

IN RE PURECYCLE TECHNOLOGIES, INC. DERIVATIVE LITIGATION, 21: 1569-RGA **(D. DEL)**

CASE OVERVIEW

Status: Settled
Company Name: PureCycle Technologies, Inc.
Court: District of Delaware
Case Number: 21:1569-RGA
Ticker: PCT
Related Attorneys: Thomas W. Elrod, Ira M. Press, Lauren Molinaro
Related Practices: Securities, Corporate Governance

KM is stockholder's counsel in *In re PureCycle Technologies, Inc. Derivative Litigation*, a shareholder derivative action against PureCycle, a company which recycles polypropylene plastic waste, alleging violation of Section 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, and aiding and abetting.

On May 7, 2024, the Company agreed to pay \$3 million and to adopt internal controls and board composition reforms to settle the litigation. The reforms include, but are not limited to:

- the expansion of the Company's Board of Directors from 7 to 9 members;
- the engagement of an independent consultant or outside legal counsel to perform an analysis of the Company's corporate governance structure and processes;
- the creation of a Chief Compliance Officer position and an Operational Excellence Committee;
- the adoption of a Disclosure Committee Charter to formalize the Committee's responsibilities in assisting the Company's senior officers in fulfilling their responsibility for oversight of the accuracy and timeliness of the disclosures;
- the expansion of the responsibilities of the Audit and Finance Committee;
- the adoption of Corporate Governance Guidelines which formalize the details of management's reporting obligations to the Audit and Finance Committee and the Board and details regarding the Independent Directors' executive sessions;
- the implementation of a whistleblower hotline and increased employee and executive training.