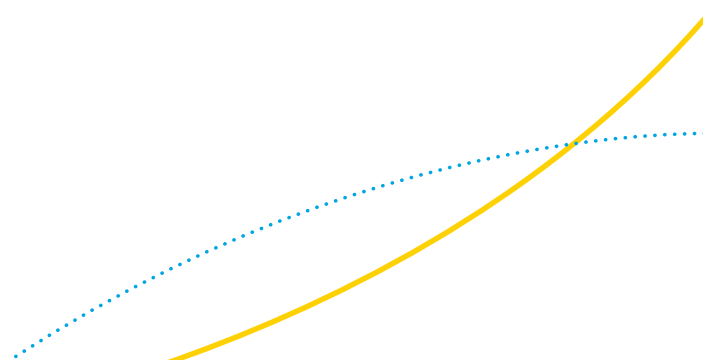




GREEN FINANCE REPORT

January 31, 2024



INTRODUCTION

Air Products is a world-leading industrial gases company that provides essential gases, related equipment, and applications expertise to customers in dozens of industries around the world. Our sustainability-driven two-pillar growth strategy consists of the expansion and efficient operation of our core industrial gases business, which supplies critical products and services that lower our customers' emissions and increase efficiency and productivity, as well as execution of projects that provide world-scale clean hydrogen. Through our green and blue hydrogen and other first mover projects, we will commit more than \$15 billion by 2027 to low- and zero-carbon projects, demonstrating our commitment to making investments that will make a meaningful difference on climate issues, allowing us to support our customers' sustainability journeys, conserve resources, and care for our employees and communities.

Air Products is the first U.S. chemical company to issue a green bond with green and blue hydrogen as an eligible expenditure category. Our inaugural green bond, issued on March 3, 2023, consisted of two tranches: \$600 million aggregate principal amount of U.S. dollar-denominated fixed-rate notes and €700 million (USD equivalent of \$749 million) aggregate principal amount of Euro-denominated fixed-rate notes. The issuance followed the publication of Air Products' [Green Finance Framework](#) that further aligns our financing activities with our sustainability strategy and commitments.

Morningstar Sustainalytics, a leading global provider of environmental, social, and governance (ESG) research and ratings, has completed and published a [Second Party Opinion \(SPO\)](#) on Air Products' Green Finance Framework. The firm reviewed Air Products' Green Finance Framework and determined that the planned use of proceeds is consistent with Air Products' sustainability strategy. Sustainalytics' SPO offers investors additional insight into the alignment of Air Products' Green Finance Framework with the Green Bond Principles.

Air Products Use of Proceeds Bond Issuance Details

Issuer	Air Products and Chemicals, Inc.
Issuer rating	A2 / A (S / S)
Format/Form	Senior Unsecured, SEC Registered
Issue Date	March 3, 2023
Use of Proceeds	Eligible Green Projects ¹
EU	
Issued Amount	€700 million
Tenor	12-year
Maturity Date	March 3, 2035
Coupon	4.0%
ISIN	XS2595036554
US	
Issued Amount	\$600 million
Tenor	10-year
Maturity Date	March 3, 2033
Coupon	4.8%
ISIN	US009158BF29

GREEN FINANCE FRAMEWORK AND USE OF PROCEEDS

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. Hydrogen plays a key role in helping the world move forward with the energy transition and in building a cleaner, more sustainable future.

As a world-leading hydrogen producer, Air Products is taking major steps to accelerate the energy transition. We are aiming to drive decarbonization of heavy transportation and industrial sectors that are hard to electrify by investing in low-carbon hydrogen projects today.

Below are notable projects that would qualify for funding under the Green Finance Framework.

NEOM Green Hydrogen Complex, Saudi Arabia

In the sands of northwestern Saudi Arabia, work is underway to build the world's largest green hydrogen project. Air Products, in conjunction with ACWA Power and NEOM, are building a multi-billion-dollar, world-scale green hydrogen-based ammonia production facility powered by renewable energy. The maximum funding from our use of proceeds bond that we would attribute to this project will be limited to our equity contribution into this project.

Once onstream, this world-scale facility will supply 600 tons per day of carbon-free hydrogen for heavy-duty transportation and industrial applications around the world. The green hydrogen can power >10,000 trucks and save ~5 million tons of carbon dioxide (CO₂) equivalents annually.

Air Products will be the exclusive off-taker of the green ammonia produced at the facility and intends to transport it around the world to be dissociated to produce green hydrogen for global markets.

