

THE L.S. STARRETT COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS

Approved December 5, 2018

Starrett

Dear Fellow Employees,

Laroy S. Starrett founded this Company in 1880 on the principles of humanity, integrity and honesty. Throughout successive generations, we have strived to make Starrett one of the finest companies in the world.

The pursuit of excellence and integrity includes having a well-defined Code of Business Conduct and Ethics which embodies the highest standards of ethics and integrity, and which should serve as a source of pride for all of us.

The attached Code of Business Conduct and Ethics has been developed by Starrett's management and has been strongly endorsed by our Board of Directors. It summarizes the virtues and the principles that should guide all of our actions in the marketplace and our interactions with each other.

Our goal at Starrett is simply to be the best in everything we do. We want each one of our employees, officers and directors to be proud to be associated with Starrett and part of that pride stems from our commitment to practicing the highest ethical and professional standards.

No Code can hope to spell out the appropriate conduct and ethical behavior for every situation with which we are confronted. In the final analysis, we must rely on our own common sense and good judgment to know what is right. If you are faced with a situation that is unclear to you, do not hesitate to seek advice from your fellow workers, including any member of management.

As a company, we take pride in our open-door policy and this Code of Business Conduct and Ethics does not change that policy. In this Code, there are various people identified whom you can contact with any questions, concerns or help you may need. In addition to those individuals, Management remains available to discuss any job related situation that you believe is wrong or unjust. As always, you can meet with any member of Management to discuss any job related situation, including making an appointment to see me.

Thank you for your continued commitment to Starrett and to being the best. By following these principles, we have a stronger base on which to continue to build the great tradition that began in 1880.

Sincerely,



Douglas A. Starrett
President and Chief Executive Officer

THE L.S. STARRETT COMPANY

Code of Business Conduct and Ethics

1. GENERAL POLICY

It is and always has been the policy of The L.S. Starrett Company (the “Company” or “Starrett”) to conduct business with integrity. This means conducting business in compliance with all applicable laws, rules and regulations. We make this commitment to the consumers who purchase our products, to our customers, to our shareholders, to our community, to those government agencies that regulate us and to ourselves.

Each employee, officer and director must work to comply with the policies set forth in this Code of Business Conduct and Ethics (the “Code”). All employees, officers, and directors should review this Code and related materials. Because of the complex and changing nature of legal requirements, each member of the Company must be constantly vigilant to ensure that his or her conduct complies with the Code. We have posted a copy of this Code on the Company website at www.starrett.com so that others, including the Company’s shareholders and customers, can view it.

The Company takes compliance with laws, regulations, rules, and the Code seriously. Any violation of this Code may result in disciplinary action, which may include an oral or written warning, disciplinary probation, suspension, reduction in salary, demotion or dismissal from employment. These disciplinary actions also may apply to an employee’s supervisor who directs or approves the employee’s improper actions or is aware of those actions, but does not act appropriately to correct them or fails to exercise appropriate supervision. In addition to imposing our own discipline, if we feel that it is necessary, we may also bring violations of law or suspected violations of law to the attention of appropriate law enforcement personnel.

We need your help to comply with these policies herein. To that end, and to ensure that our policies are consistently applied, we have appointed a Compliance Officer. This individual is responsible for reviewing the Company’s compliance policies and specific compliance situations that may arise.

Under the Company’s Code of Business Conduct and Ethics, every employee has a responsibility to report known or suspected violations of the Code or any applicable law of which he or she becomes aware. Failure to report known or suspected wrongdoing of which any employee, officer or director has knowledge may, by itself, subject that person to disciplinary action.

Questions regarding the Code of Business Conduct and Ethics can be directed to the Compliance Officer at compliance@starrett.com or at (978) 249-3551, Ext. 167 or within the U.S. or Canada toll-free at (800) 396-7636. Foreign toll-free access codes to reach the telephone hotline from Australia, Brazil, China, Canada, Mexico and the United Kingdom are located in Appendix A, attached at the end of this document. Concerns about violations of any part of this Code made to the toll-free telephone number may be made anonymously.

Any calls, detailed notes and/or emails will be dealt with confidentially. Simply ask your question or give any information you may have. In raising an issue, you may remain anonymous, although you are encouraged to identify yourself. Should you choose to identify yourself, your identity will be kept confidential to the extent feasible or permissible under the law. You have our commitment and the commitment of the Governance Committee of our Board of Directors that you will be protected from retaliation. However, we reserve the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or has acted improperly.

Since the Company's directors, officers and employees generally have other obligations to the Company, this Code does not reduce or limit such other current or future obligations. The standards in this Code should be viewed as the minimum standards that the Company expects from its directors, officers and employees, and in addition to other Company obligations. The Code generally highlights some of the more important legal principles with which employees, officers and directors are expected to become familiar. The fact that the Code does not specifically reference other applicable laws (some of which may be covered in other Company documents) does not diminish their importance or application.

