



UK Modern Slavery Act Transparency Statement

IPG Photonics Corporation makes this statement under the UK Modern Slavery Act 2015 on behalf of itself and its subsidiaries (collectively, “IPG”). IPG supports the UK Modern Slavery Act and affirms IPG’s commitment to identify and address the risks of modern slavery and human trafficking across our business.

About Our Business

IPG is the leading developer and manufacturer of a broad line of high-performance fiber lasers, fiber amplifiers and diode lasers that are used for diverse applications, primarily in materials processing. Fiber lasers are a type of laser that combine the advantages of semiconductor diodes, such as long life and high efficiency, with the high amplification and precise beam qualities of specialty optical fibers to deliver superior performance, reliability and usability.

IPG’s Business Model

IPG is vertically integrated such that we design and manufacture most of the key components used in our finished products, from semiconductor diodes to optical fiber preforms, finished fiber lasers and amplifiers. We also manufacture complementary products used with our lasers including optical delivery cables, fiber couplers, beam switches, optical processing heads and chillers. In addition, we offer laser-based and non-laser based systems for certain markets and applications. Our vertically integrated operations allow us to reduce manufacturing costs, control quality, rapidly develop and integrate advanced products and protect our proprietary technology.

IPG’s Relevant Practices and Policies

IPG is committed to ensuring IPG’s business operations reflect our values and our belief that everyone should be treated with dignity and respect. IPG prohibits its suppliers from using slave or child labor or engaging in human trafficking. IPG will not tolerate the use of slave or child labor in the manufacture of our products and will not accept products or services from suppliers that engage in human trafficking in any form. IPG implements its commitment through [IPG’s Terms and Conditions of Purchase](#) and through IPG’s sound business and governance policies, including [IPG’s Code of Business Conduct](#), [IPG’s Supplier Code of Conduct](#), and [IPG’s Anti-Human Trafficking Policy](#).

IPG hires well-qualified, talented people to help us achieve our mission. We are committed to creating safe and secure workplaces and working environments. IPG employs a fair and equitable approach in its hiring practices, and all recruitment procedures and wages are compliant with applicable local laws and regulations.

IPG believes in freedom of employment, which means all work should be done voluntarily. No employee should be forced to work against their will. Our employees may terminate their employment by giving any required contractual or statutory notice. IPG strictly prohibits child labor and the employment of children below the applicable minimum legal age.

IPG's Due Diligence Process

As set forth in IPG's Supplier Code of Conduct, IPG requires legal compliance, fairness and integrity throughout its supply chain. From time to time and when legally required, IPG will evaluate the overall compliance of its suppliers. These audits seek to monitor whether suppliers are conducting their business in an ethical manner, treating their employees fairly and complying with all applicable labor and employment laws and standards, including wage and hour and related legal requirements that ensure a safe and fair workplace.

IPG's Management of Supply Chain Risks

IPG's Terms and Conditions of Purchase ([US Purchase Terms](#) and [Germany Purchase Terms](#)) are the foundation of IPG's efforts to ensure that social and environmental responsibility and ethical conduct exists throughout our supply chain. IPG's Terms and Conditions of Purchase ensure that our suppliers comply with the anti-slavery, human trafficking and responsible sourcing laws.

IPG's [Code of Business Conduct](#) requires all employees to report any suspected violations of law or IPG policies.

IPG's [Supplier Code of Conduct](#) requires all IPG suppliers to protect the rights of their employees and treat them with dignity and respect.

IPG also publishes a Conflict Minerals Report annually to disclose our due diligence efforts regarding the countries of origin of certain "conflict minerals" used in our supply chain, such as tantalum, tin, tungsten and gold (known commonly as "3TG").

IPG takes the following actions to ensure our suppliers' commitment to anti-slavery practices and human rights:

- Require direct suppliers to affirm that materials incorporated into our products comply with laws regarding slavery, child labor, human trafficking and conflict minerals of the country or countries in which we are doing business;
- Investigate if we have a reasonable basis to believe that one of our suppliers is engaging in human trafficking, use of slave or child labor or use of conflict minerals; and
- Seek alternative sources for goods or services from any supplier that is believed to be engaging in human trafficking, use of slave or child labor or use of conflict minerals if the supplier does not take corrective actions within a reasonable period of time

IPG's Awareness Program and Training

IPG's awareness program includes IPG's Code of Business Conduct training, IPG's Supplier Code of Conduct training and periodic review of IPG's Anti-Human Trafficking Policy.

IPG continues to develop a risk-based, responsible sourcing program that will assess this risk in our supply chain, train employees directly responsible for managing our supply chain, and establish auditing protocols for high risk third parties, as needed.

IPG makes this statement for the fiscal year ending December 31, 2020.

Angelo P. Lopresti
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IPG Photonics Corporation

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