



## POLICY STATEMENT

<b>Subject:</b> Complaint Procedures for Accounting and Auditing	<b>Date Issued:</b> November 6, 2009 <b>Date Amended:</b> August 27, 2012, August 26, 2015
<b>Approved by:</b> STR Board of Directors <b>Date:</b> August 26, 2015	<b>Distribution:</b>

### I. Overview

The Audit Committee (the “Audit Committee”) of the Board of Directors of STR Holdings, Inc. (together with its subsidiaries, the “Company”) has established the following procedures to receive, retain, investigate and act on complaints and concerns of employees, stockholders and others regarding accounting, internal accounting controls and auditing matters, including (1) complaints regarding attempted or actual circumvention of internal accounting controls or complaints regarding violations of the Company’s accounting policies (“Accounting Complaints”) and (2) the confidential, anonymous submission by employees of concerns regarding Accounting Complaints. In the discretion of the Audit Committee, the responsibilities of the Audit Committee created by these procedures may be delegated to the Chairman of the Audit Committee or to a subcommittee of the Audit Committee.

Any employee of the Company may submit a good faith Accounting Complaint to the Company without fear of dismissal or retaliation of any kind. The Company is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices.

### II. Receipt of Employee Complaints

Employees with Accounting Complaints may report them on a confidential or anonymous basis to the Controller and Chief Compliance Director of the Company or directly to the Chairman of the Audit Committee. Managers, supervisors and all other persons who may receive an Accounting Complaint should promptly contact the Controller and Chief Compliance Director so that an appropriate investigation can be conducted in accordance with this policy. All Accounting Complaints received from employees will be treated confidentially or anonymously, as applicable, to the extent reasonable and practicable under the circumstances.

Employees may forward Accounting Complaints to the Controller and Chief Compliance Director through telephone, fax, email or regular mail as follows:

Thomas C. McDermott  
Controller and Chief Compliance Director  
STR Holdings, Inc.  
10 Water Street  
Enfield, CT 06082  
(860) 265-1374  
(860) 272-4239 (fax)  
Thomas.mcdermott@strholdings.com

Accounting Complaints may also be forwarded to the Chairman of the Audit Committee by mail in a sealed envelope addressed to the Chairman of the Audit Committee c/o the Controller and Chief Compliance Director. The Controller and Chief Compliance Director will deliver the envelope unopened to the Chairman of the Audit Committee. Any correspondence to the Chairman of the Audit Committee shall be clearly marked as an urgent matter for consideration by the Audit Committee. The Chairman may, in his discretion, return the Accounting Complaint to the Controller and Chief Compliance Director for review and investigation in accordance with section V below, or retain the matter for investigation by the Audit Committee. Ordinarily the practice of the Chairman will be to return Accounting Complaints to the Controller and Chief Compliance Director for review and investigation.

### **III. Scope of Matters Covered by These Procedures**

These procedures relate to employees' Accounting Complaints, including, but not limited to, the following matters:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial or accounting records of the Company;
- deficiencies in or noncompliance with the Company's internal financial or accounting controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial or accounting records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company's financial condition.

### **IV. Reporting and Retention of Complaints and Investigations**

The Controller and Chief Compliance Director shall maintain a written log of all Accounting Complaints, tracking their receipt, investigation and resolution thereof, including the nature of each Accounting Complaint (including any specific allegations made and the persons involved); the date of receipt of the Accounting Complaint; the current status of any investigation into the Accounting Complaint; and any final resolution of the Accounting Complaint. Copies of Accounting Complaints and such log shall be maintained in accordance with the Company's record management policies and retained for the period specified below.

The Controller and Chief Compliance Director shall prepare a written periodic summary report of Accounting Complaints, in reasonable detail, for the Chairman of the Audit Committee (and, if the Chairman so directs, for the full Audit Committee) in advance of each regularly scheduled meeting thereof (other than meetings convened principally to review the Company's periodic reports under the Securities Exchange Act of 1934, as amended).

### **V. Treatment of Complaints**

Upon receipt of an Accounting Complaint, the Controller and Chief Compliance Director or the Chairman of the Audit Committee shall (i) determine whether the Accounting Complaint actually pertains

to Company accounting and financial reporting matters within the scope of this policy statement and (ii) when possible, acknowledge receipt of the Accounting Complaint to the sender.

