

Supply Chain Sustainability

Position Statement



Background	Supply chain risks vary widely, from political unrest to disruptions from climate change to other environmental, social, and governance issues. These risks not only affect suppliers but may also impact the reputation and profitability of companies they supply. As supply chains become more global and complex, so do the risks. To enhance the resilience of their supply chain, companies need to identify, understand, and engage with their suppliers on risks.
Approach	<p>Suppliers are an integral part of Air Products' team, enabling us to provide products and services to our customers and fulfill our sustainability initiatives. We use ~30,000 unique suppliers and service providers on an annual basis, including many suppliers that are local to our businesses. It is our policy and practice to provide maximum practical opportunities to diverse suppliers.</p> <p>Supplier Code of Conduct</p> <ul style="list-style-type: none">• We expect our suppliers to meet the minimum expectations for business conduct, environmental protection, and social responsibility outlined in our Supplier Code of Conduct, which is being integrated into templates for our supplier agreements and terms and conditions. <p>Supplier risk assessments</p> <ul style="list-style-type: none">• Air Products assesses supplier sustainability risks based on 1) supplier spend; 2) industry-level risks related to the environment, labor and human rights, ethics, and sustainable procurement; and 3) country-level risks related to the environment, health and social considerations, human rights, and ethics. These assessments enable us to understand and develop programs to address risks, as well as engage with specific suppliers to address major areas of concern.• Each year, Air Products evaluates its top global suppliers based on spend against sustainability criteria to identify which suppliers have sustainability commitments. Many of our top suppliers are energy companies, and we look for opportunities to work with them on increasing renewable energy procurement. <p>Supplier screening and management</p> <ul style="list-style-type: none">• Our supplier management process is a combination of prequalification and ongoing monitoring of supplier performance. We qualify new suppliers using commercial criteria and technical evaluations.• If non-compliance or systematic issues are identified for an existing supplier, our procurement teams work with the supplier to take proper corrective actions and rectify the issue. This allows for a continuous improvement process that enhances strategic relationships with suppliers.

	<p>Supplier development</p> <ul style="list-style-type: none"> • It is our policy and practice to provide maximum practical opportunities to diverse suppliers. In the United States, we offer advice and guidance to assist small business, woman owned, minority owned, and small disadvantaged businesses to build relationships and becoming successful suppliers to us. Additional information is available on our Supplier Diversity Program.
<p>Commitments</p>	<p>Ongoing commitments</p> <ul style="list-style-type: none"> • We will continue to: <ul style="list-style-type: none"> ○ Strengthen our supplier risk assessment, screening, and development programs. ○ Engage with suppliers on environmental, social, and governance topics to improve performance and solicit their feedback for our materiality assessments. ○ Work with energy suppliers to increase our use of renewable energy. ○ Provide opportunities for diverse suppliers. ○ Publicly report on our programs and performance related to supply chain sustainability.
<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.¹ • 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.

¹See our most recent [Proxy statement](#) for responsibilities of the Board of Directors.