156,754</b>
Valuation allowance	(1,001,245)	(757,799)
<b>Deferred tax assets, net of valuation allowance</b>	<b>5,474,395</b>	<b>5,398,955</b>
<b>Deferred tax liabilities</b>		
Investments in subsidiaries	(142,635)	(169,752)
Intangibles	(480,588)	(298,181)
Leases	(648,419)	(669,005)
Property and equipment	(92,271)	(56,218)
Other	(346,988)	(232,356)
<b>Total deferred tax liabilities</b>	<b>(1,710,901)</b>	<b>(1,425,512)</b>
<b>Net deferred tax assets</b>	<b>\$ 3,763,494</b>	<b>\$ 3,973,443</b>

(1) Prior period amounts have been reclassified to conform with the current period presentation.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

We recorded valuation allowances of \$1,001,245 and \$757,799 as of August 31, 2021 and 2020, respectively, against deferred tax assets principally associated with certain tax credit and tax net operating loss carryforwards, as we believe it is more likely than not that these assets will not be realized. For all other deferred tax assets, we believe it is more likely than not that the results of future operations will generate sufficient taxable income to realize these deferred tax assets. During fiscal 2021 and 2020, we recorded net increases of \$243,446 and \$151,034 in the valuation allowance, respectively, primarily related to valuation allowances on certain tax credit carryforwards, as we believe it is more likely than not that these assets will not be realized.

We had tax credit carryforwards as of August 31, 2021 of \$915,382, of which \$25,858 will expire between 2022 and 2031, \$52 will expire between 2032 and 2041, and \$889,472 has an indefinite carryforward period. We had net operating loss carryforwards as of August 31, 2021 of \$903,589. Of this amount, \$86,729 expires between 2022 and 2031, \$100,270 expires between 2032 and 2041, and \$716,590 has an indefinite carryforward period.

As of August 31, 2021, we had \$1,344,460 of unrecognized tax benefits, of which \$1,028,090, if recognized, would favorably affect our effective tax rate. As of August 31, 2020, we had \$1,238,945 of unrecognized tax benefits, of which \$934,183, if recognized, would favorably affect our effective tax rate. The remaining unrecognized tax benefits as of August 31, 2021 and 2020 of \$316,370 and \$304,762, respectively, represent items recorded as offsetting tax benefits associated with the correlative effects of potential transfer pricing adjustments, state income taxes and timing adjustments.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	Fiscal	
	2021	2020
Balance, beginning of year	\$ 1,238,945	\$ 1,233,014
Additions for tax positions related to the current year	187,741	168,938
Additions for tax positions related to prior years	115,518	58,977
Reductions for tax positions related to prior years	(133,349)	(177,812)
Statute of limitations expirations	(62,614)	(51,477)
Settlements with tax authorities	(3,374)	(11,602)
Foreign currency translation	1,593	18,907
Balance, end of year	<u>\$ 1,344,460</u>	<u>\$ 1,238,945</u>

For the year ended August 31, 2021, some of the additions for tax positions related to prior years are for items that had no net impact to the consolidated financial statements.

We recognize interest and penalties related to unrecognized tax benefits in our Income tax expense. During fiscal 2021, 2020 and 2019, we recognized expense of \$35,285, \$21,140 and \$8,645 in interest and penalties, respectively. Accrued interest and penalties related to unrecognized tax benefits of \$166,846 (\$151,184, net of tax benefits) and \$129,597 (\$118,533, net of tax benefits) were reflected on our Consolidated Balance Sheets as of August 31, 2021 and 2020, respectively

We have participated in the U.S. Internal Revenue Service (“IRS”) Compliance Assurance Process (“CAP”) program since fiscal 2016. CAP tax years are examined by the IRS on a contemporaneous basis so that most issues are resolved prior to filing the tax return. We are currently under audit in numerous state and non-U.S. tax jurisdictions. However, with limited exceptions, we are no longer subject to income tax audits by those taxing authorities for years before 2014. Although the outcome of tax audits is always uncertain and could result in significant cash tax payments, we do not believe the outcome of these audits will have a material adverse effect on our consolidated financial position or results of operations. We believe that it is reasonably possible that our unrecognized tax benefits could decrease by approximately \$300,000 or increase by approximately \$420,000 in the next 12 months as a result of settlements, lapses of statutes of limitations, tax audit activity and other adjustments. The majority of these amounts relate to transfer pricing matters in both U.S. and non-U.S. tax jurisdictions.



**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

## 12. Retirement and Profit Sharing Plans

### Defined Benefit Pension and Postretirement Plans

In the United States and certain other countries, we maintain and administer defined benefit retirement plans and postretirement medical plans for certain current, retired and resigned employees. In addition, our U.S. defined benefit pension plans include a frozen plan for former pre-incorporation partners, which is unfunded. Benefits under the employee retirement plans are primarily based on years of service and compensation during the years immediately preceding retirement or termination of participation in the plan. The defined benefit pension disclosures include our U.S. and material non-U.S. defined benefit pension plans.

### Assumptions

The weighted-average assumptions used to determine the defined benefit pension obligations as of August 31 and the net periodic pension expense are as follows:

	Pension Plans						Postretirement Plans		
	August 31, 2021		August 31, 2020		August 31, 2019		August 31, 2021	August 31, 2020	August 31, 2019
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Discount rate for determining projected benefit obligation	2.50 %	2.41 %	2.50 %	2.27 %	3.00 %	2.24 %	2.53 %	2.51 %	3.00 %
Discount rate for determining net periodic pension expense	2.50 %	2.27 %	3.00 %	2.24 %	4.00 %	3.29 %	2.51 %	3.00 %	3.98 %
Long term rate of return on plan assets	3.50 %	2.63 %	4.25 %	2.81 %	4.25 %	3.02 %	3.06 %	3.45 %	3.18 %
Rate of increase in future compensation for determining projected benefit obligation	2.09 %	4.48 %	2.21 %	4.04 %	2.23 %	4.02 %	N/A	N/A	N/A
Rate of increase in future compensation for determining net periodic pension expense	2.21 %	4.04 %	2.23 %	4.02 %	2.23 %	3.67 %	N/A	N/A	N/A
Interest crediting rate for determining projected benefit obligation	N/A	0.77 %	N/A	0.68 %	N/A	0.69 %	N/A	N/A	N/A
Interest crediting rate for determining net periodic pension expense	N/A	0.68 %	N/A	0.69 %	N/A	1.47 %	N/A	N/A	N/A

We utilize a full yield curve approach to estimate the service and interest cost components by applying specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. This approach provides a correlation between projected benefit cash flows and the corresponding yield curve spot rates and provides a precise measurement of service and interest costs. The discount rate assumptions are based on the expected duration of the benefit payments for each of our defined benefit pension and postretirement plans as of the annual measurement date and are subject to change each year.

The expected long-term rate of return on plan assets should, over time, approximate the actual long-term returns on defined benefit pension and postretirement plan assets and is based on historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the asset portfolio.

### Assumed U.S. Health Care Cost Trend

Our U.S. postretirement plan assumed annual rate of increase in the per capita cost of health care benefits is 6.2% for the plan year ending August 31, 2022. The rate is assumed to decrease on a straight-line basis to 4.0% for the plan year ending August 31, 2046 and remain at that level thereafter.

### Pension and Postretirement Expense

Pension expense for fiscal 2021, 2020 and 2019 was \$169,471, \$168,367 and \$137,030, respectively. Postretirement expense for fiscal 2021, 2020 and 2019 was not material to our Consolidated Financial Statements.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

The service cost component of pension and postretirement expense is included in operating expenses while the other components of net benefit cost are included in Other income (expense), net.

**Benefit Obligation, Plan Assets and Funded Status**

Selected information regarding pension and postretirement benefit plans as of August 31, 2021 and 2020 is as follows:

	Pension Plans				Postretirement Plans	
	August 31, 2021		August 31, 2020		August 31, 2021	August 31, 2020
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Benefit obligation, end of year	\$ 406,328	\$ 2,337,120	\$ 408,266	\$ 2,357,405	\$ 734,271	\$ 649,328
Fair value of plan assets, end of year	291,652	1,326,259	281,189	1,355,707	32,550	31,826
Funded status, end of year	<u>\$ (114,676)</u>	<u>\$ (1,010,861)</u>	<u>\$ (127,077)</u>	<u>\$ (1,001,698)</u>	<u>\$ (701,721)</u>	<u>\$ (617,502)</u>
Amounts recognized in the Consolidated Balance Sheets						
Non-current assets	\$ 9,543	\$ 166,478	\$ 3,232	\$ 67,341	\$ —	\$ —
Current liabilities	(10,651)	(53,097)	(10,213)	(42,990)	(1,266)	(1,169)
Non-current liabilities	(113,568)	(1,124,242)	(120,096)	(1,026,049)	(700,455)	(616,333)
Funded status, end of year	<u>\$ (114,676)</u>	<u>\$ (1,010,861)</u>	<u>\$ (127,077)</u>	<u>\$ (1,001,698)</u>	<u>\$ (701,721)</u>	<u>\$ (617,502)</u>

The employer contributions, participant contributions, pension settlement and benefits paid for fiscal 2021 and 2020 are as follows:

	Fiscal			
	2021		2020	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Employer contributions	\$ 20,858	\$ 97,217	\$ 10,635	\$ 88,068
Participant contributions	—	13,241	—	12,521
Pension settlement	—	(211,506)	—	—
Benefits paid	(15,876)	(124,531)	(14,637)	(94,136)

**Accumulated Other Comprehensive Loss**

The pre-tax accumulated net loss and prior service (credit) cost recognized in Accumulated other comprehensive loss as of August 31, 2021 and 2020 is as follows:

	Pension Plans				Postretirement Plans	
	August 31, 2021		August 31, 2020		August 31, 2021	August 31, 2020
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Net loss	\$ 109,433	\$ 525,172	\$ 108,796	\$ 605,635	\$ 208,784	\$ 160,067
Prior service (credit) cost	—	(2,704)	—	20,056	7,080	15,114
Accumulated other comprehensive loss, pre-tax	<u>\$ 109,433</u>	<u>\$ 522,468</u>	<u>\$ 108,796</u>	<u>\$ 625,691</u>	<u>\$ 215,864</u>	<u>\$ 175,181</u>

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**Funded Status for Defined Benefit Plans**

The accumulated benefit obligation for defined benefit pension plans as of August 31, 2021 and 2020 is as follows:

	August 31, 2021		August 31, 2020	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Accumulated benefit obligation	\$ 401,527	\$ 1,989,178	\$ 401,822	\$ 2,135,566

The following information is provided for defined benefit pension plans and postretirement plans with projected benefit obligations in excess of plan assets and for defined benefit pension plans with accumulated benefit obligations in excess of plan assets as of August 31, 2021 and 2020:

	Pension Plans				Postretirement Plans	
	August 31, 2021		August 31, 2020		August 31, 2021	August 31, 2020
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. and Non-U.S. Plans	U.S. and Non-U.S. Plans
Projected benefit obligation in excess of plan assets						
Projected benefit obligation	\$ 124,219	\$ 1,716,981	\$ 130,309	\$ 1,644,895	\$ 734,271	\$ 649,328
Fair value of plan assets	—	539,641	—	575,857	32,550	31,826

	August 31, 2021		August 31, 2020	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Accumulated benefit obligation in excess of plan assets				
Accumulated benefit obligation	\$ 124,219	\$ 1,321,965	\$ 130,309	\$ 1,438,234
Fair value of plan assets	—	379,567	—	575,857

**Investment Strategies**
**U.S. Pension Plans**

The overall investment objective of the defined benefit pension plans is to match the duration of the plans' assets to the plans' liabilities while managing risk in order to meet current defined benefit pension obligations. The plans' future prospects, their current financial conditions, our current funding levels and other relevant factors suggest that the plans can tolerate some interim fluctuations in market value and rates of return in order to achieve long-term objectives without undue risk to the plans' ability to meet their current benefit obligations. We recognize that asset allocation of the defined benefit pension plans' assets is an important factor in determining long-term performance. Actual asset allocations at any point in time may vary from the target asset allocations and will be dictated by current and anticipated market conditions, required cash flows and investment decisions of the investment committee and the pension plans' investment funds and managers. Ranges are established to provide flexibility for the asset allocation to vary around the targets without the need for immediate rebalancing.