2. COMPLIANCE WITH THE LAW

We seek to comply with all applicable government laws, rules and regulations. We need the cooperation of all employees, officers and directors to do so and to bring lapses or violations to light. While some regulatory schemes may not carry criminal penalties, they control the licenses and certifications that allow us to conduct our business. Our continued ability to operate depends upon your help with compliance.

You need to be familiar with regulations that apply to your job. Among others, these regulations include:

- Occupational Safety and Health Regulations;
- Building, Safety, and Fire Codes;
- Labor, Wage and Hour Laws;
- Export Control Systems;
- Environmental Laws;
- Federal Trade Commission Labeling Regulations;
- Antitrust Regulations; and
- SEC Reporting Requirements.

3. CONFIDENTIAL INFORMATION

You may be entrusted with Starrett's confidential business information. You are required to safeguard and use such information only for official Starrett purposes. Confidential information includes all non-public information that might be of use to our competitors, or harmful to Starrett or its customers, if disclosed. You are expected to maintain the confidentiality of any and all such information entrusted to you by Starrett or our customers. Examples of confidential business information include our trade secrets, business trends, detailed sales, cost, and profit figures, new product or marketing plans,

research and development ideas or information like experiments, manufacturing processes and formulas, and information about potential acquisitions, divestitures and investments. Failure to observe this duty of confidentiality may compromise our competitive advantage over competitors and may additionally result in a violation of securities, antitrust or employment laws. It may also violate agreements providing for the protection of such confidential information. You should not discuss confidential Company information outside the Company with anyone, including your family. You are reminded that taking pictures or bringing cameras or other photographic equipment anywhere on Company property is not permitted, except with special permission from the Personnel Department on each occasion.

You may also possess sensitive, privileged information about our customers. These customers properly expect that this information will be kept confidential. We take customer confidentiality very seriously. Discussing a customer, or providing any information about customers to anyone other than with employees who need the information will have serious consequences. As with all confidential information, you should not discuss customer information outside the Company, even with your family.

4. INSIDER TRADING

Because our stock is a publicly-traded security, certain activities of Starrett are subject to the federal securities laws. These laws govern the dissemination or use of information about the affairs of Starrett or its subsidiaries or affiliates, and other information which might be of interest to persons considering the purchase or sale of the stocks or bonds. Violations of the federal securities laws could subject you and the Company to severe criminal and civil penalties. Accordingly, Starrett will not tolerate any conduct that risks a violation of these laws.

a. Disclosure of Transactions in Company's Securities

The Securities and Exchange Commission ("SEC") requires continuing disclosure of transactions in the Company's publicly traded securities by the Company, its directors, officers, major shareholders and other affiliated persons. We are committed to complying with these obligations.

b. Insider Trading

It is illegal for any person, either personally or on behalf of others, (i) to buy or sell securities while in possession of material nonpublic information, or (ii) to communicate (to "tip") material nonpublic information to another person who trades in the securities on the basis of the information or who in turn passes the information on to someone who trades. All directors, officers, employees and temporary insiders, such as accountants and lawyers, must comply with these "insider trading" restrictions.

All information that an investor might consider important in deciding whether to buy, sell or hold securities is considered "material." Information that is likely to or

may affect the price of securities is almost always material. Examples of some types of material information are:

- Financial and operating results for the month, quarter or year;
- Financial forecasts, including proposed or approved budgets;
- News of possible mergers, acquisitions, joint ventures, tender offers and other significant purchases and sales of products, businesses, companies and investments in companies;
- Changes in dividend policies;
- Obtaining or losing important contracts, customers or suppliers;
- Significant new products;
- Major personnel changes or changes in senior management; and
- Major litigation developments.

All information about Starrett or its business plans is potentially “insider” information until publicly disclosed or made available by Starrett. Thus, Starrett employees, officers or directors may not disclose it to others. This prohibition includes disclosure to relatives, friends, and business or social acquaintances. Information is considered to be nonpublic unless it has been effectively disclosed to the public (e.g. through a press release or by filings with the SEC). In addition to the public disclosure, the public must have had adequate time as a whole to digest the information. Generally, you can feel safe in assuming that information has become public as of the third business day after it has been released.

When an employee, officer or director knows material nonpublic information about Starrett, he or she is prohibited from three activities:

- Trading in the stocks or bonds for his or her own account or for the account of another (including any trust or other entity that buys or sells securities, such as a mutual fund, that the employee, officer or director is a trustee);
- Directing anyone else to trade for the employee, officer or director; and
- Disclosing the information to anyone else who then trades or in turn “tips” another person who trades.

