2021 Sustainability Report

Sustainable Growth for a Sustainable Future

Grow • Conserve • Care
Forward-looking statements

This Sustainability Report (this "Report") contains "forward-looking statements" within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's reasonable expectations and assumptions as of the date of this Report and are not guarantees of future performance. Actual performance may differ materially from projections and estimates expressed in the forward-looking statements because of many factors, including, without limitation, the risk factors described in the Company's Annual Report on Form 10-K for its fiscal year ended September 30, 2020 and subsequent filings with the U.S. Securities and Exchange Commission. Except as required by law, the Company disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in the assumptions, beliefs or expectations or any change in events, conditions or circumstances upon which any such forward-looking statements are based.
Grow responsibly through sustainability-driven opportunities that benefit our customers and our world.

We help customers improve their sustainability performance through higher productivity, better quality products, reduced energy use, and lower emissions.

Conserve resources and reduce environmental footprints through cost-effective improvements.

We are committed to reducing our carbon dioxide (CO₂) emissions intensity by one-third by 2030 and conserving resources by continually improving our operations.

Care for our employees, customers and communities — protecting our license to operate and grow.

Our goal is always zero accidents and zero incidents. We continue to build on our culture of diversity, inclusion and belonging. We are committed to supporting our communities, engaging suppliers, and upholding our integrity.
Throughout 2020 and continuing at this writing, the world has faced unparalleled challenges from the COVID-19 pandemic. I want to thank the talented, committed and dedicated team at Air Products for working tirelessly to safely operate our 750+ production facilities, supply customers with essential industrial gases, and execute global megaprojects that are enabling a transition to a cleaner energy future.

The transition is real. There has been a fundamental shift in public opinion to truly confront climate change, with governments and businesses adopting frameworks to accelerate the shift. Through Air Products’ base industrial gas business, our customers across dozens of industries are reducing their energy use, increasing productivity and lowering emissions. In fact, in 2020, customer-avoided CO₂e emissions totaled 72 million metric tons, or three times our CO₂ emissions. Meanwhile, Air Products is driving sustainable growth by building, owning and operating the world’s largest gasification, carbon capture and hydrogen projects. This includes our $3.7 billion investment in NEOM to produce and deliver carbon-free hydrogen to power buses and trucks around the world by 2025.

Put simply, sustainability is our growth strategy at Air Products. Sustainability creates our growth opportunities, and our growth opportunities support our sustainability goals and focus.

Setting and Achieving Meaningful Goals

Having successfully achieved a series of 2020 Sustainability Goals, we have set new goals, which you can read more about in this Report. One key commitment is our “Third by ’30” carbon intensity reduction goal, which is focused on reducing CO₂ emissions relative to the amount of energy we are delivering to the world. The goal is fully aligned with our business strategy, is near-term and measurable and holds us accountable for delivering.

As ever, we want to continue to lead the industrial gas industry in safety. We also are driving a culture of diversity, inclusion and belonging – where our people truly feel they belong and matter. Toward this end, Air Products set a goal to achieve at least 28% female representation globally and at least 20% minority U.S. representation in our professional and managerial population, by 2025. This aligns with our higher purpose, which is about bringing people together and having meaningful connections to collaborate and innovate solutions to the world’s energy and environmental challenges.

We have a dream for the future and through our actions, we are making our dream a reality. I can assure you of our continuing commitment and dedication to stand together and work together to make a difference for our world.

Thank you for taking time to learn more about Air Products’ sustainability efforts, plans and achievements and, as always, we appreciate your interest in our Company.

Seifi Ghasemi
Chairman, President and Chief Executive Officer of Air Products
Put simply, sustainability is our growth strategy at Air Products. Sustainability creates our growth opportunities, and our growth opportunities support our sustainability goals and focus.

Seifi Ghasemi
Chairman, President and CEO
Air Products is an Essential Business:

Keeps Operations Running to Supply Customers and Provides Needed Medical Oxygen During COVID-19 Pandemic

The COVID-19 pandemic created unprecedented challenges across the globe. Throughout the crisis, Air Products has continued to work with customers and governments to provide critical industrial gases, including emergency medical oxygen, while staying focused on keeping our employees safe.

Prompted by early spikes in the number of cases of COVID-19, some local hospitals in countries where we operate were forced to scramble to cope with large numbers of patients by setting up temporary facilities. Air Products worked with local officials in several countries to deliver and install infrastructure to provide medical oxygen at temporary “pop-up” medical facilities.

In the U.S., Air Products delivered and installed medical oxygen equipment at the Miami Beach Convention Center’s temporary hospital in Florida, providing the hospital with much needed oxygen within 72 hours. The Company undertook a similar effort to provide medical oxygen and related equipment to a temporary hospital at the U.S. Tennis Association’s Billie Jean King National Tennis Center in Queens, New York City.

Air Products also enabled the supply of medical oxygen to field hospitals across Europe. In the United Kingdom, Air Products’ teams worked with the National Health Service (NHS) to quickly get medical oxygen supplies installed at the Nightingale Hospital in Birmingham. Similar installations were completed for the NHS Louisa Jordan Hospital in Glasgow, Scotland and for the Ifema (Madrid) and Valladolid Hospitals in Spain.

The Company and its employees provided additional support to communities around the world for COVID-19 relief. In China, the Air Products Foundation awarded a $100,000 grant to One Foundation to assist in COVID-19 recovery efforts. Similarly, Air Products Korea donated approximately $85,000 to the non-profit Community Chest of Korea for medical supplies to aid in preventing COVID-19 from spreading and to assist underprivileged citizens in the community. Support of those in need also was a goal of donations in India where employees made contributions to the PM Cares Fund and our Kochi facility provided groceries to 750 families in its neighborhood and personal protective equipment (PPE) for workers and volunteers at the community kitchen sponsored by the local government.

While continuing to serve its customers, Air Products implemented additional safety protocols aimed at keeping employees safe. With a pandemic response plan in place prior to COVID-19, we were able to move quickly. Some of these actions included having employees work from home whenever possible, while keeping Company offices and

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The true character and leadership of individuals and companies are revealed during crises – something none of us has experienced in our lifetime,” said Air Products’ Chairman, President and CEO Seifi Ghasemi. "But I am delighted to report that the people of Air Products have demonstrated our culture and character to the world. They responded to the crisis with caring for our fellow employees and our fellow citizens around the world. They responded with passion to keep our plants operating so that we can provide our customers with the vital products that they need. And they responded with a commitment and dedication to move Air Products forward – no matter what the challenges.

Seifi Ghasemi
Chairman, President and CEO

Air Products not only succeeded in keeping its operations going throughout the pandemic, we continued to grow, with no layoffs or salary reductions due to COVID-19 and by adding approximately 2,000 new employees during the pandemic to position the Company for future growth opportunities.

Facilities operational

Access to Company sites has been restricted for site visitors and virtual meetings have replaced in-person meetings whenever possible. For authorized personnel who entered an Air Products site, additional health protocols have been implemented including temperature checks at certain locations for employees, contractors and visitors, social distancing requirements and the use of PPE, including N95 masks where social distancing cannot be maintained.

Air Products not only succeeded in keeping its operations going throughout the pandemic, we continued to grow, with no layoffs or salary reductions due to COVID-19 and by adding approximately 2,000 new employees during the pandemic to position the Company for future growth opportunities.
Sustainability Highlights for 2020

**Grow**
- **NEW GOAL**: annually increase CO₂ emissions avoided through products
- **72 million** metric tons of CO₂e avoided due to our products
- **57%** of revenues from sustainable offerings

**Conserve**
- **NEW GOAL**: reduce CO₂ emissions intensity 1/3 by 2030
- **1.3 million** metric tons of CO₂e avoided through efficiency improvements
- **3 times** the ratio of CO₂e avoided by our customers to our emissions

**Care**
- **NEW GOAL**: Increase diversity in professional and managerial roles
- **>100** facilities recognized for safety
- **$6.4 million** in donations to communities
Air Products’ higher purpose is to bring people together to collaborate and innovate solutions to the world’s most significant energy and environmental sustainability challenges.

We live our purpose through our business strategy and our efforts to protect the environment and care for our stakeholders. These are the underlying concepts of our Grow – Conserve – Care sustainability approach shared throughout this Report.

Sustainability is embedded in our business strategy, which is focused on serving energy, environmental and emerging markets. Our strategy is evidenced through the products, technologies, and services we offer, and the projects we carry out. Our products and technologies are supported by our innovation capabilities and our desire to collaborate on real solutions for our customers and the world. Our core competency is our ability to develop, execute, own, and operate complex process facilities that can transform local economies.

Our products enable our customers to be more productive and efficient – to make more with less while reducing their impact on the environment. We estimate that in 2020 our products enabled our customers and their customers to avoid the equivalent of 72 million metric tons of carbon dioxide emissions. This figure is three times our own direct and indirect CO₂ emissions.

Industrial Gases – Essential to Modern Life

Industrial gases are used to make materials that go into our homes and businesses, cars and fuels, health care, food and more. Their use also helps companies across many industries to improve yields, reduce energy consumption and lower emissions.

For example, our oxy-fuel burners enable glass and metal manufacturers to efficiently use oxygen in their production processes, thereby reducing the amount of fuel needed and emissions of nitrous oxides (NOx). Our gases and technologies also contribute to the circular economy by enabling the use, or recycling of, resources and reducing emissions to the environment.

As the world’s largest supplier of hydrogen, we provide vast quantities of hydrogen to petroleum refiners to lower sulfur content and enable the production of cleaner-burning gasoline and diesel fuels, significantly reducing vehicle emissions by people around the world. We are also a leader in hydrogen for mobility and fueling infrastructure and are bolstering the hydrogen economy and energy transition in many global regions. In addition, we remain a leader in liquefied natural gas equipment, air separation plants, and hydrocarbon recovery and purification equipment.
Addressing the World’s Need for Clean Energy and Materials

Our technologies for gasification, carbon capture and hydrogen for mobility and energy transition put us at the center of one of the greatest global challenges and opportunities today: addressing the world’s need for clean energy and materials while reducing environmental impacts. As a result, we are developing and delivering some of the largest and most complex projects in the history of Air Products while fulfilling our core values of safety and integrity and providing reliability and operational excellence to our customers.

Gasification

We view gasification as one of the many tools necessary to help countries and customers meet the world’s growing need for cleaner, sustainable chemicals and materials. Utilizing our leading gasification technology as part of world-class projects, Air Products supports development around the globe by directly and indirectly growing local economies and enabling plentiful, local resources to be converted into high-value chemicals and materials.

Gasification plants typically convert low-value fossil feedstocks like coal and petcoke to useful chemicals and energy while significantly reducing pollutants like sulfur oxides that are harmful to human health. The process produces carbon dioxide as a by-product that can be easily captured in a concentrated form, providing a pathway to reduce emissions where market conditions support carbon sequestration or utilization. New gasification technologies continue to emerge, opening routes to alternative feedstocks such as sustainable biomass and the use of waste materials in support of the circular economy.

LNG Technology for the World’s Energy Needs

Natural gas is often considered an important part of the energy transition. As the global leader in liquefied natural gas (LNG) technology and equipment, Air Products’ LNG offerings are vital to helping meet the world’s increasing energy needs and desire for clean energy. Our technology and equipment, which are at the heart of an LNG production plant, are some of the most efficient available. Our technology takes natural gas and unlocks its value by liquefying it and making it possible to economically transport it. The LNG is eventually re-gasified and used as a fuel. Air Products is also developing new, low-carbon intensity liquefaction processes to provide innovative solutions to the energy transition.

For over 50 years Air Products has manufactured LNG heat exchangers that are operated in 20 countries around the world. In 2020, we announced several agreements to provide our proprietary LNG technology, equipment and related process technology and advisory services to customers, including heat exchangers for Sonatrach’s LNG facility in Algeria and equipment to Qatargas for the North Field East Project in the State of Qatar.
Carbon Capture

Carbon footprint reduction is a core part of Air Products’ growth strategy and sustainability goals. We view carbon capture as a necessary and high-impact way to tackle climate change and essential to meeting the Paris climate goals and beyond. At the same time, we understand that implementation of carbon capture requires supportive policies and favorable project economics, and strong partnerships with governments and our customers.

Capturing carbon and storing it underground is effective but requires amenable geology and often relies on government support. Using captured CO₂ for enhanced oil recovery is a proven, viable option. Air Products is developing proprietary carbon dioxide storage and utilization technologies that we plan to deploy in high return carbon capture projects.

