



IPG PHOTONICS CORPORATION SUPPLIER CODE OF CONDUCT

IPG Photonics Corporation and its global affiliates and subsidiaries (collectively, “IPG”) conducts business in compliance with applicable law and in an ethical and socially responsible manner. IPG is committed to the fundamental values of integrity, fairness, mutual respect, teamwork, and innovation. IPG has adopted this Supplier Code of Conduct (“Supplier Code”) to clarify IPG’s global expectations of its suppliers in the areas of ethics, business integrity, human rights, protection of information, health and safety and environmental management.

IPG’s Supplier Code applies to all suppliers, vendors, contractors, agents, consultants, sales representatives, distributors and all other providers of goods, services and technologies who conduct business with IPG entities worldwide (collectively, “Suppliers”). For purposes of the Supplier Code, all raw materials, parts, components, equipment, tools, supplies or other physical materials, as well as technical data and technology, shall be collectively referred to as “Goods”.

- I. **Ethics and Compliance with Laws.** Suppliers are expected to conduct their business in an ethical manner and to act with integrity. Ethical requirements include the following aspects:
 - a. **IPG Code of Business Conduct.** All Suppliers are expected to comply with the IPG Photonics Corporation Code of Business Conduct in all transactions with or relating to IPG. The Code is located at [https://s22.q4cdn.com/882440284/files/doc_downloads/governance/2019/IPG Photonics Code of Conduct-2019-EN-\(1\).PDF](https://s22.q4cdn.com/882440284/files/doc_downloads/governance/2019/IPG_Photonics_Code_of_Conduct-2019-EN-(1).PDF).
 - b. **General Compliance With Laws.** Suppliers must at all times act ethically and comply with all applicable United States, international and local laws and regulations, in the conduct of their activities relating to or in connection with their relationship with IPG.

- II. **Financial Responsibility.** Suppliers must comply with all applicable laws, rules and regulations concerning proper financial conduct. Appropriate conduct includes Supplier’s compliance with the following:
 - a. **Bribes and Other Improper Payments.** Suppliers must never directly or indirectly offer, solicit, accept, make or provide any bribe, kickback or other improper payments or anything of value to any government officials, political parties, candidates for public office, or other persons for the purpose of obtaining or retaining business or gaining an improper advantage relating to any Goods, service or technology they provide to IPG. This prohibition includes facilitation payments intended to expedite or secure performance of a routine governmental action, even in locations where such activity may not violate local law. Suppliers must exert due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of consultants.



- b. **Gratuities.** Suppliers must not directly or indirectly offer, make or provide any personal favor, loan, gift or other benefit to any IPG director, officer or employee, or any close family member of any IPG director, officer or employee, other than a casual favor or entertainment or non-money gift of nominal value that could not reasonably be expected to influence decisions relating to the Supplier.
- c. **Conflicts of Interest.** Suppliers must not have any direct or indirect ownership, employment, consulting, financial or other arrangement or relationship with any IPG director, officer or employee or any spouse or other close family member of any IPG director, officer or employee that could potentially influence decisions related to the supplier or its products, services or technology or otherwise give rise to a conflict of interest with IPG.
- d. **Securities Laws and Insider Trading.** Suppliers must comply with all applicable securities and insider trading laws, rules and regulations and must never use any information that they may receive or obtain in connection with their relationship with IPG, whether the information relates to IPG, any of its customers or other suppliers, a potential acquisition or disposition, or otherwise, to buy or sell stock or other securities of IPG or any other entity.
- e. **Currency Controls.** Suppliers must comply with all applicable currency controls and never directly or indirectly participate in or cooperate with any money laundering scheme in connection with any matter involving or relating to IPG or any product, services or technology they provide to IPG.

III. Labor and Working Conditions. Suppliers must protect the rights of their employees and treat them with dignity and respect. This includes the following aspects:

- a. **General.** Suppliers must comply with all applicable laws, rules and regulations concerning anti-discrimination, equal employment opportunity, harassment, wages, working hours and conditions of employment in all hiring and employment practices. Suppliers should not discriminate in hiring practices or any other term or condition of work on the basis of any characteristics that may be protected by applicable law, such as race, ethnicity, religion, color, sex, national origin, age, military veteran status, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information, or mental or physical disability, consistent with any and all applicable law.
- b. **Human Rights and Forced Labor.** Suppliers must abide by all applicable laws and regulations relating to human rights. Suppliers shall not directly or indirectly use forced, bonded (including debt bondage), indentured or child labor, involuntary prison labor, slavery or trafficking of persons. Suppliers shall 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. Suppliers shall only use workers who meet minimum age requirements in the locations in which they operate.

