

**AIR PRODUCTS AND CHEMICALS, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**  
**Amended 18 May 2017**

The following corporate governance guidelines of the Board of Directors of the Company have been approved by the Board of Directors and provide the framework for the corporate governance of the Company. These guidelines may be amended by the Board.

1. Role and Functions of the Board

The Company's business is conducted by its employees and officers under the direction of the Chief Executive Officer (CEO) and the oversight of the Board. The Board of Directors is elected by the stockholders to provide advice and counsel to and oversee management to assure that the long-term interests of the stockholders are being served.

In addition to its general oversight of management and duties imposed by law, the Board also performs a number of specific functions, including:

- a. Selecting, evaluating, compensating, and planning for the succession of the Chief Executive Officer and providing counsel and oversight on the selection, evaluation, development, and compensation of other Executive Officers;
- b. Reviewing, monitoring, and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
- c. Overseeing the processes that are in place to safeguard the Company's assets and mitigate risks;
- d. Ensuring processes are in place for maintaining the integrity of the financial statements and compliance with law and ethics; and
- e. Selecting and nominating candidates for election to the Board, selecting directors to fill vacancies on the Board, and ensuring the suitability of the Board's composition for advancing the Company's long-term value.

## 2. Director Independence

It is the Board's policy that a substantial majority of its members be nonemployee, independent directors.

- a. To qualify as independent, directors must meet the New York Stock Exchange (the "NYSE") independence standards and all other applicable legal requirements for assuring independence from the Company and its management. The NYSE standards preclude a determination of independence if:
- Within the last three years, the director was an employee, or his or her immediate family member was an executive officer of the Company;
  - The director or an immediate family member is a current partner of the Company's external audit firm; the director is employed by such firm; the director's immediate family member is employed by such firm and personally worked on the Company's audit; or the director or an immediate family member within the last three years was a partner of such firm and personally worked on the Company's audit;
  - Within the last three years, the director received or his immediate family member received more than \$120,000 per year in direct compensation from the Company other than director and committee fees and pension or other forms of deferred compensation;
  - Within the last three years, the director was employed, or his or her immediate family member was employed, as an executive officer of another company where any of the Company's present executives serves on the compensation committee; or
  - The director is an executive officer or an employee, or his or her immediate family member is an executive officer, of another company that, within the last three years, made payments to or received payments from the Company for property or services that exceeded the greater of \$1 million or 2% of such other company's annual consolidated gross revenues.

For purposes of these guidelines, immediate family member includes a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and anyone who shares the person's home.

- b. The NYSE standards also call for the Board to determine, in its business judgment, that there are no other direct or indirect material relationships between any nonemployee director and the Company which would affect the director's exercise of independent judgment in carrying out his or her responsibilities as a director of the Company. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable, and family relationships among others. Consistent with the NYSE standards, the Board has determined that the following types of relationships are categorically immaterial:
- Any business transactions or relationships involving sales or purchases of goods or services between the Company and a director's employer or an employer of a director's family member, which occurred more than three years prior to the independence determination, or involve less than 1% of such employer's annual consolidated gross revenues where the transaction takes place on the same terms and conditions offered to third parties or on terms and conditions established by competitive bid, and the director's or family member's compensation is not affected by the transaction;
  - Charitable contributions by the Company to an organization in which the director or his or her immediate family member serves as an executive officer, director, or trustee that occurred more than three years prior to the independence determination, were made pursuant to the Company's matching contributions program, or were less than the greater of \$1 million or 2% of the organization's gross revenues;
  - Membership of a director in the same professional association, social, fraternal, or religious organization or club as an Executive Officer of the Company;
  - A director's past matriculation at the same educational institution as an Executive Officer of the Company;
  - A director's service on the Board of another public company on which an Executive Officer of the Company also serves as a Board member, except for prohibited compensation committee interlocks;
  - A director's service as a director, trustee, or executive officer of a charitable or educational organization where an Executive Officer of the Company also serves as a director or trustee.

- c. In affirmatively determining the independence of any director who will serve on the Management Development and Compensation Committee (the “Compensation Committee”) of the Board, the Board shall consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director’s ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:
- the source of compensation of such director, including any consulting, advisory, or other compensatory fee paid by the Company to such director; and
  - whether such director is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company.

