Question for written answer E-005876/2011
to the Commission
Rule 117
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Subject: The inclusion of sustainability criteria in CRD IV

The European Commission is expected to propose in July 2011 further changes to the Capital Requirements Directive ('CRD IV'), with the aim of transposing Basel III rules into European law. Indeed, banks play a fundamental role in allocating financial resources by providing credit and re-investing deposits. Too often, however, banks do not adequately assess the sustainability risks – the potential environmental and social impact – of their financial products, as well as the businesses they finance. For example: many European banks provided loans and other services to TEPCO, the Tokyo Electric Power Company that runs the damaged nuclear power plant in Fukushima, Japan.

It is therefore crucial that the European Commission integrates sustainability criteria in the forthcoming new capital framework, in order to make sure that European banks adequately assess the financial impact of sustainability risks – the potential environmental and social impact – of their lending, financing and investment policies.

In this context:

How does the Commission plan to ensure that the new capital requirements will accurately reflect the sustainability risks of European banks' lending, financing and investment policies? More precisely, does the Commission intend to consider the proposal to increase the risk weightings for loans allocated to unsustainable projects as well as for assets that are running against principles of sustainable development?