Net Zero Hydrogen Energy Complex in Edmonton, Alberta, Canada

Air Products' new net-zero hydrogen energy complex will make Edmonton, Alberta, the center of western Canada's hydrogen economy. The transformative hydrogen facility will deploy auto-thermal reforming (ATR) technology that enables over 90 percent of the CO₂ generated to be captured. The CO₂ will then be transported via pipeline and safely stored underground.

In addition, to avoid the indirect emissions associated with using electrical power from the grid, the complex includes a 100 percent hydrogen-fueled power generation unit. This unit is oversized to power the production facility and enable excess power to be supplied to the Alberta grid.

The facility also will be integrated with Imperial Oil Limited's new neighboring renewable diesel facility. Imperial will produce renewable diesel from locally sourced non-petroleum feedstocks, using a process that produces a biogenic renewable off-gas (ROG) byproduct. This ROG will be used as an additional feedstock to Air Products' hydrogen complex, displacing natural gas and further enhancing the overall carbon emissions profile.

The unique combination of integrating the ROG feedstock, associated carbon capture, and export of clean power more than offsets any remaining CO₂ emissions not directly captured. This means this landmark facility can achieve net-zero emissions.



World Energy SAF Project, California, United States









This multi-billion-dollar expansion project will produce Sustainable Aviation Fuel (SAF) for World Energy from renewable feedstocks at a plant located in Paramount, California. This site will be the world’s first and North America’s only commercial-scale SAF production facility.

The project builds on Air Products’ commitment to support the energy transition and advance California’s decarbonization goals by producing a renewable fuel to meet the growing demands of the aviation industry.

The facility is expected to have a total capacity of 340 million gallons per year and is estimated to reduce emissions by airlines equivalent to 3.8 million zero-carbon flights between Los Angeles and New York by 2050.

FRAMEWORK OVERVIEW

Air Products’ Green Finance Framework outlines the methodology and principles for green finance instruments that may be issued by Air Products to finance and/or refinance eligible projects contributing to our sustainability strategy. The Framework is designed to ensure any Green Finance Instruments issued by Air Products are aligned with the Green Bond Principles² and Green Loan Principles³, which are voluntary process guidelines that outline best practices when issuing bonds and/or loans serving environmental purposes through global guidelines and recommendations that promote transparency and disclosure, thereby underpinning the integrity of the market. Air Products will disburse or allocate an amount equal to the net proceeds to finance and/or refinance, in whole or in part, (“Eligible Projects”) from any of the categories of Eligible Projects summarized below. For complete details on eligible projects and intended benefits, please see Air Products’ [Green Finance Framework](#).

Green Project Category	Eligibility Criteria Summary	UN SDGs ⁴	Objective/Summary of Intended Benefits
Pollution Prevention and Control – Green and Blue Hydrogen and Green and Blue Ammonia	Expenditures and investments related to the development, construction, installation, repair, and maintenance of hydrogen or ammonia production projects and assets, including infrastructure for ammonia conversion and/or disassociation, R&D, carbon capture units, and systems to facilitate the transport of captured CO ₂ .	   	Green and blue hydrogen and ammonia are vital to a low-carbon future and a key technology to decarbonize hard-to-abate sectors and provide efficient zero tailpipe emission transportation fuels. Carbon capture technologies enable a substantial reduction in CO ₂ emissions from carbon intensive industries and processes. ⁵
Renewable Energy	Expenditures and investments related to the design, construction, installation, and maintenance of Qualifying Renewable Energy assets and long-term power purchase agreements (PPAs) or virtual power purchase agreements (vPPAs) from Qualifying Renewable Energy ⁶ sources with a term of at least five years.	 	Utilize renewable energy as a power source to help reduce GHG emissions from operations and related supply chain emissions.
Sustainable Aviation Fuel	Expenditures and investments related to the development, construction, and installation of aircraft fuels manufacturing facilities that utilize renewable and non-fossil fuel based inputs, with a resulting lifecycle emissions intensity of 50% to 75% less than a conventional aircraft fuel.	 	Utilize low-emissions fuels to reduce the greenhouse gas footprint of aircraft travel.

GOVERNANCE

A Committee of representatives from Air Products' Treasury and Sustainability Teams is responsible for evaluating whether expenditures are eligible for inclusion in our portfolio of Eligible Projects based on the sustainability priorities set forth in the definition of Eligible Projects. The Committee adheres to Air Products' existing policies and procedures when assessing perceived social and/or environmental risks associated with the relevant projects.