When considering the sources of a director’s compensation in determining independence for purposes of Compensation Committee service, the Board should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the Company’s executive compensation. Similarly, when considering any affiliate relationship of a director in determining independence for purposes of Compensation Committee service, the Board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the Company’s executive compensation.

- d. Notwithstanding the above, no director may serve on the Audit Committee or Compensation Committee of the Board if he or she has received within the past or preceding fiscal year, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company, other than in his or her capacity as a member of the Board or a Committee of the Board; and no director may serve on the Compensation Committee of the Board unless such director has never been an employee or officer of the Company, does not have beneficial ownership in excess of 50% in any entity which has received any remuneration from the Company within the past or preceding fiscal year and does not have more than a 5% beneficial interest in and is not employed by an entity which received more than de minimis remuneration from the Company, as defined by regulations under Section 162(m) of the Internal Revenue Code.

- e. Each director or potential director has an affirmative duty to disclose to the Corporate Governance and Nominating Committee (“Governance Committee”) relationships between and among that director (or an immediate family member), the Company, and management of the Company (or an immediate family member), including any potential conflict of interest, whether or not required for public disclosure, in order to allow for a comprehensive determination of a director’s independence. When considering candidates for the Board, the Governance Committee, with input and advice from the Chief Executive Officer (“CEO”), the General Counsel, and the Secretary, evaluates the extent to which, if any, a candidate’s other activities may impinge on his or her independence as a Board member. The Governance Committee also makes recommendations to the Board when relationships are such that a candidate can no longer be considered independent.

### 3. General Director Responsibilities

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interests of the Company and its stockholders. Members of the Board should conduct themselves in accordance with the highest standards of integrity and ethical behavior in the discharge of their duty to safeguard the long-term interests of the stockholders.

Directors are expected to attend Board meetings and meetings of committees on which they serve; to ask incisive, probing questions and require accurate and honest answers; to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities; and to review in advance of meetings information and data distributed to directors which are important to their understanding of the business to be conducted at a meeting. Directors are expected to attend annual stockholder meetings except in the event of an emergency or unavoidable schedule conflict.

### 4. Executive Sessions of Independent Directors

The nonmanagement directors generally meet without the CEO or other members of management present at each regular Board meeting except during the month of the annual CEO performance review, which is itself conducted in an executive session of nonmanagement directors. In addition, the nonmanagement directors may meet without the CEO or other members of management present at anytime during any Board meeting upon the request of the Lead Director. Executive sessions are presided over by the Lead Director, who shall determine the agenda for such sessions in

consultation with other directors. After each executive session, the Lead Director shall provide feedback to the CEO, as appropriate.

5. Board Leadership; Lead Director

a. Board Leadership

The Board does not have a policy on whether the roles of Chairman of the Board and Chief Executive Officer should be separate or whether the Chairman of the Board should be independent. The Board will determine which structure is in the best interests of the Company at any given time.

b. Chairman

The Chairman will have the duties assigned by the Board. It is the Board's current policy that the Chairman's duties include:

- Chairing meetings of the Board;
- Overseeing the preparation of agendas for meetings of the full Board;
- Overseeing the process of informing the Board through timely distribution of information and reports;
- Serving as an ex-officio, non-voting member of each standing committee of the Board, except the Executive Committee, of which he shall be a member. The Chairman's participation as an ex-officio member at any meeting will not affect the presence or absence of a committee's quorum. In acknowledgement of the numerous committee meetings, the Chairman will decide, in his sole discretion, which committee meetings he will attend; and
- Such other duties, such as communication with external stakeholders, as the Board may specifically request.

c. Lead Director

The Lead Director will have the duties assigned by the Board. It is the Board's current policy that the Lead Director's duties shall be:

- Presides at executive sessions of the Board and any other time the Chairman is not present and communicates feedback to the CEO.
- Determines agenda for executive sessions of nonmanagement directors.
- Has principal authority to convene independent directors meeting (not exclusive).

In the event of the Lead Director's absence from a Board meeting at which an executive session will be held, the Chairman may appoint any Committee Chair to temporarily fulfill the role of Lead Director.

The Governance Committee shall recommend to the Board a candidate for election as Lead Director. The Lead Director shall be elected by majority vote of the Board for a term to expire at the end of the third annual stockholders' meeting following his or her assumption of the position. A director may not serve consecutive terms as Lead Director. The Governance Committee may establish processes for the evaluation of the role of the Lead Director and the Lead Director's performance.