**Non-U.S. Pension Plans**

Plan assets in non-U.S. defined benefit pension plans conform to the investment policies and procedures of each plan and to relevant legislation. The pension committee or trustee of each plan regularly, but at least annually, reviews the investment policy and the performance of the investment managers. In certain countries, the trustee is also required to consult with us. Asset allocation decisions are made to provide risk adjusted returns that align with the overall investment strategy for each plan. Generally, the investment return objective of each plan is to achieve a total annualized rate of return that exceeds inflation over the long term by an amount based on the target asset allocation mix of that plan. In certain countries, plan assets are invested in funds that are required to hold a majority

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of assets in bonds, with a smaller proportion in equities. Also, certain plan assets are entirely invested in contracts held with the plan insurer, which determines the strategy. Defined benefit pension plans in certain countries are unfunded.

**Risk Management**

Plan investments are exposed to risks including market, interest rate and operating risk. In order to mitigate significant concentrations of these risks, the assets are invested in a diversified portfolio primarily consisting of fixed income instruments and equities. To minimize asset volatility relative to the liabilities, plan assets allocated to debt securities appropriately match the duration of individual plan liabilities. Equities are diversified between U.S. and non-U.S. index funds and are intended to achieve long term capital appreciation. Plan asset allocation and investment managers' guidelines are reviewed on a regular basis.

**Plan Assets**

Our target allocation for fiscal 2022 and weighted-average plan assets allocations as of August 31, 2021 and 2020 by asset category for defined benefit pension plans are as follows:

Asset Category	2022 Target Allocation		2021		2020	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Equity securities	— %	25 %	— %	21 %	— %	19 %
Debt securities	100	51	98	51	96	59
Cash and short-term investments	—	4	2	4	4	2
Insurance contracts	—	13	—	16	—	16
Other	—	7	—	8	—	4
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

**Fair Value Measurements**

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The three-level hierarchy of fair value measurements is based on whether the inputs to those measurements are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The fair-value hierarchy requires the use of observable market data when available and consists of the following levels:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

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The fair values of defined benefit pension and postretirement plan assets as of August 31, 2021 are as follows:

*Non-U.S. Plans*

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Mutual fund equity securities	\$ —	\$ 273,541	\$ —	\$ 273,541
<b>Fixed Income</b>				
Non-U.S. government debt securities	183,891	—	—	183,891
Non-U.S. corporate debt securities	15,624	—	—	15,624
Mutual fund debt securities	—	484,182	—	484,182
Cash and short-term investments	48,825	—	—	48,825
Insurance contracts	—	79,227	130,934	210,161
Other	—	110,035	—	110,035
<b>Total</b>	<b>\$ 248,340</b>	<b>\$ 946,985</b>	<b>\$ 130,934</b>	<b>\$ 1,326,259</b>

The level 3 assets are primarily invested in an insurance buy-in contract in a Non-U.S. plan. The fair value of the assets is set to an actuarially calculated present value of the underlying liabilities.

The U.S. Plans have \$324,202 in Level 2 assets, primarily made up of U.S. corporate debt securities of \$204,650 and U.S. government, state and local debt securities of \$67,373.

The following table provides a reconciliation of the beginning and ending balances of Level 3 assets for fiscal 2021:

	Fiscal 2021
Level 3 Assets	
Beginning balance	\$ 140,305
Changes in fair value	(9,371)
Ending Balance	<u>\$ 130,934</u>

The fair values of defined benefit pension and postretirement plan assets as of August 31, 2020 are as follows:

*Non-U.S. Plans*

	Level 1	Level 2	Level 3	Total
<b>Equity</b>				
Mutual fund equity securities	\$ —	\$ 259,776	\$ —	\$ 259,776
<b>Fixed Income</b>				
Non-U.S. government debt securities	163,602	—	—	163,602
Non-U.S. corporate debt securities	20,639	—	—	20,639
Mutual fund debt securities	—	611,028	—	611,028
Cash and short-term investments	13,858	14,509	—	28,367
Insurance contracts	—	79,575	140,305	219,880
Other	—	52,415	—	52,415
<b>Total</b>	<b>\$ 198,099</b>	<b>\$ 1,017,303</b>	<b>\$ 140,305</b>	<b>\$ 1,355,707</b>

The level 3 assets are primarily invested in an insurance buy-in contract in a Non-U.S. plan. The fair value of the assets is set to an actuarially calculated present value of the underlying liabilities.

The U.S. Plans have \$313,015 in Level 2 assets, primarily made up of U.S. corporate debt securities of \$185,981 and U.S. government, state and local debt securities of \$75,583.

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The following table provides a reconciliation of the beginning and ending balances of Level 3 assets for fiscal 2020:

Level 3 Assets	Fiscal 2020
Beginning balance	\$ 133,421
Changes in fair value	6,884
Ending Balance	<u>\$ 140,305</u>

### Expected Contributions

Generally, annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed minimum funding requirements. We estimate we will pay approximately \$124,621 in fiscal 2022 related to contributions to our U.S. and non-U.S. defined benefit pension plans and benefit payments related to the unfunded frozen plan for former pre-incorporation partners. We have not determined whether we will make additional voluntary contributions for our defined benefit pension plans. Our postretirement plan contributions in fiscal 2022 are not expected to be material to our Consolidated Financial Statements.

### Estimated Future Benefit Payments

Benefit payments for defined benefit pension plans and postretirement plans, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension Plans		Postretirement Plans
	U.S. Plans	Non-U.S. Plans	U.S. and Non- U.S. Plans
2022	\$ 16,114	\$ 122,740	\$ 13,372
2023	16,940	124,082	14,536
2024	17,746	120,748	15,959
2025	18,604	128,567	17,396
2026	19,350	126,114	19,058
2027-2031	105,408	644,379	124,117

### Defined Contribution Plans

In the United States and certain other countries, we maintain and administer defined contribution plans for certain current, retired and resigned employees. Total expenses recorded for defined contribution plans were \$646,519, \$557,888 and \$530,501 in fiscal 2021, 2020 and 2019, respectively.

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**13. Share-Based Compensation**

**Share Incentive Plans**

The Amended and Restated Accenture plc 2010 Share Incentive Plan, as amended and approved by our shareholders in 2020 (the “Amended 2010 SIP”), is administered by the Compensation Committee of the Board of Directors of Accenture and provides for the grant of nonqualified share options, incentive stock options, restricted share units and other share-based awards. A maximum of 114,000,000 Accenture plc Class A ordinary shares are currently authorized for awards under the Amended 2010 SIP. As of August 31, 2021, there were 19,465,854 shares available for future grants. Accenture plc Class A ordinary shares covered by awards that terminate, lapse or are cancelled may again be used to satisfy awards under the Amended 2010 SIP. We issue new Accenture plc Class A ordinary shares and shares from treasury for shares delivered under the Amended 2010 SIP.

A summary of information with respect to share-based compensation is as follows:

	Fiscal		
	2021	2020	2019
Total share-based compensation expense included in Net income	\$ 1,342,951	\$ 1,197,806	\$ 1,093,253
Income tax benefit related to share-based compensation included in Net income	486,980	430,290	356,062

**Restricted Share Units**

Under the Amended 2010 SIP, participants may be, and previously under the predecessor 2001 Share Incentive Plan were, granted restricted share units, each of which represent an unfunded, unsecured right to receive an Accenture plc Class A ordinary share on the date specified in the participant’s award agreement. The fair value of the awards is based on our stock price on the date of grant. The restricted share units granted under these plans are subject to cliff or graded vesting, generally ranging from two to five years. For awards with graded vesting, compensation expense is recognized over the vesting term of each separately vesting portion. Compensation expense is recognized on a straight-line basis for awards with cliff vesting. Restricted share unit activity during fiscal 2021 is as follows:

	Number of Restricted Share Units	Weighted Average Grant-Date Fair Value
Nonvested balance as of August 31, 2020	17,739,931	\$ 164.62
Granted (1)	6,862,406	263.83
Vested (2)	(7,225,755)	160.05
Forfeited	(1,141,197)	183.47
Nonvested balance as of August 31, 2021	16,235,385	\$ 207.26

- (1) The weighted average grant-date fair value for restricted share units granted for fiscal 2021, 2020 and 2019 was \$263.83, \$206.05 and \$144.52, respectively.
- (2) The total grant-date fair value of restricted share units vested for fiscal 2021, 2020 and 2019 was \$1,156,501, \$1,066,622 and \$914,206, respectively.

As of August 31, 2021, there was \$1,267,761 of total unrecognized restricted share unit compensation expense related to nonvested awards, which is expected to be recognized over a weighted average period of 1.2 years. As of August 31, 2021, there were 418,585 restricted share units vested but not yet delivered as Accenture plc Class A ordinary shares.

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## **Employee Share Purchase Plan**

### ***2010 ESPP***

The Amended and Restated Accenture plc 2010 Employee Share Purchase Plan (the “2010 ESPP”) is a nonqualified plan that provides eligible employees of Accenture plc and its designated affiliates with an opportunity to purchase Accenture plc Class A ordinary shares through payroll deductions. Under the 2010 ESPP, eligible employees may purchase Accenture plc Class A ordinary shares through the Employee Share Purchase Plan (the “ESPP”) or the Voluntary Equity Investment Program (the “VEIP”). Under the ESPP, eligible employees may elect to contribute 1% to 10% of their eligible compensation during each semi-annual offering period (up to \$7.5 per offering period) to purchase Accenture plc Class A ordinary shares at a discount. Under the VEIP, eligible members of Accenture Leadership may elect to contribute up to 30% of their eligible compensation towards the monthly purchase of Accenture plc Class A ordinary shares at fair market value. At the end of the VEIP program year, Accenture Leadership participants who did not withdraw from the program will be granted restricted share units under the Amended 2010 SIP equal to 50% of the number of shares purchased during that year and held by the participant as of the grant date.