For each Green Finance Instrument, Air Products committed to publish an annual Green Finance Report that provides a use of proceeds report and an impact report. The use of proceeds report and the impact report will be provided until full disbursement and/or allocation of the net proceeds, and in the event of any material changes, until the relevant maturity date.

USE OF PROCEEDS FOR ELIGIBLE PROJECTS

As of June 30, 2023, Air Products has disbursed or allocated \$1,349 million to Eligible Projects, of which \$868 million (64 percent) was disbursed or allocated to green and blue hydrogen and green and blue ammonia projects and \$481 million (36 percent) was disbursed or allocated to sustainable aviation fuel:

	Use of Proceeds for Eligible Projects (\$ million) *		
	Refinancing	New financing	Total Eligible Projects
Pollution Prevention and Control – Green and Blue Hydrogen and Green and Blue Ammonia	\$724	\$144	\$868
Sustainable Aviation Fuel	\$481	\$0	\$481
Total	\$1,205	\$144	\$1,349

*All net proceeds have been disbursed or allocated to projects that are not yet operational

Refinancing and new financing are based on the date the bonds were issued (March 3, 2023). Refinancing represents expenditures from October 1, 2021 through March 31, 2023, while expenditures from April 1, 2023 through June 30, 2023 represent new financing.

All proceeds have been disbursed or allocated.

PROJECTED ANNUAL IMPACTS OF GREEN PROJECTS RECEIVING ALLOCATIONS

The impacts of Air Products' green financing investments are projected based on current designs and engineering calculations. Actual benefits will be realized as the projects come onstream.

Green Project Category	Green Impact Metrics	Projected Annual Impacts
Pollution Prevention and Control – Green and Blue Hydrogen and Green and Blue Ammonia	<ul style="list-style-type: none"> Hydrogen capacity in metric tonnes (tH₂) CO₂ avoided from green and blue hydrogen in metric tonnes of CO₂ equivalents⁷ (tCO₂e) 	<ul style="list-style-type: none"> 940,000 12,000,000
Sustainable Aviation Fuel	<ul style="list-style-type: none"> CO₂ or other GHG emissions avoided and/or reduced (tCO₂e) 	<ul style="list-style-type: none"> 3,000,000

In total, we expect approximately **15 million metric tons of CO₂e** will be avoided on an annual basis through these projects.

Footnotes:

¹ As defined in Air Products' [Green Finance Framework](#)

² Green Bond Principles 2021 (International Capital Market Association acting as secretariat to the Principles) <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

³ Green Loan Principles 2021 (Loan Market Association) https://www.lma.eu.com/documents-guidelines/documents?itemid=502&search_str=green%20loan

⁴ [United Nations Sustainable Development Goals](#)

⁵ This is a summary of the anticipated benefits of this category. Please see Air Products' [Green Finance Framework](#) for complete details.

⁶ For purposes of this framework, Qualifying Renewable Energy is defined as wind and solar power.

⁷ The universal unit of measurement of GHG emissions that considers the global warming potential (GWP) of each of the six GHGs, expressed in terms of the GWP of one metric ton of carbon dioxide (tCO₂e).

MANAGEMENT'S ASSERTION REGARDING DISBURSEMENTS FOR ELIGIBLE PROJECTS

Air Products and Chemicals, Inc. (“Air Products” or the “Company”) is responsible for the completeness, accuracy, and validity of the Company’s Eligible Projects Disbursements Report (the “Report”) whereby management asserts that an amount equal to or in excess of the \$1,349 million of net proceeds from the issuance of March 3, 2023 USD Senior Notes and Eurobonds was disbursed during the period from October 1, 2021 through June 30, 2023 (the “Eligible Period”) for the Eligible Project Categories shown in the Report below in accordance with the Eligible Project Criteria defined below.

Eligible Project Categories & Eligibility Project Criteria

- 1) **Pollution Prevention and Control – Green and Blue Hydrogen and Green and Blue Ammonia** Expenditures and investments related to the development, construction, installation, repair, and maintenance of hydrogen or ammonia production projects and assets, including infrastructure for ammonia conversion and/or disassociation, R&D, carbon capture units, and systems to facilitate the transport of captured CO₂.
- 2) **Sustainable Aviation Fuel**
 - a) Expenditures and investments related to the development, construction, and installation of aircraft fuels manufacturing facilities that utilize renewable and non-fossil fuel-based inputs.