Neither the employee nor anyone acting on the employee’s behalf, nor anyone who learns the information from the employee, may trade for as long as the information continues to be material and non-public.

Although it is most likely that any inside information you might learn will be about Starrett, the prohibitions described above also apply to trading in the securities of any company about which you have such information. Failure to abide by these

rules can lead to serious consequences (including criminal penalties) for both Starrett and the employee involved. If you are considering buying or selling stocks or bonds and are unsure whether the transaction might involve the improper use of material non-public information, you should obtain specific prior approval from the Chief Financial Officer (who in turn may ask advice from the Company's counsel). You are also strongly encouraged to consult with your attorney.

On a related point, no one should discuss Starrett's material nonpublic information in public areas, such as corridors, elevators and restaurants, and care should be taken in the handling and disposal of papers containing material nonpublic information. Any questions or concerns about disclosure of nonpublic information should be brought to the Chief Financial Officer.

5. PROTECTION AND PROPER USE OF COMPANY ASSETS

You should protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. All Company assets should be used for legitimate business purposes.

Everyone who works with the Company's computer-based resources is responsible for their appropriate use and protection from theft, damage or loss. You should take care to understand the risks in order to ensure that the security features of our computer-based resources are not compromised. Information created, transmitted or accessed on Company networks is Company property and we reserve the right to monitor or restrict access to it. Individual supervisors are responsible for ensuring Company resources are used productively and to enhance employees' skills and job performance.

Computer software used in connection with Starrett's business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement. If an employee has any questions as to whether a particular use of computer software is licensed, the employee should consult with the Compliance Officer.

The same level of care should be taken when using Starrett e-mail, internet and voice mail systems as is used in written documents. For example, confidential information about the Company should not be disclosed on electronic bulletin boards, in chat rooms or posted on an internet website.

6. CORPORATE OPPORTUNITIES

Employees, officers and directors are prohibited from (a) taking for him or herself personally opportunities that he or she discovers through the use of Company property, information or position, (b) using Company property, information or position for personal gain, and (c) competing with the Company. You owe a duty to the Company to advance our legitimate interests when the opportunity to do so arises. In addition, you may not receive any form of compensation from a third party for services that are within the scope of your employment without disclosing and receiving permission from the Compliance Officer.

7. **FAIR DEALING**

Employees, officers and directors should endeavor to deal fairly with our customers, suppliers, competitors and employees. You should not take unfair advantage of anyone through manipulation, falsification of records, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

8. **CONFLICTS OF INTEREST**

a. **General Policy**

Employees, officers and directors must avoid all potential conflicts of interest or situations that give the appearance of such conflict of interest. A conflict of interest occurs when your private interest (or an immediate family or household member or someone with whom you have an intimate relationship) interferes, in any way - or even appears to interfere - with your duties as an employee or with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when you (or a member of your family) receive improper personal benefits as a result of your position in the Company. Loans to, or guarantees of obligations of, such persons are of special concern.

To this end, you may not be employed by, act as a consultant to or have an independent business relationship with any of our customers, competitors or suppliers without first obtaining written permission from our Chief Executive Officer, nor may you invest in any customer, supplier, or competitor (other than through mutual funds or through holdings of less than one percent (1%) of the outstanding shares of publicly traded securities), unless you first obtain written permission from our Chief Executive Officer. You should not have other outside employment or business interests that places you in the position of (i) appearing to represent Starrett, (ii) providing goods or services substantially similar to those Starrett provides or is considering providing, or (iii) lessening your efficiency, productivity, or dedication to Starrett in performing your everyday duties. In addition, you may not divulge or use Starrett's confidential information, such as financial data, customer information, and computer programs for your own personal or business purposes.

Any personal or business activities that may raise concerns along these lines must be disclosed to and approved in advance by the Compliance Officer. You should also obtain the approval of the Compliance Officer when accepting a board position with a not-for-profit entity when there may be a Starrett business relationship with the entity or an expectation of financial or other support from Starrett.

b. Nepotism

If an employee wishes to do business on behalf of the Company with a member of that employee's immediate family or other relatives with a company of which a relative is an officer, director, or principal, the employee must first disclose the relationship and obtain the prior approval of the Compliance Officer.

We do not discourage employment of employee family members.

9. GIFTS, MEALS AND ENTERTAINMENT

a. Entertainment and Gifts

Employees should not accept gifts, discounts, payments, or other personal benefits or favors from individuals or firms that do business or propose to do business with us. In certain cases, because of protocol or courtesy, it may be appropriate to accept an unsolicited gift of nominal value. However, you should never accept gifts of money (or equivalents such as stocks or bonds or other financial assets). It may be appropriate to accept reasonable forms of entertainment (such as lunches, dinners, concerts or tickets to sporting events) in connection with business dealings, educational opportunities, or efforts to market the Company or our products. Supervisors will be responsible for monitoring the acceptances and determining the appropriateness of the gift and entertainment and monitoring the receipt of the same by employees.