A maximum of 90,000,000 Accenture plc Class A ordinary shares may be issued under the 2010 ESPP. As of August 31, 2021, we had issued 69,442,510 Accenture plc Class A ordinary shares under the 2010 ESPP. We issued 4,486,288, 5,410,497 and 5,433,817 shares to employees in fiscal 2021, 2020 and 2019, respectively, under the 2010 ESPP.



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## **14. Shareholders' Equity**

### **Accenture plc**

#### ***Ordinary Shares***

We have 40,000 authorized ordinary shares, par value €1 per share. Each ordinary share of Accenture plc entitles its holder to receive payments upon a liquidation of Accenture plc; however a holder of an ordinary share is not entitled to vote on matters submitted to a vote of shareholders of Accenture plc or to receive dividends.

#### ***Class A Ordinary Shares***

An Accenture plc Class A ordinary share entitles its holder to one vote per share, and holders of those shares do not have cumulative voting rights. Each Class A ordinary share entitles its holder to a pro rata part of any dividend at the times and in the amounts, if any, which Accenture plc's Board of Directors from time to time determines to declare, subject to any preferred dividend rights attaching to any preferred shares. Each Class A ordinary share is entitled on a winding-up of Accenture plc to be paid a pro rata part of the value of the assets of Accenture plc remaining after payment of its liabilities, subject to any preferred rights on liquidation attaching to any preferred shares.

#### ***Class X Ordinary Shares***

Most of our pre-incorporation partners who received Accenture Canada Holdings Inc. exchangeable shares in connection with our transition to a corporate structure received a corresponding number of Accenture plc Class X ordinary shares. An Accenture plc Class X ordinary share entitles its holder to one vote per share, and holders of those shares do not have cumulative voting rights. A Class X ordinary share does not entitle its holder to receive dividends, and holders of those shares are not entitled to be paid any amount upon a winding-up of Accenture plc. Accenture plc may redeem, at its option, any Class X ordinary share for a redemption price equal to the par value of the Class X ordinary share. Accenture plc has separately agreed with the original holders of Accenture Canada Holdings Inc. exchangeable shares not to redeem any Class X ordinary share of such holder if the redemption would reduce the number of Class X ordinary shares held by that holder to a number that is less than the number of Accenture Canada Holdings Inc. exchangeable shares owned by that holder, as the case may be. Accenture plc will redeem Class X ordinary shares upon the redemption or exchange of Accenture Canada Holdings Inc. exchangeable shares so that the aggregate number of Class X ordinary shares outstanding at any time does not exceed the aggregate number of Accenture Canada Holdings Inc. exchangeable shares outstanding. Class X ordinary shares are not transferable without the consent of Accenture plc.

### **Equity of Subsidiaries Redeemable or Exchangeable for Accenture plc Class A Ordinary Shares**

#### ***Accenture Canada Holdings Inc. Exchangeable Shares***

Pre-incorporation partners resident in Canada and New Zealand received Accenture Canada Holdings Inc. exchangeable shares in connection with our transition to a corporate structure. Holders of Accenture Canada Holdings Inc. exchangeable shares may exchange their shares for Accenture plc Class A ordinary shares at any time on a one-for-one basis. We may, at our option, satisfy this exchange with cash at a price per share generally equal to the market price of an Accenture plc Class A ordinary share at the time of the exchange. Each exchangeable share of Accenture Canada Holdings Inc. entitles its holder to receive distributions equal to any distributions to which an Accenture plc Class A ordinary share entitles its holder.

#### **Share Purchases and Redemptions**

The Board of Directors of Accenture plc has authorized funding for our publicly announced open-market share purchase program for acquiring Accenture plc Class A ordinary shares and for purchases and redemptions of Accenture plc Class A ordinary shares and Accenture Canada Holdings Inc. exchangeable shares held by current and former members of Accenture Leadership and their permitted transferees. As of August 31, 2021, our aggregate available authorization was \$3,286,216 for our publicly announced open-market share purchase and these other share purchase programs.

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Our share purchase activity during fiscal 2021 is as follows:

	Accenture plc Class A Ordinary Shares		Accenture Canada Holdings Inc. Exchangeable Shares	
	Shares	Amount	Shares	Amount
Open-market share purchases (1)	11,299,959	\$ 3,019,169	—	\$ —
Other share purchase programs	—	—	34,213	9,377
Other purchases (2)	2,656,764	674,578	—	—
Total	<u>13,956,723</u>	<u>\$ 3,693,747</u>	<u>34,213</u>	<u>\$ 9,377</u>

- (1) We conduct a publicly announced open-market share purchase program for Accenture plc Class A ordinary shares. These shares are held as treasury shares by Accenture plc and may be utilized to provide for select employee benefits, such as equity awards to our employees.
- (2) During fiscal 2021, as authorized under our various employee equity share plans, we acquired Accenture plc Class A ordinary shares primarily via share withholding for payroll tax obligations due from employees and former employees in connection with the delivery of Accenture plc Class A ordinary shares under those plans. These purchases of shares in connection with employee share plans do not affect our aggregate available authorization for our publicly announced open-market share purchase and the other share purchase programs.

### Cancellation of Treasury Shares

During fiscal 2021, we cancelled 10,262,593 Accenture plc Class A ordinary shares that were held as treasury shares and had an aggregate cost of \$2,105,666. The effect of the cancellation of these treasury shares was recognized in Class A ordinary shares and Additional paid-in capital with the residual recorded in Retained earnings. There was no effect on total shareholders' equity as a result of this cancellation.

### Dividends

Our dividend activity during fiscal 2021 is as follows:

Dividend Payment Date	Dividend Per Share	Accenture plc Class A Ordinary Shares		Accenture Canada Holdings Inc. Exchangeable Shares		Total Cash Outlay
		Record Date	Cash Outlay	Record Date	Cash Outlay	
November 13, 2020	\$ 0.88	October 13, 2020	\$ 557,419	October 9, 2020	\$ 633	\$ 558,052
February 12, 2021	0.88	January 14, 2021	560,425	January 12, 2021	617	561,042
May 14, 2021	0.88	April 15, 2021	558,455	April 13, 2021	615	559,070
August 13, 2021	0.88	July 15, 2021	557,325	July 13, 2021	605	557,930
Total Dividends			<u>\$ 2,233,624</u>		<u>\$ 2,470</u>	<u>\$ 2,236,094</u>

The payment of cash dividends includes the net effect of \$88,770 of additional restricted stock units being issued as a part of our share plans, which resulted in 312,815 restricted share units being issued.

### Subsequent Events

On September 22, 2021, the Board of Directors of Accenture plc declared a quarterly cash dividend of \$0.97 per share on our Class A ordinary shares for shareholders of record at the close of business on October 14, 2021 payable on November 15, 2021. The payment of the cash dividend will result in the issuance of an immaterial number of additional restricted share units to holders of restricted share units.

On September 22, 2021, the Board of Directors of Accenture plc approved \$3,000,000 in additional share repurchase authority, bringing Accenture's total outstanding authority to \$6,286,216.

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## **15. Commitments and Contingencies**

### **Indemnifications and Guarantees**

In the normal course of business and in conjunction with certain client engagements, we have entered into contractual arrangements through which we may be obligated to indemnify clients with respect to certain matters. These arrangements with clients can include provisions whereby we have joint and several liability in relation to the performance of certain contractual obligations along with third parties also providing services and products for a specific project. In addition, our consulting arrangements may include warranty provisions that our solutions will substantially operate in accordance with the applicable system requirements. Indemnification provisions are also included in arrangements under which we agree to hold the indemnified party harmless with respect to third-party claims related to such matters as title to assets sold or licensed or certain intellectual property rights.

Typically, we have contractual recourse against third parties for certain payments we made in connection with arrangements where third-party nonperformance has given rise to the client's claim. Payments we made under any of the arrangements described above are generally conditioned on the client making a claim, which may be disputed by us typically under dispute resolution procedures specified in the particular arrangement. The limitations of liability under these arrangements may be expressly limited or may not be expressly specified in terms of time and/or amount.

As of August 31, 2021 and 2020, our aggregate potential liability to our clients for expressly limited guarantees involving the performance of third parties was approximately \$885,000 and \$832,000, respectively, of which all but approximately \$78,000 and \$87,000, respectively, may be recovered from the other third parties if we are obligated to make payments to the indemnified parties as a consequence of a performance default by the other third parties. For arrangements with unspecified limitations, we cannot reasonably estimate the aggregate maximum potential liability, as it is inherently difficult to predict the maximum potential amount of such payments, due to the conditional nature and unique facts of each particular arrangement.

To date, we have not been required to make any significant payment under any of the arrangements described above. We have assessed the current status of performance/payment risk related to arrangements with limited guarantees, warranty obligations, unspecified limitations and/or indemnification provisions and believe that any potential payments would be immaterial to the Consolidated Financial Statements.

### **Legal Contingencies**

As of August 31, 2021, we or our present personnel had been named as a defendant in various litigation matters. We and/or our personnel also from time to time are involved in investigations by various regulatory or legal authorities concerning matters arising in the course of our business around the world. Based on the present status of these matters, including the putative class action lawsuit discussed below, management believes the range of reasonably possible losses in addition to amounts accrued, net of insurance recoveries, will not have a material effect on our results of operations or financial condition.

On July 24, 2019, Accenture was named in a putative class action lawsuit filed by consumers of Marriott International, Inc. ("Marriott") in the U.S. District Court for the District of Maryland. The complaint alleges negligence by us, and seeks monetary damages, costs and attorneys' fees and other related relief, relating to a data security incident involving unauthorized access to the reservations database of Starwood Worldwide Resorts, Inc. ("Starwood"), which was acquired by Marriott on September 23, 2016. Since 2009, we have provided certain IT infrastructure outsourcing services to Starwood. On October 27, 2020, the court issued an order largely denying Accenture's motion to dismiss the claims against us. We continue to believe the lawsuit is without merit and we will vigorously defend it. At present, we do not believe any losses from this matter will have a material effect on our results of operations or financial condition.

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## 16. Segment Reporting

Operating segments are components of an enterprise where separate financial information is available and is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

Our chief operating decision makers are our Chief Executive Officer and Chief Financial Officer. Our operating segments are managed separately because each operating segment represents a strategic business unit providing consulting and outsourcing services to clients across different industries.