We see many opportunities for carbon capture. For example, the CO₂ from gasifiers is capture ready and can be used for many purposes or sequestered as needed. Likewise, CO₂ can be captured from hydrogen plants as demonstrated by our Port Arthur, Texas CO₂ purification and capture project. This facility, the largest of its type in the industrial gas industry, was designed and constructed by Air Products to capture CO₂ from two steam methane reformers. Through 2020, the facility has captured nearly 7 million tons of CO₂ that is transported by pipeline and then used for enhanced oil recovery.
Air Products developed the technology enabling the capture of CO₂ at Port Arthur and we plan to deploy this technology for more projects. Our CO₂ vacuum swing adsorption (VSA) technology captures CO₂ from hydrogen in a single step, producing a high-purity CO₂ stream ready for use or storage. This technology solves a key issue related to carbon capture – that the CO₂ available is often at low pressures and concentrations, making capture difficult and expensive.

We are also evaluating numerous other carbon capture projects. For example, the Company is developing CO₂ capture for its operations in Rotterdam, in cooperation with the Porthos Project, which will transport CO₂ from industry in the area and store it in empty gas fields beneath the North Sea. These developments aim to be significant contributors to the goals of the ‘Klimaatakoord,’ the climate agreement announced by the Dutch government in 2019 pursuant to which the Netherlands aims to reduce its CO₂ emissions by 49% from 1990 levels by 2030. These efforts are in line with Air Products’ ambitions to reduce carbon emissions intensity.

Hydrogen for Mobility and the Energy Transition

As the world’s largest hydrogen producer, Air Products has experience across the full value chain for hydrogen. We have the capability and know-how to make hydrogen through all available production methods and to distribute and dispense this increasingly important fuel. We have a fleet of over 110 hydrogen production facilities with nearly 9,000 tons per day of capacity. From small on-site generators, to world-scale steam methane reformers, to electrolyzers used to separate water into hydrogen and oxygen, hydrogen production is core to Air Products’ business. We expect that hydrogen will play an increasingly significant role in meeting society’s need for sustainable transportation, especially for heavy duty vehicles where hydrogen excels compared to other technologies.

Reliable supply of hydrogen is a key element of the hydrogen economy. Air Products is a leader in hydrogen fueling infrastructure development, with proven capabilities to distribute hydrogen safely and economically. We supply hydrogen to our customers using specialized trucks and dedicated pipelines, including the world’s largest hydrogen supply pipeline network and system located in the U.S. Gulf Coast. We also have developed a comprehensive suite of hydrogen fueling infrastructure solutions including retail dispensing of hydrogen that mirrors traditional consumer gasoline fueling.
Because of our decades of experience, Air Products is well positioned to meet the growing demand for low and zero carbon hydrogen fuel in support of global emissions reduction targets. As a demonstration of this capability, we completed or announced several hydrogen projects in 2020, including:

- Air Products’ investment in the largest liquid hydrogen plant in China, which is expected to start-up in 2022;
- Our first hydrogen fueling station in Korea located at Ulsan, one of three hydrogen demonstration cities in the country;
- Inaugurating new hydrogen fueling stations in Saudi Arabia and Spain; and
- Expanding use of the hydrogen filling station at Heathrow Airport in London to consumers and taxis.

We believe world-scale projects are required to rapidly reduce the cost of green hydrogen and more quickly help the world reduce its carbon footprint. To that end, we have announced a $5 billion joint venture with ACWA Power and NEOM, to build a world-scale green hydrogen-based ammonia production facility powered by renewable energy in NEOM. We are committed to support the transition to hydrogen.

**World’s Largest Green Hydrogen Production Facility**

NEOM, a new model for sustainable living located in Saudi Arabia, is the site of the world-scale green hydrogen-based ammonia project that will enable Air Products to produce carbon-free hydrogen to power buses and trucks around the globe.

The joint venture project with NEOM and ACWA Power is based on proven, world-class technology and will include: the innovative integration of around four gigawatts of renewable power through solar, wind and storage; production of 650 tons per day of hydrogen by electrolysis; production of nitrogen by air separation using Air Products’ technology; and production of 1.2 million tons per year of carbon-free ammonia using Haldor Topsoe technology through Air Products’ global alliance agreement.

The project is scheduled to be onstream in 2025. Air Products will be the exclusive off-taker of the green ammonia and plans to invest an additional $2 billion downstream, bringing Air Products’ total investment to $3.7 billion. Air Products expects to transport the green ammonia around the world to be dissociated to produce green hydrogen for the transportation market with the potential to eliminate three million tons per year of CO₂ emissions as well as smog-forming emissions and other pollutants from the equivalent of over 700,000 cars.

NEOM is a transformative and innovative project based on proven, world-class technology – representing a massive change in how the world gets its energy for mobility. We believe that many more of these types of projects will be required to scale-up for the hydrogen economy.
2020 Sustainability Goals

In 2016, Air Products set 12 sustainability goals with a closing date of 2020. By the end of 2020, we met most of the goals across our Grow-Conserve-Care framework. Specifically, we:

• Led the industrial gas industry in profitability, with the highest adjusted EBITDA margin\(^a\) and adjusted Operating margin\(^a\) in the industry.
• Enabled customers to avoid CO\(_2\) emissions while contributing >50% of revenues from sustainable offerings.
• Achieved 100% training and certification in our Code of Conduct.
• Improved our compliance and governance systems.
• Reduced the energy use intensity of our ASUs by 3.3%, exceeding our goal of 2.5%. We were unable to achieve our goal of reducing energy use intensity for our hydrogen/carbon monoxide (HyCO) plants due to lower product demand in 2020.
• Reduced greenhouse gas (GHG) emissions intensity by 2.6%, surpassing our goal of 2%.
• Improved distribution efficiency and reduced CO\(_2\) emissions intensity by 20%, exceeding our goal of 10%.
• Conserved water and lowered use intensity by 28%, exceeding our goal of 5%.
• Led the industrial gas industry in safety as measured by our safety rates.
• Continued our efforts to build the most diverse and inclusive workforce in the industrial gas industry.
• Enhanced our ability to measure the positive impact of community engagement.
• Added Conflict Minerals clauses to our supplier requirements.

\(^a\)Amounts are non-GAAP financial measures. See “Sustainability 2021 Reconciliation of Non-GAAP Financial Measures” for reconciliation to the comparable GAAP measures.

Our New Sustainability Goals

As our 2020 goals were nearing completion, Air Products developed new Sustainability Goals. These new goals reflect our priorities in sustainability and stakeholder input and are aligned with our overarching Company goal to be the safest, most diverse, and most profitable industrial gas company in the world, providing excellent service to our customers. Several of the goals are continuations of our 2020 goals, while others are new commitments reflective of our sustainable growth strategy.
Reduce CO₂ emissions intensity by one-third by 2030

Through our “Third by ‘30” CO₂ intensity reduction goal we aim to reduce our CO₂ emissions intensity by one-third by the year 2030 from a 2015 baseline. The goal is fully aligned with our business strategy, is near-term and measurable, and holds us accountable for delivering.

We plan to deliver on our CO₂ intensity reduction goal through five mechanisms: executing carbon capture projects, producing carbon-free hydrogen, executing low-carbon projects, continuing to improve our operations, and increasing our use of renewable energy.

In 2020, Air Products realized a CO₂ intensity improvement of 5% compared to the baseline year (2015). We anticipate that our growth opportunities will significantly contribute to reducing our CO₂ intensity, as they come onstream later in the decade.

Increase Diversity in Professional and Managerial Roles

Air Products has set a goal to achieve at least 28% female representation in professional and managerial roles globally and at least 20% minority representation in that same population in the United States by fiscal 2025. These goals represent increases from 25 and 17% representation (2020 baseline), respectively.

With a broad operating scope and cultural landscape of more than 19,000 employees in over 50 countries, we established these new targets after analyzing our global employee representation metrics and future talent needs and assessing industry benchmarks and peer companies.

We plan to meet these goals through a series of actions and programs such as executing leadership-driven diversity action plans, enhancing policies to support diversity in our workforce and training and expanding our Employee Resource Groups and Inclusion Network focused on diversity, inclusion and belonging.
Established by the United Nations in 2015, the Sustainable Development Goals (SDGs) aim to create a world without poverty, inequality, unrest, and environmental stress. Businesses can play a critical role in providing solutions to these sustainability concerns while also generating new opportunities.

Air Products is contributing to these goals across nine areas aligned with our Grow-Conserve-Care sustainability framework. Our alignment with the SDGs is shown here and indicated in the relevant sections of this Report.

### GROW

**How we contribute**
- Productivity improvements
- Technology developments
- Job creation
- Human rights programs

**Related goals**
- Lead the industrial gas industry in profitability
- Annually increase customer avoided emissions

### CONSERVE

**How we contribute**
- Clean energy production and energy efficiencies
- Climate change mitigation
- Water quality improvements and use efficiencies
- Effective waste management

**Related goals**
- Reduce our CO₂ emissions intensity by one-third by 2030
- Increase energy efficiency and promote the responsible use of water

### CARE

**How we contribute**
- Products that enable health
- Safety improvements
- Zero tolerance for discriminations
- Representation of women and minorities in our businesses

**Related goals**
- Lead the industrial gas industry in safety
- Increase diversity in professional and managerial roles
Sustainable Offerings for Sustainable Growth

Sustainability is our growth strategy at Air Products. Sustainability creates our growth opportunities, and our growth opportunities support our sustainability goals and focus.
Economic Performance

Why It’s Important
For a business to sustainably operate, grow and contribute to society, it must be financially sound. Competitive compensation and attractive benefits are needed to recruit and retain talented employees, as are investments in employee development and programs that ensure safety, human rights, and ethical business practices. Likewise, the health of the communities where our operations are based can impact business success.

What We’re Doing
Air Products is a global company with local businesses. Our Industrial Gases business is organized and operated regionally. This enables us to be close to our customers, improving service and reducing distribution costs and emissions.

We have more than 19,000 dedicated employees across 750+ operating facilities in 50 countries. As a result, our operations provide substantial economic support to our host communities around the globe.

Our Commitments and Contributions
We aspire to be the most profitable industrial gas company in the world. We have achieved this goal with the highest adjusted EBITDA margin in our industry. Having a strong financial position allows us to continue to commit significant capital to grow Air Products into the future, creating value for our shareholders and society. We also:

- Offer rewarding jobs with competitive pay and benefits;
- Promote the safety of our employees, contractors, customers, and communities;
- Strive to uphold human rights in our operations, businesses, communities, and supply chains;
- Invest in technologies, products, and our operating plants; and
- Contribute in several ways to the well-being of our host communities

The economic value we generated in fiscal year 2020:
Sales: $8,856.3 million
Cost of sales: $5,858.1 million
Capital expenditures*: $2,716.7 million
Selling and administrative: $775.9 million
Income tax provision: $478.4 million
Research and development: $83.9 million
Donations to communities: $6.4 million

*Amount is a non-GAAP financial measure. See “Sustainability 2021 Reconciliation of Non-GAAP Financial Measures” for reconciliation to the comparable GAAP measures.
Our Business:

- **Industrial Gases** business produces and sells atmospheric and process and specialty gases, operating through three regional segments (Americas, EMEA and Asia).

- **Industrial Gases - Global** includes our activities related to the sale of cryogenic and gas processing equipment for air separation.

- **Corporate and Other** includes three global equipment businesses: LNG equipment, our Gardner Cryogenics business fabricating helium and hydrogen transport and storage containers and our Rotoflow business, which manufactures turboexpanders and other precision rotating equipment.

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Air Products Global Presence

FY20 Sales = $8.9 billion

*Consolidated sales by region. Europe, Middle East and Africa includes India.*
Customer Sustainability

Why It’s Important

Interest in sustainability continues to increase as society addresses the risks and opportunities associated with global challenges such as population growth, water scarcity and climate change. Progressive companies are continuously seeking ways to improve their productivity, reduce resource consumption and lower the environmental impact of their operations while maintaining product quality and profitability.

What We’re Doing

Air Products’ business strategy is to provide sustainable solutions to customers and help them achieve their objectives. We are driven by an important ambition: to innovate alongside our customers and help them be more sustainable. We aim to produce products that improve energy efficiency, reduce environmental impact, and address societal needs such as health, safety and improving quality of life. These products and applications and their benefits are described in the next pages of this Report.

We also:

• Work closely with customers to develop products and applications that improve productivity, conserve energy and reduce environmental impact;

• Construct facilities on or near customer sites to enable products to be distributed efficiently through pipelines and to recycle steam and water for use at multiple plants;

• Conduct life-cycle assessments of products and processes to determine environmental impacts; and

• Dedicate efforts to continually improve our quality performance and customer satisfaction, which ranged from 86 to 97% across our regional businesses in 2020.

Our Commitments and Contributions

We are committed to enabling our customers to enhance their sustainability. We track our progress through customer avoided CO₂ emissions that our customers and their customers or would otherwise emit if not for the products we produce and supply. In 2020, we set a new goal to annually increase the total CO₂ emissions avoided by our customers and their customers.

