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Helaba acts as Sustainability Coordinator on Forvia's 500 million Euro sustainability-linked term loan

Forvia, a global leader in automotive technology, has successfully raised a 500 million Euro sustainability-linked term loan with 20 international banks.

The new loan has an initial term of three years with two one-year extension options, i.e. a maximum tenor of five years, and will refinance an existing term loan that supported the acquisition of Hella in 2021. Helaba Landesbank Hessen-Thüringen acted as sole Sustainability Coordinator on this successful transaction.

Selim Hadj-Smail, Vice President Group Financing and Treasury at Forvia, explains: "Climate change poses a serious challenge and the entire automotive industry is striving to reduce CO2 emissions rapidly. At the same time, sustainability has become a key consideration in financial markets. To underscore our climate protection commitments, we decided to link the interest margin of the loan to our ambitious and comprehensive CO2 reduction strategy."

Faurecia has already engaged in a company-wide CO2 neutrality plan since 2019. Following the creation of Forvia, through the acquisition of Hella, the group has established a common net zero target. Forvia aims to become CO2 neutral in its operations by 2025 (scopes 1 & 2), and to reduce scope 3 emissions by 45 % by 2030. In June 2022, Faurecia also became the first French company and with Hella the first global automotive group to be certified with the SBTI Net-Zero Standard, aligned with the ambition of the 2015 Paris Agreement of limiting global warming to 1.5° C.

Against this backdrop, the interest margin of the loan is subject to the achievement of annual milestones aligned with Forvia's CO2 reduction targets in scope 1 & 2 and scope 3 (controlled). If the milestones are reached, the credit margin will reduce, while a failure would result in a margin increase. "It is impressive to see how serious Forvia is about sustainability. The group is a true leader in this respect and we are proud to have contributed as Sustainability Coordinator to this successful transaction", comments Rainer Neidnig, Head of Sustainable Finance Advisory at Helaba.

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