Our three reportable segments are our geographic markets, which are North America, Europe and Growth Markets. Amounts are attributed to geographic markets based on where clients are located. Information regarding our geographic markets is as follows:

<u>Fiscal 2021</u>	<u>North America</u>	<u>Europe</u>	<u>Growth Markets</u>	<u>Total</u>
Revenues	\$ 23,701,341	\$ 16,749,484	\$ 10,082,564	\$ 50,533,389
Depreciation and amortization (1)	379,105	403,802	344,656	1,127,563
Operating income	3,907,883	2,236,462	1,477,184	7,621,529
Net assets as of August 31 (2)	1,859,445	2,860,604	848,684	5,568,733
Property & equipment, net	537,392	455,862	645,851	1,639,105
<u>Fiscal 2020</u>				
Revenues	\$ 20,982,253	\$ 14,402,142	\$ 8,942,644	\$ 44,327,039
Depreciation and amortization (1)	348,761	341,245	332,393	1,022,399
Operating income	3,169,648	1,799,431	1,544,565	6,513,644
Net assets as of August 31 (2)	2,585,659	1,079,904	620,083	4,285,646
Property & equipment, net	499,976	389,968	655,624	1,545,568
<u>Fiscal 2019</u>				
Revenues (3)	\$ 19,986,136	\$ 14,695,749	\$ 8,533,128	\$ 43,215,013
Depreciation and amortization (1)	303,762	294,902	294,096	892,760
Operating income	3,107,437	2,013,245	1,184,392	6,305,074
Net assets as of August 31 (2)	2,923,320	1,355,827	814,358	5,093,505
Property & equipment, net	395,782	354,491	640,893	1,391,166

- (1) Amounts include depreciation on property and equipment and amortization of intangible assets and deferred contract costs controlled by each reportable segment, as well as an allocation for amounts they do not directly control.
- (2) We do not allocate total assets by reportable segment. Reportable segment assets directly attributable to a reportable segment and provided to the chief operating decision makers include receivables and current and non-current contract assets, deferred contract costs and current and non-current deferred revenues.
- (3) Effective September 1, 2019 we revised the reporting of our geographic markets for the movement of one country from Growth Markets to Europe. Prior period amounts have been reclassified to conform with the current period presentation.

The accounting policies of the reportable segments are the same as those described in Note 1 (Summary of Significant Accounting Policies) to these Consolidated Financial Statements.

Our business in the United States represented 45%, 45% and 44% of our consolidated revenues during fiscal 2021, 2020 and 2019, respectively. No other country individually comprised 10% or more of our consolidated revenues during these periods. Business in Ireland, our country of domicile, represented approximately 2% of our consolidated revenues during fiscal 2021 and 1% during fiscal 2020 and 2019.

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We conduct business in Ireland and in the following countries that hold 10% or more of our total consolidated Property and equipment, net:

	August 31, 2021	August 31, 2020	August 31, 2019
United States	27 %	27 %	26 %
India	17	18	18
Ireland	7	7	7

Revenues by industry group and type of work are as follows:

	Fiscal		
	2021	2020	2019
<b>INDUSTRY GROUPS (1)</b>			
Communications, Media & Technology	\$ 10,285,549	\$ 8,883,264	\$ 8,757,338
Financial Services	9,932,523	8,518,894	8,494,630
Health & Public Service	9,498,234	8,023,651	7,161,657
Products	13,954,337	12,287,050	12,026,239
Resources	6,862,746	6,614,180	6,775,149
<b>Total</b>	<b>\$ 50,533,389</b>	<b>\$ 44,327,039</b>	<b>\$ 43,215,013</b>
<b>TYPE OF WORK</b>			
Consulting	\$ 27,337,699	\$ 24,227,024	\$ 24,177,428
Outsourcing	23,195,690	20,100,015	19,037,585
<b>Total</b>	<b>\$ 50,533,389</b>	<b>\$ 44,327,039</b>	<b>\$ 43,215,013</b>

(1) Effective September 1, 2020, we revised the reporting of our industry groups to include amounts previously reported in Other. Prior period amounts have been reclassified to conform with the current period presentation.

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**17. Employees**

The average number of persons employed by Accenture during fiscal 2021 and 2020 are as follows:

	Fiscal	
	2021	2020
Billable	516,331	475,390
Non-Billable	33,512	32,176
<b>Total</b>	<b>549,843</b>	<b>507,566</b>

Employee costs for fiscal 2021 and 2020 are as follows:

	Fiscal	
	2021	2020
Wages and salaries	\$ 26,132,397	\$ 22,391,545
Social welfare costs	2,624,257	2,245,299
Share-based compensation expense	1,342,951	1,197,806
Pension and postretirement expense	940,086	842,336
Other, principally employee benefits	2,096,918	2,028,329
<b>Total employee costs</b>	<b>\$ 33,136,609</b>	<b>\$ 28,705,315</b>

**18. Directors' Remuneration**

Directors' remuneration for fiscal 2021 and 2020 is set forth in the table below. Ms. Sweet, our chair and chief executive officer and Mr. Rowland, our former executive chairman, have not been compensated for their service as directors. Accordingly, the amounts below include compensation for Ms. Sweet's service as chief executive officer and Mr. Rowland's service as executive chairman (referred to as "Managerial Services") as well as compensation for all non-employee directors in their capacities as such (referred to as "Director Services").

	Fiscal	
	2021	2020
Managerial services (1)	\$ 36,387	\$ 28,383
Director services (2)	3,590	3,181

(1) This calculation was made in accordance with the requirements of the Companies Act 2014 and includes the following for Ms. Sweet and Mr. Rowland for fiscal 2021 and fiscal 2020, respectively: base compensation earned of \$2,499 and \$2,386; non-equity incentive plan cash payments of \$7,770 and \$5,818; share-based compensation expense of \$23,389 and \$20,019 calculated in accordance with US GAAP; and other of \$347 and \$160. The calculation also includes cash payments in lieu of future restricted share units of \$2,382 for Mr. Rowland for fiscal 2021.

(2) This calculation was made in accordance with the requirements of the Companies Act 2014.

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

**19. Auditors' Remuneration**

Fees paid to KPMG, our statutory auditor, during fiscal 2021 and 2020 are as follows:

	Fiscal	
	2021	2020
Audit fees		
Audit fees paid to KPMG and its affiliates (1)	\$ 24,269	\$ 24,012
Audit of the parent company financial statements	75	75
Total audit fees	24,344	24,087
Audit-related fees	2,036	1,327
Tax fees (2)	1,348	1,501
All other fees	4	4
Total	<u>\$ 27,732</u>	<u>\$ 26,919</u>

- (1) Includes audit fees paid to KPMG Ireland for the statutory audit of Accenture plc's Consolidated Financial Statements of \$978 and \$897 for fiscal 2021 and 2020, respectively.
- (2) Includes tax fees paid to KPMG Ireland for statutory tax advisory services for Accenture plc's Consolidated Financial Statements of \$1,058 and \$1,210 for fiscal 2021 and 2020, respectively.

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)****20. Subsidiaries**

As of August 31, 2021, our principal subsidiaries, being those subsidiaries whose assets, liabilities, financial position or profit or loss, in the opinion of the directors of Accenture principally affected our Consolidated Financial Statements or whose financial performance is not consolidated into our Consolidated Financial Statements, are as follows:

<b><u>Name</u></b>	<b><u>Country of Organization</u></b>
Sistemas Consulting S.L.	Andorra
Accenture SRL	Argentina
Accenture Service Center SRL	Argentina
Insitum Consultoría Argentina SRL	Argentina
Wolox S.A.	Argentina
Accenture Australia Pty Ltd	Australia
Accenture Australia Holdings Pty Ltd	Australia
Accenture Cloud Solutions Australia Pty Ltd	Australia
Accenture Cloud Solutions Pty Ltd	Australia
Accenture Consulting Pty Ltd	Australia
Accenture Solutions Pty Ltd	Australia
Analytics 8 LP	Australia
Analytics 8 Pty Ltd	Australia
Apis Group Pty Ltd	Australia
Artio People Pty Ltd	Australia
Artio People (Payroll) Pty Ltd	Australia
Automation Partners Pty Ltd	Australia
Avanade Australia Pty Ltd	Australia
BCT Solutions Pty Ltd	Australia
Cirrus Connect Australia Pty Ltd	Australia
CS Technology (Australia) Pty Ltd	Australia
Enthusian Pty Ltd	Australia
GRA Supply Chain Pty Ltd	Australia
Icon Integration Pty Ltd	Australia
Industrie IT Group Pty Ltd	Australia
Industrie IT Pty Ltd	Australia
Loud & Clear Creative Pty Ltd	Australia
Maud Corp Pty Ltd	Australia
The Monkeys Pty Ltd	Australia
N3 Results Australia Pty Ltd	Australia
Octo Technology Pty Ltd	Australia
Olikka Pty Ltd	Australia
Orbium Pty Ltd	Australia
Parker Fitzgerald Pty Ltd	Australia
PrimeQ Ltd	Australia
PrimeQ Australia Pty Ltd	Australia
Redcore Group Holdings Pty Ltd	Australia
Redcore Pty Ltd	Australia
Simian Pty Ltd	Australia
Troop Studios Pty Ltd	Australia
Zag Australia Pty Ltd	Australia
Zebra Worldwide Australia Pty Ltd	Australia



**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Accenture GmbH	Austria
Avanade Österreich GmbH	Austria
Trivadis Austria GmbH	Austria
Accenture Communications Infrastructure Solutions Ltd	Bangladesh
Accenture BPM S.C.R.L.	Belgium
Accenture NV/SA	Belgium
Accenture Technology Ventures SPRL	Belgium
Avanade Belgium SPRL	Belgium
Link By Net SRL	Belgium
Accenture Tecnología, Consultoría y Outsourcing S.A.	Bolivia
Accenture (Botswana) (Proprietary) Limited	Botswana
Accenture Agência Interativa Ltda	Brazil
Accenture Consultoria de Industria e Consumo Ltda	Brazil
Accenture Consultoria de Recursos Naturais Ltda	Brazil
Accenture do Brasil Ltda	Brazil
Accenture Holding Brasil Ltda	Brazil
Avanade do Brasil Ltda	Brazil
BPO Servicos Administrativos Ltda	Brazil
Concrete Desenvolvimento de Sistemas Ltda	Brazil
Concrete Solutions Ltda	Brazil
Decorado Marketplace Ltda-EPP	Brazil
Gapso Serviços de Informática Ltda	Brazil
Hahntel Ltda	Brazil
N3 Brazil Consultoria em Marketing Ltda	Brazil
New Content Editora e Produtora Ltda	Brazil
Vivere Brasil Serviços e Soluções SA	Brazil
Accenture Bulgaria EOOD	Bulgaria
Innotec International EAD	Bulgaria
Accenture Business Services for Utilities Inc	Canada
Accenture Business Services of British Columbia Limited Partnership	Canada
Accenture Canada Holdings Inc	Canada
Accenture Inc	Canada
Accenture Nova Scotia Unlimited Liability Co.	Canada
Avanade Canada Inc	Canada
Callisto Integration Ltd	Canada
Cloudworks Consulting Services Inc	Canada
Kurt Salmon Canada Ltd	Canada
Lien par le réseau infrastructures Inc	Canada
Lien par le réseau Inc	Canada
Pollux Canada Inc	Canada
Accenture Chile Asesorias y Servicios Ltda	Chile
Neo Metrics Chile, S.A.	Chile
Shackleton Chile, S.A.	Chile
Wolox SpA	Chile
Accenture (China) Co., Ltd.	China
Accenture Enterprise Development (Shanghai) Co., Ltd.	China
Accenture Qiyun Technology (Hangzhou) Co., Ltd	China
Accenture (Shenzhen) Technology Co., Ltd.	China
Accenture Technology Solutions (Dalian) Co., Ltd.	China