Air Products and Chemicals, Inc. (“Air Products” or the “Company”) Eligible Projects Disbursement Report
For the period from October 1, 2021, through June 30, 2023, for the Senior Notes and Eurobonds
\$Amounts in Million

Net Proceeds from Senior Notes Issuance

Issuance Date:	March 3, 2023
USD Senior Notes due March 3, 2033	\$600
Eurobond due March 3, 2035	\$749
Total Net Proceeds	\$1,349

Disbursements for Eligible Projects for the periods detailed below:

Category	Period	Amount Disbursed ¹
Pollution Prevention and Control-Green and Blue Hydrogen and Ammonia	October 1, 2021-June 30, 2023	\$868
Sustainable Aviation Fuel	October 1, 2021 - June 30, 2023	\$481
Total Disbursements		\$1,349

¹ Amount disbursed may not reflect the full project cost.

INDEPENDENT ACCOUNTANT'S REPORT



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Independent Accountant's Report

To the Management of Air Products and Chemicals, Inc.:

We have examined management of Air Products and Chemicals, Inc.'s (the "Company") assertion, included in the accompanying Management's Assertion Regarding Disbursements for Eligible Projects ("Management's Assertion Report"), that an amount equal to or in excess of the \$1,349 million net proceeds from the March 3, 2023 issuance of 4.800% USD Senior Notes due 2033 and the March 3, 2023 issuance of 4.000% Eurobonds due 2035 (collectively the "Green Bond Issuance") was disbursed by the Company during the period from October 1, 2021 through June 30, 2023, for Eligible Projects in accordance with the Eligibility Project Criteria set forth in Management's Assertion Report ("management's assertion"). The Company's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination was not conducted for the purpose of evaluating (i) the completeness of the amount disbursed for Eligible Projects set forth in Management's Assertion Report during the period from October 1, 2021 through June 30, 2023, (ii) the environmental benefits of and performance metrics related to the Eligible Projects, or (iii) conformance of the Eligible Projects with any third-party published principles, standards or frameworks, such as the Green Bond Principles, published by the International Capital Market Association. Accordingly, we do not express an opinion or any other form of assurance other than on management's assertion included in the accompanying Management's Assertion Report.

The information included within the Introduction and pages 1 to 4 of the Air Products and Chemicals, Inc. Green Finance Report is presented by management and is not part of management's assertion. The information included within the Introduction and pages 1 to 4 has not been subjected to the procedures applied in the examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on it.

In our opinion, management's assertion that an amount equal to or in excess of \$1,349 million net proceeds from the Green Bond Issuance was disbursed by the Company during the period from October 1, 2021 through June 30, 2023, for Eligible Projects in accordance with the criteria set forth in Management's Assertion Report is fairly stated, in all material respects.

Deloitte & Touche LLP
January 31, 2023

Disclaimer

This Framework contains certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company. These forward-looking statements are based on the Company's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of the Company to control or estimate precisely. You are cautioned not to place undue reliance on the forward-looking statements (as well as information and opinions) contained herein, which are made only as of the date of this document and are subject to change without notice. The Company does not undertake any obligation or responsibility to release any updates or revisions to any forward-looking statements and/or information to reflect events or circumstances after the date of publication of this Framework. Our use of the term "material" in this Framework relates to materiality to our stakeholders in their analysis of our performance on environmental, social, or governance topics and does not imply materiality as such term is used for purposes of the securities laws of any jurisdiction. This Framework represents current Company policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This document is not intended to be and should not be construed as providing legal or financial advice. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party. This Framework does not constitute a recommendation regarding any securities of the Company or any subsidiary or affiliate of the Company. This Framework is not, does not constitute, nor it should be interpreted as, or form part of, any offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of, any solicitation of any offer to underwrite, subscribe for or otherwise acquire or dispose of, any securities issued or to be issued by the Company or any of its subsidiaries in the U.S. or any other jurisdiction. Any decision to buy or invest in securities shall be made solely and exclusively on the basis of the information set out in the pertinent prospectus or equivalent or related documentation filed or otherwise made available to prospective investors by the Company or its subsidiaries. Thus, this Framework does not constitute a prospectus or other offering document and no securities have been or will be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state of the U.S. or any other jurisdiction. Neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Under no circumstances will the Company or its affiliates, representatives, directors, officers and employees have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this document or its contents or otherwise arising in connection with the document or the above-mentioned presentation.

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