Our Products:

• Atmospheric gases - oxygen, nitrogen, argon, and rare gases

• Process gases - hydrogen, helium, CO₂, carbon monoxide, syngas, and specialty gases

• Equipment for the production or processing of gases, such as air separation units (ASUs), non-cryogenic generators and LNG heat exchangers
Improving the efficiency of combustion processes is a key consideration for glass and metals industries. Air Products’ natural gas and oxygen pre-heating technology can significantly increase the energy efficiency of oxyfuel combustion in glass melting applications. In such processes, a significant amount of waste heat is generated as a byproduct of furnace operation and leaves the process through the flue gas. The energy in the flue gas can be used to preheat the incoming natural gas and oxygen to the optimum temperature, thus reducing the energy requirements for overall furnace operation. The preheating can result in up to an 8-10% efficiency improvement for our customers and, when combined with our Cleanfire HRX™ burner technology and integrated Prism™ VSA generator, can lead to increased fuel efficiency, ultra-low NOx emissions and improved glass quality.

**Our customers:**

Over 170,000 customers in 30+ industries, including:

- Refining
- Chemicals
- Gasification
- Natural gas liquefaction
  - Metals
  - Glass
- Electronics
- Healthcare
- Food and Beverage
- Water Treatment

72 Million metric tons of CO2e avoided by our customers and their customers, which is approximately equivalent to the emissions from 16 million cars and three times our own direct and indirect CO2 emissions
Products that Benefit our Customers Around the World

Air Products’ gases, equipment and applications enable our customers and their customers to improve sustainability by increasing productivity, producing better quality products, reducing energy use, and lowering emissions through an array of sustainable offerings.

Hydrogen

Hydrogen is used to refine heavier, sour crudes, increase refinery yields and reduce emissions through the production of cleaner transportation fuels including ultra-low sulfur diesel fuel and hydrogen powered electric fuel cell vehicles.

Many other industries such as electronics, food, glass, chemicals, and more also benefit from hydrogen’s unique properties to improve quality, optimize performance, and reduce costs. As the world’s largest provider of hydrogen, Air Products operates over 110 hydrogen plants, including some with liquefaction capabilities, and which have the equivalent of a combined 1,500 years of operating experience. In many cases, we provide hydrogen from pipeline systems around the globe, including the world’s largest hydrogen pipeline network and system located in the U.S. Gulf Coast.

Hydrogen for Mobility

Hydrogen can be used in many different types of transportation, either in a fuel cell or an internal combustion engine, to eliminate or significantly reduce emissions.

Our hydrogen fueling station technology provides complete fueling infrastructure from supply to dispensing for fuel cell vehicles and is used in 1.5 million hydrogen fills per year.

Air Products is at the forefront of hydrogen energy technology development. Cars, trucks, vans, buses, scooters, forklifts, locomotives, planes, cell towers, material handling equipment, and even submarines have been fueled with our technologies.
Helium

Helium and our high purity medical gases help sustain life. Magnetic resonance imaging (MRI) is enabled by helium, which is used to keep MRI magnets cold and superconducting. Helium is also valued as a gas for lifting, breathing, leak detection, space exploration, semiconductor manufacturing, scientific applications, and shielding. It has unique properties that optimize performance and productivity, reduce labor costs, and improve safety. As a leading producer and supplier of helium, Air Products has pioneered many of the helium extraction, production, distribution, and storage technologies still in use – including cryogenic equipment for most of the world’s helium recovery plants.

LNG Process Technology and Equipment

The use of LNG continues to increase with strong energy demands in growing economies. Air Products’ LNG technology and equipment enable the efficient and economic production and transport of this critical energy resource, including from stranded energy sources around the globe. More LNG is produced using Air Products’ mixed component refrigerant and liquefaction processes than any other processes, with over 100 LNG trains currently in operation. We manufacture this efficient and reliable equipment at our state-of-the-art facility in Florida.

Modified Atmosphere Packaging (MAP) and Freshline® Solutions

Gases for MAP and Freshline® solutions use high-purity gases and equipment to extend the shelf life of food, improve taste, reduce waste, and help to keep production cost down. The research and development team at Air Products has been at the forefront of food freezing for over 50 years, pioneering cryogenic technology, and continuing to push the boundaries of efficiency and versatility while working to ensure safety and hygiene.

Oxy-fuel Technology

Air Products’ oxy-fuel combustion technologies are used in energy-intensive applications like cement, metals, and glass manufacturing to increase production, lower fuel use and costs, reduce emissions and optimize efficiency. Air Products has been a leader in oxy-fuel technology since it was first introduced over 50 years ago and continues to help customers improve operations and efficiency through new burner designs and performance testing at our world-class combustion laboratory facilities.
Innovation

Why It’s Important
Addressing sustainability challenges requires ingenuity, innovation, and partnership. For example, as population and prosperity increase around the world, including in emerging markets, so will the demand for energy. This higher demand must be met through cleaner energy solutions and improved energy efficiency. The same is needed to address climate change and increased demand for food, water, and other valuable resources.

What We’re Doing
Our research groups are aligned with our businesses and focused on improving our processes and innovating for our customers. Research and Development (R&D) concentrates on new and improved processes and equipment for the production and delivery of industrial gases and new or improved applications for industrial gas products that help our customers improve sustainability. Air Products also funds and cooperates in R&D programs conducted by major universities and other organizations.

Our Commitments and Contributions
We are innovating across our product lines and in support of our customers. Here are some examples:

- **Industrial Gases**: We continue to improve the design and operations of our facilities while collaborating with our customers to meet their energy and environmental goals.

- **Liquefied Natural Gas Technology and Equipment**: We are improving the efficiency of our LNG liquefaction equipment that is used globally to supply cleaner burning natural gas.

- **Gasification**: We are improving carbon conversion efficiency and scalability in gasification by enhancing the designs of our injectors, burners, and reactors.

- **Carbon Capture**: We have developed and implemented our CO₂ VSA process to recover CO₂ prior to capture.

- **Hydrogen for Mobility and Energy Transition**: We are expanding technologies to increase hydrogen availability, evaluating dry reforming to produce lower carbon hydrogen, and scaling electrolyzers to produce green hydrogen.

R&D is conducted principally at our Technology Centers in the United States (Trexlertown, Pennsylvania), the United Kingdom (Basingstoke, Hersham and Carrington), Spain (Barcelona), China (Shanghai), India (Pune), and Saudi Arabia (Dhahran).

$83.9 Million
in R&D was spent in 2020. More than half of this spending supported products and processes that improved energy efficiency or aimed to benefit the environment.

Enabling Waste Oil Recycling

Lubricating oils keep equipment and automobiles running smoothly. As impurities build up in the oil during its use, the oil becomes less effective and requires replacement. Recycling of used oil is a great solution – it keeps the oil from impacting the environment and requires less energy and materials than making new oil.

Hydrogen is the key that unlocks used oil recycling for lubricating oils designated as Group II and Group III. It is used with a catalyst, and under specific temperatures and pressures, to remove unwanted compounds and improve oil stability. This same technology is used to create renewable diesel from waste vegetable oils.

Air Products is the industry leader in supplying hydrogen for used oil recycling, which contributes to the circular economy. We also work closely with customers to find the right catalysts, temperatures, and pressures to optimize their oil recycling efforts through R&D at our hydrotreating lab in Trexlertown, Pennsylvania.
Ethics and Integrity

Why It’s Important

A company’s success is built on the trust of its employees, customers, and communities where it operates and other stakeholders. Unethical behavior, such as bribery and corruption, violate that trust and negatively impact reputation, relationships, and performance.

What We’re Doing

Integrity is a core value at Air Products. We do not tolerate ethics violations and have put strong policies and programs in place to prevent, detect, report, and address these issues. This includes Air Products’ Code of Conduct and Business Ethics (Code of Conduct). Every employee is required to comply with the Code of Conduct, complete mandatory training and certify their understanding of the Code of Conduct annually.

Air Products encourages individuals to report, as allowed by local law, misconduct, or ethics violations. Every allegation is reviewed and investigated. The Company has a disciplinary process to address allegations that have been confirmed and takes actions up to and including termination of employment.

We also conduct risk assessments globally for the potential of corruption risks through our compliance function and our internal audit processes. Significant risks that have been identified and for which global processes have been established include relationships and transactions with governmental authorities and the use of third-party intermediaries.

Our Commitments and Contributions

Our goals are twofold – to require 100% of employees to be trained and certified in our Code of Conduct and to continuously improve our compliance systems and performance. To that end, the annual Code of Conduct training and certification are combined into a comprehensive online program that each employee is required to complete. All employees met this requirement in 2020.
Addressed in our Code of Conduct

- Conflicts of Interest
- Fraud
- Bribery and Corruption
- Payments to Government Officials
- Gifts, Travel, and Entertainment Expense
- Financial Accounting and Reporting Accuracy
- Competition Law, and Fair Dealing and Anti-Boycott Laws
- Import/Export Laws
- Insider Information
- Confidential and Proprietary Information
- Company Assets
- Records Management

- Communications and Privacy
- Political Contributions and Lobbying
- Social Media and Public Communication
- Equal Employment Opportunity and Prevention of Harassment
- Environment, Health, Safety, and Security
- Workplace Violence
- Substance Abuse
- Sustainability and Corporate Social Responsibility
- Audits and Investigations
- Anti-Retaliation

Data Privacy and Cyber Security

We know it is our responsibility to safeguard, in accordance with applicable laws, the personal information of our employees and all other individuals with whom we work, including customers, partners, suppliers and contractors. This commitment is documented in our Global Data Privacy Policy. In fiscal 2020 we had no substantiated complaints regarding breaches of privacy, infringement of privacy rights or losses of customer data.

Cyber threats are one of the largest security threats that our world faces today, not only in our business, but in our personal lives as well. Air Products’ cyber-security efforts fall under the responsibility of the Senior Vice President and Chief Information Officer and are led by our Information Technology Team. Our approach to cyber threats uses a risk-based framework that includes five core functions:

- Identifying potential risks to systems, assets, data and capabilities;
- Protecting critical infrastructure services;
- Detecting cyber events;
- Responding to events by taking appropriate actions; and
- Recovering and restoring capabilities that may have been impaired.

All employees are trained on information security and expected to follow procedures, stay up to date on cyber threats, report suspicious activity and maintain current and compliant computing systems.
Protecting the Environment through Responsible Consumption and Production

The world faces a huge challenge in shifting toward clean, sustainable energy sources, and we believe we have the diverse mix of solutions to meet these clean energy needs.
We are committed to improving our own performance by operating efficiently, incorporating environmental considerations into the design of our facilities and products, effectively managing environmental risks and transparently communicating our environmental performance. While our resource consumption and emissions may increase due to growing societal and customer demands for our products, our efficiency and environmental improvements enable us to make our customers’ processes and products better through higher productivity, improved energy efficiency and lower emissions.

We also encourage suppliers to incorporate environmental sustainability into their operations and supply chains as described in the principles outlined in our Sustainability Expectations of our suppliers. Additional supplier requirements are provided in the Care section of this Report.

**Efficient Use of Resources**

The principal raw materials for making atmospheric gases and hydrogen are air, energy as electricity or steam and natural gas. Air, which is considered by many to be a renewable resource, represents more than 90% of the raw materials we use on a weight basis. Similarly, 80% of the raw material used for our carbon dioxide business is from renewable sources.

Industrial gas manufacturing is energy intensive. ASUs require electricity or steam to compress air so it can be cryogenically distilled into oxygen, nitrogen, and argon. Likewise, the production of hydrogen consumes natural gas, and in some cases refinery off-gas, as a feedstock and/or fuel in the production process.

Packaging is not a significant issue for Air Products because we supply most of our products in two-way bulk containers, semi-bulk containers or via pipelines. For small-scale supply in certain regions of the world, we use cylinders that are long life, returnable, and reusable transportable pressure vessels with typical life spans of 20+ years.

### Environmental Management at Air Products

- Global Environmental, Health and Safety (EHS) Policy
- New “Third by ’30” CO₂ emissions intensity reduction goal
- Increase energy efficiency and promote the responsible use of water
- Global EHS Management System, applicable to all operations, which contains environmental standards and procedures and which is aligned with ISO 14001
- Employee training requirements based on job function
- Risk assessment processes for products, processes, and regulatory requirements
- Compliance audits conducted by our EHS Assurance Team
- Review of performance by our Board of Directors, Sustainability Leadership Council, Businesses and Operations, and members of our Environmental Centers of Excellence
- Internal reporting of results on a monthly basis
- External reporting on environmental performance through our annual Sustainability Report, public website, and responses to various stakeholders
- Management engagement with key shareholders on sustainability
Energy and Climate Change

Why It’s Important

Energy consumption and CO₂ emissions are inextricably linked. We believe that the world needs clean, sustainable energy – energy that protects our environment and moves us all toward a better future.

