

Global Modern Slavery and Human Trafficking Transparency Disclosure

Introduction

The California Transparency in Supply Chains Act, the UK Modern Slavery Act, and Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (collectively, the "Acts") are designed to prevent child labor, slavery, forced or compulsory labor, and human trafficking. To achieve these goals, these Acts require businesses to disclose their efforts to address these risks both in own business operations and their supply chains. In compliance with these requirements, IPG Photonics Corporation makes this disclosure (the "Disclosure") outlining its efforts to prevent and reduce the risk of forced labor, child labor, modern slavery, and human trafficking ever occurring in its supply chain during the year ended December 31, 2024.

Unless expressly stated otherwise, IPG, "we," "us," and "our" in this disclosure refer to parent company IPG Photonics Corporation and its global subsidiaries.

IPG's Structure and Business

IPG began operations in 1990, and we were incorporated in Delaware in 1998. Our corporate headquarters 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, 2024, we had approximately 4,700 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 41% were in the United States and 34% were in Germany.

Our Supply Chains

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 the majority of IPG's 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 Commitments, Policies and Due Diligence Processes

IPG is committed to preventing the occurrence of forced labor, child labor and human trafficking in our operations and supply chains. We do not tolerate any child labor, forced labor or any other form of slavery and we expect our suppliers to commit to ethical and responsible business practices and support our values.

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 Labor 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 ethical principles 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 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. 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.

Assessment of Risks associated with Forced Labor and Child Labor in our Business and Supply Chains

Supplier Chain Risk Assessment. We leverage third-party assessment tools to ensure comprehensive risk analysis within our supply chain. Our initial assessment identifies abstract risks based on supplier location, industry, violation history, and media screening. High-risk suppliers are then prioritized for deeper engagement and assessment, considering their importance to IPG and our leverage. When issues arise, we implement a risk mitigation process. In 2024, this assessment covers Tier 1 suppliers, who are encouraged to extend our requirements to their own suppliers.

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 labor and child labor 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.

Grievance Mechanism. IPG employees or suppliers who suspect illegal or improper conduct violating laws or IPG's policies can report it through the established channels, including anonymous hotline. Instructions and the grievance process are available in IPG's policies, onsite posters, and published on IPG's website. IPG requires its suppliers to allow their employees to report code violations to IPG without fear of retaliation.

Measures Taken to Remediate Risks or Actual Violations

In 2024, IPG did not identify any confirmed instances of forced or child labor within its supply chain. Consequently, no specific remediation measures aimed at addressing existing violations or preventing their recurrence were implemented. However, IPG takes preventative measures targeting higher-risk suppliers. For example, IPG encourages them to adopt practices that reduce the likelihood of violations, such as establishing grievance mechanisms, updating company policies, and implementing specific procedures. We also provide these suppliers with resources and educational materials through our third-party assessment tools to support their preventative efforts.

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.

Employee Training

Employees review our Code during orientation, followed by mandatory online training. Employees are also required to take refresher training every two years. The training is developed and performed by an independent third-party provider. Employees are timely informed about updates of the Code and required

to complete an additional bi-annual online training. IPG also ensures that new employees are educated about our values outlined in other policies and that they review these policies periodically. Employees' questions on any such policy may be addressed to the proper officers and Human Resources.

Measuring Our Effectiveness

To ensure the effectiveness of our efforts to assess and mitigate risks related to forced labor, child labor, and human trafficking, IPG:

- Regularly reviews its relevant policies and procedures.
- Tracks key performance indicators, including the number of reported and resolved grievance cases, the number of suppliers passing enhanced risk assessments, and changes in supplier risk scores.
- Collaborates with suppliers to evaluate the impact of their actions taken in response to our requests and the effectiveness of our communication.
- Gathers stakeholder feedback on the effectiveness of our current measures during materiality assessments.

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 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.

Mark M. Gitin, Ph.D.
Chief Executive Officer and Director
May 28, 2025

Signed by:

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(Signature)

I have the authority to bind IPG Photonics Corporation.