## 6. Board Composition; Director Qualifications and Selection

### a. Board Structure

The Board determines the appropriate board size, in the range of five to fifteen directors, consistent with the Company's by-laws. If a director's death, resignation, or removal creates a vacancy in between annual meetings, the Board may elect a new director to fill the vacancy or may decrease the size of the Board, either temporarily, until a qualified candidate is identified by the Governance Committee, or permanently.

### b. Qualifications

As a whole, the Board should include individuals with a diverse range of experience to give the Board depth and breadth in the mix of skills represented to complement management's knowledge and skills in support of the Company's strategy. While all directors should possess business acumen and must exercise sound judgment in the oversight of the Company's operations, the Board endeavors to include an array of targeted skills and experience in its overall composition rather than requiring every director to possess the same skills, perspective, and interests. Criteria that the Board looks for in Board candidates include, among other things, an individual's business experience and skills, judgment, independence, integrity, and ability to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company's interests and an ability to represent the interests of all stockholders.

### c. Selection of New Director Candidates

The Board, with the assistance of the Governance Committee, is responsible for assembling appropriate expertise within its membership

as a whole, including financial literacy and expertise needed for members of the Audit Committee as required by applicable law and NYSE listing standards. The Board has delegated the screening process to the Governance Committee which receives the input of and works with the Chairman, CEO, and Secretary and, with the assistance of recruiting firms as and if retained by the Committee, identifies and interviews candidates. The invitation to join the Board is made by the Chairman, on behalf of the full Board, based on the recommendation of the Governance Committee and the approval of the Board. Stockholders of record may also nominate persons for election as directors upon delivery to the Secretary of timely written notice in proper form of the intent to make a nomination at a meeting of stockholders or in accordance with the Governance Committee's Policy on Consideration of Director Candidates Recommended By Shareholders and Procedure for Submission, which is attached as Exhibit I.

#### 7. Reelection of Directors

The Board determines whether to nominate its members for reelection by stockholders at the annual stockholders' meeting with the help of the Governance Committee. In considering whether to recommend a member for reelection, the Governance Committee shall consider the member's attendance, diligence, and overall contribution to the Company, as well as the need to replenish Board composition as required by changes in the environment and the Company's strategy and attendant risks.

Any incumbent director nominated for re-election as director who is not re-elected in accordance with the Company's Bylaws shall tender his or her resignation to the Governance Committee for its consideration following certification of the election results. The Governance Committee will make a recommendation to the Board, in its discretion, as to whether to accept the resignation. The Board will consider all factors it deems relevant to the best interests of the Corporation, make a determination in its discretion, and publicly disclose its decision within 90 days after certification of the election results.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee's recommendation or the Board's action regarding whether to accept the resignation. However, if the majority of the members of the Governance Committee fail to receive a sufficient vote for re-election, then the remaining directors shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.



8. Number, Independence, and Responsibilities of Board Committees

The current committees of the Board are: Audit Committee, Governance Committee, Environmental, Safety and Public Policy Committee, Executive Committee, Finance Committee, and Compensation Committee. The Audit Committee, Governance Committee, and Compensation Committee are comprised solely of independent directors. The responsibilities, duties, and authorities of each of the current committees are described in the charters for the committees which are available on the Company's website. Upon the recommendation of the Governance Committee, the Board may update the charters of existing committees, form a new committee, or disband a current committee.

9. Assignment and Rotation of Committee Members

After consultation with the Chairman and considering the desires of individual directors, the Governance Committee recommends to the Board for approval the assignment of directors to various Board committees. Normally, each nonemployee director should serve on two committees and no individual should chair two committees at the same time. Consideration is given to rotating committee members periodically to promote fresh thinking and to avoid the actual or apparent loss of independence. Such rotation is not mandated since there may be reasons to maintain an individual director's committee membership, such as continuity, subject matter expertise, tenure, and experience.

10. Frequency and Length of Meetings

Upon recommendation of the Chairman and the Secretary, the Governance Committee proposes annual Board and committee schedules for full Board approval, taking into consideration, respectively, the functions of the Board enumerated in these Guidelines and the responsibilities of each committee stated in the committee's charter. The Chairman, Secretary, and, in the case of committees, the particular committee chair, agree on the length of regular meetings and the need to schedule additional special meetings.