What We’re Doing

We believe a diverse mix of solutions is needed to meet clean energy needs while reducing GHGs. For example, we supply vast quantities of hydrogen to petroleum refiners to lower sulfur content and produce cleaner-burning gasoline and diesel fuels. Likewise, our oxyfuel burners improve productivity for glass and metal manufacturers while reducing energy consumption and emissions. We have leading technologies for gasification, carbon capture and hydrogen for mobility and the broader energy transition.

The production of industrial gases is energy intensive, which is why we have continually increased the energy efficiency of our ASU and HyCO facilities through improved plant designs and efficient operations. These efforts also reduce CO₂ emissions and water consumption. In fact, improving energy efficiency is one of the five mechanisms we are focused on in order to meet our new “Third by ‘30” CO₂ intensity reduction goal.

Energy consumption is the most significant variable in the cost of our production processes. We carefully track and manage energy purchases, and our conservation programs are focused on continually improving energy efficiency across our plants, particularly larger facilities. Efficiency improvements are realized through higher plant utilization, increased production at new, larger, and more efficient facilities and through facility improvement projects. Several of our facilities have been certified to the ISO 50001 Energy Standard.

At Air Products, we share society’s concerns about the impacts of climate change on our environment. Sustainability is one of our core values and is at the heart of what we do as a leading global industrial gas company. We produce products that improve the environment and make our customers’ processes better, making them more efficient, reducing emissions, and increasing productivity. Our higher purpose is bringing people together to innovate and collaborate on solutions to energy and environmental challenges, and we see significant opportunities for gasification, carbon capture technologies and hydrogen for mobility and energy transition. Every day we come to work excited about the future we are building with our customers.”

Seifi Ghasemi
Chairman, President and CEO
Our Commitments and Contributions

We met most of our environmental sustainability goals in 2020 (from a 2015 baseline year). Specifically:

- We exceeded our goal to reduce energy use intensity by 2.5% for ASUs, realizing a 3.3% improvement. We were unable to fulfill our 1.5% energy efficiency goal for HyCOs due to lower product demand in 2020.

- We met our goal to reduce GHG emissions intensity by achieving a 2.6% reduction.

- We significantly improved the distribution efficiency of our fleet and exceeded our goal to reduce CO₂ emissions by 10%, reaching a 20% reduction.

- We exceeded our goal to conserve water and lower use intensity by 5%, reducing water intensity by 28%.

We have established a significant goal to reduce CO₂ emissions intensity by one-third by 2030 from a 2015 baseline year. We have also established a resource conservation goal, striving to continue increasing the energy efficiency of our operations, which supports our CO₂ emissions intensity goal and reduces water consumption. We also will continue our work to conserve water, especially in areas where water is stressed.

Carbon Productivity

Carbon productivity is a measure of how much value is generated from the consumption of energy. We are working to improve our carbon productivity through several mechanisms including: improving the energy efficiency of our production processes and product distribution; increasing our use of renewable energy; pursuing opportunities to further deploy our carbon capture technology and expertise; and enabling our customers and their customers to avoid CO₂ emissions. Below are carbon productivity results for 2020, with improvements in efficiencies, intensities and costs avoided since our 2015 baseline year.

- 3.3% improvement in ASU energy efficiency
- 0.6% improvement in HyCO energy efficiency
- 2.6% decrease in GHG emissions intensity
- 24% of purchased electricity from renewable sources
- $175 million in cumulative energy and water costs avoided
- >80,000 metric tons of CO₂ avoided through efficiency improvements
- >1.3 million metric tons of CO₂e avoided through efficiency improvements
- 3 times the ratio of CO₂e avoided by our customers to our emissions

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a Includes Scope 1 and 2 emissions  
b Includes Scope 1 emissions  
c Intensity goals are configured as the ratio of reporting year (2020) value (i.e., energy, emissions, or water) to reporting year production divided by the value to production ratio in our base year (2015). Using a ratio allows the reported results to be dimensionless and protects confidential production data.
Our total energy consumption across our businesses in 2020 was 48.2 terawatt hours (TWh), representing a 5% decrease from 2019. The decrease was a result of lower plant loadings resulting from COVID-19. Our ASUs surpassed their energy efficiency goal for 2020, achieving a 3.3% improvement in energy efficiency intensity. The progress was realized through increased production at new, larger, and more efficient facilities, and hundreds of facility improvement projects involving changes to equipment and manufacturing processes.

Our direct (Scope 1) and indirect (Scope 2) CO₂ emissions are related to the energy we consume. In 2020, our Scope 1 GHG emissions, which are primarily from our HyCO operations were 15 million metric tons (MT), representing a 10% decrease from the prior year. Our Scope 2 emissions, which are due in large part to the electricity and steam we consume in our ASUs, were 9.2 million MT in 2020, which was an 8% decrease from 2019. Our scope 3 emissions were 8.4 million MT. Please see the GRI Content Index for additional GHG data.

Last year, we surpassed our 2020 GHG emissions intensity goal that covered the period of 2015-2020 and we continued to exceed this goal throughout the year. We also made progress on our new “Third by ’30” CO₂ intensity reduction goal, reducing our CO₂ intensity by 5% compared to the baseline year (2015) intensity.

As in prior years, CO₂ emissions data was externally verified by WSP, a recognized management and consultancy service provider.

**Energizing with Renewables**

Increasing our renewable energy use is a key mechanism in progressing towards our new “Third by ’30” CO₂ emissions intensity reduction goal. In 2020, we increased procurement and on-site generation of renewable energy.

We purchase renewable electricity directly through our energy suppliers or by buying Renewable Energy Certificates (RECs) that link our power consumption to a specific asset that generates renewable electricity. For example, in 2020 we signed a long-term agreement to purchase electricity from a new large-scale solar plant in the southwest U.S. for a large ASU. We also purchase renewable electricity directly in the United Kingdom, and through Renewable Energy Guarantees of Origin (REGOs), a type of REC.

In other parts of Europe, the RECs are called Guarantees of Origin (GOs) that demonstrate the electricity we use comes from renewable sources. Carburos Metálicos, our wholly owned subsidiary in Spain, began procuring GOs for its production plants in 2020. We also continued to purchase electricity covered by GOs in France and are moving towards monthly matching of electricity production and consumption related to the GOs. We also have linked to ENGIE’s The Energy Origin (TEO), a blockchain approach that substantiates the renewable origin of the electricity we consume and is the first renewable energy blockchain to be validated by an independent third-party.
We also have installed solar arrays at facilities around the world to generate renewable electricity for use at our sites. In 2020 we added solar arrays at Carburos Metálicos’ Massalfassar (Valencia) site in Spain and to our office facilities in Botlek, the Netherlands.

Overall, 24% of our electricity purchases were from renewable sources in 2020.

Company facilities with solar arrays include:

- Keumiée, Belgium
- Araraquara, Brazil
- Botlek, the Netherlands
- Halfweg, the Netherlands
- Trexlertown, Pennsylvania
- Massalfassar, Spain
- Tainan, Taiwan
- Kuan Yin, Taiwan

**Supporting the Energy Transition**

The world faces a huge challenge in shifting toward clean, sustainable energy sources. Air Products supports its customers in executing their energy strategies to promote economic growth and social development. We recognize that carbon-based fuels will continue to be instrumental for the equitable development of the global economy and can employ our gasification and carbon capture technologies where needed. As the world transitions to lower carbon energy sources, our hydrogen and LNG technologies and products enable our customers to reduce emissions from legacy energy sources while they pursue new sources of energy for their operations and manufacturing processes. Please see the GROW section of this Report for details on these businesses and our view on their benefits.

**Improving Distribution Efficiency**

We have trucking fleets around the world that are focused on safely and efficiently delivering our products to our customers. To improve our distribution efficiency and reduce our Scope 1 CO₂ emissions, we have many initiatives underway, including investments in new trucks, trailers, technology, and facilities.

Continuing efforts to modernize our fleets with new, more efficient trucks have increased fuel efficiency. Distribution efficiency has also been improved through the addition of trailers with higher payloads. We continue to run trials on trucks that use alternative fuels – LNG, CNG, electricity and diesel-electric hybrids – and look forward to using hydrogen as a fuel for our trucks. We also have increased the number of hybrid cars in our vehicle fleet.

Technology is key to improving distribution efficiency and we are using data to help our drivers be more agile in addressing driving parameters that they can control such as revving and idling. This is complemented by improvements in scheduling that improve efficiency, reduce miles, and decrease return trips. We are also investing in new distribution facilities, such as our Reichstett depot near Strasbourg, France to optimize delivery to medical customers in the region and thus reduce our CO₂ emissions.

We exceeded our 2020 distribution efficiency goal, reducing fleet-related CO₂ emissions in 2020 more than 20% compared to our target of a 10% reduction in emissions (from a 2015 baseline year).

**Climate Scenario Analysis**

Scenario analysis is a tool that evaluates the potential effects of future events on an organization, such as climate change. Air Products has continued to evaluate climate scenarios that are in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and Task Force for Climate-related Financial Disclosures (TCFD), examining potential climate-related risks and opportunities on our businesses.
Water Conservation

Why It’s Important

Water is critical to the health and sustainability of our world. Unlike climate change, water is a local concern as consumers rely on nearby sources for this important resource. Efforts to conserve water are needed, particularly in areas where water demand exceeds supply.

<table>
<thead>
<tr>
<th>Water Consumed*</th>
<th>14.4 billion gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>2.8 billion gallons</td>
</tr>
<tr>
<td>Asia</td>
<td>9.8 billion gallons</td>
</tr>
<tr>
<td>EMEA</td>
<td>1.8 billion gallons</td>
</tr>
</tbody>
</table>

* Includes water discharged but not returned to source

What We’re Doing

We use water primarily for cooling, to make hydrogen using the steam methane reforming (SMR) process, and to provide steam and water to our customers. The steam is a co-product of our SMRs and has a significant energy efficiency advantage and related environmental benefits when compared to steam generated in boilers.

Because of these uses, our water consumption is tied closely to energy use; therefore, improvements in energy efficiency can also reduce water consumption. We have also saved water by improving cooling tower operations and converting to recycled gray water in our plants, particularly in Southern California where water is stressed. Across our plants, we estimate that 7% of our water was from recycled sources in 2020.

Our Commitments and Contributions

In 2016, Air Products established a goal to reduce water consumption by 5% on an indexed basis by 2020 from a 2015 baseline. We achieved this goal in 2017 and continued to improve water efficiency through subsequent years, reducing our water intensity by 4% in 2020 compared to 2019 for a total reduction of 26% since the baseline year.

Our consumption of water, on an absolute basis, decreased to 14.4 billion gallons in 2020 due to increased water recycling and lower power demand. Additional data on water withdrawals, consumption and discharges is provided in the GRI Content Index to this Report.

7% Reduction in Water Use in 2020
For several years, Air Products has worked with SUEZ - Water Technologies & Solutions to improve water use efficiency at our facilities, primarily through effective management of cooling towers. We use water to remove heat from our processes, which are energy intensive. This water is cooled in towers where the heat is transferred from the water that flows downwards to air that is flowing upwards. Efficient operation of cooling towers can substantially decrease the amount of water or “blowdown” that must be removed from the cooling towers to maintain necessary operating conditions. Reducing blowdown significantly reduces water consumption.

Working together, Air Products and SUEZ have optimized cooling tower operations and reduced water use at many sites. Plant trials – where water recycling was increased in the cooling towers and treatment methods were adjusted – improved operations and reduced water consumption. The adjustments also improved heat transfer efficiency and reduced power consumption and maintenance. Since 2016, Air Products has saved over 200 million gallons of water (cumulatively) in North America by collaborating with SUEZ to improve our cooling tower operations.

We construct our facilities on or near customer sites to enable products to be distributed efficiently. As a result, some of our operations are in water stressed areas, particularly areas where the baseline water stress is high or extremely high according to the World Resources Institute Aqueduct Water Risk Atlas. In 2020, 22% of our facilities, based on the number of sites, were in water stressed areas.

In addition to improving energy efficiency, we are also committed to the responsible use of water. We have made significant progress in reducing water use intensity at our ASU and HyCO facilities since 2009 and will continue to do so through energy efficiency improvements and conservation projects that will focus on areas where water is stressed. We also will continue to increase our understanding of the water required for our megaprojects and identify areas where we can make meaningful progress in conserving water.

Business Opportunities for Water Treatment

Customers use our technologies to improve water quality and treat wastewater. Our offerings include: pure oxygen aeration systems for wastewater treatment and aquaculture; oxygen for ozone generation; carbon dioxide for pH adjustment and drinking water remineralization; and ozone and advanced oxidation systems for wastewater treatment.

Collaborating to Conserve Water

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Additional Environment Measures

Waste

Industrial gas production does not generate significant waste. Hazardous waste generation from acetylene manufacturing results in a by-product lime slurry. This slurry is often beneficially reused in other processes, such as water neutralization, brick production and in hardening materials in landfills.

