



Introduction

IPG Photonics Corporation (“IPG”) submits this report (the “Report”) pursuant to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) to outline IPG’s efforts to prevent and reduce the risk of forced labour or child labour occurring in our business during the year ended December 31, 2023. IPG is committed to preventing the occurrence of forced labour and child labour in our operations and supply chains. We do not tolerate child labour, forced labour or any other form of slavery and we expect our suppliers to commit to ethical and responsible business practices and support our values. We are also subject to reporting requirements under the United Kingdom’s Modern Slavery Act 2015, California’s Transparency in Supply Chains Act, and The German Supply Chain Due Diligence Act (LkSG).

IPG’s Structure and Business

IPG began operations in 1990, and we were incorporated in Delaware in 1998. Our principal executive offices are located at 377 Simarano Drive, Marlborough, Massachusetts 01752. We are listed on the Nasdaq Global Select Market (ticker: IPGP).

IPG develops, manufactures and sells high-performance fiber lasers, fiber amplifiers and diode lasers that are used for diverse applications, primarily in materials processing. We market our products internationally, primarily through our direct sales force. Our major manufacturing facilities are located in the United States and Germany.

As of December 31, 2023, we had approximately 6,180 full-time employees. As a global company, our employees are distributed throughout our more than thirty locations in twenty-four countries. Of our total full-time employees, approximately 2,310 were in the United States and 1,490 were in Germany.

Our Supply Chains

IPG directly sources from over 700 third party vendors from approximately 20 different countries. IPG’s sourced goods consist primarily of direct material for production purposes, such as electrical, electronic and mechanical parts and components, and capital equipment, machines and tools. IPG’s suppliers in the US and Germany comprise more than 80% of its total sourced goods by spend. Most of IPG’s supplier relationships are short-term contracts governed by general purchase order terms and conditions; however, IPG has some negotiated supply contracts for certain goods and suppliers. IPG’s Divisional Vice President - Director, Procurement, World Wide Purchasing oversees IPG’s supply chains.

Our Policies and Due Diligence Processes

IPG conducts business in compliance with applicable law and in an ethical and socially responsible manner. IPG supports international principles aimed at promoting human rights and fair treatment as described in the United Nations’ Universal Declaration on Human Rights, the Fundamental Conventions of the International Labour Organization (“ILO”) and the ILO Declaration on Fundamental Principles and Rights at Work. Based on international labor and

human rights standards, as well as best practices across the global business community, IPG developed policies outlining its approaches to combating involuntary labor and human trafficking, which include:

1. Human Rights Policy. IPG strictly prohibits using or benefiting from involuntary or forced labor (including bonded, debt bondage, indentured and involuntary prison labor), commercial sex, slavery, or trafficking of persons. IPG does not engage in or benefit from any form of child labor and complies with all applicable laws and regulations prohibiting or restricting the employment of minors. IPG follows ILO Minimum Age Convention 138 and will not hire any individual under the age of 15 or who is underage under local applicable laws and regulations. If IPG determines that any employee is underage, IPG will terminate such employment and take appropriate remedial steps informed by the child's best interest.
2. Anti-Human Trafficking Policy. IPG has an established zero-tolerance policy prohibiting human trafficking-related activities. Under the policy, involuntary or forced labor (including bonded, debt bondage, indentured, and involuntary prison labor), commercial sex, slavery, or trafficking of persons is prohibited. IPG is committed to maintaining and improving its systems and processes to ensure we comply with all rules and regulations regarding human trafficking and any forced labor in our operations and supply chain.
3. Code of Business Conduct. At IPG, all employees are responsible for adhering to the values and guidelines included in our Code of Business Conduct. IPG is committed to running a moral, ethical and trustworthy enterprise. The Code of Business Conduct highlights our regulations and values to help employees identify and avoid any unethical actions that would discredit our reputation and ethical standards.
4. Supplier Code of Conduct. We require our suppliers to abide by all applicable laws and regulations relating to human rights and observe all standards set forth in ILO Forced Labor Convention No. 29 and ILO Abolition of Forced Labor Convention No. 105. Suppliers must not directly or indirectly use forced or involuntary labor, whether prison, bonded (including debt bondage), indentured or otherwise, child labor, slavery or trafficking of persons. Suppliers must not recruit, transport, transfer, harbor or receive persons, by means of the threat or use of force or other forms of coercion, abduction, fraud or deception, for the purpose of exploitation. We also require suppliers to follow the requirements defined in the ILO Minimum Age Convention No. 138. Specifically, suppliers must not hire minor individuals under 15 years of age, or 14 years of age where local law allows, or under the legal minimum age for employment in the country, whichever is greatest. Suppliers must not permit any individual under 18 years of age to perform work that might jeopardize their health and/or safety.

