

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): January 9, 2023

SOTERA HEALTH COMPANY

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-39729

(Commission File Number)

47-3531161

(IRS Employer Identification No.)

9100 South Hills Blvd, Suite 300

Broadview Heights, Ohio 44147

(Address of Principal Executive Offices) (Zip Code)

(440) 262-1410

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Exchange on which registered
Common stock, \$0.01 par value per share	SHC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

### **Item 1.01. Entry into a Material Definitive Agreement.**

On January 9, 2023, two subsidiaries of Sotera Health Company (the “Company”), Sotera Health LLC and Sterigenics U.S., LLC (“Sterigenics” and, together with Sotera Health LLC, the “Settling Defendants”), entered into binding term sheets (the “Term Sheets”) with a committee (the “Plaintiffs’ Executive Committee” or “PEC”) of 7 of the 20+ law firms (“Plaintiffs’ Counsel”) representing over 870 claimants consisting of (1) approximately 850 plaintiffs who have filed certain alleged ethylene oxide (“EO”) exposure claims related to Sterigenics’ former facility in Willowbrook, Illinois (such claims, as described in more detail below, the “Covered Claims”) against those subsidiaries and (2) other clients with unfiled Covered Claims (together, the “Eligible Claimants”).

The Term Sheets provide an agreed path to final settlement of the Covered Claims, subject to the satisfaction or waiver of the conditions described below. The scope of the final settlement covers all claims that have been alleged or could have been alleged by Eligible Claimants related to or arising from alleged emissions of EO from Sterigenics’ operations in or around Willowbrook, Illinois and related claims that have been or could have been alleged by Eligible Claimants seeking to challenge any transfer of assets to or from the Company, its subsidiaries and certain affiliates to any other entity or person (the “Covered Claims”). The Settling Defendants deny any liability for the Covered Claims and, per their express terms, the Term Sheets are not to be construed as an admission of liability or that the Company engaged in any wrongful, tortious, or unlawful activity or that use and/or emissions of EO from Sterigenics’ operations in or around Willowbrook, Illinois posed any safety hazard to the surrounding communities.

If the conditions to the Term Sheets are satisfied or waived, among other things, (1) by or on May 1, 2023 Sterigenics will contribute \$408 million to a settlement fund that will be used to pay all settlement fees and expenses and cash payments to the Eligible Claimants and (2) the Eligible Claimants will release the Company, its subsidiaries and certain affiliates from all Covered Claims and dismiss with prejudice all pending lawsuits and appeals relating to or arising from any Covered Claims. The parties to the Term Sheets agree to work in good faith to draft and execute full settlement agreements in accordance with the Term Sheets, but the failure to execute full settlement agreements does not impact the binding effect of the Term Sheets.

Under the Term Sheets, final settlement of the Covered Claims is conditioned, among other things, on (1) the entry of a stay of all pending Covered Claims, (2) Plaintiffs’ Counsel obtaining opt-in consent from (i) 99% of all Eligible Claimants represented by the PEC law firms, (ii) 95% of all Eligible Claimants represented by law firms not on the PEC and (iii) 100% of all Eligible Claimants within certain specified subgroups, within 30 days of the date each Eligible Claimant receives all disclosure required by applicable state rules along with their individual settlement allocation (the “Participation Requirement”), which may be extended up to 30 additional days with the consent of the Settling Defendants, (3) the dismissal with prejudice of the Covered Claims of all Eligible Claimants participating in the settlement, and (4) court approval of the settlement as a good faith settlement under the Illinois Joint Contribution Among Tortfeasors Act. In addition, the Settling Defendants will have the right to elect not to proceed with final settlement of the Covered Claims if it is determined that 40 or more Eligible Claimants do not have valid claims or more than five new lawsuits are filed by Plaintiffs’ Counsel representing plaintiffs in pending lawsuits relating to any Covered Claims. The Settling Defendants have the right to waive the Participation Requirement and elect to proceed with final settlement, in which case the settlement will be binding only on Eligible Claimants who have provided opt-in consent. The PEC has agreed, subject to the exercise of their independent professional judgment, to recommend to their clients that they participate in the settlement.

The Term Sheets do not cover (i) any unfiled claims of claimants that are not current clients of the Plaintiffs’ Counsel alleging injury resulting from alleged use and/or emissions of EO from Sterigenics’ operations in or around Willowbrook, Illinois and (ii) any lawsuits alleging injury resulting from alleged use and/or emissions of EO from operations other than those in or around Willowbrook, Illinois, including the previously disclosed lawsuits in Georgia and New Mexico.

The final settlement of claims contemplated under the Term Sheets may not occur or may not occur for all Eligible Claimants for a number of reasons including, but not limited to, a failure to obtain the required opt-in consents or a failure to obtain court approval of the settlement as a good-faith settlement.