The guiding principle is that no gift, favor or entertainment should be accepted or provided if it will obligate, or appear to obligate, the recipient. If you are uncertain about the propriety of a gift, you should contact the Compliance Officer for guidance.

b. Relationships with Government Personnel

Separate and more stringent gift, meals and entertainment rules apply to dealings with government officials. Federal and state anti-kickback laws prohibit the Company and our representatives from knowingly and willfully offering, paying, requesting or receiving any money or other benefit, directly or indirectly, in return for obtaining or rewarding favorable treatment in connection with the award of a government contract. Any employee who becomes aware of any such conduct should immediately report it to the Compliance Officer.

The anti-kickback laws must be considered whenever something of value is given or received by Starrett or its representatives or affiliates that is in any way connected to work performed for the government. There are many transactions that may violate the anti-kickback rules. As a result, no one acting on behalf of Starrett may offer or accept gifts, loans, rebates, services or payments of any kind to or from government suppliers and vendors without first consulting the Chief Executive Officer or Compliance Officer.

c. **Business Dealings in Foreign Countries**

As an international business, the Company is affected by the laws and business customs of the country in which it operates. Each employee wherever located is responsible for conducting his or her business activities in compliance with this Code and the laws of the foreign country in which he or she works. When an employee believes a conflict exists between the Code and the laws of a particular foreign country, he or she should bring the conflict to the attention of the Compliance Officer.

Federal law prohibits U.S. companies, and those acting on their behalf, from bribing foreign officials to obtain or retain business. Foreign officials include officers and employees of a foreign government or of a foreign governmental department or agency. Indirect payments including those to agents or third parties with the knowledge that at least a portion of the payment will be given to a foreign official for an illegal purpose are prohibited. You should inform the Company's Chief Financial Officer of any payments made by you to government officials. Failure to do so can expose you and the Company to liability under the Foreign Corrupt Practices Act. Other laws that may affect our international operations include the Anti-Bribery and Fair Competition Act and the Export Administration Act. If you have any questions regarding these legal requirements, contact the Chief Financial Officer.

10. **INTERACTING WITH THE GOVERNMENT**

a. **Relations with Government**

We value our good relations with local, state, federal and foreign governments. We are committed to being a "good corporate citizen" and are proud of the contributions we have made to help the communities where we do business.

Our policy is to deal honestly and fairly with government representatives and agents and to comply with valid and reasonable governmental requests and processes. Be truthful and straightforward in your dealings with governmental representatives and do not direct or encourage another Starrett employee (or someone else) to provide false or misleading information to any government agent or representative. Do not direct or encourage anyone to destroy records relevant to a fact-finding process. You are not permitted to alter, remove or destroy Company documents (paper, tape and computer records, etc.) or records except in accordance with applicable regular document retention and destruction policies.

b. **Response to Investigations or Government Inquiries**

Numerous state and federal agencies have broad legal authority to investigate us and review our records. We will comply with subpoenas and respond to government investigations as required by law. Management is responsible for coordinating our response to investigations and the release of any information.

If you receive an investigative demand, subpoena or search warrant involving Starrett, you should immediately bring it to the Chief Executive Officer. No documents should be released or copied without authorization from our Chief Executive Officer or our legal counsel. If an investigator, agent or government auditor comes to one of our manufacturing facilities, contact the Facility Manager immediately as well as the Chief Executive Officer or Chief Financial Officer; if an investigator, agent or government auditor comes to the corporate headquarters in Athol, the Chief Executive Officer or Chief Financial Officer should be contacted immediately. In the absence of the Facility Manager or Chief Executive Officer or Chief Financial Officer, contact the Compliance Officer. Ask the investigator to wait until the contacted individual arrives before reviewing any documents or conducting any interviews. The Compliance Officer, or someone designated by him, or our legal counsel is responsible for assisting with any interviews.

If you are approached by government investigators and agents while you are away from Company property and asked to discuss Company affairs, you have the right to insist on being interviewed during business hours with a supervisor or counsel present. Alternatively, you may choose to be interviewed or not to be interviewed at all. The choice of how to proceed in these circumstances is left entirely to you. If you choose to speak with government personnel, it is essential that you be truthful.

11. EMPLOYEE RELATIONS

a. Valuing Our Diversity

We benefit from having a diverse workforce. Diversity means that each employee brings to Starrett a unique set of abilities and perspectives that reflects his or her own life experiences. This adds to our culture of openness, teamwork and mutual respect. We are committed to an environment where all employees can contribute and have an opportunity to excel.

b. Discrimination

We are committed to maintaining a work environment that is free from discrimination, where every employee is treated with dignity and respect, differences are acknowledged, and individuals are valued. We make reasonable accommodations for individuals with disabilities in accordance with the law. Every employee has the right to equal treatment in employment at Starrett.

