



2020 FM GLOBAL RESILIENCE INDEX EXECUTIVE SUMMARY

Keeping the focus on business resilience

The pandemic of 2020 has tested the resilience of businesses across the world. While pandemic risk is not explicitly measured in the 2020 FM Global Resilience Index, the resilience of a country's business environment is a reliable platform for businesses trying to rebound from the impact of the coronavirus.

Through this lens, the index compiles 12 economic, risk quality and supply chain drivers to gauge the business resilience of nearly 130 countries. This data supports important business decisions – such as where to site business operations, contract with suppliers and select customers – all of which constitute informed choices to be resilient.

KEY RESULTS

Norway (ranked 1) leads the 2020 FM Global Resilience Index. The country's economic productivity, stable political environment, low corruption, natural hazard risk quality and excellent corporate governance all contribute strongly. In 2019, **Norway** experienced record-high temperatures followed by intense rainfall that caused multiple landslides. The issue of climate change seldom has been far from world headlines. Despite its historic reliance on oil revenues, **Norway** is investing heavily in reducing its carbon emissions, and has the highest density in Europe of fast chargers for electric vehicles. Also coming in the top five European countries for fast chargers, are **Switzerland** and **Denmark**, ranked second and third in the Resilience Index. **Switzerland** rose one position this year, as it continues to be one of the most politically stable in the world, with high quality infrastructure and good supply chain visibility. **Denmark** scores consistently well for its control of corruption and supply chain visibility.

At the opposite end of the index are **Haiti** (ranked 130), **Venezuela** (ranked 129) and **Ethiopia** (ranked 128). **Haiti** suffers particularly from its exposure to natural hazards. In 2019, the country endured storm surges from Hurricane Dorian and multiple flash floods. While **Venezuela's** reliance on oil production and perceptions of corruption persist, it also suffers from a high exposure to natural hazards. Late in 2019, thousands of people were affected by river flooding in Zulia State. Despite its low ranking, **Ethiopia** has improved both its control of corruption and its political stability after achieving a peace agreement with Eritrea in 2018.

Inland and coastal flooding continues to be a prominent hazard globally. **Japan** (ranked 26) faced one of the worst typhoons in its history in 2019, with Typhoon Hagibis leaving a path of devastation in its wake from flash flooding, river flooding and levee failures. In the **United States** (ranked 9, 10, 23)*, Tropical Storm Imelda dumped torrential rain on Houston, triggering massive flooding and affecting

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thousands of people. The world's warming climate threatens to bring more frequent and volatile storms, producing heavier rains and stronger storm surges. The need for protective efforts and risk improvement becomes ever more necessary. The use of flood emergency response plans, in tandem with effective flood abatement products and global flood maps, can greatly improve companies' overall resilience to these increased flood exposures.

*The United States is subdivided into three ranked regions because its geographical spread encompasses disparate exposures to natural hazards.

The 2020 FM Global Resilience Index helps companies assess the capacity of different countries both to withstand disruption and recover strongly.

The risk of cyber attack continues to loom large, as perpetrators find ever more inventive ways to penetrate information systems. While **Norway** leads the index, no country is entirely resilient. The ransomware attack on the global aluminum producer, Norsk Hydro, highlighted all too clearly the threat to modern manufacturing facilities when malicious hackers gained a foothold in a company's industrial control systems. In addition, regulators are catching up with recognition of the harm inflicted by a breach of personal data. Following the introduction of the General Data Protection Regulation (GDPR) in the European Union in 2018, the California Consumer Privacy Act (CCPA), effective January 2020, makes companies in the state accountable for inadequate cyber resilience.

CONCLUSION

The 2020 FM Global Resilience Index is a tool which captures the core drivers of enterprise resilience. It serves to help companies assess the capacity of different countries both to withstand disruption and recover strongly, should disruption occur. Through the tool, business executives potentially can make better-informed decisions in managing the exposures their companies face around the world. Resilience to climate change, flooding and cyber risk are highlighted in the events of 2019. The horrors of wildfire too grabbed the headlines with troubling scenes from California, Brazil and Australia. As risk evolves, the necessity that business remains resilient is stark.



RESILIENCE IS A CHOICE.

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