11. Meeting Agendas, Materials, and Presentations

The Chairman establishes the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda, a process facilitated by the periodic assessment of Board performance. Annual Board and committee agenda plans are proposed by the Chairman and Secretary in consultation with the committee chair, reflecting input from directors and appropriate members of management and staff. Over the course of the year the

Chairman, Secretary, and committee chair set actual committee meeting agendas and develop appropriate meeting materials. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman, the Secretary, or appropriate committee chair at any time.

Management provides to the directors, between, before, and during meetings, information relevant to the Board's understanding of developments affecting the business and highlighting matters to be considered and decided at the meetings. The overall goal is for the Board to be able to focus on consideration of the merit of the proposal or strategy rather than on the explanation of its details. The Board expects to receive candid and timely information on potential problems and be given an opportunity to discuss strategic decisions before they are made.

Meeting materials for committee meetings are discussed with the committee chair in advance of distribution to the other committee members. Information reported to the full Board at its meeting following committee meetings is determined by the committee chair.

12. Regular Attendance of Nondirectors at Board Meetings

The General Counsel, Chief Financial Officer, and the Secretary regularly attend all or portions of Board meetings. Other members of management are asked to attend Board and committee meetings as the Chairman, Secretary, and appropriate committee chair determine to be appropriate for pertinent agenda items for the dual purpose of providing additional insight into the items being discussed and giving managers exposure to the Board.

13. Board Access to Senior Management and Independent Advisors

The Board has access to managers through Board and committee meetings where operating and other officers are in frequent attendance, and through presentations made by other members of management at those meetings.

Between meetings, directors may have complete access to Air Products management. Directors are encouraged to contact managers without senior corporate management being present regarding subjects or issues relating to Company business of particular interest to them. The Board assumes that directors will use judgment to be sure that this contact is not distracting to business operations. Such contacts, if in writing, are generally copied to the CEO or the Secretary.

Because the information and expertise relevant to the Board's regular oversight and decision-making responsibilities will normally be found within

the Company, the main responsibility for providing assistance to the Board rests on the internal organization. There may, however, be occasions when it is necessary or appropriate for the Board or its committees to seek legal or other expert advice from a source independent of management and, accordingly, the Board and its committees are empowered to select, engage, and consult with their own independent financial, legal, or other advisors at the expense of the Company.

Special counsel retained to conduct independent investigations likely to implicate Company officers should report directly to the Board or an appropriate committee and should not be an individual or a firm that the Company regularly uses as outside counsel or that derives a material amount of revenues from the Company.

#### 14. Board Compensation

The compensation program for nonemployee directors is designed to enable them to build a significant equity interest in the Company to align their personal financial interests with those of the stockholders. A significant portion of directors' total compensation is paid in Company stock equivalents. Equity compensation plans in which directors participate are submitted to stockholders for approval as and when consistent with NYSE listing standards and other applicable legal requirements.

The Governance Committee monitors Board compensation practices and periodically receives reports from the Secretary comparing the Company's director compensation with industry practice. As appropriate, the Governance Committee recommends changes in Board compensation for discussion and approval by the full Board.

All elements of the director compensation program constitute normal directors fees for purposes of maintaining the independence of the nonemployee directors consistent with NYSE standards and other applicable legal requirements.

#### 15. Director Stock Ownership

To emphasize the importance of long-term alignment with stockholders, the Board has adopted stock ownership requirements for directors. Directors are expected to own shares or share equivalents with a value (based on the NYSE closing price) equal to five times the annual cash retainer by the end of the fifth fiscal year after joining the Board. Directors will be expected to increase their holdings to reflect an adjustment in the annual cash retainer within a reasonable period of time following the adjustment, subject to the initial five-

year grace period. Once a director has met the requirement, if there is a subsequent decline in the Company's share price that causes the director's ownership level to fall below this guideline, the director will not be expected to purchase additional shares to meet the guideline, but should refrain from selling or transferring shares until the guideline is again satisfied.

16. Director Orientation and Continuing Education

Orientation for new directors consists of receiving background information about the Company's business, and general information about the Board and its committees and a director's duties and responsibilities. Some of this information is included in written materials and some is provided in initial briefing sessions to familiarize the directors with the Company's operations, strategic plans, significant financial, accounting, and risk management issues, and its key policies and practices. Continuing education for directors may be conducted through a number of methods, including presentations concerning the Company's strategies, initiatives, business plans, industry issues and general business and regulatory matters; on-site meetings and plant tours; and other appropriate programs and interactions with management and employees. Directors are also encouraged to attend ongoing corporate governance and other educational programs related to their service as directors of a public company. It is the Company's policy to reimburse reasonable expenses of such attendance.