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Altima (Beijing) Co. Ltd.	China
Aorui Advertising (Shanghai) Co., Ltd.	China
Avanade (Guangzhou) Computer Technology Development Co., Ltd.	China
Beijing Guowang Xintong Accenture Information Technology Co Ltd f/k/a NARI	China
Beijing Zhidao Future Consulting Co., Ltd	China
Chengdu Mensa Advertising Co., Ltd.	China
China Communications Service Application and Solutions Technology Co Ltd (CCS Soft)	China
CreativeDrive Digital Content Services (Shenzhen) Co, Ltd.	China
designaffairs Business Consulting (Shanghai) Co., Ltd.	China
FutureMove Automotive Co., Ltd.	China
FutureMove (Beijing) Automotive Technology Co., Ltd.	China
Hangzhou Aiyunzhe Technology Co., Ltd.	China
Lin Bo (Shanghai) Network Technology Co., Ltd.	China
Mackevision CG Technology and Service (Shanghai) Co., Ltd.	China
N3 (Dalian) Business Consulting Co., Ltd.	China
Nanjing Demeng Advertising Co., Ltd.	China
Qi Jie Beijing Information Technologies Co., Ltd.	China
Shanghai Baiyue Advertising Co., Ltd.	China
Shanghai Electric Group Enterprise Services Co., Ltd.	China
Shenzhen SAIT Information Technology Co., Ltd.	China
Shun Zhe Technology Development Co., Ltd.	China
Vertical Retail Consulting (Shanghai) Ltd	China
Zielpuls (Shanghai) Co., Ltd.	China
Accenture Ltda	Colombia
N3 Results S.A.S.	Colombia
Wolox Colombia S.A.S	Colombia
Accenture S.R.L.	Costa Rica
Double Digit Limitada	Costa Rica
Hamilton Holding Company, S.A	Costa Rica
Lumenup S.A.	Costa Rica
Accenture Business and Technology Services LLC	Croatia
Accenture Services s.r.o.	Czech Republic
SinnerSchrader Praha s.r.o.	Czech Republic
Accenture A/S	Denmark
Avanade Denmark A/S	Denmark
Filmproduction ApS	Denmark
Hjaltelin Stahl A/S	Denmark
Hjaltelin Stahl K/S	Denmark
Odgaard ApS	Denmark
Pegasus Production A/S	Denmark
Pegasus Production K/S	Denmark
Trivadis Denmark AS	Denmark
Accenture Ecuador S.A.	Ecuador
Pollux S.A.S.	Ecuador
Accenture Egypt LLC	Egypt
Accenture Oy	Finland
Accenture Services Oy	Finland

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Accenture Technology Solutions Oy	Finland
Avanade Finland Oy	Finland
Paja Finanssipalvelut Oy	Finland
Accenture Customer Services Distribution SASU	France
Accenture Holdings France SASU	France
Accenture Post Trade Processing SASU	France
Accenture SASU	France
Accenture Technology Solutions SASU	France
Appaloosa Technology SASU	France
Avanade France SASU	France
Cloudeasier SAS	France
Exton International SAS	France
Exton SAS	France
Link By Net SAS	France
Nell'Participation SAS	France
Nell'Armonia SAS	France
Octo Technology SA	France
Openminded SAS	France
Securiview SAS	France
Skylink SAS	France
Spacelink SAS	France
Wise Partners SAS	France
Accenture Cloud Services GmbH	Germany
Accenture Dienstleistungen GmbH	Germany
Accenture Digital Holdings GmbH	Germany
Accenture GmbH	Germany
Accenture Holding GmbH & Co. KG	Germany
Accenture Management GmbH	Germany
Accenture Operations GmbH	Germany
Accenture Services GmbH	Germany
Accenture Technology Solutions GmbH	Germany
Avanade Deutschland GmbH	Germany
designaffairs GmbH	Germany
ESR Labs AG	Germany
Exton Germany GmbH	Germany
Innotec Marketing GmbH	Germany
Kolle Rebbe GmbH	Germany
Lexta GmbH	Germany
Mackevision Medien Design GmbH	Germany
N3 Germany GmbH	Germany
Prof. Homburg GmbH	Germany
SALT Solutions GmbH	Germany
SinnerSchrader AG	Germany
SinnerSchrader Content GmbH	Germany
SinnerSchrader Deutschland GmbH	Germany
Trivadis Germany GmbH	Germany
Zielpuls GmbH	Germany
Accenture plc	Gibraltar
Accenture BPM Operations Support Services S.A.	Greece

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Accenture Single Member S.A. Organization, Information, Technology & Business Development	Greece
Accenture Company Ltd	Hong Kong
Accenture Technology Solutions (HK) Co. Ltd.	Hong Kong
Altima Asia Ltd	Hong Kong
Avanade Hong Kong Ltd	Hong Kong
designaffairs group China Co. Ltd.	Hong Kong
Industrie IT (Hong Kong) Ltd	Hong Kong
Inventor Technology Ltd	Hong Kong
Linkbynet East Asia Ltd	Hong Kong
Most Champion Ltd	Hong Kong
Orbium Ltd	Hong Kong
Vertical Retail Consulting Ltd	Hong Kong
Accenture Hungary Holdings Kft	Hungary
Accenture Industrial Software Solutions Kft	Hungary
Accenture Tanacsado Kolatolt Felelossegu Tarsasag	Hungary
Accenture Operations Services Private Limited	India
Accenture Solutions Private Limited	India
Altius Data Solutions Private Limited	India
Byte Prophecy Private Limited	India
CoreCompete Private Limited	India
DAZSI Systems (India) Pvt. Limited	India
Intrigo Systems India Pvt. Limited	India
Pramati Technologies Private Limited	India
Kogentix Technologies Private Limited	India
Silveo Consulting India Private Limited	India
SolutionsIQ India Consulting Services Private Limited	India
PT Accenture	Indonesia
PT Asta Catur Indra	Indonesia
PT Kogentix Teknologi Indonesia	Indonesia
Accenture Capital Designated Activity Company	Ireland
Accenture Defined Benefit Pension Plan Trustees Limited	Ireland
Accenture Defined Contribution Pension Plan Trustees Limited	Ireland
Accenture Finance Limited	Ireland
Accenture Finance II Limited	Ireland
Accenture Global Capital Designated Activity Company	Ireland
Accenture Global Engagements Limited	Ireland
Accenture Global Holdings Limited	Ireland
Accenture Global Services Limited	Ireland
Accenture Global Solutions Limited	Ireland
Accenture International Limited	Ireland
Accenture Limited	Ireland
Accenture Participations II Limited	Ireland
Avanade Ireland Limited	Ireland
Enterprise System Partners Limited	Ireland
Exactside Limited	Ireland
Innotec Marketing International Ireland Limited	Ireland
N3 Results Ireland Limited	Ireland
Rothco Limited	Ireland

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Somers Ventures Ireland Limited	Ireland
Accenture Ltd	Israel
Maglan Information Defense Technologies Research Ltd	Israel
Nell'Armonia Israel Ltd	Israel
Accenture Finance and Accounting BPO Services S.p.A.	Italy
Accenture Finance and Accounting Services S.r.l.	Italy
Accenture Financial Advanced Solution & Technology S.r.l.	Italy
Accenture HR Services S.p.A.	Italy
Accenture Services and Technology S.r.l.	Italy
Accenture S.p.A.	Italy
Accenture Technology Solutions S.r.l.	Italy
Accenture Outsourcing S.r.l.	Italy
Altevie Technologies S.r.l.	Italy
Avanade Italy S.r.l.	Italy
Espedia S.r.l.	Italy
Ethica Consulting S.p.A.	Italy
Exton Italia S.r.l.	Italy
Fruendo S.r.l.	Italy
ICM.S S.r.l.	Italy
Openmind S.r.l.	Italy
Sicilia e-Servizi Venture S.c.r.l.	Italy
Accenture Japan Ltd	Japan
Ajinomoto Digital Business Partners Co., Inc.	Japan
Avanade Japan KK	Japan
Cloud Sherpas Japan G.K.	Japan
DI Futures Corporation	Japan
Enterprise Business System Solutions Corp (Japan) (EBSS)	Japan
IMJ Corporation	Japan
K4 Digital Co., KK	Japan
Mackevision Japan Co. Ltd.	Japan
N3 Results Japan G.K.	Japan
Olympus Systems Corporation	Japan
REPL Group K.K.	Japan
SUMIKA DX ACCENT COMPANY, LIMITED	Japan
Wearex Co, Ltd	Japan
Accenture East Africa Limited	Kenya
Accenture Lithuania UAB	Lithuania
Accenture Sàrl	Luxembourg
Data Essential SARL	Luxembourg
Accenture Operations Services Sdn Bhd	Malaysia
Accenture Sdn Bhd	Malaysia
Accenture Solutions Sdn Bhd	Malaysia
Accenture Technology Solutions Sdn Bhd	Malaysia
Aspiro Solutions (Malaysia) Sdn Bhd	Malaysia
Avanade Malaysia Sdn Bhd	Malaysia
Endorphin Medici (M) Sdn Bhd	Malaysia
Entropia Intercraft Sdn Bhd	Malaysia
Entropia (M) Sdn Bhd	Malaysia

