

Risk Management

Position Statement



<p>Background</p>	<p>Effective risk management is vital to long-term business success. Environmental and social uncertainties present challenges to businesses and require appropriate planning and proactive mitigation. The World Economic Forum anticipates the next decade will continue to be characterized by environmental and societal crises driven by underlying geopolitical and economic trends.¹</p>
<p>Approach</p>	<p>Air Products assesses and manages risks using an integrated process that spans our global organization and covers various types of risks across the Company.</p> <p>Risk governance</p> <ul style="list-style-type: none"> • The CEO and other members of senior management are responsible for assessing and managing the Company’s risk exposure. The Board of Directors and its committees provide oversight in connection with those efforts. • Evaluation of risk is inherent in the Board’s consideration of the Company’s long-term strategies and in the transactions and other matters presented to the Board. • The Board reviews risk management processes, policies, and outcomes of the Company’s Enterprise Risk Management (ERM) process. • The Audit and Finance Committee oversees matters related to risk assessment and management processes, including the ERM process and Internal Audit program. The Corporate Governance and Nominating Committee oversees risks associated with the Company’s response to public policy issues, including sustainability. <p>Risk management</p> <ul style="list-style-type: none"> • Management is responsible for assessing and managing the Company’s risk exposures on a day-to-day basis, including through the creation of appropriate risk management programs and policies. • Operational and strategic risks are reviewed annually through the ERM process that considers macroeconomic trends and external risk themes, trends in audit findings from the prior fiscal year, and emerging risks. The reviews are led by the ERM Committee that is comprised of executives and senior leaders who are independent of the businesses except for the Chief Operating Officer. The ERM Committee engages with senior leaders to identify risks, determine which are most significant based on likelihood and impact, and consider appropriate risk level and strategy. Mitigation plans are developed for the most significant risks, and progress on mitigation plans is monitored quarterly by the ERM Committee. • Internal Audit employs an ongoing, iterative risk assessment process to identify auditable risks. The ERM and audit planning processes are interrelated, with each informing the other as the processes proceed. Internal audit considers the risk of fraud during the execution of its audits. The Company conducts periodic reviews and testing to ensure continuing effectiveness of compliance programs/controls. • Air Products assesses risks across functions, such as safety, health, the environment (including water), climate, finance and information technology. Our Environmental,

	<p>Health, and Safety (EHS) Risk Council assesses the potential impacts of proposed business activities/projects on the Company's overall EHS Risk portfolio and makes recommendations on whether or how to proceed.</p> <ul style="list-style-type: none"> • Due to the regional nature of our businesses and unique regulatory requirements in the regions or countries in which we operate, we also routinely assess regulatory compliance and controls. <p>Risk reporting</p> <ul style="list-style-type: none"> • At least annually, the ERM Committee reviews with the Board of Directors our enterprise risks; the processes, procedures, and controls in place to manage the risks; and the overall effectiveness of the risk management process. Each quarter the Internal Audit reports to the Audit and Finance Committee and provides the Board with a status update on primary risks. • Each year, Air Products reports in its Annual Report on Form 10-K its business risks that are informed by the ERM process and the sensitivity of financial instruments to market risks. Likewise, relevant ERM risks are considered for Air Products' materiality assessment that is used for the Company's sustainability strategy as well as annual sustainability reporting. • Risks identified at the functional and/or regional level are communicated across the Company to share lessons learned and effectively manage risk. • We encourage employees and stakeholders to report any operational, safety, health, environmental, climate, or other risks, including through our IntegrityLine, so that they can be addressed through our management systems.
Commitments	<p>Risk management culture and systems</p> <ul style="list-style-type: none"> • Air Products will continue to support a risk management culture that encourages the identification and sharing of risks, collaboration to assess risk impacts and develop corrective actions, and implementation of mitigation plans. • We will maintain or enhance our risk assessment processes, provide training where needed, and ensure resources are allocated for risk management and mitigation.
Administration	<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.² • 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.

¹The Global Risks Report 2023. World Economic Forum 2023. <https://www.weforum.org/reports/global-risks-report-2023>.

²See our most recent [Proxy statement](#) for responsibilities of the Board of Directors.