News Release

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A Blueprint for Supply Chain Resilience

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Georg Schmitt, Communications Department, Media: +41 (0)79 506 9920; georg.schmitt@weforum.org

- The World Economic Forum ' s Building Resilience in Supply Chains 2013 report offers a guide for companies and governments to better prepare for supply chain disruptions
- The report shows that a majority of global corporations see better preparedness as a priority
- Extreme weather, cyber risk and rising insurance costs pose major risks for businesses
- Read the full report or the executive summary

Davos-Klosters, Switzerland, 22 January 2013 – Business and governments are increasingly concerned about the lack of resilience that exists in global supply chains, according to the World Economic Forum ' s Building Resilience in Supply Chains report. The report, an initiative of the World Economic Forum ' s Risk Response Network in collaboration with Accenture, reveals that 80% of companies worldwide see better protection of supply chains as a priority, given persisting external threats and vulnerabilities such as oil dependence and information fragmentation.

Top supply chain risks identified in the report by corporate and government executives included conflict and political unrest, and natural disasters and extreme weather conditions such as the effects of Hurricane Sandy, which closed ports and airports in the north-eastern US in November 2012 and prompted localized fuel rationing, and the floods in Thailand in 2011 and 2012. The report also found that cyber risk and rising insurance and trade finance are emerging areas of concern.

The report calls for four steps to help integrate resilience thinking into supply chain management:

- Institutionalize a risk assessment process rooted in a broad-based and neutral international body
- Mobilize international standards bodies to develop and harmonize the adoption of resilience standards
- Incentivize organizations to follow agile, adaptable strategies to improve common resilience
- Expand the use of data-sharing platforms for risk identification and response

" Improving cooperation on risk and resilience remains a hard thing to do, but is particularly important for supply chains, as they are a critical and strategic part of national infrastructure, " added Sean Doherty, Director of Supply Chain & Transport Industry at the World Economic Forum.

The report also pinpointed notable differences in perspectives that stem from government responsibility for public security and long-term risks compared to industry ' s focus on ensuring that supply chains work effectively on a day-to-day basis. Differences in regional perspectives – attributed to local experiences with supply chain disruption and growth expectations – underscored the need to develop a harmonized resilience framework supported with common supply chain standards.

To help government, industries and consumers cooperate, the report calls for a common risk vocabulary, improved data and information sharing along and between supply chains, and more flexible response strategies.

" Global supply chains face a broad range of risks, from natural disasters and extreme weather to economic uncertainties and the emerging threats like cybercrime. These become more challenging as supply chains become longer and more complex, " said Sander van ' t Noordende, Group Chief Executive, Management Consulting, Accenture. " However, adaptable organizations using robust analytical capabilities can help inform management

and facilitate rapid responses to their changing environment. ”

Dynamic Resilience, the theme of this year ’ s World Economic Forum Annual Meeting in Davos, helps supply chain and trade management move beyond prescriptive regulatory frameworks – which historically focused on singular risks – to more flexible and agile public-private partnerships that help organizations prepare and respond to a broad range of potential disruptions in the future.

Notes to Editors

More information about the Annual Meeting 2013 is available at http://wef.ch/davos2013

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WORLD ECONOMIC FORUM
World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org