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Hytracc Consulting Malaysia Sdn Bhd	Malaysia
Intrepid Futureworks Sdn Bhd	Malaysia
N3 Results Malaysia Sdn Bhd	Malaysia
NewsPage (Malaysia) Sdn Bhd	Malaysia
Seabury Malaysia Sdn Bhd	Malaysia
Accenture Customer Services Ltd	Mauritius
Accenture Services (Mauritius) Ltd	Mauritius
Accenture Process (Mauritius) Ltd	Mauritius
LINKBYNET Indian Ocean (L.I.O) Ltd	Mauritius
Accenture S.C.	Mexico
Accenture Technology Solutions S.A. de C.V.	Mexico
Design Strategy and Research de México, S.A. de C.V.	Mexico
Gagel Group, S de R.L. de C.V.	Mexico
Insitum Consultoría S.A. de C.V.	Mexico
N3 Results Mexico S. de R.L. de C.V.	Mexico
Operaciones Accenture S.A. de C.V.	Mexico
Pollux Automation Mexico S.A. de C.V.	Mexico
Servicios Técnicos de Programación Accenture S.C.	Mexico
Wolox Mexico S.R.L de C.V.	Mexico
Accenture Maghreb S.a.r.l.	Morocco
Accenture Services Morocco SA	Morocco
Accenture Mozambique Limitada	Mozambique
ACN Consulting Co Ltd	Myanmar
Accenture Australia Holding B.V.	Netherlands
Accenture Branch Holdings B.V.	Netherlands
Accenture B.V.	Netherlands
Accenture Central Europe B.V.	Netherlands
Accenture Holdings B.V.	Netherlands
Accenture International B.V.	Netherlands
Accenture Insurance Services B.V.	Netherlands
Accenture Korea B.V.	Netherlands
Accenture Middle East B.V.	Netherlands
Accenture Minority I B.V.	Netherlands
Accenture Participations B.V.	Netherlands
Accenture Technology Ventures B.V.	Netherlands
Avanade Netherlands B.V.	Netherlands
Callisto Integration Europe B.V.	Netherlands
Enterprise System Partners B.V.	Netherlands
Accenture NZ Limited	New Zealand
Cloud Sherpas New Zealand Limited	New Zealand
DayNine Consulting (New Zealand) Limited	New Zealand
Icon Integration (NZ) Limited	New Zealand
PrimeQ NZ Pty Limited	New Zealand
Redcore (New Zealand) Limited	New Zealand
Soltians Limited	New Zealand
Zag Limited	New Zealand
Accenture Ltd	Nigeria
Accenture AS	Norway
Accenture Services AS	Norway

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Avanade Norway AS	Norway
Gren utvikling AS	Norway
Hytracc Consulting AS	Norway
Accenture Panama Inc	Panama
Double Digit Pty, SA	Panama
Accenture Peru SRL	Peru
Accenture Technology Solutions SRL	Peru
Accenture Inc	Philippines
Accenture Healthcare Processing Inc	Philippines
AIG Shared Services Business Processing Inc	Philippines
Cloudsherpas Inc	Philippines
Orbium Inc.	Philippines
Search Technologies BPO Inc	Philippines
Zenta Global Philippines Inc	Philippines
Accenture BPS Services S.p. z o.o.	Poland
Accenture Delivery Poland S.p. z o.o.	Poland
Accenture Operations S.p. z o.o.	Poland
Accenture Services S.p. z o.o.	Poland
Accenture Solutions S.p. z o.o.	Poland
Accenture S.p. z o.o.	Poland
Avanade Consulting Poland S.p. z o.o.	Poland
Avanade Poland S.p. z o.o.	Poland
Innotec International S.p. z.o.o.	Poland
Accenture 2 Business Process Services S.A.	Portugal
Accenture Consultores de Gestao S.A.	Portugal
Accenture Technology Solutions - Soluções Informáticas Integradas, S.A.	Portugal
Mistral Wind Operations – Serviços Empresariais Unipessoal, Lda.	Portugal
N3 Results, Unipessoal Lda	Portugal
Tech - Avanade Portugal, Unipessoal Lda	Portugal
Accenture Puerto Rico LLC	Puerto Rico
Accenture Industrial Software Solutions SA	Romania
Accenture Managed Services SRL	Romania
Accenture Services SRL	Romania
Trivadis Services SRL	Romania
Accenture OOO	Russia
Accenture Saudi Arabia Limited	Saudi Arabia
Accenture Pte Ltd	Singapore
Accenture SG Services Pte Ltd	Singapore
Accenture Solutions Pte Ltd	Singapore
Avanade Asia Pte Ltd	Singapore
CreativeDrive Singapore Pte Ltd	Singapore
Entropia Holdings Pte Ltd	Singapore
Industrie IT (Singapore) Pte Ltd	Singapore
Kogentix Singapore Pte Ltd	Singapore
Linkbynet Singapore Pte Ltd.	Singapore
Mackevision Singapore Pte Ltd	Singapore
N3 Results Singapore Pte Ltd	Singapore
NewsPage Pte Ltd	Singapore
Orbium Pte Ltd	Singapore

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

REPL Pte Ltd	Singapore
Yesler Singapore Pte Ltd	Singapore
Accenture Services s.r.o.	Slovak Republic
Accenture s.r.o.	Slovak Republic
Accenture Technology Solutions Slovakia s.r.o.	Slovak Republic
Accenture Africa Pty Ltd	South Africa
Accenture Mzansi Pty Ltd	South Africa
Accenture Services Pty Ltd	South Africa
Accenture (South Africa) Pty Ltd	South Africa
Accenture Technology Solutions Pty Ltd	South Africa
Avanade South Africa Pty Ltd	South Africa
REPL Group Pty Ltd	South Africa
Zebra Worldwide Media Pty Ltd	South Africa
Mackevision Korea Ltd	South Korea
Accenture Holdings (Iberia) S.L.	Spain
Accenture Outsourcing Services S.A.	Spain
Accenture S.L.	Spain
Arca Ingenieros y Consultoría S.L.	Spain
Arca Telecom S.L.	Spain
Avanade Spain S.L.	Spain
BBVA Information Technology España, S.L.	Spain
Energua Web S.A.	Spain
Enimbos Global Services S.L.	Spain
Exton Consulting Spain Strategy&Management S.L.	Spain
Informática de Euskadi S.L.	Spain
Innotec- Marketing Spain S.L	Spain
ITBS Servicios Bancarios de Tecnología de la Información SL	Spain
ItSafer Continuity Services S.L.	Spain
Shackleton S.L.U.	Spain
Tecnologica Ecosistemas, S.A.	Spain
Accenture Lanka (Private) Ltd	Sri Lanka
Accenture AB	Sweden
Accenture Services AB	Sweden
Avanade Sweden AB	Sweden
Cygni AB	Sweden
Cygni Norrsken AB	Sweden
Cygni Öst AB	Sweden
Cygni Östersund AB	Sweden
Cygni Stockholm AB	Sweden
Cygni Syd AB	Sweden
Cygni Väst AB	Sweden
Sentor Managed Security Services AB	Sweden
Accenture AG	Switzerland
Accenture Services AG	Switzerland
Avanade Schweiz GmbH	Switzerland
Orbium AG	Switzerland
Trivadis AG	Switzerland
Trivadis Holding AG	Switzerland
Trivadis Partner AG	Switzerland



**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Trivadis Services AG	Switzerland
Accenture Co Ltd	Taiwan
Accenture Consulting Services Ltd Tanzania	Tanzania
Accenture Co., Ltd	Thailand
Accenture Solutions Co., Ltd	Thailand
Accenture Technology Solutions (Thailand) Co., Ltd	Thailand
IT One Company Limited	Thailand
AGS Business and Technology Services Limited	Trinidad and Tobago
Accenture Danismanlik Limited Sirketi	Turkey
Accenture Industrial Software Limited Liability Company (Accenture Endüstriyel Yazılım Çözümleri Limited Şirketi)	Turkey
Enterprise System Partners Bilisim Danismanlik Ticaret Anonim Sirketi	Turkey
Avanade Middle East Limited	United Arab Emirates
Accenture Cloud Software Solutions Limited	United Kingdom
Accenture Marketing Services Limited	United Kingdom
Accenture Post-Trade Processing Limited	United Kingdom
Accenture Systems Integration Limited	United Kingdom
Accenture (UK) Limited	United Kingdom
Adaptly UK Limited	United Kingdom
Altius Consulting Limited	United Kingdom
Avanade Europe Holdings Limited	United Kingdom
Avanade Europe Services Limited	United Kingdom
Avanade UK Limited	United Kingdom
Bow & Arrow Limited	United Kingdom
Brand Learning Group Limited	United Kingdom
The Brand Learning Partners Limited	United Kingdom
Callisto Integration Europe Limited	United Kingdom
Certus Solutions Consulting Services Limited	United Kingdom
Cirrus Connect Limited	United Kingdom
Cloudpoint Limited	United Kingdom
Context Information Security Limited	United Kingdom
CoreCompete Limited	United Kingdom
CreativeDrive EMEA Limited	United Kingdom
CreativeDrive UK Group Limited	United Kingdom
CS Technology (UK) Limited	United Kingdom
Cutting Edge Solutions Limited	United Kingdom
Droga5 UK Limited	United Kingdom
Edenhouse ERP Holdings Limited	United Kingdom
Edenhouse Solutions Limited	United Kingdom
EdenOne Solutions Limited	United Kingdom
Energy Management Brokers Limited	United Kingdom
Farah BidCo Limited	United Kingdom
Farah MidCo Limited	United Kingdom
Farah Topco Limited	United Kingdom
Happen GP Limited	United Kingdom
Happen Limited	United Kingdom
Imagine Broadband (USA) Limited	United Kingdom
Infinity Works Consulting Limited	United Kingdom
Infinity Works Holdings Limited	United Kingdom

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Infinity Works Management Limited	United Kingdom
Infinity Works Midco Limited	United Kingdom
International Biometric Group UK Limited	United Kingdom
K Comms Group Limited	United Kingdom
Kaper Communications Limited	United Kingdom
Karma Communications Debtco Limited	United Kingdom
Karma Communications Group Limited	United Kingdom
Karma Communications Holdings Limited	United Kingdom
Karmarama Comms Limited	United Kingdom
Karmarama Limited	United Kingdom
Kogentix Limited	United Kingdom
Kream Comms Limited	United Kingdom
Lexta UK Limited	United Kingdom
Mackevision UK Limited	United Kingdom
Mudano Limited	United Kingdom
N3 Results Limited	United Kingdom
Orbium Consulting Limited	United Kingdom
Parker Fitzgerald International Limited	United Kingdom
Parker Fitzgerald Limited	United Kingdom
Parker Fitzgerald Services Limited	United Kingdom
Parker Fitzgerald Solutions Limited	United Kingdom
Pragsis Bidoop UK Limited	United Kingdom
Pramati Technologies Europe Limited	United Kingdom
REPL Consulting Limited	United Kingdom
REPL Digital Limited	United Kingdom
REPL Group Worldwide Limited	United Kingdom
REPL Software Limited	United Kingdom
REPL Technology Limited	United Kingdom
Sapling Bidco Limited	United Kingdom
Sapling Midco Limited	United Kingdom
Sapling Topco Limited	United Kingdom
Seabury Aviation & Aerospace (UK) Limited	United Kingdom
Search Technologies Limited	United Kingdom
?What If! China Holdings Limited	United Kingdom
?What If! Holdings Limited	United Kingdom
?What If! Limited	United Kingdom
Yesler Limited	United Kingdom
Zebra Worldwide Group Limited	United Kingdom
Accenture 2 LLC	United States
Accenture Capital Inc	United States
Accenture Cloud Solutions LLC	United States
Accenture Credit Services LLC	United States
Accenture Federal Services LLC	United States
Accenture Flex LLC	United States
Accenture GP LLC	United States
Accenture Inc	United States
Accenture Insurance Services LLC	United States
Accenture International LLC	United States
Accenture LLC	United States