Discrimination is defined as making an adverse employment decision based on factors including, but not limited to, race, color, religion, gender, age, national origin, ancestry, sexual orientation, marital status, disability, military service or status or political beliefs. It is the responsibility of each of us to maintain an environment free from discrimination.

c. **Workplace Harassment**

Workplace harassment is conduct, whether intentional or unintentional, that is unwelcome, insulting or otherwise offensive. Workplace harassment is not necessarily sexual in nature. Some examples are:

- Any form of unsolicited, unwarranted and/or unwelcome verbal or physical abuse of another person
- Explicitly derogatory statements or materials
- Use of profanity
- Verbal or physical behavior that creates a hostile environment
- Discriminatory remarks made by someone in the workplace which
 - Are offensive to the recipient,
 - Cause the recipient discomfort or humiliation, or
 - Interfere with the recipient's job performance.

Those who violate this policy are subject to disciplinary action, up to and including possible termination of employment. If you believe that you or a fellow employee has been harassed or treated unfairly, you should immediately notify a supervisor or the Compliance Officer.

d. **Environmental Health and Safety**

We strive to protect the environment and the health and safety of our employees. We ensure such protection through full compliance with all applicable environmental laws and regulations. It is important to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

e. **Workplace Violence**

We do not tolerate any violence in the workplace. All employees should be able to work each day in an atmosphere of safety for themselves and their co-workers. Workplace violence includes, but is not limited to, any intimidation, verbal threat, physical attack, stalking, harassment or damage to property that occurs either on company premises or off premises during a company sponsored event. We are committed to preventing any act by any employee, outside contractor, or visitor that would put in fear or harm our employees.

Our employee manual specifies commonsense rules for conduct. We have made clear that violators of the rules of conduct will be disciplined up to and including discharge. Contractors and visitors are subject to the same rules. Those who do not abide by them will be asked to leave the premises immediately. In instances of

violence in the workplace, the Company will seek the assistance of law enforcement personnel and the courts to rigorously enforce our policy to assure a safe working environment. We will assist the police and the courts in prosecuting those who commit crimes in the workplace. Every employee can help us. Take any threat seriously and report it promptly to your foreman or supervisor. Report any sightings or suspicions of weapons being present in the workplace to your immediate supervisor or the Works Manager. Be watchful of any significant changes in a fellow employee's personality including uncontrolled anger, stalking or any threat to injure or kill other people. Take note of any strangers in the workplace and inform your supervisor. Working together we can maintain a safe workplace.

No employee will be subject to retaliation, intimidation or discipline as a result of reporting a threat.

f. Privacy

Treating each other with dignity and respect includes respecting each other's privacy. The Company recognizes and understands the importance of balancing work and family life. Even though an employee's non-work-related activities outside of the Company are considered personal, employees should always remember that they are representatives of the Company.

g. Health and Safety

The safety of employees is a top priority, and we are committed to providing and maintaining a clean, safe work environment. You can help keep the workplace safe by:

- Immediately reporting any workplace accident and/or any injury, no matter how minor,
- Not attempting to move an injured person (instead, get medical attention),
- Immediately reporting any potential hazards (that you cannot correct yourself), no matter how minor, to your supervisor.

Being prepared to deal with a safety issue is very important. Employees should take the time to learn the safety guidelines and procedures specific to their locations.

h. Substance Abuse

While on Company property, employees are not permitted to use, possess or be under the influence of alcoholic beverages. Employees may not use, possess or be under the influence of illegal drugs or illegally-obtained controlled substances as defined under the federal Controlled Substances Act while on Company property or while engaged in any job-related activity.

12. SEXUAL HARASSMENT

It is the policy of the Company to provide and maintain a workplace that is free from sexual harassment. Sexual harassment in the workplace is a violation of Company policy and it is unlawful. This policy applies to all employees of the Company, regardless of their position.

Prohibited sexual harassment includes sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature that has the purpose or effect of unreasonably interfering with an employee's work performance by creating an intimidating, hostile, humiliating or sexually offensive working environment. In addition, no manager or supervisor, male or female, may sexually harass any employee by making submission to or rejection of sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature either explicitly or implicitly a term or condition of employment or a basis for employment decisions.

An employee who engages in sexual harassment is subject to disciplinary action, up to and including termination of employment.

It is also a violation of Company policy and it is unlawful to retaliate against an employee for making or filing a complaint of sexual harassment or for cooperating in an investigation of a complaint of sexual harassment. Any such retaliation will also result in disciplinary action, up to and including termination of employment.

