

# **STR HOLDINGS, INC.**

## **Charter of Special Committee of Continuing Directors**

Adopted by the Board of Directors as of January 13, 2015

Amended and Restated by the Board of Directors as of December 19, 2017 and further Amended as of June 19, 2018

### **I. Overview and Purpose**

This Charter (the “Charter”) of the Special Committee of Continuing Directors (the “Committee”) of STR Holdings, Inc., a Delaware corporation (the “Corporation”), was adopted by the Board of Directors (the “Board”) of the Corporation on December 19, 2017 and amends and restates in its entirety the initial Charter of the Committee previously adopted by the Board on January 13, 2015. The Charter was later amended on June 19, 2018 to extend the term (see below).

Mr. Zha Zhengfa (the “Zhenfa Chairman”), the Chairman of Zhenfa Energy Group Co., Ltd., a Chinese limited liability company (the “Zhenfa Parent”), is indirectly a principal stockholder and an Affiliate of the Company. For purposes hereof, the term “Zhenfa Related Party” shall mean the Zhenfa Chairman, the Zhenfa Parent, Zhen Fa New Energy (U.S.) Co., Ltd., a Nevada corporation (“Zhenfa U.S.”), and any other individual or entity (each, a “Person”) that is an Affiliate of the Zhenfa Chairman, the Zhenfa Parent or Zhenfa U.S., other than a Person that would be deemed to be an Affiliate of the Zhenfa Chairman, the Zhenfa Parent or Zhenfa U.S. solely as a result of the Zhenfa Chairman’s, the Zhenfa Parent’s or Zhenfa U.S.’s direct or indirect control of the Corporation by him or it or any of his or its subsidiaries. “Affiliate” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person; as used in this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise. For the avoidance of doubt, any director of the Corporation that has been nominated by Zhenfa U.S. or its successors and assigns shall not constitute an Affiliate of Zhenfa U.S. or of any of its Affiliates solely because such director is nominated by Zhenfa U.S. or any of its Affiliates.

The purpose of this Charter is to establish a committee of independent directors who (i) were members of the Board prior to the Zhenfa Chairman becoming an Affiliate of the Corporation (and their successors as provided herein) and (ii) do not otherwise have any material relationship with a Zhenfa Related Party, other than solely in their capacity as serving as a director to the Board including any committees thereof (any such director, a “Continuing Director” and collectively, the “Continuing Directors”), solely to review and oversee, for so long as the Zhenfa Chairman remains the beneficial owner of at least [20%] of the outstanding shares of common stock of the Corporation, any transactions, arrangements or contracts between the Corporation (or any of its subsidiaries) and any Zhenfa Related Party.

The Committee shall conduct its affairs pursuant to and in accordance with the applicable provisions in effect from time to time of the Delaware General Corporation Law (Title 8 of the Delaware Code) (the “DGCL”), the Corporation's Certificate of Incorporation, as amended from time to time (the “Certificate”), and the Corporation's Bylaws, as amended from time to time (the “Bylaws”).

## **II. Composition of the Committee**

As of the date of the adoption of this Charter, the Committee shall consist of John A. Janitz and Andrew M. Leitch, who, as of such date, are the Corporation's Continuing Directors. Unless otherwise determined by the Committee, the Committee shall have no Chairperson.

## **III. Meetings**

The Committee shall meet at such times as the Committee shall deem necessary or appropriate. Any member may call a meeting of the Committee. Members of the Committee may participate in a meeting of the Committee held in person by means of conference telephone, video conference or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting. Meetings may be called at any time by any member of the Committee then in office, provided all members of the Committee are given prior notice of, and a reasonable opportunity to participate in, any such meeting. Any member of the Committee may waive notice of the meeting either in writing (including by electronic transmission) or by participating in the meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee, and the majority vote of all Committee members shall be regarded as the act of the Committee.