Whenever possible, IPG works with suppliers who are ISO 9001:2015 certified and are committed to business integrity, human rights, protection of information and EHS management. Our suppliers adhere to the global, fundamental principles of human rights including the freedom of association, right to organize, abolition of forced labor, elimination of child labor, equality and anti-discrimination rights, and provision of legally mandated employee benefits – the same way IPG does.

5. Whistleblower Policy and Complaints procedures. IPG complies with all applicable security laws and regulations, accounting standards, accounting controls, audit practices

and bribery prohibitions. Any IPG employee may submit a good faith complaint about suspected violations of law or ethics to IPG management without fear of dismissal or retaliation. In 2023, we updated localized versions of whistleblower policies and procedures, focusing on employee awareness, and access as well as clarity of designated reporting channels. Employees and third parties may submit a whistleblower complaint, either directly to IPG management or anonymously through IPG's whistleblower hotline. Instructions for submission of complaints are available in the respective policies and on IPG's website.

6. Responsible Minerals Sourcing. IPG is committed to the responsible sourcing of tin, tantalum, tungsten and gold used in our products. IPG conducts annual due diligence of its tier-1 suppliers to determine the sourcing of conflict minerals in its products and to request confirmation that suppliers do not supply IPG with any conflict minerals that funded conflict. IPG will not knowingly source any conflict minerals from sources that fund conflict. If IPG's due diligence reveals that any of IPG's suppliers have provided IPG with goods or metals that funded conflict, IPG will seek alternative sources for such goods or metals. IPG files a conflict minerals report with the SEC.

At IPG, risk management is a priority for our Board of Directors and senior management. Effectively monitoring and managing risk are essential to the successful execution of IPG's business strategy. Managers at IPG have the power to manage, mitigate and elevate risks to senior management. The Board has oversight for risk management with a focus on the most significant risks, including strategic, operational, financial and compliance risks.

Risks of Forced Labour and Child Labour in our Business and Supply Chains

As a manufacturer of components and systems that incorporate minerals sourced through a complex supply chain, IPG is at risk of conflict minerals that potentially funded conflict being introduced into its direct and indirect supply chains. To minimize the risk of forced labour and child labour in its supply chain, IPG conducts due diligence on an annual basis modeled after the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains.

We perform supplier screening and check new suppliers against global sanctions and enforcement databases to identify international trade risks. We also require our suppliers contractually to comply with IPG's Supplier Code of Conduct and all applicable laws and regulations relating to human rights and responsible sourcing.

Measures Taken to Remediate Forced or Child Labour or the Loss of Income to the Most Vulnerable Families

IPG has not identified any forced or child labour risks in its supply chain. Accordingly, IPG has not taken any remediation measures.

Employee Training

IPG ensures that new employees are trained and educated about our values and policies and that they review the policies periodically. Employees' questions on any such policy may be addressed to the proper officers and Human Resources. IPG provides the channels to report any violations under the policies and encourages all employees, suppliers, and customers to

use them as needed and not to be silently complacent. IPG is assessing the potential implementation of a training program for IPG's employees engaged in procurement functions.

Measuring Our Effectiveness

No actions have yet been taken to assess IPG's effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains. IPG will be assessing the feasibility of any such actions in the future.

Board approval

The Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of IPG Photonics Corporation.

In my capacity as Chief Executive Officer and a Director of IPG Photonics Corporation, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Eugene Scherbakov Ph.D.

Chief Executive Officer and Director

May 22, 2024

I have authority to bind IPG Photonics Corporation.



Eugene Scherbakov Ph.D.