- c. **Harassment.** Suppliers must ensure that their employees are afforded an environment that is free from physical, psychological, and verbal harassment or abusive conduct consistent with any and all applicable law.
- d. **Substance Abuse.** Suppliers must maintain a workplace free from illegal use, possession, sale, or distribution of controlled substances consistent with any and all applicable law.
- e. **Safety.** Suppliers shall provide their employees with safe and healthy working conditions. Facilities should be built and maintained in accordance with the standards set by applicable laws and regulations and employees should be adequately trained to perform their jobs safely.

IV. Protection and Security of Information.

- a. **Confidential Business Information.** Suppliers must properly manage IPG's confidential and proprietary business information, including the financial or business terms of any agreement with IPG, information concerning IPG's sales and marketing plans and any other IPG information that is not freely available to the public. Suppliers must not use any information received from IPG for any purpose other than the business purpose for which it was provided.
- b. **Intellectual Property Protection.** Suppliers must respect and comply with all laws governing intellectual property rights. Suppliers must protect IPG's intellectual property, including patents, trademarks, copyrights, designs, trade secrets, specimens, models and know-how. Suppliers must ensure that the Goods, services or technologies provided do not infringe the intellectual property of others. Suppliers must never make or permit any unauthorized use of proprietary designs or drawings, patents or other intellectual property that they receive, obtain, are licensed or are otherwise permitted to use in connection with their relationship with IPG.
- c. **Personal Information.** Suppliers must comply with all applicable data privacy laws and not use any personal information received from IPG for any purpose other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information. Suppliers must assure extension of these requirements to all sub-tier suppliers they employ, and must implement and maintain physical, organizational and technical measures as required by applicable data privacy laws to ensure the security and confidentiality of personal information and prevent the accidental, unauthorized or unlawful disclosure, destruction, alteration, modification or loss of such information.



V. Global Trade Compliance for Goods, Technology and Technical Data

- a. **Compliance with Laws.** Suppliers must comply with all applicable laws, rules, regulations, directives and other legal requirements relating to the trade of all Goods.
- b. **Import/Export.** Suppliers must ensure that their business practices are in accordance with all applicable laws, directives, and regulations governing the import and export of Goods.
- c. **Security.** When applicable under the Customs–Trade Partnership Against Terrorism (“C-TPAT”), Suppliers must implement practices and procedures to ensure the security of their supply chains. Suppliers must take all steps necessary to maintain the security of facilities where IPG products are manufactured or where IPG processes are exercised or maintained in accordance with IPG’s directives and consistent with the security procedures and processes recommended as part of C-TPAT. All Suppliers must comply with these guidelines when shipping Goods to IPG in the United States.
- d. **Country of Origin and Manufacture.** Suppliers must identify the country of origin of each article (product/component) on both the Goods and on every level of packaging and to provide proper documentation on every shipment to comply with all applicable laws and regulations. For example, all Goods that are marked “Made in USA” or similar, or by virtue of their design or packaging imply that they are “Made in USA”, shall comply in all respects with the U.S. Federal Trade Commission Guidelines regarding product marking.
- e. **Anti-Boycott.** Suppliers must not participate in, cooperate with, or further the cause of any unsanctioned foreign economic boycott, in accordance with the 1977 Export Administration Act and the 1976 Tax Reform Act.
- f. **Export Controlled Regulations.** Suppliers shall provide the appropriate Export Control Classification Number (ECCN) for Goods if controlled by Department of Commerce’s Bureau of Industry and Security and/or ITAR category if controlled by Department of State’s Directorate of Defense Trade Controls or any other U.S. Government entity.
- g. **Prohibited Countries and Entities & Denied Party Screening.** Suppliers shall not sell to IPG anything manufactured or touched by a prohibited country or entity as determined by any department of the U.S. government, including the Office of Foreign Asset Controls (“OFAC”) of the Treasury Department and the denied party lists and watch lists published by the U.S. government or other applicable authorities.

