



## Sterigenics Settles 79 EtO Claims in Georgia - Frequently Asked Questions

October 16, 2023

### 1. What are the details of the settlement?

- The Term Sheet outlines an agreement in principle for full and final resolution of a group of 79 claims: the personal injury claim that was scheduled to begin trial on October 23, 2023, and the claims being pursued by the same plaintiff's lawyers on behalf of 78 other claimants.
- The settlement is subject to several conditions, including:
  - i. The entry of a stay of the lawsuit that was scheduled to begin trial in the State Court of Gwinnett County, Georgia on October 23, 2023; and
  - ii. 100% participation by all plaintiffs in the group.
- Upon satisfaction of the conditions, Sterigenics will make the \$35 million settlement payment.
- The settlement process is expected to take 45 – 60 days.
- The settlement will result in full, final and broad releases for all parties potentially implicated by the lawsuits, including:
  - i. Sterigenics US, LLC (and all predecessor entities)
  - ii. Sotera Health LLC
  - iii. Sotera Health Company
  - iv. Our current and former employees
  - v. The landlord of Sterigenics' Atlanta facility
  - vi. Our private equity investors, Warburg Pincus and GTCR
- The settlement explicitly does not constitute an admission of liability or that emissions from the Atlanta facility have ever posed any type of safety hazard to the surrounding communities.



**2. What happens if fewer than 100% of the plaintiffs in the group choose to participate?**

- Sterigenics would have the right to walk away from and void the settlement.
- In the alternative, Sterigenics would have the option to waive the 100% participation requirement, in which case the settlement would be binding on only the participating plaintiffs.

**3. What happens if Sterigenics exercises its right to walk away from the settlement?**

- The settlement would be void and litigation of the cases would resume.

**4. How will the Company account for this settlement in their financial statements?**

- The Company expects to accrue the settlement amount as a liability in its September 30, 2023 financial statements, but to exclude the expense from Adjusted EBITDA.
- We expect the settlement payment to be tax deductible.

**5. Why did Sterigenics settle?**

- Sterigenics maintains that its Atlanta operations never posed a safety risk to the surrounding community and believes the evidence and science ultimately would have compelled the rejection of the plaintiffs' claims, as occurred in the Teresa Fornek jury trial in Illinois last November.
- The Term Sheet explicitly does not constitute an admission of liability or that emissions from Sterigenics' Atlanta facility have ever posed any safety hazard to the surrounding communities.
- As the first personal injury case in Georgia neared trial, however, Sterigenics became concerned that the evidentiary rules applicable to the complicated science relating to ethylene oxide were not being applied correctly and that, as a result, Sterigenics would not be allowed to fully and fairly defend itself at trial. In view of this concern, Sterigenics concluded that paying \$35 million to resolve



the first case scheduled for trial in Georgia and the group of 78 other claims being pursued by the same plaintiff's lawyers would be in the best interest of Sterigenics and its stakeholders.

- If the settlement is concluded, the remaining cases against Sterigenics in Georgia will all be pending in the State Court of Cobb County.

#### **6. Were you not confident in your case?**

- We remain confident in the merits of our defenses to these claims and believe the evidence and science ultimately would have compelled the rejection of the plaintiffs' claims.
- Our decision to settle was driven by our concerns about not being able to present a full and fair defense in the first case scheduled for trial in the State Court of Gwinnett County, the additional time and expense that would have been required to appeal an adverse trial outcome, and our resulting determination that it would be in the best interest of Sterigenics to put the Gwinnett County EtO litigation behind us if appropriate settlement terms could be achieved.

#### **7. Did Sterigenics do something wrong that you felt you needed to settle?**

- No. The settlement explicitly does not constitute an admission of liability or that emissions from the Atlanta facility have ever posed any safety hazard to the surrounding communities.
- Our decision to settle was not driven by any concern about Sterigenics' operations or our defenses in the litigation, but the determination that it would be in the best interest of Sterigenics and all its stakeholders to put the Gwinnett County EtO litigation behind us on the terms that we were able to negotiate.
- The principal risk addressed by this settlement was that of proceeding to trial in the State Court of Gwinnett County in the face of what we believed were incorrect applications of the evidentiary rules governing the science of ethylene oxide that would have made it very difficult for us to present a full and fair defense at trial.



- 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.

#### **8. How will the settlement amount be paid?**

- Sterigenics will pay the settlement amount from existing cash balances.

#### **9. What's next in Georgia?**

- The Company will continue to vigorously defend the remaining personal injury and property devaluation cases pending in the State Court of Cobb County pursuant to the case management orders governing those cases.
  - A pool of personal injury cases is scheduled to proceed to a Phase One determination of general causation in October 2024; cases surviving Phase 1 will proceed to a Phase 2 determination of specific causation in August 2025; cases surviving Phase 2 will be eligible to proceed to trial, with the first such trial expected to begin in September or October 2025.
  - A pool of property devaluation cases will proceed in discovery through July 2024; no trial dates have been set.
- We believe the State Court of Cobb County will apply the rules of evidence properly and afford Sterigenics the opportunity to fully and fairly defend itself based on valid science.
- Additional information about these cases is available in the Company's 10-Q and 10-K filings.

#### **10. Will you settle the remaining cases pending in the State Court of Cobb County?**

- Our decision to settle this group of cases was based on the particular circumstances confronting Sterigenics in the trial scheduled to begin in the State Court of Gwinnett County in October. The remaining cases in Cobb County do not present the same circumstances and, in our view, are without merit.



**11. Will the Company be required to record a reserve for the remaining cases in Cobb County?**

- No. This settlement does not change our view that liability in the remaining cases is not probable.

**Cautionary Note Regarding Forward-Looking Statements**

This document contains forward-looking statements that reflect management's expectations about future events and the Company's operating plans and performance and speaks only as of the date hereof. These forward-looking statements are subject to various risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please refer to the Company's filings with the SEC, such as its annual and quarterly reports. The Company undertakes no obligation to publicly update or revise these forward-looking statements, except as otherwise required by law.