

Amended & Adopted by The Board of Directors

June 2, 2021

Charter of the Audit Committee
of the
Board of Directors
of
The L.S. Starrett Company

I. Purpose and Function

The function of the Audit Committee (the “Committee”) is oversight. The Committee shall assist in the Board of Directors' oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, (iv) the performance of the Company's internal audit function and independent auditor and (v) the Company’s system of disclosure control and system of internal controls. In addition, the Committee shall be solely responsible for appointing, retaining, terminating and overseeing the independent auditor and preparing the disclosure required by Item 407(d)(3)(i) of Regulation S-K and the report required to be included in the Company's annual proxy statement.

While the Committee has the responsibilities set forth in this charter, it is not the responsibility of the Committee to plan or conduct audits, to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”) or to assure compliance with laws, regulations or any internal rules or policies of the Company. This is the responsibility of management. The independent auditor is responsible for performing independent audits of the Company’s financial statements in accordance with GAAP and for issuing reports thereon. The Committee has direct and sole responsibility for the appointment, compensation, oversight and replacement, if necessary, of the independent auditor, including the resolution of disagreements between management and the auditor regarding financial reporting. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company that it receives information from and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors).

II. Composition and Meetings

The Committee shall consist of not less than three members appointed by the Board of Directors of the Company. Committee members may be added or removed by the Board of Directors in its discretion. Members of the Committee shall each satisfy the independence, financial literacy, and other requirements of the Sarbanes-Oxley Act of 2002, the New York Stock Exchange and the Securities Exchange Act of 1934, as amended, as such requirements are interpreted by the Board of Directors in its business judgment and the Board of Directors shall annually review the Committee’s compliance with such requirement. No member of the Audit Committee shall have participated in the preparation of the financial statements of the Company

or any subsidiary of the Company at any time during the past three years.

The Board of Directors will appoint a chairperson of the Committee, who shall preside over the meetings of the Committee. In the absence of the chairperson of the Committee, the members of the Committee may appoint any other member to preside.

The Committee shall hold at least four regularly scheduled meetings per year and shall hold such special meetings as circumstances dictate. The Committee shall periodically, but in no event less than twice a year, meet separately with management, the independent auditor, and those responsible for the internal audit function to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately, including results of internal and external audit examinations. The Committee shall report regularly to the Board of Directors. No member of the Committee may sit on more than three separate public company audit committees simultaneously unless the Board of Directors determines that such simultaneous service does not impair the ability of the director to effectively serve on the Committee.

All members of the Audit Committee must be able to read and understand financial statements, including a balance sheet, income statement and cash flow statement. All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Audit Committee shall, to the extent required, be an “audit committee financial expert” as defined by the Securities and Exchange Commission or otherwise have accounting or related financial management expertise as interpreted by the Board in its business judgment. A member who qualifies as an “audit committee financial expert” under the rules and regulations of the Securities and Exchange Commission is presumed to satisfy the New York Stock Exchange requirement to have one financially sophisticated audit committee member.

III. Duties and Proceedings of the Audit Committee

The Committee shall assist the Board of Directors in fulfilling its oversight responsibilities by accomplishing the following:

- A. Oversight of Independent Auditor:
 - 1. Annually evaluate, determine the selection of, and if necessary, determine the replacement of or rotation of, the independent auditor.
 - 2. Approve or re-approve all auditing services (including comfort letters and statutory audits) and all permitted non-audit services by the auditor.
 - 3. Review, evaluate and discuss formal reports, at least annually, from the independent auditor regarding the auditor’s independence, including a delineation of all relationships between the auditor and the Company; and recommend to the Board of Directors actions to satisfy the Board of Director of the independence of the auditor.
 - 4. Establish clear hiring policies for employment by the Company of any employees or former employees of the independent auditor.

5. Receive formal written statements, at least annually, from the independent auditor regarding the auditor's independence, including a delineation of all relationships between the auditor and the Company; discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, addressing at least the matters set forth in Independence Standards Board Standard No. 1; and if so determined by the Committee, recommend that the Board of Directors take appropriate action to satisfy itself of the independence of the auditor.
 6. At least annually, receive a report from the independent auditor detailing the firm's internal quality control procedures and any material issues raised by independent auditor's internal quality control review, peer review or any governmental or other professional inquiry performed within the past five years and any remedial actions implemented by the firm.
 7. To the extent deemed necessary by the Audit Committee in carrying out its Charter, the Audit Committee shall have the sole authority to (i) engage, oversee and direct the activities of legal, financial, accounting or other specialists as may be necessary to support its role and responsibilities, (ii) cause the Company to pay the compensation of such advisors, and (iii) cause the Company to pay the independent auditor's compensation (or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company) as well as the ordinary administrative expenses of the Audit Committee.
 8. The Audit Committee may delegate authority to one or more members of the Audit Committee who are independent directors of the Board, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next meeting.
 9. The Audit Committee shall oversee the integrity of the Company's information technology systems, processes and data and periodically (but no less than annually), at its discretion, review and assess with management and the internal auditor (or other personnel responsible for the internal audit function), the adequacy of security for the Company's information technology systems, processes and data and the Company's contingency plans in the event of a breakdown or security breach affecting the Company's information technology systems, and data or the information technology systems, processes and data of the Company's customers, employees and other stakeholders.
- B. Oversight of Audit Process and Company's Legal Compliance:
1. Review with internal auditors, if any, and independent auditor the overall scope and plans for audits, including authority and organizational reporting lines and adequacy of staffing and compensation. Review with internal auditors and independent auditor any difficulties with audits and managements' response.