Other sources of hazardous waste include spent catalysts, waste oils and solvents, waste paint and materials used to cleanup small spills. All waste is managed and treated in accordance with the regulatory requirements of the jurisdiction in which the waste is generated. Waste that cannot be recycled is disposed of in an environmentally sound and regulatory compliant manner.

In 2020, the amount of hazardous waste we generated globally was 14 million pounds, and our non-hazardous waste in North America totaled 11.1 million pounds. Hazardous waste volumes increased in 2020 due to recycling of used cylinders. Additional waste data is provided in the GRI Content Index.

Environmental Compliance

Regulatory fines decreased in 2020 to $3,300 and 17 notices of violation were received in FY20 compared to 14 the prior year. There were no reportable spills.

Air Emissions

The manufacture of atmospheric gases produces negligible Scope 1 and other air emissions. Most of our air emissions are from hydrogen manufacturing and utility operations that support our facilities. We monitor and report air emissions in accordance with applicable regulations.

• NOx and SOx are products of combustion and are primarily from fuel used in our boilers and SMRs.

• Other air pollutants result from the minor loss of materials used in our processes or solvents used in the maintenance of equipment that include toxics under the U.S. EPA Toxic Release Inventory (TRI) program, other criteria pollutants, hazardous air pollutants (HAPs) and volatile organic chemicals (VOCs).

Additional data on air emissions is provided in the GRI Content Index to this Report.

Ozone Depleting Substances and Fluorinated Gases

Air Products does not manufacture ozone depleting substances, fluorinated gases or refrigerants. We do sell gas mixtures that contain small quantities of these substances, as well as some pure refrigerants, as permitted by applicable regulations. We also recover, recycle, and reclaim fluorinated gases for destruction.

Biodiversity

Early in the planning stages of any new capital investment, from new plants or expansions to pipelines, we assess safety, human health, socioeconomic, cultural, and environmental impacts. These assessments can influence decisions to modify a project or develop mitigation strategies to ensure the ecological health of the location and region is maintained or enhanced. Likewise, our construction practices focus on preserving the local environment by reducing the likelihood of spills or negative effects from runoff.

Air Products discharges water into eight Conservation International Biodiversity Hotspots including: the Atlantic Forest, California Floristic Province, Chilean Winter Rainfall and Valdivian Forests, Indo-Burma, Mediterranean Basin, Sundaland, Tropical Andes and Tumbes-Choco-Magdalena. The water discharged into these locations in 2020 was insignificant.
CARE

Caring for Our Employees, Customers and Communities

Ensuring the safety of our employees, customers and the communities where we work is fundamental to our daily operations around the world.
Caring for our Employees, Customers, and Communities

Our gas products enable economic opportunities and foster healthy communities. We develop, execute, own, and operate complex process facilities that can transform local economies. Likewise, we take materials that are plentiful in emerging markets and help transform them into high-value products that enable these countries to grow and improve standards of living.

We innovate alongside our customers to help make their energy projects more sustainable, create efficiencies, improve quality of life, and support the social development of communities around the globe. Our megaprojects are job creators and provide direct economic benefits to local communities and indirect economic benefits through the supply chains needed to build them. The high-value products produced through these projects often become the backbone for economies. For example, our new gasification facility in Bengalon, Indonesia is expected to generate jobs for the community, provide opportunities for local businesses, introduce new technologies to Indonesia, as well as contribute to developing local talent through on-site training and education programs.

Recognizing that we cannot do this alone we engage with key stakeholders, working with our customers to improve sustainability, engaging with governments to understand their development and energy goals, and building projects to help them meet these goals. We also partner with civil society organizations to understand how we can work with them to amplify the social benefits of our projects and be better stewards of the environment.

Throughout these efforts we strive to promote safety, health, our people, and our communities:

- Safety is fundamental to who we are as a company. Safety is a shared value, and our employees’ commitment to safety is demonstrated in many ways every day. Safety is a critical component of everything we do, everywhere in the world.

- We promote the health of our employees, on and off the job by requiring healthy practices at our sites and on the road and encouraging them at home.

- We are focused on enabling our employees to thrive and excel at Air Products. We have a tradition of excellence that has been built by passionate, talented people who are driven to succeed.

- We continue to invest in the communities in which we live and work.
Safety and Health

Why It's Important

Ensuring the safety of our employees and customers and the communities where we work is fundamental to maintaining a license to operate. Excellent safety performance can lower business costs related to missed work, productivity impacts and workers’ compensation. It also has been shown that safe workplaces build employee trust, reduce absenteeism and result in higher quality products that enhance business.

What We’re Doing

Safety is central to our Company goal of being the safest, most diverse, and most profitable industrial gas company in the world. We also believe it is a moral obligation. We want our employees to return home to their families safe and healthy.

Our beliefs about safety have been instituted for decades through our Total Safety Values, which stress that nothing is more important than safety and that adherence to safety is a condition of employment. Our current leadership has built on this strong foundation, making us an even safer company.

Year-on-year, we strive to improve safety for our colleagues, contractors, customers, and host communities. In 2020 we worked to enhance the safety of our industry, assuming leadership roles in all the major industrial gas trade associations and helping to improve and harmonize safety standards around the world.

Our Commitments and Contributions

Our goal is to be the safest industrial gas company in the world. We have improved our lost-time injury rate by 83% and our recordable injury rate by 48% since 2014. Regrettably, we had a contractor fatality in 2020, and steps were taken to ensure the risks associated with this incident were identified, addressed, and communicated.

Safety and Health Management at Air Products

- Global Environmental, Health and Safety (EHS) Policy
- Goals for employee, contractor, and transportation safety
- Global EHS Management System, applicable to all operations, which contains safety and health standards and procedures, and which is aligned with ISO 45001
- Employee training based on job function
- Risk assessment processes for workers, processes, products, transportation, and regulatory requirements
- Compliance audits conducted by our EHS Assurance Team
- Review of performance by our Board of Directors, Sustainability Leadership Council, Businesses and Operations, and members of our Safety and Health Centers of Excellence
- Internal reporting of results on a monthly basis
- External reporting on safety performance through our annual Sustainability Report, public website, and responses to various stakeholders
- Management engagement with key shareholders on sustainability and safety

Safety Performance in Fiscal 2020 vs. Prior Year

<table>
<thead>
<tr>
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<tr>
<td>Contractor Recordable Rate</td>
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<tr>
<td>Contractor LTI Rate</td>
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</tr>
</tbody>
</table>
Worker Safety

Our Basic Safety Process (BSP), in use for over 15 years, provides the framework for employee engagement in upholding and continually strengthening our safety performance. BSP is focused on preventative activities, such as planned inspections, observations, and behavior-based activities. Employees at all levels of the Company, including those under collective bargaining agreements, engage in coordinated BSP activities, such as sequential safety meetings that are held monthly for supervisors and their employees.

Our “Master the Basics” mindset takes BSP one step further by giving employees a mental checklist to use before undertaking any task. That checklist includes being aware of surroundings, knowing physical limitations, following procedures, using the proper PPE, and thinking before acting. This mindset makes safety personal and actionable.

Process Safety

Staying on top of potential process safety hazards is one of the most important aspects of managing safety. To promote process safety, we apply sound engineering principles to design, construct, operate and maintain our plants and equipment while minimizing process related hazards. Our program considers regulatory requirements, such as OSHA’s Process Safety Management in the U.S. and the European Union’s Seveso Directive, and includes procedures, training, hazard assessments and quantified risk analysis.
Product Safety

Essential to product safety is ensuring customers and others handling our products have complete safety information. To prepare this information, we have conducted product safety reviews for our commercial products. These reviews include characterizing the intrinsic environmental and health hazards of the products, examining product uses and creating management actions to address potential concerns. Likewise, our phased process for new technology development has been used to identify and address potential risks of new products and applications.

Our high-volume liquid/bulk industrial gas products are not toxic and can be handled safely with the appropriate procedures, equipment, and training. Less than 2% of Company revenues are from sales of toxic substances.

Safety information from our product safety reviews is used in safety data sheets (SDS), which are a primary vehicle for communicating hazards information. We also share product hazards through labels that are compliant with the Globally Harmonized System (GHS), as well as internally developed Safetygrams and customer training. These combined efforts resulted in no fines issued to the Company related to product safety in 2020.

Transportation Safety

Air Products’ drivers are the “face of the Company” to our customers and the public. Their safety is supported through the safety features of our delivery vehicles, driver training and our Data Enabled Coaching Program (DECP).

The DECP relies on safety performance and vehicle efficiency data that are collected, recorded, and transmitted by event recording cameras in our trucks. DECP coaches use the data, including the videos, to help drivers be even safer and more efficient through preventative coaching and training.

In 2020, Air Products won the Safety Innovation Award from EIGA for our Driver Safety program, including our training aimed at zero transportation incidents, our driver training app, and our safety centered culture.

EHS Assurance

In a typical year, our EHS Assurance Team will audit at least 30 facilities around the world for compliance with governmental requirements and our internal EH&S standards. In 2020, COVID-19 impacted the ability to visit plants, particularly those outside of the U.S. The Assurance Team looked for alternatives to complete the audits, including the use of regional EHS team members and remote auditing. Within the U.S., we completed all mandatory OSHA Process Safety Management and U.S. Environmental Protection Agency Risk Management Plan audits within the three-year time requirement. With the ongoing pandemic, the Team is evaluating additional alternative methods, including the use of smart glasses to enhance remote auditing and greater reliance on third-party contract auditors located within our global operating regions.

Emergency Preparedness and Crisis Management

A critical part of BSP and our risk management effort is preparing for potential emergencies and crisis events. Every facility is required to have a site emergency plan, which employees train and practice. If a crisis involving one of our facilities or products occurs, our Crisis Management System is activated through our Global Security Operations Center (GSOC) that is manned 24/7/365. The GSOC is the critical communication hub for Air Products’ global emergency and crisis response to activate management resources. The Air Products Crisis Management System involves employees at all levels of the Company and marshals the resources and skills necessary to effectively lead in a crisis.

Security

We have and will continue to prioritize the security and safety of our employees, contractors, customers, and the communities in which we operate. The GSOC is designed to assist our global business in all areas of emergency response, crisis management, security planning and proactive monitoring of world events. Our formal security policies and standards address employee and facility security, product security, pipeline and land transportation security, Security Vulnerability Assessments (SVAs), work-place violence and contracted security services, among other areas.
Employee Health and Wellness

We are committed to creating work environments and driving behaviors that sustain the health, safety, and wellness of our people. Our Global Health and Wellness Team, consisting of medical professionals globally, works closely with our Human Resources and EHS organizations. Since early January 2020, this Team has been focused on responding to COVID-19 and supporting Air Products’ Crisis Management Teams globally. The Team supported the development of COVID-19 standards for PPE and other safety protections, and working with our Procurement Team, ensured that necessary PPE was available to workers. In some cases, the Company’s COVID-19 standards exceeded local standards, such as mask specifications and wearing, deep cleaning protocols and social distancing, from the start of the pandemic.

While addressing COVID-19, our Global Health and Wellness Team continued to roll out other initiatives, including a driver sleep apnea program in North America. This voluntary program helps company drivers determine if they have sleep apnea and then assists them in obtaining treatment and equipment as needed. Likewise, the Team supported efforts to help employees improve the ergonomics of their workstations, particularly as many were working from home.

Our Products Promote Health and Well Being

For over 80 years, we’ve supplied medical grade gases, equipment, turnkey services as well as cryogenic services for magnetic resonance imaging (MRI) to hospitals and institutions globally. Our medical gases are used in secondary care centers, surgical centers, extended care facilities, research laboratories, at home, and in stand-alone MRI imaging centers.

Facilities Withstood Difficult Hurricane Season on Top of Pandemic

The Atlantic basin, particularly the Gulf of Mexico, saw heavy storm activity in 2020. With assets and employees along the U.S. Gulf Coast, Air Products is no stranger to these storms, and the teams living in this region have developed thorough procedures to provide a structured response to ever-changing storm tracks and intensities. While many employees and families – from our Corpus Christi, Texas site, to employees in Mobile, Alabama – felt impacts all along the coast, our Westlake, Louisiana and Port Arthur, Texas teams bore the brunt of this devastating season, but weathered the storms well.

Hurricane Laura struck first in August 2020, with the eye of the Category 4 storm passing directly over our Louisiana steam methane reformer facilities in Lake Charles and Westlake. As soon as it was deemed safe, employees and volunteers sprang into action, mobilizing to help the plants and employees impacted by the storm. Throughout September, our teams provided relief both at our facilities and at employees’ homes while adhering to company COVID-19 protocols. Two weeks after the plant was returned to service, Hurricane Delta churned in the Gulf of Mexico and delivered a second hit to Lake Charles. Fortunately, Air Products’ employees and our facilities were spared major damage.
**Talent and Diversity**

**Why It’s Important**

Our people are not only our greatest asset, but they also create our greatest competitive advantage.