The following are examples of sexual harassment:

- an employee engages in a pattern of unwelcome sexual language and conduct that is sufficiently severe and pervasive that it interferes with the job performance of co-workers; or
- an employee refuses a supervisor's sexual advances and, in retaliation, the supervisor terminates the employee's employment.

Determinations of whether particular language or conduct is subject to disciplinary action under this policy are made on an individual basis, in light of all of the circumstances. The following, however, is a non-exhaustive list of examples of conduct that all employees of the Company are cautioned to avoid. Such conduct may violate Company policy against sexual harassment, whether or not it constitutes sexual harassment under the law.

- comments to, or about, any employee or his/her appearance that are sexually graphic or would otherwise tend to be degrading;
- sexual advances or propositions;
- any physical contact of a sexual nature;

- jokes or other remarks with sexual content that is graphic or may otherwise be offensive to others;
- display of objects, posters, pictures or cartoons of a sexual nature;
- greeting cards or gifts with sexual content; or
- a repetition of any words or conduct of a sexual nature after the person addressed has indicated that such words or conduct is unwelcome.

13. **MARKET COMPETITION**

United States federal and state antitrust and competition laws are designed to promote fair and open competition by prohibiting unfair, restrictive or collusive business practices. Our policy is to comply fully with all of these laws.

United States antitrust laws prohibit, among other things, agreements or arrangements between competitors to fix or influence price, or agreements requiring purchasers or distributors to adhere to a specific resale price and agreements to allocate customers or markets. Unlawful agreements need not take the form of a written agreement, but can be based on oral commitments or informal understandings. Thus, employees should use caution when communicating with competitors or discussing pricing issues with our customers.

In addition to prohibiting price fixing or resale price maintenance agreements and allocation of customers or markets, the federal antitrust laws forbid unfair or deceptive trade practices and other activities that may unreasonably restrain or reduce competition.

You should be aware that United States antitrust laws may apply to activities that occur outside the United States if such activities have a significant and foreseeable effect on commerce within the United States. Moreover, the European Community and other foreign countries have competition laws similar to the United States antitrust laws that must also be followed when dealing in international markets.

United States law, particularly the Federal Trade Commission Act, and the laws of most states prohibit the use of “unfair or deceptive acts and practices”, including the distribution of labeling, advertising, and marketing materials that are false or misleading. Employees responsible for preparing and distributing such materials must be familiar with these laws.

Because of the complexity of these laws and the serious consequences to both the Company and the employees involved if such laws are violated the Company’s legal counsel should be consulted if there is any question as to whether a particular practice or transaction complies with such laws.

14. **PRODUCT SAFETY**

a. **Advertising and Promotion**

We are committed to promoting our brands in ways consistent with our excellent reputation. Products will be truthfully and accurately represented. Advertising, packaging, point of purchase displays, or promotions must never misstate facts or be designed to create misleading impressions. Claims that favorably compare Starrett's products with those of competitors must be truthful. We will respect copyright and individual consent rights before use in advertising or promotional materials.

b. **Product Safety**

Given our reputation for quality products, the Company has a major responsibility to ensure that consumers can trust the quality and safety of these products. All items purchased from Starrett must conform to government safety standards wherever they are sold. If an employee becomes aware of a possible threat to product safety, he or she must immediately report it to his or her supervisor, and, if appropriate, to the Compliance Officer.

c. **Unfair or Deceptive Practices**

In addition to the antitrust laws, we are committed to complying with other federal and state laws governing market competition. Federal law, particularly the Federal Trade Commission Act, and the laws of most states prohibit the use of "unfair or deceptive acts and practices," including the distribution of labeling, advertising, and marketing materials that are false or misleading. Starrett employees responsible for preparing and distributing such materials must be familiar with these laws. Concerns that specific materials may not be in compliance with applicable law should be directed to the Compliance Officer before distribution.

15. **POLITICAL CONTRIBUTIONS**

We encourage you to vote and become involved in the political process. However, you may not solicit political contributions in the Company's name, pressure another employee to make an individual contribution to a particular candidate or campaign and/or seek political contributions on Company time. Political contributions of Company funds made directly or indirectly to candidates for political office or political organizations are in most instances illegal in the United States and in many foreign countries as well. Neither Starrett nor supervisory personnel within Starrett may require any employee to make any such contribution. Accordingly, we do not use corporate funds for political contributions, nor will we reimburse any employee for any political contributions they choose to make.

Many state laws also limit the extent to which corporations and individuals may contribute to political candidates. Any question about the propriety of political activity or contribution should be directed to the Compliance Officer.