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Accenture LLP	United States
Accenture Marketing Services LLC	United States
Accenture State Healthcare Services LLC	United States
Accenture Sub LLC	United States
Accenture Sub II Inc	United States
Accenture Sub III Inc	United States
Adaptly LLC	United States
Altitude LLC	United States
ASM Research LLC	United States
Avanade Holdings LLC	United States
Avanade Inc	United States
Avanade International Corporation	United States
BABCN LLC	United States
Berico Technologies LLC	United States
Bionic Solution LLC	United States
Callisto Integration LLC	United States
Capital Consultancy Services Inc	United States
Clearhead Group LLC	United States
Cloud Sherpas (GA) LLC	United States
Cloudworks Technology LLC	United States
Computer Research and Telecommunications LLC	United States
Context Information Security LLC	United States
CoreCompete LLC	United States
CPF MIB, LLC	United States
Creative Drive LLC	United States
Creative Drive US LLC	United States
CS Technology LLC	United States
CS Technology Group LLC	United States
DayNine Consulting LLC	United States
DAZ Systems LLC	United States
Declarative Holdings LLC	United States
Decora Marketplace LLC	United States
Designaffairs LLC	United States
Digital Results Group LLC	United States
Droga5 LLC	United States
Droga5 Studios LLC	United States
Enaxis Consulting LP	United States
End to End Analytics LLC	United States
Enterprise Infrastructure Solutions LLC	United States
Enterprise System Partners Global Corporation	United States
FGM LLC	United States
First Annapolis Consulting LLC	United States
Future State Consulting LLC	United States
Halo Partners LLC	United States
Imagine Broadband USA LLC	United States
Imaginea Technologies LLC	United States
International Biometric Group LLC	United States
Intrigo Systems LLC	United States
Investtech Systems Consulting LLC	United States

**ACCENTURE PLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)****(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

IQSP Consulting LLC	United States
JKD Consulting, LLC	United States
Knowledgent Group LLC	United States
Kogentix LLC	United States
KSC Studio LLC	United States
Kurt Salmon US LLC	United States
Mackevision LLC	United States
MCG US Holdings LLC	United States
Measuretek LLC	United States
Meredith Specialty LLC	United States
Meredith Xcelerated Marketing LLC	United States
Mortgage Cadence LLC	United States
Myrtle Consulting Group LLC	United States
News Imaging LLC	United States
Novetta Holdings LLC	United States
Novetta Solutions LLC	United States
Novetta Topco LLC	United States
Novetta LLC	United States
N3 LLC	United States
N3 North America LLC	United States
Pollux USA LLC	United States
Presence of IT Workforce Management North America LLC	United States
Proquire LLC	United States
Radiant Services LLC	United States
RBCP Fund 1-A Vapor Blocker LLC	United States
RBCP Platform Vapor Blocker I LLC	United States
REPL Consulting LLC	United States
Root LLC	United States
Sandbox Studio LLC	United States
Seabury Corporate Advisors LLC	United States
Search Technologies International LLC	United States
Search Technologies LLC	United States
Seven Seas Business Ventures LLC	United States
SigInt Technologies LLC	United States
Solutions IQ LLC	United States
Somers Ventures LLC	United States
Synership LLC	United States
TXF LLC	United States
Vector Acquisition Company LLC	United States
Vector Topco LLC	United States
WaveStrike LLC	United States
White Cliffs Consulting LLC	United States
Wire Stone LLC	United States
Wolox LLC	United States
Workforce Insight LLC	United States
Yesler LLC	United States
Zag USA LLC	United States
Zenta Mortgage Services LLC	United States
Zenta Recoveries Inc	United States

**ACCENTURE PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

Zenta US Holdings Inc	United States
Accenture Uruguay SRL	Uruguay
Sirvart S.A.	Uruguay
Accenture C.A.	Venezuela
Accenture Vietnam Co., Limited	Vietnam
Link By Net Vietnam Company Limited	Vietnam
Accenture Zambia Limited	Zambia

**ACCENTURE PLC**

**PARENT COMPANY FINANCIAL STATEMENTS**

**ACCENTURE PLC**  
**COMPANY BALANCE SHEETS**  
**As at August 31, 2021 and 2020**  
**(In thousands of U.S. dollars)**

	<u>August 31, 2021</u>	<u>August 31, 2020</u>
<b>Assets</b>		
Financial fixed assets	\$ 27,480,707	\$ 28,601,075
<b>Total non-current assets</b>	<u>27,480,707</u>	<u>28,601,075</u>
Receivables from subsidiaries	3,104,840	2,454,155
Prepayments and other assets	5,326	825
Cash and cash equivalents	267	63
<b>Total current assets</b>	<u>3,110,433</u>	<u>2,455,043</u>
<b>Total assets</b>	<u>\$ 30,591,140</u>	<u>\$ 31,056,118</u>
<b>Liabilities</b>		
Payables to subsidiaries	\$ 256,136	\$ 170,089
Other current liabilities	544	166
<b>Total current liabilities</b>	<u>256,680</u>	<u>170,255</u>
<b>Equity</b>		
Share capital	72	72
Capital redemption reserve	5	5
Share premium	9,066,984	8,574,010
Share-based payments reserve	1,803,347	1,633,002
Treasury share reserve	(2,951,628)	(2,108,898)
Retained earnings	22,415,680	22,787,672
<b>Total equity attributable to owners of the Company</b>	<u>30,334,460</u>	<u>30,885,863</u>
<b>Total equity and liabilities</b>	<u>\$ 30,591,140</u>	<u>\$ 31,056,118</u>

These financial statements were approved and signed on behalf of the Board of Directors on October 22, 2021 by:



**Julie Sweet**  
*Director*



**Paula A. Price**  
*Director*

**ACCENTURE PLC**  
**COMPANY STATEMENTS OF CHANGES IN EQUITY**  
For years ended August 31, 2021 and 2020  
(In thousands of U.S. dollars)

	Share capital	Capital redemption reserve	Share premium	Share-based payments reserve	Treasury share reserve	Retained earnings	Total equity
<b>Balance as of August 31, 2019</b>	\$ 72	\$ 5	\$ 8,160,667	\$ 1,456,298	\$ (931,513)	\$ 22,878,192	\$ 31,563,721
Profit attributable to owners of the Company						2,123,454	2,123,454
Issuance of ordinary shares			413,343		660,723	(93,912)	980,154
Net activity related to share-based payments reserve				99,445		1,047,246	1,146,691
Purchases of treasury shares					(2,894,253)		(2,894,253)
Dividends paid				77,259		(2,111,163)	(2,033,904)
Retirement of shares					1,056,145	(1,056,145)	—
<b>Balance as of August 31, 2020</b>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 8,574,010</u>	<u>\$ 1,633,002</u>	<u>\$ (2,108,898)</u>	<u>\$ 22,787,672</u>	<u>\$ 30,885,863</u>
Profit attributable to owners of the Company						2,971,540	2,971,540
Issuance of ordinary shares			492,974		745,351	(121,343)	1,116,982
Net activity related to share-based payments reserve				81,564		1,191,677	1,273,241
Purchases of treasury shares					(3,693,747)		(3,693,747)
Dividends paid				88,781		(2,308,200)	(2,219,419)
Retirement of shares					2,105,666	(2,105,666)	—
<b>Balance as of August 31, 2021</b>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 9,066,984</u>	<u>\$ 1,803,347</u>	<u>\$ (2,951,628)</u>	<u>\$ 22,415,680</u>	<u>\$ 30,334,460</u>



**ACCENTURE PLC**  
**COMPANY STATEMENTS OF CASH FLOWS**  
**For years ended August 31, 2021 and 2020**  
**(In thousands of U.S. dollars)**

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Profit attributable to owners of the Company	\$ 2,971,540	\$ 2,123,454
<b>Adjustments to reconcile Profit attributable to owners of the Company to net cash provided by operating activities:</b>		
<b>Changes in assets and liabilities</b>		
Receivables and payables from/to subsidiaries	78,162	321,432
Prepayments and other assets	(4,500)	(507)
Other current liabilities	377	(84)
Net cash provided by (used in) operating activities	<u>3,045,579</u>	<u>2,444,295</u>
<b>Investing activities</b>		
Share based payment excess recharge received from subsidiaries	649,806	522,466
Net cash payments related to share based payment plans	(689,274)	(563,737)
Shares purchased under share buy-back program	—	—
Net cash provided by (used in) investing activities	<u>(39,468)</u>	<u>(41,271)</u>
<b>Financing activities</b>		
Dividends paid	(2,219,419)	(2,033,904)
Proceeds from issuance of shares	1,065,775	955,308
Proceeds from recharges to subsidiaries	1,841,484	1,569,712
Purchases of treasury shares	(3,693,747)	(2,894,253)
Net cash provided by (used in) financing activities	<u>(3,005,907)</u>	<u>(2,403,137)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>204</b>	<b>(113)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>63</b>	<b>176</b>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 267</u></b>	<b><u>\$ 63</u></b>

**ACCENTURE PLC**  
**NOTES TO COMPANY FINANCIAL STATEMENTS**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

## **1. Reporting Entity**

Accenture plc (the “Company”) is a public limited company incorporated under registered number 471706 and domiciled in Ireland.

The address of its registered office is:

1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2

## **2. Accounting Policies**

Except as explained in Note 1 to the Consolidated Financial Statements, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company’s financial statements.

### **Statement of Compliance**

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and as applied under the Companies Act 2014, which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

In the year ended August 31, 2021, the Company did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued but not yet effective.

### **Functional Currency**

Items included in the Company financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company financial statements are presented in United States dollars, which is the Company’s functional currency. Transactions in currencies other than the functional currency are recorded using the prevailing rate at the date of the transaction. The resulting monetary assets and liabilities are translated at the balance sheet rate with the resulting gains or losses reflected in the profit and loss account.

### **Profit and Loss Account**

In accordance with Section 304 of the Companies Act 2014, the Company has availed itself of an exemption from presenting the entity profit and loss account. The Company’s profits for the years ended August 31, 2021 and 2020 were \$2,972 million and \$2,123 million, respectively.

### **Financial Fixed Assets**

The Company’s investment in subsidiary was recorded at cost which equaled fair value on September 1, 2009. This initial valuation is the Company’s cost basis for its investment in its subsidiaries. The investment is tested for impairment if circumstances or indicators suggest that impairment may exist. Subsequent activity related to subsidiary share transactions and share-based payment transactions are accounted for at cost.

The Company’s only other material financial instruments are receivables from subsidiary undertakings. Receivables from subsidiary undertakings are initially recognized at fair value and subsequently measured as assets held at amortised cost in accordance with IFRS 9, as they meet the following criteria:

- they are held in a business model whose objective is to hold assets to collect contractual cashflows; and
- their contractual cashflows give rise to cash flows that do not contain any payments other than principal or interest.