2. Review and discuss with management, internal auditors, if any, and independent auditor the Company's system of internal control, its financial and critical accounting practices, and policies relating to risk assessment and management and ensure that the appropriate control process is in place for reviewing and approving the Company's internal transactions and accounting.
3. Receive and review reports of the independent auditor discussing 1) all critical accounting policies and practices to be used in the firm's audit of the Company's financial statements, 2) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and 3) review any other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
4. Review and discuss with management and the independent auditor the annual and quarterly financial statements and MD&A of the Company for the reports filed on Forms 10-K and 10-Q. Discuss results of the annual audit and quarterly reviews and any other matters required to be communicated to the Committee by the independent auditor under generally accepted auditing standards. Discuss with management and independent auditor their judgment about the quality of accounting principles, the reasonableness of significant judgments, including a description of any transactions as to which the management obtained Statement on Auditing Standards No. 50 letters, and the clarity of disclosures in the financial statements, including the Company's disclosures of critical accounting policies and other disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations."
5. Review, or establish standards for the type of information and the type of presentation of such information to be included in, earnings press releases, the President's letter to shareholders and earnings guidance provided to analysts and rating agencies.
6. Discuss with management and independent auditor any changes in Company's critical accounting principles and the effects of alternative GAAP methods, off-balance sheet structures and regulatory and accounting initiatives.
7. Review with management the systems relating to compliance with laws, rules, regulations and Company policies.
8. Review material pending legal proceedings involving the Company and other contingent liabilities.
9. In connection with and prior to giving their required certifications, the CEO and CFO must disclose to the auditors and the Committee all significant deficiencies and material weaknesses in the design or operation of internal controls, and any fraud that involves management or other employees who have a significant role in the Company's internal controls.

10. Discuss with independent auditor the matters required to be communicated to audit committees in accordance with Statement on Auditing Standards No. 61.

11. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees or contractors of concerns regarding questionable accounting or accounting matters.

12. The Audit Committee shall review and approve all related party transactions to the extent such transactions are required to be disclosed in any public filings made by the Company pursuant to Item 404 of Regulation S-K.

13. Ensure the regular rotation of the lead audit partner and other members of the engagement team to the extent required by law, and further consider whether, in order to ensure continuing auditor independence, there should be regular rotation of the independent auditing firm itself.

14. Obtain from the independent auditor assurance that, to the extent applicable, Section 10A(b) of the Securities Exchange Act of 1934, as amended, (set forth on Appendix I hereto) has not been implicated.

C. Other Responsibilities:

1. Review adequacy of this audit committee charter annually and submit charter to Board of Directors for approval.

2. Prepare report for inclusion in the Company's annual proxy statement as required by the rules of the Securities and Exchange Commission.

3. Report recommendations to the Board on a regular basis and present to the Board of Directors an annual performance evaluation of the Committee.

4. Perform any other activities consistent with the Charter, By-laws and governing law as the Board of Directors or the Audit Committee shall deem appropriate, including holding meetings with the Company's investment bankers.

Section 10A(b) of the Securities Exchange Act of 1934

(b) Required response to audit discoveries

(1) Investigation and report to management

If, in the course of conducting an audit pursuant to this title to which subsection (a) of this section applies, the registered public accounting firm detects or otherwise becomes aware of information indicating that an illegal act (whether or not perceived to have a material effect on the financial statements of the issuer) has or may have occurred, the firm shall, in accordance with generally accepted auditing standards, as may be modified or supplemented from time to time by the Commission:

(A)

(i) determine whether it is likely that an illegal act has occurred; and

(ii) if so, determine and consider the possible effect of the illegal act on the financial statements of the issuer, including any contingent monetary effects, such as fines, penalties, and damages; and

(B) as soon as practicable, inform the appropriate level of the management of the issuer and assure that the audit committee of the issuer, or the board of directors of the issuer in the absence of such a committee, is adequately informed with respect to illegal acts that have been detected or have otherwise come to the attention of such firm in the course of the audit, unless the illegal act is clearly inconsequential.

(2) Response to failure to take remedial action

If, after determining that the audit committee of the board of directors of the issuer, or the board of directors of the issuer in the absence of an audit committee, is adequately informed with respect to illegal acts that have been detected or have otherwise come to the attention of the firm in the course of the audit of such firm, the registered public accounting firm concludes that--

(A) the illegal act has a material effect on the financial statements of the issuer;

(B) the senior management has not taken, and the board of directors has not caused senior management to take, timely and appropriate remedial actions with respect to the illegal act; and

(C) the failure to take remedial action is reasonably expected to warrant departure from a standard report of the auditor, when made, or warrant resignation from the audit engagement;

the registered public accounting firm shall, as soon as practicable, directly report its conclusions to the board of directors.

(3) Notice to Commission; response to failure to notify

An issuer whose board of directors receives a report under paragraph (2) shall inform the Commission by notice not later than 1 business day after the receipt of such report and shall furnish the registered public accounting firm making such report with a copy of the notice furnished to the Commission. If the registered public accounting firm fails to receive a copy of the notice before the expiration of the required 1-business-day period, the registered public accounting firm shall--

- (A) resign from the engagement; or
- (B) furnish to the Commission a copy of its report (or the documentation of any oral report given) not later than 1 business day following such failure to receive notice.

(4) Report after resignation

If a registered public accounting firm resigns from an engagement under paragraph (3)(A), the firm shall, not later than 1 business day following the failure by the issuer to notify the Commission under paragraph (3), furnish to the Commission a copy of the report of the firm (or the documentation of any oral report given).