At Air Products, our talented, diverse and motivated people help us fulfill our higher purpose to develop innovative solutions to the world’s most significant energy and environmental sustainability challenges. Our employees effectively work with customers, execute large projects, and produce and deliver the products that make a difference in people’s lives around the world. We continue to provide challenging opportunities for our employees so they can expand their capabilities and impact, and so we can sustain our leadership position in the market.

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**What We’re Doing**

We have purposefully created a company environment where people feel, know, and believe they belong and matter. At Air Products we value a culture where empowered and motivated employees enjoy coming to work and are proud of their contributions to solving global challenges. A culture of commitment where all employees are included and enjoy their work environment is fundamental to our strategic Five-Point Plan, which shapes our growth and moves us forward.

Our Talent Management processes, Diversity, Inclusion & Belonging (DIB) programs, and Total Rewards offerings are centered on attracting, building, and retaining a world-class and highly skilled workforce, capable of delivering on our growth ambitions and fulfilling our Company goal of being the safest, most diverse, and most profitable industrial gases company and providing excellent service to our customers. The unique perspectives, thinking and experiences our diverse employees bring to their work is essential in meeting our customers’ needs and bringing innovation to the wide range of markets we serve.

**Our Commitments and Contributions**

Our continued leadership in competitive markets and achieving our higher purpose requires setting transparent, measurable diversity goals. In 2020, Air Products announced new goals to further increase the percentage of women and U.S. minorities in professional and managerial roles at the Company. By 2025, Air Products aims to achieve at least 28% female representation in the professional and managerial population globally, and at least 20% minority representation in that same population in the United States. These goals represent increases from 25 and 17% current representation (2020 baseline), respectively. We plan to be transparent and report annually on our progress on achieving these goals.

With a broad operating scope and cultural landscape of more than 19,000 employees in over 50 countries, Air Products established these new targets following analysis of our global employee representation metrics and future talent needs as well as by assessing industry benchmarks and peer companies. While these goals are specific to women and minorities, our DIB efforts are focused on all of our employees as we work to be the most diverse industrial gas company in the world.

#YouBelongAndMatter
Our past and future success relies on promoting collaboration among people of different cultures and backgrounds. As we grow in new regions of the world, we bring with us our culture of diversity, inclusion and belonging to some areas where the societal roles of minorities and women are still evolving.

**Talent Attraction and Management**

In 2020, Air Products increased our global population by hiring over 2,000 people in response to growing business needs. Through strategic workforce planning, we have taken care to ensure existing and new employees possess the skills and capabilities the business needs to deliver now and into the future. Our focus is to have the right talent with the right skills in the right roles across the globe.

Talent management goes beyond investing in our current workforce. It includes building and executing a competitive talent attraction strategy. Air Products uses innovative recruiting strategies and has long-standing partnerships with diversity recruiting organizations that help strengthen our available pipeline of world-class, diverse talent. In 2020, 47% of our college hires were women and/or U.S. minorities. Attracting, recruiting, sourcing and securing new and diverse talent is instrumental in building our workforce for the future. In a competitive market, our onboarding programs ensure we bring new talent into the Company as part of a year-long acclimation and learning journey. Our commitment to helping all employees know they belong and matter is evidenced whether an employee is in the pre-boarding stage of their employment at Air Products or a long-term employee.

Air Products continues to invest in current talent through our Talent and Performance Development processes. These efforts identify opportunities to upskill, reskill and build competencies through on-the-job development and through formal training. Retaining our employees is important to Air Products, including those with critical capabilities and skills. For these reasons, we provide a competitive total rewards package. We also are creating a culture of care, where employees feel valued and know they belong and matter.
Learning and Capability Development

We offer a variety of opportunities for employees to develop their capabilities, talents, and careers. Employees choose learning and development goals aligned to roles and responsibilities that support current and future business needs. We invest in new learning platforms and learner-centric experiences that encourage employee development and skills retention. In 2020, we implemented a new learning system with enhanced training opportunities for employees.

Our development competencies are aligned with our “4S” culture of Safety, Speed, Simplicity, and Self-Confidence. Every employee focuses on mastering nine core competencies and receives an annual coaching conversation to drive his or her development. Throughout the year, we use performance management, coaching, continuous conversations, and targeted training to build these competencies.

Our people leaders are accountable for an additional three leadership competencies. We recognize that quality leadership requires ongoing impactful leadership training, mentorship, and coaching. Authentic leadership both models and instills a commitment and action to ensuring all our employees believe they belong and matter.

We continue to invest in the unique needs of diverse talent by providing our “Leadership Development Program for Diverse Talent”, featuring inclusive leadership modules in our development programs for new and experienced managers and through unconscious bias training for leaders and hiring managers. These programs explore why diversity, inclusion and belonging matters, the role of leaders in achieving our DIB goals, the key elements of inclusive leadership and how to take intentional action to counteract unconscious bias. Through coaching and video demonstrations, leaders learn how to be aware of and avoid unconscious bias when making hiring and development decisions and providing coaching and feedback.

<table>
<thead>
<tr>
<th>9 Core Competencies:</th>
<th>Safety</th>
<th>Speed</th>
<th>Simplicity</th>
<th>Self-confidence</th>
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</thead>
<tbody>
<tr>
<td>All Employees</td>
<td>Safety is a moral responsibility. The only acceptable goal is zero accidents.</td>
<td>We will act with urgency and respond quickly to our customers’ needs.</td>
<td>We will simplify our organization, work processes and decision-making.</td>
<td>We are a team working together to win. We will be the best in the industry.</td>
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<tr>
<td>Integrity</td>
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<tr>
<td>Deliver Safety</td>
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<td>Passion to be the Best in the Industry</td>
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<td>Positive Attitude</td>
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<td>External Focus</td>
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<td>Drive Results</td>
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<td>Innovation</td>
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<td>Demonstrate Courage</td>
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<tr>
<td>Develop Self &amp; Others</td>
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3 Leadership Competencies:
Additional for Managers

- Lead and Inspire
- Manage Execution
- Strategic Mindset

Employee Support and Growth through the Pandemic

Air Products’ strong financial position helped us to weather the economic and business challenges of the pandemic with no layoffs or salary reductions related to COVID-19. In fact, we continued to grow the business by winning new opportunities and projects and adding more than 2,000 new positions globally. We maintained our commitment to supporting emerging talent by keeping our intern, co-op, and Career Development Program (CDP) programs at full staffing.
Diversity, Inclusion and Belonging

As we work to be the most diverse industrial gas company in the world, we are building a workforce that reflects the places we do business, fully utilizing the diversity of the talent pool, and fostering a respective and inclusive culture so that employees seek out diverse perspectives, feel empowered to confidently express their viewpoints and create meaningful change in support of our higher purpose.

As societal tensions across the globe increased in 2020, the Air Products community stood together against racism and hate. We underscored our belief that every person has the fundamental right to be treated with dignity and respect. By engaging employees in multiple regions in listening sessions, colleagues were able to increase their awareness and understanding of these issues and work together on action plans to further build inclusion.

Diversity in the Workplace

Air Products diversity in the workplace data continues to see positive trends as we increased the percentage of women in executive roles and U.S. minorities in management.

We continued to engage with external diversity partners to support talent development within their organizations and our own. Though much of the engagement in 2020 was virtual due to COVID-19, our dedicated employees attended numerous conferences, acted as mentors, and continued building out alumni networks. Recruiting via virtual conferences, including for NACME, NSBE, SHPE and SWE (as defined on the next page) was highly successful and the relationships with our external diversity partners continue to grow.

In 2020, Air Products was again recognized for strong performance in Diversity and Inclusion, including earning a 100% score on the Human Rights Campaign Foundation’s 2020 Corporate Equality Index for the fourth consecutive year.

#YouBelongAndMatter
Employee Resource Groups

Air Products sponsors Employee Resource Groups (ERGs) throughout the world. The ERGs form an Inclusion Network that partners with Company leadership to create supportive communities to help raise cultural awareness, attract, and retain talent and develop critical skills and competencies. Throughout the year, the inclusion Network and ERGs sponsored activities and programs for all employees, including workshops, panel discussions, awareness training and professional development sessions. In 2020, two new ERGs in the Middle East and India were launched.

Our ERGs Include:
• AERO (Asian Employee Resource Organization)
• BERG (Black Employee Resource Group)
• EDGE (Ethnically Diverse Gulf Employees)
• Enable (Valuing employees of ALL abilities)
• HOLA (Hispanic Organization of Latinos and Amigos)
• ISERO (Indian Subcontinent Employee Resource Organization)
• MEERG (Middle East Employee Resource Group)
• Spectrum (LGBTQ+ Resource Group)
• UDAAN (Women’s Group in India)
• WSN (Women’s Success Network)

Diversity in the Workforce FY20

<table>
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<th>Category</th>
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<tr>
<td>U.S. Minorities in the Workforce</td>
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<tr>
<td>Women in Management</td>
<td>21%</td>
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<tr>
<td>U.S. Minorities in Management</td>
<td>19%</td>
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<tr>
<td>Women in Senior Leadership</td>
<td>17%</td>
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<tr>
<td>U.S. Minorities in Senior Leadership</td>
<td>14%</td>
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<tr>
<td>Women in Executive Roles</td>
<td>19%</td>
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<tr>
<td>U.S. Minorities in Executive Roles</td>
<td>29%</td>
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</tbody>
</table>

The above data represents our employee population at the end of fiscal 2020 and is separated into various levels to show diversity across the organization. Our 2025 goals for diversity are specific to our professional and managerial population, which is included in the above data but not broken out separately. U.S. Minorities are defined as U.S. employees who self-identify as Black, Hispanic, American Indian or Alaskan Native, Asian or Pacific Islander or two or more races per the U.S. Equal Employment Opportunity Commission’s racial/ethnic categories.

Promoting Inclusion during the Pandemic

By forcing us to find new and different ways of interacting globally, the COVID-19 pandemic has helped us promote a culture of inclusion. We created a strong infrastructure for a virtual work environment where employees have been able to connect with peers in new ways and have discussions they may not have had otherwise. We also continued our learning circles virtually, with senior leaders facilitating forums for diverse employees to share their challenges and learn how others were coping with the pandemic and adjusting to new ways of working together.
Taking Care of our People during the Pandemic

Since the beginning of the COVID-19 pandemic, Air Products has put important protocols and procedures in place to keep our employees, families, customers and communities safe while continuing to run our businesses. As COVID-19 spread around the globe, our team quickly responded, helping the business to decide how to enable some employees to work from home while keeping site essential personnel safe and healthy as they executed their duties. New leave of absence policies were created to support our employees and their families’ changing needs during the pandemic. We also evaluated health insurance programs globally to support employees’ physical and mental health needs.

Total Rewards

Our Total Rewards approach consists of compensation that is fair and equitable and benefits that enable our employees to have physical, emotional, and financial wellness. Diversity and inclusion are integral to our total rewards and reinforce our belief that all employees belong and matter.

#YouBelongAndMatter

Compensation

A work environment where employees know they belong and matter includes fair and equitable pay. Our pay practices apply equally to all employees irrespective of gender, race, religion, disability, age, or any other form of personal difference.

We strive to pay competitively in local markets where we do business and compete for talent. We benchmark our compensation to ensure that we are keeping pace with the market to provide competitive pay and benefits. A gender pay equity analysis completed by a third-party in 2020 resulted in no significant findings for minorities in the U.S. and for females globally. Director and executive officer compensation and CEO pay ratio are available in our most recent proxy statement.

Benefits

While our benefits vary around the globe and across positions, some of the base benefits for full-time employees include:

- Accident insurance
- Education assistance
- Employee Assistance Programs, including guidance on legal, financial, family, work matters and well-being
- Employee Recognition Programs
- Employee Referral Program
- Health plans
- Leaves of absence for personal, family, military, and educational purposes
- Life insurance
- Paid vacation and holidays
- Retirement savings plans
- Training and development
Promoting Human Rights

Air Products is committed to safeguarding the human rights of our employees as well as in our business interactions. Our Human Rights Policy reflects this commitment and our expectation for equal opportunity, respectful work environments, prohibition of discrimination, freedom of association, prohibition of forced and child labor, compensation and working time, EHS and security and anti-corruption. A call line, IntegrityLine, is available at all times for anyone who would like to report a potential issue, including human rights concerns.

We complete annual human rights assessments for our operations and supply chains. In 2020, we reviewed the potential for human rights issues in the highest risk countries in which we operate and we did not identify any significant risks.

