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Orion Engineered Carbons takes out \$650 million sustainability-linked loan

The company is a pioneer in 'ethical finance' that ties interest rates to environmental goals

HOUSTON – [Orion Engineered Carbons](#) (NYSE: OEC), a leading global supplier of specialty and high-performance carbon black, has become one of the first public companies in the U.S. to take out a sustainability-linked term loan.

Often called “ethical finance,” sustainability-linked debt has interest rates that go up or down depending on whether a company meets its environmental, social or governance goals.

The interest rates for Orion’s new \$650-million term loan will be tied to the company’s targets for reducing emissions over seven years at its four U.S. plants.

“The loan is yet another way we’re showing we’re serious about our commitment to sustainability,” said Corning Painter, Orion’s CEO. “We’re willing to risk a financial penalty to demonstrate that we can meet our environmental goals.”

Each year, a third-party firm will audit the plants’ emissions figures and determine whether Orion achieved its targets.

Carbon black, commonly available as powder or pellets, is a highly engineered product that must meet exacting standards for tires, coatings, lithium-ion batteries and many other high-performance and specialty goods. The material not only tints and colorizes, it also provides reinforcement, conducts electricity and adds UV protection, among many other properties.

Under the terms of Orion’s sustainability-linked loan, during the first four years, if the company achieves its emissions targets, the interest rate will be reduced by 10 basis points – or by 0.1%. This would reduce financing costs by a total of up to \$2.6 million over the four years. But if Orion misses its goals, the rate will go up by 0.1%.

Over the final three years of the loan, the company won’t be eligible for a reduced interest rate, but it can still be penalized with a higher rate – an additional 10 basis points – if it falls short of its goal.

“Sustainability-linked financing is seeing tremendous market growth and rapidly increasing demand from lenders,” Orion’s Head of Corporate Treasury Marcus Koppers said. “As a strongly committed company and pioneer, Orion offers meaningful and balanced conditions that also attract new lenders.”

Over the past several years, Orion has been upgrading equipment at its U.S. plants that reduces emissions – an initiative projected to cost roughly \$280 million when completed in 2023. The company has sites in Ivanhoe, La.; Belpre, Ill.; and the Texas cities of Orange and Borger.

Goldman Sachs Bank USA was the sole bookrunner on the refinancing and served as the sole ESG structuring adviser.

A version of this story with more financial details is available on Orion's [corporate and financial news page](#).

About Orion Engineered Carbons

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Orion Engineered Carbons (NYSE:OEC) is a global supplier of carbon black products including high-performance specialty gas blacks, acetylene blacks, furnace blacks, lamp blacks, thermal blacks, and other carbon blacks that tint, colorize and enhance the performance of polymers, plastics, paints and coatings, inks and toners, textile fibers, adhesives and sealants, batteries, tires and mechanical rubber goods, such as automotive belts and hoses. The company has over 125 years of history providing customized solutions from a network of 14 global production sites and is dedicated to responsible business practices that emphasize reliability, innovation and sustainability. For more information, please visit orioncarbons.com.

Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements of future expectations that are based on current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. New risk factors and uncertainties emerge from time to time and it is not possible to predict all risk factors and uncertainties, nor can we assess the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information, other than as required by applicable law.

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