17. Assessing the Board's Performance

The Board conducts a self-assessment of its performance each year led by the Governance Committee. The self-assessment process is also used as an opportunity to identify process improvements to promote a high degree of informed engagement in the Board's discussions and deliberations.

The Governance Committee establishes and oversees processes by which the committees of the Board evaluate their performance as measured against their responsibilities as set forth in the respective committee charters. The Audit, Governance, and Compensation Committees of the Board conduct an annual performance evaluation and report the results of the evaluation to the Board. Other Committees may periodically conduct a performance assessment at the request of the committee chair or the Governance Committee.

18. Director Tenure Policies

Directors who have never been employed by the Company are expected to tender their written resignation for consideration by the Governance

Committee upon a change in principal position other than due to normal retirement or upon another development or change in circumstance that could impair effectiveness as a director. The Governance Committee will make a recommendation to the full Board as to whether to accept the resignation.

Nonemployee directors may not continue on the Board after the annual meeting following the earlier of the director's completion of fifteen full years of service on the Board or the director's attainment of age 75, unless requested to stay on by the Board. Any director who is a Company employee, including the Chairman, shall retire from the Board upon retirement from active employment, unless requested to stay on by the Board.

In light of current events and recruiting realities, the Board retains the flexibility to waive provisions of this tenure policy from time to time, both with regard to current directors and to attract director candidates.

#### 19. Limit on Number of Directorships and Audit Committees

Each director must devote the time and attention necessary to fulfill the obligations of a director. Service on other boards often broadens and deepens the knowledge and experience of directors. In addition, executives who serve on other boards frequently gain valuable insight and experience useful in running their own companies. However, service on too many boards can interfere with an individual's ability to perform his or her responsibilities. Before accepting an additional board position, a director should consider whether the acceptance of a new directorship will compromise the ability to perform his or her responsibilities to the Company and its stockholders. Without specific approval from the Board, a director should not serve on more than five other public company boards. In addition, directors who are chief executive officers of publicly-traded companies should not serve on more than two other public company boards.

Nonemployee directors are expected to discuss with the Chairman and the Governance Committee any intention to accept a new public company directorship and members of the Audit Committee are expected to discuss with the Chairman and the Governance Committee any intention to accept a new public company audit committee assignment. Nonemployee directors are also expected to refrain from accepting, or to resign from, any directorship if the Governance Committee or the Chairman determines such a relationship to be inadvisable and not in the Company's best interests, for example, if such directorship involves a possible violation of law, an actual or apparent conflict, or might otherwise interfere with the appropriate discharge of the director's duties to the Company.

The CEO is expected to discuss with the Governance Committee any intention to accept a new public company directorship.

20. CEO Performance Review

The Compensation Committee annually reviews the performance of the CEO with the independent directors in executive session. The Chair of the Committee communicates the result of the review to the CEO. The evaluation is based on criteria developed by the Committee with Board input. These include Company performance, creation of stockholder value, and leadership and direction to various Company constituents. The evaluation is used by the Committee in the course of its deliberations when considering the compensation of the CEO.

21. Succession Planning

The Company has a time line and process for CEO succession and a crisis succession plan which would be implemented if the CEO could not serve due to an emergency. The CEO reviews organization and succession plans at least annually with the nonemployee directors, covering potential candidates for key positions should vacancies occur unexpectedly in the near term as well as over the longer term. The CEO discusses organization changes with the Board throughout the year, obtaining Board approval of changes affecting Executive Officer positions.

22. Board Communication with Stockholders

The Board believes that, as a general matter, management speaks for the Company. Directors should refrain from communicating with various constituencies involved with the Company without prior approval from the Chairman and appropriate members of management. In situations where public comments from the Board may be appropriate, they should come only from the Chairman or a member of the Board designated by the Board.

The Board does provide a means by which persons, including stockholders and employees, may communicate directly with directors with regard to matters relating to the Company's corporate governance and performance. The Board has adopted a procedure for collecting, organizing, and forwarding communications with the Board, which is attached as Exhibit II.