VI. Responsible Sourcing.

- a. **Conflict Minerals.** Suppliers must adhere to federal disclosure laws and regulations requiring U.S. public companies to conduct due diligence concerning their use of tin, tantalum, tungsten and gold (“3TG”) that may have originated in the Democratic Republic of the Congo (“DRC”) or an adjoining country. Suppliers shall conduct due diligence on the source and chain of custody of the 3TG in the Goods and report their



findings to IPG upon request. Upon receipt of information indicating that Supplier may have provided Goods containing 3TG to IPG that were sourced from the DRC region and may have funded armed conflict in the DRC region, Supplier shall either require its original supplier to seek an alternative source for such materials or immediately seek alternative sources for such materials. Additional information concerning 3TG reporting may be found at <https://www.sourcingnetwork.org/minerals/>.

- b. **Quality and Counterfeit Parts:** Suppliers must develop, implement, and maintain methods and processes appropriate to their products to prevent introducing counterfeit parts and materials into the Goods sold to IPG. Suppliers must have effective processes in place to detect counterfeit parts and materials, to provide notification to recipients of counterfeit product(s) when warranted, and to exclude them from the Goods delivered to IPG. Industry guidance documents can be referenced at www.sae.org.

- VII. **Compliance with Environmental Standards.** Suppliers must comply with all applicable environmental, health and safety laws, regulations, and directives including but not limited to REACH, RoHS, ISPM 15, anti-lead, California Prop 65, Transportation HazMat/Dangerous Goods regulations, and their global equivalents. Suppliers should protect the health, safety, and welfare of their people, visitors, and others who may be affected by their activities.
- VIII. **Management Systems.** Commensurate with the size and nature of their business, Suppliers are expected to implement management systems to facilitate compliance with all applicable laws and to promote continuous improvement with respect to the expectations set forth in the Supplier Code. Suppliers must establish appropriate training measures to allow their managers and employees to gain an appropriate level of knowledge and understanding of the contents of the Supplier Code, relevant applicable laws and regulations and generally recognized industry standards and best practices. Suppliers should implement their own written code of conduct and flow down the principles in IPG's Supplier Code to the entities that furnish Suppliers with goods and services.
- IX. **Verification of Compliance.** Suppliers must allow IPG or its representatives to inspect and audit their facilities, must complete questionnaires or surveys when requested, and must otherwise cooperate with IPG's efforts to maintain adherence with IPG's Supplier Code. Supplier's non-compliance with IPG's Supplier Code shall constitute cause for IPG to terminate for default any or all outstanding purchase orders, contracts and agreements with Suppliers without penalty, liability or obligation. This Supplier Code does not supersede any obligations of Supplier to IPG under applicable law or agreement.
- X. **Reporting Potential Violations or Misconduct.** Suppliers who believe that any employee of the Supplier or IPG, or anyone acting on behalf of Supplier or IPG, has engaged in illegal or



otherwise improper conduct in violation of the Supplier Code should report the matter to IPG. Suppliers must allow their employees to report violations of the Supplier Code of Conduct to IPG without threat of retaliation or punishment. Suppliers' relationships with IPG will not be affected by honest reports of potential misconduct made in good faith. To report suspected violations, Suppliers can contact their business counterpart at IPG or, if the Supplier is not comfortable reporting the suspected violation directly, by using one of IPG's anonymous reporting methods below:

Telephone:

- English speaking USA and Canada: **(855) 600-0036** (not available from Mexico)
- Spanish speaking North America: **(800) 216-1288** (from Mexico user must dial 001-800-216-1288)
- Employees outside of North America: **800-603-2869**

Telephone instructions, including country codes and dialing instructions, for employees outside of North America can be found at <https://www.lighthouse-services.com/documentlink/International Toll-free Hotline Access Instructions.pdf>

Website: <http://www.lighthouse-services.com/ipgphotonics>

E-mail: reports@lighthouse-services.com (must include company name with report)

Fax: (215) 689-3885 (must include company name with report)

The anonymous reporting helpline is a 24/7 hotline administered by a third-party agency, not IPG.