**ACCENTURE PLC**  
**NOTES TO COMPANY FINANCIAL STATEMENTS (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

The Company adopted in 2019 the Expected Credit Loss (“ECL”) model to measure impairment losses on financial assets. The Company measures loss allowances as an amount equal to 12 month ECLs.

The Company recognizes a loss allowance on financial assets at an amount equal to 12 month ECLs, which are the portion of ECLs that are possible within 12 months of the reporting date.

The Company assessed that Receivables from subsidiary undertakings are of short-term basis and are typically settled within 30 days. There is no indication or evidence of impairment or material amount of loss expected.

### **Taxation**

Income tax represents the sum of current and deferred tax. Income tax is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity.

Current tax is based on taxable profit and represents the expected tax payable for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expenditure that are taxable or deductible in other periods or are not taxable/tax deductible. The liability to current tax is calculated using corporation tax rates that have been substantively enacted at the period end date.

The Company determines whether a tax position is likely to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax provision recognized is measured as the future probable outflow or economic benefit upon ultimate settlement, which could result in recording a tax liability that would reduce net assets.

Deferred tax is accounted for in respect of all time differences that have originated but not reversed at the balance sheet date. Provision is made at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Timing differences arise from the inclusion of items in income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognized when it is more likely than not the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be recovered.

### **Share-based payment**

The Company and its subsidiaries operate a number of share-based payment plans, the details of which are presented in Note 13 (Share-Based Compensation) to the Consolidated Financial Statements. The share-based payment expense associated with the share-based payment plans is recognized by the entity which receives services in exchange for the share-based compensation. Share-based payment expense is recognized over the requisite service period for awards of equity instruments to employees based on the grant date fair value of those awards expected to ultimately vest.

Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates. The Profit and loss account of the Company is charged with the expense related to the services received by the Company. The remaining portions of the share-based payments represent a contribution to Company entities and are added to the carrying amount of those investments.

The Company issued new Accenture plc Class A ordinary shares and shares from treasury for shares delivered under its subsidiaries’ various share-based payment plans. Under an agreement, the subsidiaries pay the Company an amount equal to the value of the ordinary shares issued that is in excess of the award exercise price with such amount reducing the Company’s investment in its subsidiaries.

The net effect of the grant date fair value of the Company’s share-based compensation to employees of the Company’s subsidiaries and recharges received from those subsidiaries is reflected as an increase or decrease in financial fixed assets.

**ACCENTURE PLC**  
**NOTES TO COMPANY FINANCIAL STATEMENTS (continued)**  
(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)

**3. History and Description of the Company**

The principal activity of the Company is an investment holding company. The Company is the parent company of a leading professional services group, providing a broad range of services in strategy and consulting, interactive, technology and operations. We serve clients in three geographic markets: North America, Europe and Growth Markets (Asia Pacific, Latin America, Africa and the Middle East). Our geographic markets bring together capabilities from across the organization, with digital skills and industry and functional expertise throughout, to deliver tangible value to our clients.

**4. Financial Fixed Assets**

The Company's investment in its subsidiary was recorded at fair value on September 1, 2009. This initial investment has been subsequently adjusted to reflect the activity related to subsidiary share transactions and share-based payment transactions.

Balance as of August 31, 2019	\$	28,981,467
Net activity related to share-based payment plans		(380,392)
Balance as of August 31, 2020	\$	28,601,075
Net activity related to share-based payment plans		(1,120,368)
Balance as of August 31, 2021	\$	<u>27,480,707</u>

**5. Share Capital and Reserves**

	August 31, 2021	August 31, 2020
<b>Authorized:</b>		
40,000 ordinary shares of €1 par value	\$ 57	\$ 57
20,000,000,000 Class A ordinary shares of \$0.0000225 par value	450	450
1,000,000,000 Class X ordinary shares of \$0.0000225 par value	23	23
2,000,000,000 undesignated shares of \$0.0000225 par value	45	45
	<u>\$ 575</u>	<u>\$ 575</u>
<b>Allotted, called up and fully paid equity:</b>		
Ordinary shares, par value €1 per share, 40,000 shares as of August 31, 2021 and 2020	\$ 57	\$ 57
Class A ordinary shares, par value \$0.0000225 per share, 656,590,625 and 658,548,895 shares as of August 31, 2021 and 2020, respectively (1)	15	15
Class X ordinary shares, par value \$0.0000225 per share, 512,655 and 527,509 shares as of August 31, 2021 and 2020, respectively (2)		—
	<u>\$ 72</u>	<u>\$ 72</u>

(1) Includes the issuance of 8,304,323 and 9,336,119 Class A ordinary shares during the years ended August 31, 2021 and 2020, respectively.

(2) 14,854 and 81,895 Class X ordinary shares were cancelled during the years ended August 31, 2021 and 2020, respectively.

**Ordinary Shares**

The Company has 40,000 authorized ordinary shares, par value €1 per share. Each ordinary share of Accenture plc entitles its holder to receive payments upon a liquidation of Accenture plc; however, a holder of an ordinary share is not entitled to vote on matters submitted to a vote of shareholders of Accenture plc or to receive dividends.

**Class A Ordinary Shares**

An Accenture plc Class A ordinary share entitles its holder to one vote per share, and shareholders do not have cumulative voting rights. Each Class A ordinary share entitles its holder to a pro rata part of any dividend at the

**ACCENTURE PLC**  
**NOTES TO COMPANY FINANCIAL STATEMENTS (continued)**  
**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

times and in the amounts, if any, which Accenture plc's Board of Directors determines to declare, subject to any preferred dividend rights attaching to any preferred shares. Each Class A ordinary share is entitled on a winding-up of Accenture plc to be paid a pro rata part of the value of the assets of Accenture plc remaining after payment of its liabilities, subject to any preferred rights on liquidation attaching to any preferred shares.

### **Class X Ordinary Shares**

An Accenture plc Class X ordinary share entitles its holder to one vote per share, and holders of those shares do not have cumulative voting rights. A Class X ordinary share does not entitle its holder to receive dividends, and holders of those shares are not entitled to be paid any amount upon a winding-up of Accenture plc. Most of our partners who received Accenture Canada Holdings Inc. exchangeable shares in connection with our transition to a corporate structure received a corresponding number of Accenture plc Class X ordinary shares. Accenture plc may redeem, at its option, any Class X ordinary share for a redemption price equal to the par value of the Class X ordinary share. Accenture plc has separately agreed with the original holders of Accenture Canada Holdings Inc. exchangeable shares not to redeem any Class X ordinary share of such holder if the redemption would reduce the number of Class X ordinary shares held by that holder to a number that is less than the number of Accenture Canada Holdings Inc. exchangeable shares owned by that holder, as the case may be. Accenture plc will redeem Class X ordinary shares upon the redemption or exchange of Accenture Canada Holdings Inc. exchangeable shares so that the aggregate number of Class X ordinary shares outstanding at any time does not exceed the aggregate number of Accenture Canada Holdings Inc. exchangeable shares outstanding. Class X ordinary shares are not transferable without the consent of Accenture plc.

### **6. Related Party Transactions**

The Company has entered into various related party transactions with its subsidiaries that comprise \$2,975 million and \$2,127 million of profit recorded during the years ended August 31, 2021 and 2020, respectively. Additionally, dividends of \$0 million and \$22 million were paid to subsidiaries of the Company during the years ended August 31, 2021 and 2020, respectively. The amounts recorded in Receivables from subsidiaries and Payables to subsidiaries represent amounts due entirely from and to directly and indirectly held subsidiaries. The Company had no related party transactions with any parties outside of the group of companies headed by Accenture plc that would require disclosure under IAS 24, "Related Party Disclosure" ("IAS 24"), other than fees paid to members of the Board of Directors. The Company considers the members of the Board of Directors to constitute Key Management Personnel as defined in IAS 24. Disclosure of remuneration paid to the members of the Board of Directors is provided in Note 18 (Directors' Remuneration) to the Consolidated Financial Statements.

### **7. Guarantees**

The Company's borrowing facilities are the same as those described in Note 10 to the Consolidated Financial Statements.

The Company has irrevocably guaranteed the liabilities of certain of its Irish subsidiaries and, pursuant to the provisions of section 357 of the Companies Act 2014, such subsidiaries have been exempted from the filing provisions of sections 347 and 348 of the Companies Act 2014. These subsidiaries are as follows: Accenture Limited, Accenture Finance Limited, Accenture Finance II Limited, Accenture Global Holdings Limited, Accenture Global Services Limited, Accenture Global Solutions Limited, Accenture International Limited, Accenture Participations II Limited, Exactside Limited, Rothco Limited, Avanade Ireland Limited and Accenture Global Engagements Limited. Accenture Global Capital Designated Activity Company ("AGC DAC"), an Irish subsidiary of the Company incorporated on March 26, 2020, may also avail of the exemption from the filing provisions of sections 347 and 348 of the Companies Act 2014 in respect of its first financial year, which commenced on its date of incorporation and ended on August 31, 2021. If AGC DAC elects to avail of this exemption, there will be in force in respect of its first financial year, an irrevocable guarantee from the Company of all commitments entered into by AGC DAC, including amounts shown as liabilities in the statutory financial statements of AGC DAC for its first financial year.

### **8. Tax**

As of August 31, 2021 and 2020, the Company had unrecognized deferred tax assets of \$279 million and \$281 million, respectively, principally from tax credits on foreign dividends. The Company believes it is more likely than not that these assets will not be realized in the future and accordingly has not recognized the assets.

**ACCENTURE PLC**

**NOTES TO COMPANY FINANCIAL STATEMENTS (continued)**

**(In thousands of U.S. dollars, except share and per share amounts or as otherwise disclosed)**

**9. Financial Instruments**

The Company has no material financial assets or liabilities that cannot be immediately settled and has no significant exposure to interest rate or currency risk.

The Company has intercompany receivable balances totaling \$3.1 billion at year end. Management has assessed that the estimated credit loss on such balances is low based on the cash generating ability of the relevant subsidiaries and latest forecasts. On this basis management determined that it is appropriate to apply a 12-month expected credit loss model in calculating the estimated credit provision. Accenture plc has a credit rating of AA as supported by recent publications. The credit ratings for individual subsidiaries on a standalone basis would be lower than the overall Group credit rating. Taking this into account and applying a 12-month probability of default rate of between 0.00% - 0.30% to the entire balance, which would be considered highly unlikely to arise, would result in an insignificant estimated credit loss and on this basis no such provision has been recorded.

**10. Employees**

The Company has no employees.

**11. Subsequent Events**

Since the end of the fiscal year, the Directors are not aware of any other matters or circumstances not otherwise dealt with in the financial statements, that have significantly or may significantly affect the operation of the Company.