Minutes of each meeting of the Committee shall be prepared and shall be approved by the Committee. The Secretary of the Corporation shall retain a copy of the Committee's minutes in the Corporation's minute book. Any action required or permitted to be taken by the Committee may be taken without a meeting, provided that all members of the Committee consent in writing or by electronic transmission to such action, and the writing or writings or electronic transmission or transmissions are retained in the Corporation's minute book. Such action by written consent shall have the same force and effect as a unanimous vote of the Committee.

## **IV. Duties, Responsibilities, Powers and Authority**

(a) The Committee's duties, responsibilities, powers and authority shall include all such duties, responsibilities, powers and authority set forth herein, subject only to the limitations on those duties, responsibilities, powers and authority contained in the DGCL and/or the Certificate or Bylaws, and for so long as the Zhenfa Chairman remains the beneficial owner of at least [20%] of the outstanding shares of common stock of the Corporation, shall include without limitation the delegation to the Committee of the exclusive power and authority to exercise all of the powers of the Board:

(1) to review, evaluate and approve, on behalf of the Corporation (or any of its subsidiaries), any proposed transaction(s), arrangement(s) or contract(s) between the Corporation or any of its subsidiaries and any Zhenfa Related Party (any such transaction(s), arrangement(s) or contract(s), whether now existing or herein after arising, a "Zhenfa Agreement" and collectively, the "Zhenfa Agreements"), and to take all other actions required or permitted under the terms of the Zhenfa Agreements with respect to the interests and rights of the Corporation (or any of its subsidiaries). For the avoidance of doubt, the Zhenfa Agreements shall not include (i) any fees, expenses, compensation, or any other payments paid or made by or on behalf of the Corporation to or for the benefit of any director of the Corporation nominated by Zhenfa U.S. or any of its Affiliates, solely in relation to his/her capacity as a director of the Corporation, (ii) any corporate actions of the Corporation in which all the stockholders of the Corporation,

including Zhenfa U.S. and its successors or assigns, will be receiving payments or other benefits from the Corporation on a pro rata basis based on their respective percentages of ownership of the issued and outstanding shares of common stock of the Corporation, including without limitation, liquidation, dividend and other distributions, or (iii) any proposed change of control transaction involving the Corporation in which Zhenfa U.S. or any of its Affiliates and one or more third parties have expressed a bona fide intent to participate in such transaction; provided that, in case of clause (iii) above, the Board may establish a separate special committee of independent directors that is customary in similar transactions to oversee the change of control transaction process;

(2) to review and evaluate compliance by the Zhenfa Related Parties with the terms and conditions of the Zhenfa Agreements;

(3) to review, evaluate and approve, on behalf of the Corporation (or any of its subsidiaries), the enforcement, waiver, modification or termination of any of the terms and conditions of any Zhenfa Agreements; and

(4) to authorize, by and on behalf of the Corporation (or any of its subsidiaries), the taking of any action or the execution and delivery of any documents in connection with any of the foregoing.

For the avoidance of doubt, neither the Corporation nor any of its subsidiaries may take any action or execute or deliver any document in respect of any of the matters to which the Committee has been granted authority as set forth in this Article (IV) subsection (a) without the consent or approval of the Committee.

(b) The Committee shall have the further power and authority to review and reassess the adequacy of this Charter, and recommend to the Board amendments as the Committee deems appropriate.

(c) The Committee shall have the power and authority to retain independent legal counsel and such other consultants, agents and advisors, including without limitation, independent investment bankers, as the Committee may deem necessary or appropriate to advise it and assist it in connection with fulfilling its duties and responsibilities hereunder, and to perform such services and render such opinions as may be necessary or appropriate in order for the Committee to discharge such duties and responsibilities. The Committee, and each member thereof, is further authorized and empowered to do all acts as may be necessary or appropriate in its or his judgment to carry out the duties of the Committee contemplated by this Charter.

(d) The Committee shall report regularly to the Board on Committee findings and recommendations and any other matters that the Committee deems appropriate or the Board requests.

## **V. Term**

The term of the Special Committee shall be one year following the date hereof and thereafter shall automatically be dissolved, unless otherwise extended by the affirmative action of the Board. On June 19, 2018 the Board approved an extension of the term of the Special Committee until the 2019 Annual Meeting of Stockholders.