The foregoing description of the Term Sheets is a summary only, does not purport to be complete and is qualified in its entirety by reference to the full text of the Term Sheets, copies of which will be filed as exhibits to the Company’s Annual Report on Form 10-K for the period ended December 31, 2022. For more information about the EO related lawsuits, please see our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and our website at [www.soterahealth.com](http://www.soterahealth.com).

### **Forward-looking Statements**

This report contains forward-looking statements that reflect management’s expectations about future events and speak only as of the date hereof. You can identify these forward-looking statements by the use of forward-looking words such as “will,” “expect,” “may,” “could,” “post-trial,” “appeal,” “believe,” “continue,” or other comparable words. Any forward-looking statements contained in this report are based upon current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward-looking statements are subject to various risks, uncertainties and assumptions including, without limitation, changes in environmental, health and safety regulations; satisfaction of conditions to completing the settlement, including satisfaction of the Participation Requirement; the impact of, and developments in, current and future legal proceedings and liability claims related to purported exposure to emissions of EO from Sterigenics’ facilities; and

---

the possibility that other claims will be made in the future, including in Illinois. For additional discussion of these risks and uncertainties, please refer to the Company's other filings with the SEC, such as its annual and quarterly reports. We do not undertake any obligation to publicly update or revise these forward-looking statements, except as required by law.

#### **Item 7.01. Regulation FD Disclosure.**

During the fourth quarter, to enhance liquidity in connection with projected litigation-driven expenses, the Company borrowed \$200 million under its existing secured revolving credit facility, which was held as cash at year end 2022. Additionally, the Company is considering incremental debt financing in the first half of 2023 to further enhance liquidity due to needs associated with litigation, including to pay the final settlements under the Term Sheets or, if the final settlements do not occur due to failure of the conditions described above, to secure collateral needed for our appeal of the adverse judgment in the Illinois EO litigation. This financing may include secured debt raised in the bank or capital markets, which may increase Company leverage above its long-term target net leverage range of 2.0x – 4.0x. There can be no assurance the Company will be successful in obtaining such financing, which will depend on market conditions and other factors subject to change.

On January 9, 2023, the Company issued a press release announcing the matters addressed above. A copy of the press release is furnished with this report as Exhibit 99.1.

The information in this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that section, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly incorporated by specific reference in such filing.

#### **Item 9.01. Financial Statements and Exhibits.**

##### *(d) Exhibits*

Exhibit Number	Description
99.1	<a href="#">Press Release issued by Sotera Health Company, dated January 9, 2023</a>

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sotera Health Company  
(Registrant)

Date: January 9, 2023

By: /s/ Alexander Dimitrief

Alexander Dimitrief

Senior Vice President, General Counsel and Secretary

## Sotera Health Announces Settlement of Ethylene Oxide Litigation in Illinois

Settlement Explicitly Does Not Constitute Admission of Liability

**CLEVELAND, OH, January 9, 2023** - Sotera Health Company (Nasdaq: SHC), a leading global provider of mission-critical end-to-end sterilization solutions and lab testing and advisory services for the healthcare industry, today announced that its subsidiaries have reached agreements to settle the more than 870 ethylene oxide ("EO") cases pending against Sterigenics in the Circuit Court of Cook County, Illinois, and US District Court for the Northern District of Illinois.

Under the terms of the agreements, Sterigenics will pay \$408 million to settle the claims, subject to substantially all of the plaintiffs providing opt-in consents to their individual settlement allocations and dismissing their claims with prejudice. The administration and completion of the settlement agreements is expected to require up to 90 – 120 days. Sterigenics and Sotera Health LLC deny any liability and the agreements explicitly provide that the settlements are not to be construed as an admission of any liability or that emissions from the Willowbrook facilities ever posed any safety hazard to the surrounding communities.

Sotera Health Company issued the following statement:

*The agreements provide a pathway to comprehensively resolve the claims pending against Sterigenics and Sotera Health LLC in Illinois and thereby enable the Company to focus its full attention on operating the business, serving our customers and delivering on our mission of Safeguarding Global Health®. Sterigenics maintains that its Willowbrook operations did not pose a safety risk to the community in which it operated and believes the evidence and science ultimately would have compelled the rejection of the plaintiffs' claims, as occurred in the Teresa Fornek trial. However, years of biased media coverage in the greater Chicago area, the significant costs of posting a large bond in support of the appeal of the Kamuda verdict and the time and expense that would have been required to continue to contest hundreds of additional lawsuits through a multi-year process in the Illinois court system led us to conclude that resolving the pending Willowbrook EO cases would be in the best interest of the Company and its stakeholders. As we have done consistently throughout our history, we will continue to operate our facilities in compliance with applicable rules and regulations and best industry practices to ensure the safety of our employees, the communities in which we operate and patients around the world.*

In addition to substantially all of the plaintiffs providing an opt-in consent to the settlement, the agreements are subject to the entry of a stay of all pending lawsuits in Cook County and the entry of a determination by the Circuit Court of Cook County that the settlements have been entered into in good faith for the purposes of the Illinois Contribution Among Joint Tortfeasors Act. No guarantee can be made that these conditions will be met.

