

2024 FM GLOBAL RESILIENCE INDEX EXECUTIVE SUMMARY

In an increasingly volatile world, FM Global's Resilience Index helps navigate a dynamic risk landscape

The 2024 FM Global Resilience Index arrives just in time to help companies confront an array of rising threats, including geopolitical instability, climate change and resource scarcity.

Wars ravaging Ukraine and the Gaza Strip have wreaked extensive damage to communities, property and global supply chains. Inflation, though falling, remains a cloud over the economy worldwide. Yet another peril, climate change, is elevating risk of both flood and wildfire while drought makes water scarce in many parts of the world.

Amid such volatility, building resilience against disruptive events has never been more critical to business success and continuity.

The Top 10 Most Resilient Countries



Denmark has preserved its title as the world's most resilient business environment according to the new 2024 FM Global Resilience Index.

Next (in order) are Luxembourg, Singapore, Switzerland, Germany, Sweden, Finland, Norway, Belgium and the central United States.

NEW FACTORS ADDRESS EVOLVING CONCERNS

The annual index has addressed acute business concerns like these since its unveiling in 2014. This year's index incorporates proprietary AI-enhanced risk modeling. The ranking is based on what are now 18 factors of resilience applied to 130 countries and territories. **Six of the factors are new this year**, a refinement that further enhances the value of the index for the numerous global organizations that consult it every day. Importantly, locations in countries ranked in the top 50 recover over 30% faster from property losses than locations in other countries.


The 18 equally weighted resilience factors in the 2024 FM Global Resilience Index are:

Macro		
Control of Corruption	Education	Energy Intensity
GHG Emissions	Health Expenditure	Inflation
Internet Usage	Logistics	Political Risk
Productivity	Urbanization Rate	Water Stress
Physical		
Climate Change Exposure	Climate Risk Exposure	Climate Risk Quality
Cybersecurity	Fire Risk Quality	Seismic Risk Exposure

Bold factors are new to the 2024 FM Global Resilience Index



Visit fmglobal.com/resilienceindex to learn more.



Macro Factors embrace political, economic and social influences on resilience. *Physical Factors* measure the relative commercial and industrial property risk. All of these factors help the index squarely address the biggest concerns of the day:

GEOPOLITICAL INSTABILITY

Conflicts in Gaza, the Red Sea and Ukraine exemplify the risks of geopolitical instability to property, communities, supply chains, economies and global organizations. Red Sea conflict has disrupted supply chains from Asia to Europe and imposed price shocks on smaller businesses. The Russian invasion of Ukraine strained companies that depend on Russian and Ukrainian resources such as wheat and oil.

Concerns like these are reflected in the index's *logistics* factor, which was improved for 2024. This factor is based on a World Bank Logistics Performance Index assessment of how easy it is to export to a target country in terms of infrastructure, logistics, and public sector bottlenecks. Not surprisingly, Russia is down 12 places and Ukraine is down 15 places this year in the resilience ranking for *logistics*. *Political risk* and *inflation* factors also help organizations assess geopolitical stability.

CLIMATE CHANGE

Last year (2023) was the planet's hottest year on record; the United States alone had 28 confirmed weather/climate disaster events with losses exceeding USD1 billion. Accordingly, climate change weighs heavily on the minds of most C-level executives, risk managers and supply-chain leaders – as it can contribute to the increased frequency, duration or intensity of natural hazards.

For a more nuanced view of the impact of climate change on the global business environment, the 2024 FM Global

Resilience Index includes three new climate-related factors: *climate change exposure*, *greenhouse gas emissions* and *water stress*. The index reflects nations' efforts to address these critical concerns. Belgium, for example, ranks 21st on the resilience scale for GHG emissions, having reduced emissions through a 15% increase in energy production from solar and wind, a 75% increase in electric vehicle adoption and a doubling of the number of buildings with the best energy performance certification.

Climate risk exposure, a factor examining wind and flood threats, is a significant risk for low-ranked Hong Kong (124 on this measure) and Ireland (123). Fortunately, both rank well in *climate risk quality*, which reflects efforts to improve wind and flood resilience.

RESOURCE SCARCITY

Extreme weather and geopolitical instability affect the availability of resources like water and food. A new factor, *water stress*, reflects these concerns. It is based on freshwater withdrawal as a proportion of available freshwater resources (World Bank World Development Indicators data).

Australia, the earth's second-driest continent, has recently implemented a major initiative to conserve water. More than a quarter of Australian homes collect and store rainwater for domestic use. Australia has also adopted water markets, which allow for efficient allocation of water resources, and has invested in technology, including hydro panels, which convert airborne moisture into drinking water. This work is reflected in Australia's rise of seven places in the resilience ranking for *water stress* since 2023 (retroactively calculated).

Other new factors in the 2024 FM Global Resilience Index include:

Inflation, which has soared in the past two years. Rising costs hamper companies' recovery from losses by elevating material and labor costs. Now easing, inflation also signals economic instability, making it riskier for a business to operate in an affected country. Data are sourced from the International Monetary Fund.

Education supports workforce skills and innovation, making it a vital factor in a country's long-term economic resilience. Education is scored by UN Human Development Index data on typical years of schooling.

Internet usage is a UN-derived indicator of a country's ability to harness advanced technologies for information, communication and manufacturing. The data are extracted from the UN's International Telecommunication Union. Technology readiness is a key driver for growth and competitiveness.

Factors are based on data not only from trusted third parties but also from FM Global's vast engineering database, which draws upon data from property risk engineers, who visit and assess more than 100,000 locations annually across the world.

TRY THE INDEX

The 2024 **FM Global Resilience Index** is available to with a newly streamlined interface, allowing users to analyze overall country-by-country resilience or drill into any data.

Ultimately, the index affirms FM Global's commitment to the principle that protection today means prosperity tomorrow.