16. IMPORT AND EXPORT LAWS

There are many U.S. laws governing international trade and commerce which serve to limit the export of certain products to certain countries. We are committed to complying with those laws. Under no circumstances will we make sales contrary to U.S. export laws. Because these regulations are complicated and change periodically, employees and agents seeking to make a sale to a customer in a foreign country must first confirm the legal trade status of that country. If an employee or agent is uncertain about whether a foreign sale complies with U.S. export laws, he or she must contact the Compliance Officer for guidance. Starrett employees and agents should be aware that there are also many U.S. laws that govern the import of items into the United States. Among other things, these laws control what can be imported into the United States, how the articles should be marked, and the amount of duty to be paid. Starrett complies with all U.S. import laws. If an employee or agent is uncertain about whether a transaction involving the importation of items into the United States complies with these laws, he or she must contact the Compliance Officer for guidance.

17. ENVIRONMENTAL COMPLIANCE

In conducting our business, we are committed to compliance with all applicable laws and regulations relating to the protection of the environment, and in particular those governing the incineration, treatment, storage, disposal, and discharge of waste. Failure to comply with these laws and regulations, even if unintentional, could result in significant penalties for Starrett. If an employee suspects that there is noncompliance or a violation of these laws and regulations, the circumstances should be reported immediately to his or her supervisor, Plant Manager or Compliance Coordinator, or to the Compliance Officer.

18. MEDIA/PUBLIC RELATIONS

When we provide information to the news media, securities analysts and stockholders, we have an obligation to do so accurately and completely. To ensure that we comply with our obligations, employees receiving inquiries regarding our activities, results, plans or position on public issues should refer the request to the Chief Executive Officer or Chief Financial Officer. Employees may not speak publicly for the Company unless specifically authorized by Chief Executive Officer or Chief Financial Officer.

19. SPECIAL ETHICAL OBLIGATIONS FOR EMPLOYEES WITH FINANCIAL REPORTING RESPONSIBILITIES

As a public company, we are also committed to carrying out all continuing disclosure obligations in a full, fair, accurate, timely and understandable manner. Depending on your position, you may be called upon to provide information to assure that our public reports are complete, fair and understandable. We expect everyone to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to our public disclosure requirements.

Our Finance Department bears a special responsibility for promoting integrity throughout the organization, with responsibilities to shareholders both inside and outside of the

Company. Our Chief Executive Officer, the Chief Financial Officer, and Finance Department personnel have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the company that ensures the fair and timely reporting of our financial results and condition.

Because of this special role, our Chief Executive Officer, the Chief Financial Officer and all other members of the Finance Department are bound by the following Financial Officer Code of Ethics (or the “Financial Code”), and by accepting this Financial Code, each agrees that he or she will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that Starrett files with, or submits to, government agencies and in other public communications.
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one’s independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one’s work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one’s work will not be used for personal advantage.
- Share knowledge and maintain skills important and relevant to shareholder needs.
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community.
- Achieve responsible use of and control over all assets and resources employed or entrusted.

You should promptly report to the Compliance Officer and/or the Chairperson of the Audit Committee any conduct that you believe to be a violation of law or business ethics or of any provision of the Financial Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict. Violations, including failures to report potential violations by others, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment.

20. CONTINUING DISCLOSURE OBLIGATIONS AND ACCURACY OF BUSINESS RECORDS

In order to support all our disclosure obligations, we note that it is our policy to record and report our factual information honestly and accurately. Failure to do so is a grave offense and will subject an individual to severe discipline by the Company, as well as possible civil and criminal penalties.

Our stockholders count on us to provide accurate information about our businesses and to make responsible business decisions based on reliable records. Every individual involved in creating, transmitting or entering information into our financial and operational records is responsible for doing so fully, fairly, accurately and timely, and with appropriate supporting documentation. No employee, officer, director or agent may make any entry that intentionally hides or disguises the true nature of any transaction. For example, no one may understate or overstate known liabilities and assets, record false sales or record them early, defer or accelerate the proper period for recording items that should be expensed, falsify quality or safety results or process and submit false or inaccurate invoices.

Compliance with established accounting procedures, our system of internal controls, and generally accepted accounting principles is necessary at all times. To achieve this compliance, our records, books and documents must accurately reflect the transactions and provide a full account of our assets, liabilities, revenues and expenses. Knowingly entering inaccurate or fraudulent information into our accounting system is unacceptable and may be illegal. Any individual who has knowledge that an entry or process is false and material is expected to consult the Compliance Officer. In addition, it is the responsibility of each employee to give his or her cooperation to our authorized internal and external auditors.

When billing others for our products, we have an obligation to exercise diligence, care and integrity. We are committed to maintaining the accuracy of every invoice it processes and submits. Each employee who is involved in submitting charges, preparing claims, billing and documenting services is expected to monitor compliance with applicable rules and maintain the highest standards of personal, professional and institutional responsibility. By the same token, each employee who is involved with processing and documenting claims for payment made to Starrett by outside vendors or contractors is similarly expected to maintain the highest standards of professionalism and ethics. Any false, inaccurate or questionable practices relating to billing others or to processing claims made by others for payment should be reported immediately to a supervisor or, if necessary, to the Chief Financial Officer or Compliance Officer.