A claims administrator will be appointed to allocate the settlement funds among the settling plaintiffs. The plaintiffs will have 30 days upon receipt of their proposed settlement allocations to consult with their lawyers and to opt into the settlement. Sterigenics and Sotera Health LLC have the right to waive the participation requirement and elect to proceed with the settlement, in which case the settlement would be binding only on those plaintiffs who opted into the settlement. Sterigenics and Sotera Health LLC will also have the right to elect not to proceed with the settlement if: a) any of the plaintiffs who choose to opt out of the settlement meet certain specified criteria, b) the claims administrator determines that 40 or more plaintiffs do not have valid claims or c) more than five new lawsuits are filed by plaintiffs' lawyers who are representing plaintiffs in pending lawsuits that are encompassed by the settlement.

Sterigenics will fund an escrow account to pay the settlement by May 1, 2023. Final payment to a qualified settlement fund will be made from the escrow account within 30 days of the final order on appeal affirming court approval of the settlement as a good-faith settlement or, if there is no appeal, within 7 days of the expiration of the deadline to file an appeal from the court's approval. The Company will pursue incremental debt financing in the first half of 2023 to fund a significant portion of the settlement payment. The Company will record a charge for the \$408 million settlement for the year ended 2022.

For additional information on the settlement agreements and EO related lawsuits, please refer to the Company's Current Report on Form 8-K disclosing settlement terms, the Company's other SEC filings and its website.

### **Forward-Looking Statements**

This release contains forward-looking statements that reflect management's expectations about future events and speak only as of the date hereof. You can identify these forward-looking statements by the use of forward-looking words such as "will," "expect," "may," "post-trial," "appeal," "believe," "continue," or other comparable words. Any forward-looking statements contained in this release are based upon current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. These forward-looking statements are subject to various risks, uncertainties and assumptions including, without limitation, changes in environmental, health and safety regulations; satisfaction of conditions to completing the settlement, including the participation by substantially all Illinois plaintiffs in the settlement; the impact of, and developments in, current and future legal proceedings and liability claims related to purported exposure to emissions of EO from Sterigenics' facilities; capital market and other risks to our ability to raise additional debt financing on reasonable terms or at all, including availability of capital and the impact of future litigation developments on our ability to access capital markets; and the possibility that other claims will be made in the future, including in Illinois. For additional discussion of these risks and uncertainties, please refer to Company's filings with the SEC, such as its annual and quarterly



reports, as well as the Current Report on Form 8-K filed by the Company on January 9, 2023, with the SEC disclosing the terms of the settlement. We do not undertake any obligation to publicly update or revise these forward-looking statements, except as otherwise required by law.

### **About Sterigenics**

Sterigenics® is a leading global provider of outsourced terminal sterilization and irradiation services for the medical device, pharmaceutical, food safety and advanced applications markets. With our industry recognized scientific and technological expertise we help to ensure the safety of millions of patients and healthcare practitioners around the world every year. Across our 48 facilities worldwide, we offer our customers a complete range of outsourced terminal sterilization services, primarily using the three major sterilization technologies: gamma irradiation, ethylene oxide processing and electron beam irradiation. We are committed to addressing the growing need for sterilization in many parts of the world and partnering with our customers to eliminate threats to human health. Learn more about Sterigenics at <https://sterigenics.com/>. Safeguarding Global Health® - with every product we sterilize.

### **About Sotera Health**

Sotera Health Company is a leading global provider of mission-critical end-to-end sterilization solutions and lab testing and advisory services for the healthcare industry. Sotera Health goes to market through three businesses – Sterigenics®, Nordion® and Nelson Labs®. Sotera Health is committed to its mission, Safeguarding Global Health®.

### **INVESTOR RELATIONS CONTACTS**

Jason Peterson  
Vice President & Treasurer, Sotera Health  
[IR@soterahealth.com](mailto:IR@soterahealth.com)

Sally J. Curley, IRC  
Curley Global IR, LLC  
[IR@soterahealth.com](mailto:IR@soterahealth.com)

### **MEDIA CONTACT**

Kristin Gibbs  
Chief Marketing Officer, Sotera Health  
[kgibbs@soterahealth.com](mailto:kgibbs@soterahealth.com)

###