

Climate Change

Position Statement



<p>Background</p>	<p>Scientific assessments by the Intergovernmental Panel on Climate Change indicate that our planet has warmed by more than 1°C since the preindustrial era due to the use of fossil fuels, deforestation and unsustainable resource use. Climate change is causing weather and climate extremes around the world – including heatwaves, major storms, and droughts – and leading to adverse impacts and damages. The risks and impacts from climate change are expected to increase as global temperatures rise.¹ Limiting climate change requires rapid decarbonization across industries and economies, while meeting the needs of increasing global population. Many countries and companies are setting ambitions to reach net zero emissions by 2050.</p>
<p>Approach</p>	<p>Risks and opportunities²</p> <ul style="list-style-type: none"> • Industrial gas production is energy intensive. Oxygen, nitrogen, and argon are produced from cryogenic distillation of air that requires compression with electricity or steam. Hydrogen is commonly produced using large-scale methods that rely on hydrocarbons. • Some of our operations are in jurisdictions that have or are developing regulations governing emissions of greenhouse gases (GHGs) that could negatively impact our growth, increase our operating costs, or reduce demand for certain of our products. Regulation of greenhouse gas emissions is also producing new opportunities for us. • Opportunities arise from our products and technologies that help our customers across dozens of industries improve yields, reduce energy consumption, and lower greenhouse gas emissions. Air Products also provides low- and zero-carbon products that can help customers reduce supply chain emissions. <p>Our actions to drive decarbonization</p> <ul style="list-style-type: none"> • Executing a pipeline of first-of-a-kind low- and zero-carbon intensity hydrogen megaprojects with investments of over \$15 billion. Hydrogen, produced by these projects, will enable customers in hard-to-abate sectors, including heavy industry and heavy-duty transportation, to transition away from fossil fuels and reduce their direct and indirect GHG emissions. • Investing in research and development related to energy, the energy transition, and the environment such as technologies to scale up production of green hydrogen and state-of-the-art carbon dioxide capture and permanent sequestration technologies. • Developing and deploying new carbon-reducing technologies. • Advocating for comprehensive policies that support the production and use of low- and zero-carbon hydrogen, reducing emissions in hard-to-abate sectors, and the development and use of carbon capture technologies. • Engaging with our customers to support their decarbonization efforts with our offerings and technologies that can enable them to reduce their direct and indirect GHG emissions and the carbon footprints of their products. • Improving energy efficiency of our existing and future projects. • Increasing our use of renewable electricity. • Converting our fleet of ~2,000 heavy-duty trucks to hydrogen fuel cell zero-emissions vehicles.

<p>Commitments</p>	<p>We contribute to UN Sustainable Development Goal (SDG) 7 "Affordable and clean energy", SDG 9 "Industry, innovation and infrastructure", SDG 12 "Responsible consumption and production" and SDG 13 "Climate action" through our hydrogen and carbon emissions programs and goals.</p> <p>Hydrogen</p> <ul style="list-style-type: none"> Air Products announced an industry-leading capital commitment to accelerate the energy transition by spending or committing more than <u>\$15 billion in capital expenditures</u> through 2027 on first-mover projects. <p>Operations and value chain</p> <ul style="list-style-type: none"> Air Products' long-term goal is to reach net-zero GHG emissions in our operations by 2050.³ We will continue to reduce the carbon intensity of our operations and supply chains in line with our "Third by '30" intensity reduction goals to reduce our Scope 1 and 2 GHG emissions intensity, and our Scope 3 GHG emissions intensity, by one-third by 2030 from a 2015 baseline. These goals build on two sets of prior GHG intensity goals that began in 2007 and were exceeded. Air Products is evaluating options to further enhance its emission reduction goals. <p>Ongoing commitments</p> <ul style="list-style-type: none"> Air Products will continue to: <ul style="list-style-type: none"> Act on our commitments to drive decarbonization. Monitor transition and physical risks related to climate through our Enterprise Risk Management system and other risk processes including climate scenario analysis. Use carbon intensity as a surrogate for carbon pricing when evaluating potential project opportunities that support the transition to the low-carbon economy. Publicly report on our climate change programs and performance as we have since 2007.
<p>Administration</p>	<ul style="list-style-type: none"> Air Products' management routinely evaluates our sustainability commitments and progress. The Corporate Governance and Nominating Committee of Air Products' Board of Directors has oversight responsibility over public policy issues, including sustainability, and the full Board has oversight responsibility for our environmental, health and safety performance.⁴ Air Products' Sustainability Leadership Council routinely reviews our sustainability programs, position statements, performance, and reporting. We report on our sustainability commitments and progress in our annual Sustainability Report as well as through other external communications channels, including our website and social media. This position statement and related statements and policies are maintained on Air Products' public website.

¹IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1-34, doi: 10.59327/IPCC/AR6-9789291691647.001

²See Air Products' [Position Statement on Risk Management](#) for details about our risk-related processes.

³Achieving this goal will require strong policy and regulatory frameworks that promote the adoption of key technologies to address the pace and scale required to support a net-zero future. Air Products applies the GHG Protocol standards to estimate Scope 1 through 3 emissions and annually verifies Scope 1 and 2 emissions and selected Scope 3 emissions. For more information on Air Products' GHG emissions and goals, please see our [Sustainability Commitments](#) or our [Sustainability Report](#).

⁴See our most recent [Proxy statement](#) for responsibilities of the Board of Directors.