You should also be aware that almost all Company business records (including emails) may become subject to public disclosure in the course of litigation or government investigation. Records are also often obtained by outside parties or the media. You should therefore attempt to be as clear, concise, truthful and accurate as possible when recording any information. You should refrain from making legal conclusions or commenting on legal positions taken by the Company or others. In addition, you should avoid exaggeration, colorful language and derogatory characterizations of people and their

motives. We will not tolerate any conduct that creates an inaccurate impression of our business.

21. IMPROPER INFLUENCE ON CONDUCT OF AUDITS

The Sarbanes-Oxley Act of 2002 and rules promulgated by the Securities and Exchange Commission make it unlawful for certain employees to take any action to fraudulently influence, coerce, manipulate or mislead any independent public or certified accountant engaged in the performance of an audit of our financial statements. All employees must at all times provide accurate and complete information to our auditors and those working in cooperation with our auditors. Furthermore, employees must not attempt to fraudulently influence, coerce, manipulate or mislead our auditors in any way. Among the types of conduct that are specifically prohibited in this regard are:

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services, to any member of the audit engagement team or to any other employees of the audit firm;
- Providing an auditor with an inaccurate or misleading legal analysis;
- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the issuer's accounting;
- Seeking to have an audit firm partner removed from the audit engagement because the partner objects to the issuer's accounting;
- Blackmailing any member of the audit engagement team or any other employee of the audit firm;
- Making physical threats toward any member of the audit engagement team or any other employee of the audit firm; or
- Knowingly or carelessly providing misleading information to an auditor.

Employees must refrain from engaging in any of the foregoing conduct. Any other interference with our auditors in the performance of their audit functions is also expressly prohibited by this Code. If a non-trivial disagreement arises between any employee and our auditors concerning our accounting, our financial reporting or our disclosure or internal controls, the matter should be brought to the attention of the Compliance Officer or to any member of the Audit Committee of our Board of Directors.

22. PROHIBITION ON LOANS TO EXECUTIVES

The Sarbanes-Oxley Act of 2002 prohibits us from extending any credit or arranging to extend credit to or for the benefit of any director or executive officer of the Company. You may not engage in or assist with any extension of credit to or for the benefit of any of our directors or executive officers. You may also not engage in or assist with the modification of any pre-existing personal loan(s) to any of our directors or executive officers. If you

have any doubt as to whether a contemplated transaction falls within the above-referenced prohibitions, you should contact the Compliance Officer immediately.

23. AMENDMENTS AND WAIVERS

This Code applies to all of our employees, officers and directors - no matter what position they hold. There shall be no substantive amendment or waiver of any part of the Code affecting the directors, senior financial officers, or executive officers, except by a vote of our Board of Directors or a designated committee, which will ascertain whether an amendment or waiver is appropriate and ensure that the amendment or waiver is accompanied by appropriate controls designed to protect the Company.

In the event that any substantive amendment is made or any waiver is granted, the waiver or amendment will be publicly disclosed to the extent and in the manner required by any securities exchange or association on which our securities are listed for trading and any applicable rule or regulation of the Securities and Exchange Commission.

**EMPLOYEE ACKNOWLEDGEMENT FOR CODE OF
BUSINESS CONDUCT AND ETHICS**

I have received and read The L.S. Starrett Company's Code of Business Conduct and Ethics and fully understand my obligations and responsibilities as outlined therein.

The Code of Business Conduct and Ethics is designed to ensure that Starrett officers, directors, and employees conduct Starrett's business in compliance with all federal and state laws governing its operations and the conduct is consistent with the highest standards of business and professional ethics.

I am also aware that in the event that I have any question about whether an action complies with Starrett's policies or applicable law, I should present that question to my supervisor directly or to the Company's Compliance Officer.

With these understandings of my obligations, I agree to act in accordance with the Starrett Code of Business Conduct and Ethics.

Signed: _____

Print Name: _____

Date: _____

THE L.S. STARRETT COMPANY COMPLIANCE CONTACTS*Chief Executive Officer*

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Worldwide Hotline Access Numbers

United States, Canada and Puerto Rico: **1-800-396-7636**

Foreign access codes to be dialed first (then followed by **800-396-7636**):

Australia	1-800-881-011 (using Telstra)
Australia	1-800-551-155 (using Optus)
Brazil	0800-890-0288 or 0800-888-8288
China	108-888 (calling from Beijing & northern China)
China	108-11 (calling from Shanghai & central/southern China)
Mexico	01-800-288-2872
United Kingdom	0-800-89-0011 or 0-500-89-0011