Legal Advocacy Program

In 2020, Air Products launched a unique Legal Advocacy Program to support employees and their family members facing discrimination outside of the workplace such as racial, ethnic and/or sexual orientation or gender identity discrimination connected to housing, education, financial transactions or interactions with law enforcement.

The Legal Advocacy Program is open to employees and their dependents in the U.S. and Canada, and we are evaluating ways to potentially expand the scope. Through the program, employees can notify the Company if they believe they have been discriminated against outside of the workplace and an Air Products attorney will engage external legal counsel on his/her behalf. If there is sufficient evidence to move forward, Air Products will cover the external legal costs.

Through this novel program, Air Products is putting its values into action and standing together to support our shared humanity and equality.
Community Support

Why It’s Important

Working together, companies and communities can more effectively identify and address social issues and help improve quality of life. Collaboration also builds trust, which is fundamental to the continued growth and operation of companies and to giving back to the communities where employees live and work.

What We’re Doing

For over 80 years, Air Products has been building relationships and contributing to the well-being of our host communities around the world. We do this in a variety of ways: through financial contributions from the Air Products Foundation, in-kind donations, employee directed giving, and employee volunteerism with non-profit organizations. Our support priorities include education and workforce development, health and human services, community and economic development, arts and culture and environment and safety. We work closely with community partners, including non-profit organizations, emergency responders, elected officials, and education, business, and community leaders to identify the highest impact opportunities.

In 2020, our efforts focused on addressing the many impacts of the COVID-19 pandemic. We provided significant grants to support basic needs for the unsheltered, hungry, and unemployed, particularly in urban areas. We connected our employees to non-profits, virtually, to provide mentoring and advice regarding business processes related to accounting, finance, human resources and more. We also supported COVID-19 rescue and recovery efforts, making much-needed deliveries of medical oxygen and helium to hospitals, providing the infrastructure needed for emergency pop-up hospitals, as well as making other donations for medical care.

The Air Products Foundation

The mission of the Air Products Foundation is to build meaningful relationships with charitable organizations that share the values inherent in our higher purpose and to enhance positive relationships with Air Products’ employees, communities, customers, and shareholders.

Using its mission as a guide, the Air Products Foundation supports programs in our host communities throughout the U.S., in global locations where we have employees and operations, at colleges and universities where we are strategically engaged, in national organizations committed to diversity and inclusion, and through employee- and retiree-directed matching gifts programs.
Our Commitments and Contributions

In fiscal 2020, the Air Products Foundation made $6.4 million in cash contributions including grants to our headquarters, U.S. field, and international communities. These grants reinforced our community outreach plans, responded to community needs, and supported eligible non-profits, particularly through matching gifts. Totaling $2.1 million, the matching gift portion of the donations was distributed based on employee and retiree giving, thereby reflecting the organizations most important to our people. In addition, the Air Products Foundation, consistent with its priority to support education and workforce development, provided talent grants to eligible institutions and organizations that help us attract, develop, and retain diverse talent.

Working, Living, and Giving Around the World

We develop stakeholder outreach plans aimed at addressing high priority needs and maintaining positive relationships with the communities near our largest operations globally. These plans include meetings with local leaders, facility tours, emergency response training, and support for education and philanthropy.

Our employees are also very engaged in their local communities. In 2020, Air Products employees and retirees were involved in hundreds of community programs. For information about our sustainability activities including community projects, please see our website.

Science, Technology, Engineering and Math (STEM)

Many of our employees directly support STEM activities in collaboration with educational organizations including schools, colleges, universities, and community groups. By attracting people to STEM careers, we help build future career paths and develop strong talent pools. Our STEM efforts target diverse groups, including students at different education levels, workers, and community members. While COVID-19 impacted our ability to deliver STEM programs in 2020, we were still able to reach nearly 17,000 students.

Providing Safe and Healthy Drinking Water to Schools in China

In 2020 Air Products launched a new program to help provide safe and healthy drinking water through the Air Products Foundation to more than 12,000 students in China at 17 rural schools in Xiangyuan County, Shanxi Province.

Partnering with Shenzhen One Foundation, a non-profit organization in China, Air Products through the Air Products Foundation, donated 22 sets of water purification and dispensing devices along with reusable water containers. A launch ceremony themed “Caring for the Younger Generation” took place at the No. 2 Primary School of Xiangyuan County, Changzhi City, Shanxi Province. As part of the program, our employee volunteers periodically offer the students science courses relating to water and gases, aiming to plant the seeds of a passion for science in the hearts of these young students.
A Sampling of Community Projects Around the World

We continued to engage with our communities in 2020 while following COVID-19 protocols and using virtual technology.

**North America:**

- **Canada:** Supported the development of individual learning modules for apprentices in Alberta through the Northern Alberta Institute of Technology.
- **Florida:** Provided funding to the North River Fire District near our Port Manatee facility to assist in the purchase a boat for firefighting and rescue.
- **Pennsylvania:** Assisted in the development of youth virtual education initiatives for the National Museum of Industrial History.
- **Texas:** Supported social justice impact programs for minorities and the underserved in Houston, including services related to careers, education, training, development, and for veterans.

**South America:**

- **Chile:** Participation in Worldskills Olympics, a competition to inspire students to pursue technical professions.

**Europe:**

- **United Kingdom:** Students taking part in the National Enterprise Challenge looked to find innovative ways to use cylinders and tanks through the newly adapted module-based virtual platform.
- **Spain:** Supporting effort to teach science to hospitalized children at Asociación Divulgación Científica a Menores Hospitalizados - Cienciaterapia in Huelva.

**Asia:**

- **China:** Brought healthy water to school children and continued our LIN (liquid nitrogen) ambassador program.
- **Singapore:** Supported the Plant-A-Tree program under the Greening Jurong Island project to bring more green spaces to the heart of Singapore’s chemical and energy industry.
- **South Korea:** Provided nutritious meals to the elderly through the Northern Pyeongtaek Senior Welfare Center.
Partnerships

Why It’s Important
Solving the energy and environmental challenges of today and tomorrow requires ambition, ingenuity and partnership. Partnerships, between businesses, governments, and civil society, are needed to address the key sustainability issues facing people and planet and to deliver on the SDGs.

What We’re Doing
Air Products engages with companies and organizations around the world on key sustainability concerns. These collaborations are aligned with the SDGs where we can have the most impact. As we expand our businesses in the developing world, we share our technologies, engineering expertise and safety, environmental, and diversity standards and approaches with our new partners.

Our Commitments and Contributions
Examples of our contributions to the SDGs are highlighted throughout this Report. Partnerships include:

• Engaging with Chambers of Commerce throughout the world to promote business growth
• Partnering with institutes of higher education on technology research, such as the Technical University of Denmark, and the King Abdullah University of Science and Technology in Saudi Arabia
• Teaming up with companies to enable the use of recycled water in water stressed regions, such as Southern California in the U.S.
• Supporting the use of hydrogen to transition to cleaner energy through organizations such as the Hydrogen Council
• Partnering with a customer to extract helium from a naturally occurring carbon dioxide gas source being processed by the customer
• Working with customers and governments in several regions to develop carbon capture, use and storage projects
• Collaborating with local emergency responders, providing access, training and preparedness drills and activities
• Supporting gender equality through engagement in organizations and initiatives, such as the CEO Action for Diversity & Inclusion™
Supply Chain Sustainability

Thousands of suppliers are essential to our success. We work with quality suppliers who help Air Products deliver value and excellent service to our customers and who share in our commitment to ethical business practices. All suppliers are expected to abide by and conform to our Code of Conduct in their business dealings with us and to support sustainability through the principles outlined in our Sustainability Expectations of Suppliers, which include environmental, human rights and community considerations. In total, Air Products spent almost $6 billion in power, equipment, materials, and services with nearly 30,000 unique suppliers and service providers in 2020. Energy is the primary raw material purchased to manufacture industrial gases, particularly electricity and steam for our ASUs, and natural gas for our HyCO plants. Steel, aluminum, and capital equipment subcomponents are the primary materials procured for our equipment business. There were no significant changes in our supply chain year-over-year.

Because Air Products operates regionally, our procurement teams are primarily local to our businesses and work with regional and local suppliers. In addition, our corporate team supports procurement of capital equipment to construct large industrial gas production facilities and other global projects.

The supplier qualification process is a combination of prequalification and ongoing monitoring. New suppliers are qualified using criteria including commercial risk, safety, performance, and sustainability. If noncompliance is identified for an existing supplier through ongoing monitoring, our procurement teams work with the supplier to rectify the issue.

COVID-19 Response

COVID-19 placed many stresses on our supply chain, especially with regards to PPE sourcing. A portion of Air Products staff were and continue to be essential workers required to be on site throughout the pandemic, requiring Company-provided PPE to stay safe. Furthermore, Air Products exceeded regulations in requiring the use of N-95 masks for personnel where distancing could not be maintained. Procurement teams met the challenge of keeping PPE supplied and in stock for the duration of 2020 through a combination of crisis preparedness and rapid response.

Supplier Diversity

It is our policy and practice to provide maximum practical opportunities to diverse suppliers. In 2020, Air Products spent hundreds of millions of dollars in the U.S. with diverse suppliers, including small, socially, and economically disadvantaged, and other minority-owned and women-owned U.S. businesses that can provide competitive sources of materials and services. We offer advice and guidance to assist minority business firms in building relationships and becoming successful suppliers to us.

Human Rights and Conflict Minerals

We complete annual human rights assessments for our operations and supply chains. From a supply chain perspective, we examined human rights risks relative to procurement spend and supplier location using country-specific risk information from third parties. Most of our suppliers are in heavy industries that are not as susceptible to human rights violations as other industries. No significant risks were identified through our assessment, and we are not aware of any allegations of violations of human rights in our supply chain in 2020.

In addition, Air Products specifically evaluates our supply chain for the presence of conflict minerals. The Conflict Minerals Rule under the Dodd Frank Act requires companies to perform and disclose due diligence on the source of minerals within its supply chain including tantalum, tin, gold, and tungsten. The purpose of this regulation is to ensure that the purchase of those materials does not support armed conflict and the associated emergency humanitarian crisis in the Democratic Republic of Congo.

To address the issue of conflict minerals, Air Products includes conflict minerals clauses in our standard contractual terms and conditions. We also comply with the Dodd Frank Act through the annual disclosure of our Conflict Minerals Report.
Appendix

Stakeholder Engagement

We work closely with our key stakeholders – customers, employees, investors, communities, suppliers, and government regulators – to understand and respond to their needs and collaborate for shared benefit. Meetings, presentations, and ongoing dialogue with stakeholders throughout the year provide many opportunities for collaboration on sustainability.

Stakeholder Assessment

Air Products has been conducting stakeholder assessments since it began reporting in accordance with GRI guidelines. Stakeholder assessment have included:

- Evaluating sustainability issues identified in various frameworks, standards, questionnaires, customer, and other company reports and stakeholder questions
- Interviewing and/or surveying key stakeholders to understand their sustainability concerns and priorities
- Reviewing the results with our Sustainability Leadership Council to confirm the priorities and further shape our sustainability efforts

Topics for stakeholder assessments were taken from many sources, including SASB, TCFD, and CDP (see next page). Stakeholders reflected on these concerns and provided their feedback on the importance and potential impacts of the issues. The concerns rated by the stakeholders with the highest level of importance and impact are included in our Sustainability Priorities and frame our sustainability reporting.

The priorities for this Report have been updated slightly (see below) and confirmed by our Sustainability Leadership Council:

- Safety has been expanded to Safety and Health and moved up in stakeholder importance, aligned with additional needs from COVID-19.
- Diversity has been expanded to Diversity, Inclusion and Belonging and moved up in stakeholder importance, aligned with our new diversity goals and efforts to be more inclusive and encourage dialogue about racism.

Our Sustainability Priorities
Sources for Air Products’ Stakeholder Assessment Topics

- CDP (formerly the Carbon Disclosure Project)
- Dow Jones Sustainability Index (DJSI)
- EcoVadis
- Ethibel
- FTSE4Good
- GRI
- Institutional Shareholder Services (ISS)
- JUST Capital
- Key stakeholders
- MSCI
- Sustainability Accounting
- Standards Board (SASB)
- Sustainalytics
- Task Force for Climate-related Financial Disclosures (TCFD)
- UN Global Compact
- UN Sustainable Development Goals

About our Report

Air Products has reported on its sustainability performance annually for the past 18 years, building on previous decades of environmental, health and safety disclosures and reporting. This is our 12th consecutive year reporting in accordance with GRI, which we believe is the most encompassing reporting standard for the sustainability aspects we consider. We also provide on our Sustainability Report webpage summaries of how our sustainability efforts are aligned with the reporting recommendations of SASB and TCFD.

This Report has been prepared in accordance with the GRI standards “Core option.” The Core option is aimed at providing stakeholders with data and perspectives to understand and evaluate our performance, impacts and opportunities. This Report also contains supplemental information not specified by GRI that illustrates additional aspects of our sustainability efforts and impacts.