If the Controller and Chief Compliance Director determines that a complaint is an Accounting Complaint, he will thereafter promptly investigate the Accounting Complaint and report the results of his investigation to the Audit Committee. Investigation reports will be prepared in reasonable detail and shall be in addition to the information provided to the Audit Committee. Such reports will describe the Accounting Complaint, the steps taken in the investigation, any factual findings, and the recommendations for corrective action, if any. The Controller and Chief Compliance Director will be free in his/her discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results. The Controller and Chief Compliance Director may delegate investigatory responsibility to one or more persons, including persons who are not employees of the Company. All investigations will be conducted in a confidential manner, so that information will be disclosed only as needed to facilitate review of the investigation materials or otherwise as required by law. The Controller and Chief Compliance Director or his/her designees may, if they deem it reasonably necessary, require the assistance of the Vice President and Chief Financial Officer or any other employees of the Company in investigating and resolving any Accounting Complaint. The parameters of any investigation will be determined by the Controller and Chief Compliance Director or his/her designee in their discretion and the Company and its employees will cooperate as necessary in connection with any such investigation.

In the event an Accounting Complaint involves or implicates the Controller and Chief Compliance Director, the Controller and Chief Compliance Director will promptly recuse himself or herself from the investigation and inform the Audit Committee in writing. The Audit Committee will thereafter promptly appoint impartial attorneys to investigate the Accounting Complaint. The impartial attorneys will conduct an investigation of the Accounting Complaint and report their conclusion to the Audit Committee consistent with this policy.

Accounting Complaints will be reviewed under Audit Committee direction and oversight by the Controller and Chief Compliance Director or such other persons as the Audit Committee determines to be appropriate. Confidentiality and/or anonymity will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review. The Audit Committee will have the authority to conduct such investigations as it deems necessary and appropriate and to direct that the appropriate corrective action be taken by the Company in response to any particular Accounting Complaint. The Audit Committee may, in its discretion, consult with any member of the Company's management who may have appropriate expertise to assist in the evaluation of the complaint. The Audit Committee shall be free in its discretion to engage outside auditors, counsel or other experts to assist in the evaluation of any results of any investigation into the complaint regarding an Accounting Complaint, and the Company shall pay all fees of such auditors, counsel and experts.

At any time the Audit Committee may, in its discretion, determine that it, and not the Controller and Chief Compliance Director, should initiate and/or assume the investigation of any Accounting Complaint. In this case, the Audit Committee will promptly determine what professional assistance, if any, it needs in order to conduct the investigation. The Audit Committee will be free in its discretion to engage outside auditors, counsel or other experts to assist in the investigation of any Accounting Complaint and in the analysis of results, and the Company will pay all fees of such auditors, counsel and experts. In determining that it, and not the Controller and Chief Compliance Director, should investigate any Accounting Complaint, the Audit Committee may consider such matters as the identity of the alleged wrongdoer, the severity and scope of the alleged wrongdoing, the credibility of the allegations made, whether the allegations are mirrored in press or analyst complaints, and any other factors that are appropriate under the circumstances. Nothing in this section shall require the Controller and Chief

Compliance Director to delay the commencement of an investigation into an Accounting Complaint until the next scheduled meeting of the Audit Committee.

#### **VI. Protection of Whistleblowers**

It is the policy of the Company to encourage the communication of bona fide concerns. It is also the policy of the Company to protect those who communicate bona fide concerns from any retaliation for such reporting. Consistent with the policies of the Company, no adverse employment action or retaliation may be taken, directly or indirectly, against anyone who, in good faith, makes an Accounting Complaint or provides assistance or information to the Audit Committee, the Controller and Chief Compliance Director or the Company's management or any other person or group, including any governmental, regulatory or law enforcement body, investigating or otherwise helping to resolve an Accounting Complaint.

#### **VII. Records; Attorney-Client Privilege**

The Controller and Chief Compliance Director shall retain on a strictly confidential basis for a period of seven years (or otherwise as required under the Company's record retention policies in effect from time to time) all records relating to any Accounting Complaint and to any investigation and resolution thereof. All such records are confidential to the Company and are protected by attorney-client privilege and/or the attorney work product doctrine. Such records shall be considered privileged and confidential.

#### **VIII. Publication of Procedures**

The Company will cause these procedures to be communicated to all employees and posted externally on the Company's corporate website.

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**Amended by the Board of Directors of STR Holdings, Inc. on August 26, 2015.**