Air Products used GRI’s Principles for Defining Report Content to develop this Report. These principles included: stakeholder inclusiveness, sustainability context, and coverage of aspects that reflect our significant economic, environmental, and social impacts. Our Sustainability Priorities, aspect boundaries, and related content within this Report are provided on the next page:
Aspect Boundaries

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<td>Economic Performance</td>
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<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>16</td>
</tr>
<tr>
<td>Innovation</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>22</td>
</tr>
<tr>
<td><strong>Conserve</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible Consumption and production</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>26</td>
</tr>
<tr>
<td>Energy &amp; Climate</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>27–30</td>
</tr>
<tr>
<td>Water Conservation</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>31–32</td>
</tr>
<tr>
<td><strong>Care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety &amp; Health</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>36–39</td>
</tr>
<tr>
<td>Diversity, Inclusion &amp; Belonging</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>40–44</td>
</tr>
<tr>
<td>Partnerships</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>50</td>
</tr>
</tbody>
</table>

This Report covers the period of January 1, 2020 to December 31, 2020, except where noted that fiscal year (October 1, 2019 to September 30, 2020) data is provided. Our prior year report was issued in May 2020 and reported on calendar year 2019 (except as so noted). The GRI Content Index for this Report is available online.

The scope of this Report is global for continuing operations including assets over which financial control is exercised and as reported in our consolidated audited financial statement. We exclude less than controlling interests in joint ventures or equity affiliates. Additional information about affiliates and subsidiaries is available in our 2020 Annual Report. Resources have been cited throughout this Report to provide additional information on our policies, programs and performance related to sustainability, including:

- Annual Report
- Code of Conduct and Business Ethics
- EHS Policy
- Human Rights Policy
- Sustainability Expectations for Suppliers
- Sustainable Offerings and our products from A to Z

For this Report, Air Products has restated selected energy, GHG and water data for prior years due to acquisitions and improved methodologies. There were no significant changes to operational boundaries, scope, or measurement methods.

Our Sustainability Director was accountable for overseeing the preparation of this Report, with significant data contributions provided by business, functional and sustainability related teams throughout the Company. This Report was prepared in conjunction with our Sustainability Leadership Council, which sets our sustainability strategy, reviews programs and performance, and is engaged in evaluating risks and opportunities.

No GRI sector standard exists for our industry; however, we have attempted to provide best possible disclosures based on the nature of our business and the related risks and opportunities. Questions or comments on this Report can be directed to Julie O’Brien, Air Products’ Sustainability Director, at obrienjk@airproducts.com.
Key Performance Data

Provided below is data on key performance indicators (KPIs) for 2020 and 2019. Additional data for selected KPIs is available in the GRI Content Index for this report and listed under the relevant GRI indicator.

<table>
<thead>
<tr>
<th>Grow</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales ($ millions)</td>
<td>$8,856</td>
<td>$8,919</td>
</tr>
<tr>
<td>Adjusted EBITDA margin(a)</td>
<td>40.9%</td>
<td>38.9%</td>
</tr>
<tr>
<td>Adjusted operating margin(a)</td>
<td>24.9%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Return on capital employed (“ROCE”)(a)</td>
<td>11.7%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Adjusted diluted earnings per share (“EPS”)(a)</td>
<td>$8.38</td>
<td>$8.21</td>
</tr>
<tr>
<td>Dividends declared per common share</td>
<td>$5.18</td>
<td>$4.58</td>
</tr>
<tr>
<td><strong>Customer Sustainability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer CO₂ avoided (million MT CO₂e)</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>Percent of revenues from Sustainable Offerings</td>
<td>57%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D spending ($ million)</td>
<td>$84</td>
<td>$73</td>
</tr>
<tr>
<td>Patents owned (approximate)</td>
<td>4,450</td>
<td>4,590</td>
</tr>
<tr>
<td><strong>Ethics and Integrity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Code of Conduct training and certification</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Allegations of Code of Conduct violations</td>
<td>390</td>
<td>412</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conserve</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy consumption (TWh)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48.2</td>
<td>50.7</td>
</tr>
<tr>
<td>Fuels</td>
<td>27.0</td>
<td>28.9</td>
</tr>
<tr>
<td>Electricity</td>
<td>15.5</td>
<td>16.1</td>
</tr>
<tr>
<td>Percent of electricity that is renewable</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td>Steam</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Energy intensity improvement (2015-2020 goal)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASUs</td>
<td>3.3%</td>
<td>3.7%</td>
</tr>
<tr>
<td>HyCO</td>
<td>0.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Greenhouse Gas Emissions (million MT)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>15.0</td>
<td>16.6</td>
</tr>
<tr>
<td>Scope 2(b)</td>
<td>9.2</td>
<td>9.9</td>
</tr>
<tr>
<td>Scope 3(b)</td>
<td>8.4</td>
<td>8.3</td>
</tr>
<tr>
<td>GHG intensity improvement (2015-2020 goal)(b)</td>
<td>2.6%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Distribution efficiency intensity improvement</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Waste (million pounds)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste generated</td>
<td>14.0</td>
<td>6.1</td>
</tr>
<tr>
<td>Hazardous waste disposal</td>
<td>3.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Non-hazardous waste disposal</td>
<td>11.1</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Water (billion gallons)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water withdrawals(b)</td>
<td>17.8</td>
<td>19.1</td>
</tr>
<tr>
<td>Gross water consumption(b)</td>
<td>14.4</td>
<td>15.5</td>
</tr>
<tr>
<td>Water conservation intensity improvement (2015-2020 goal)(b)</td>
<td>26%</td>
<td>23%</td>
</tr>
</tbody>
</table>

\(a\) Amounts are non-GAAP financial measures. See “Sustainability 2021 Reconciliation of Non-GAAP Financial Measures” for reconciliation to the comparable GAAP measures.

\(b\) Restated for 2019
### Conserve

<table>
<thead>
<tr>
<th>Other air emissions (metric tons)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen oxides (NOx)</td>
<td>1,366</td>
<td>1,495</td>
</tr>
<tr>
<td>Sulfur oxides (SOx)</td>
<td>58</td>
<td>71</td>
</tr>
<tr>
<td>Environmental fines</td>
<td>$3,300</td>
<td>$4,400</td>
</tr>
</tbody>
</table>

### Care

<table>
<thead>
<tr>
<th>Safety</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee recordables (number) and injury rate</td>
<td>78 / 0.40</td>
<td>82 / 0.45</td>
</tr>
<tr>
<td>Employee lost-time injuries (number) and rate</td>
<td>18 / 0.09</td>
<td>16 / 0.09</td>
</tr>
<tr>
<td>Employee fatalities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor recordables (number) and injury rate</td>
<td>52 / 0.39</td>
<td>58 / 0.50</td>
</tr>
<tr>
<td>Contractor lost-time injuries (number) and rate</td>
<td>13 / 0.1</td>
<td>2 / 0.02</td>
</tr>
<tr>
<td>Contractor fatalities</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Vehicle accident frequency rate (preventable accidents per one million kilometers)</td>
<td>1.41</td>
<td>1.06</td>
</tr>
<tr>
<td>Preventable road accident rate (preventable road accidents per one million kilometers)</td>
<td>0.34</td>
<td>0.27</td>
</tr>
</tbody>
</table>

### Talent and Diversity

| Total employees at year end      | >19,000    | >17,000    |
| Female share of workforce       | 21%        | 21%        |
| Global employee turnover rate    | 7.8%       | 7.7%       |
| Average formal training hours per employee | 20         | 20         |
| Percent of employees in collective bargaining units | 25%        | 33%        |

### Community Support

| Cash and product donations ($ million) | $6.4     | $7.6     |
| United Way contributions ($ million)   | $3.4     | $3       |

### Recognition for Our Sustainability Efforts

Air Products is proud to have our sustainability efforts and progress acknowledged by leading ratings and rankings agencies, including the following for 2020:

- **Member of Dow Jones Sustainability Indices**
- **FTSE4Good**
- **Prism**
- **Best Places to Work 2021 for LGBTQ Equality**
- **Most Sustainable Companies 2021**

- **Data & Index**
- **Employees**
- **Communities**
- **Strategy**
- **Customers**
- **Environment**
- **Climate**
- **Contents**
## GLOSSARY AND ACRONYMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASU</td>
<td>Air Separation Unit, the technology used to make atmospheric gases including nitrogen, oxygen and argon.</td>
</tr>
<tr>
<td>Blue Hydrogen</td>
<td>Has a lower carbon footprint than hydrogen from natural gas reforming. Sources include natural gas reforming with carbon capture, use or sequestration; electrolysis using non-renewable energy; hydrogen recovery from waste gas; biogas separation or reforming; and biomass gasification.</td>
</tr>
<tr>
<td>BSP</td>
<td>Basic Safety Process</td>
</tr>
<tr>
<td>CCS</td>
<td>Carbon Capture and Storage</td>
</tr>
<tr>
<td>CDP</td>
<td>A not-for-profit charity that runs a global disclosure system for carbon and other information (formerly Carbon Disclosure Project)</td>
</tr>
<tr>
<td>CFC</td>
<td>Chlorofluorocarbon</td>
</tr>
<tr>
<td>CO₂</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>CO₂e</td>
<td>Carbon dioxide equivalent is a standard unit for measuring carbon footprints that takes into account the different global warming potentials of GHGs</td>
</tr>
<tr>
<td>DECP</td>
<td>Data Enabled Coaching Program</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, taxes, depreciation and amortization</td>
</tr>
<tr>
<td>EHS</td>
<td>Environment, Health and Safety</td>
</tr>
<tr>
<td>EMEA</td>
<td>Europe, Middle East and Africa</td>
</tr>
<tr>
<td>EOR</td>
<td>Enhanced oil recovery</td>
</tr>
<tr>
<td>EPA</td>
<td>Environmental Protection Agency (U.S.)</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gases, including the six Kyoto-regulated gases (CO₂, N₂O, SF₆, CH₄, PFCs, HFCs) and NF₃.</td>
</tr>
<tr>
<td>Green Hydrogen</td>
<td>Made using water electrolysis and renewable electricity or by reforming biogas; has the lowest carbon footprint of hydrogen produced</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>HAPs</td>
<td>Hazardous air pollutants</td>
</tr>
<tr>
<td>HCFC</td>
<td>Hydrochlorofluorocarbon</td>
</tr>
<tr>
<td>HyCO</td>
<td>Hydrogen-carbon monoxide</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied natural gas</td>
</tr>
<tr>
<td>LTI</td>
<td>Injuries or illnesses resulting in missed or restricted work. LTI rates are per 200,000 hours worked.</td>
</tr>
<tr>
<td>NOV</td>
<td>Notice of Violation - A deviation from a regulation or permit requirement that is formally cited by a government agency</td>
</tr>
<tr>
<td>NOx</td>
<td>Oxides of nitrogen including nitric oxide (NO) and nitrogen dioxide (NO₂)</td>
</tr>
<tr>
<td>ODS</td>
<td>Ozone depleting substances</td>
</tr>
<tr>
<td>OSHA</td>
<td>Occupational Safety and Health Administration (U.S.)</td>
</tr>
<tr>
<td>Recordable Rate</td>
<td>A work-related injury that requires medical care beyond basic first aid treatment. Recordable rates are per 200,000 hours worked.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ROCE</td>
<td>Return on capital employed</td>
</tr>
<tr>
<td>Scope 1 emissions</td>
<td>Direct GHG emissions that occur from sources owned or controlled by a company, for example, emissions from combustion or chemical production</td>
</tr>
<tr>
<td>Scope 2 emissions</td>
<td>Electricity indirect GHG emissions from the generation of purchased electricity consumed by the company</td>
</tr>
<tr>
<td>Scope 3 emissions</td>
<td>Other indirect GHG emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SDS</td>
<td>Safety data sheets</td>
</tr>
<tr>
<td>SOx</td>
<td>Oxides of sulfur including sulfur oxide, sulfur dioxide and others</td>
</tr>
<tr>
<td>SMR</td>
<td>Steam methane reforming, the most economical way to produce large volumes of hydrogen</td>
</tr>
<tr>
<td>STEM</td>
<td>Science, Technology, Engineering and Math</td>
</tr>
<tr>
<td>Sustainable Offerings</td>
<td>Products that improve energy efficiency, reduce environmental impact, and/or address a societal need</td>
</tr>
<tr>
<td>TRI</td>
<td>U.S. EPA Toxic Release Inventory</td>
</tr>
<tr>
<td>VOCs</td>
<td>Volatile organic chemicals</td>
</tr>
<tr>
<td>VSA</td>
<td>Vacuum swing adsorption</td>
</tr>
</tbody>
</table>
For more information, please contact us at:

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