



# COASTAL SHIPYARD COMPANY

## Enterprise Risk Management Package

Risk Identification, Assessment & Treatment — Marine MRO, Parts & Storage | Seattle, WA

<b>Package Type</b>	Enterprise Risk Management (ERM) — Full Package
<b>Version</b>	1.0 — Initial Issue
<b>Assessment Method</b>	5×5 Likelihood × Impact Matrix
<b>Domains Covered</b>	Financial   Operational   Safety   Environmental   People & HR   Technology
<b>Standards Aligned</b>	ISO 31000:2018   COSO ERM   GRI 2-25   WA L&I   EPA
<b>Ownership</b>	Private Partnership — Confidential
<b>Jurisdiction</b>	Federal   Washington State   City of Seattle
<b>Effective Date</b>	2026

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# PREFACE: RISK MANAGEMENT PROGRAM OVERVIEW

## Objectives

This Enterprise Risk Management (ERM) Package provides Coastal Shipyard Company's partners and management with a structured, actionable framework for identifying, assessing, prioritizing, and managing the risks inherent in operating your marine services business. The package serves four primary objectives:

- Identify and document the material risks facing Coastal Shipyard across all operational domains — financial, operational, safety, environmental, human resources, and technology.
- Assess each identified risk using a consistent, repeatable 5x5 Likelihood x Impact scoring methodology, enabling objective comparison and prioritization across risk types.
- Establish clear risk ownership, appetite thresholds, and treatment strategies so that every identified risk has an accountable owner and a defined response.
- Create a living management tool — not a static document — that is reviewed and updated on a defined cycle, keeping risk awareness current as the company's business, workforce, and regulatory environment evolve.

## Methodology

This package applies the principles of ISO 31000:2018 (Risk Management — Guidelines) and the COSO Enterprise Risk Management Integrated Framework, adapted proportionally for a private marine services partnership of Coastal Shipyard's scale. The methodology follows five steps:

Step	Activity	Description
1	Risk Identification	Risks are identified across six domains using the BPM Audit Program (v1.0 & v2.0) as the primary source, supplemented by regulatory research for WA State and Seattle-specific exposures, industry loss data for marine MRO operations, and management input.
2	Risk Assessment	Each risk is scored on two axes: Likelihood (1–5: Rare to Almost Certain) and Impact (1–5: Negligible to Catastrophic). The product of these scores (1–25) determines the risk's position on the heat map and its priority rating.
3	Risk Appetite	Partners define the maximum level of risk exposure acceptable in each domain. Risks that exceed the appetite threshold require immediate treatment action; those within appetite are monitored.
4	Risk Treatment	Each risk is assigned a treatment strategy (Avoid, Reduce, Transfer, Accept) with specific mitigation actions, an accountable owner, and a target completion date.
5	Monitoring & Review	Risks are monitored on a defined calendar (monthly, quarterly, annually) and the full risk register is reviewed annually as part of the BPM audit cycle.

## Areas Examined

The following six risk domains are examined in this package, aligned with the BPM Audit Program domains:

Domain	Scope	Key Risk Drivers
Financial	Revenue, margin, cash flow, debt service, tax compliance, partner governance	Thin net margin (~10%), revenue concentration in commercial fishing, \$1M LTD, \$10K monthly FCF baseline
Operational	MRO workflow, parts inventory, vessel	Low-technology environment, key-person

Domain	Scope	Key Risk Drivers
	storage, customer delivery, supplier management	dependency, seasonal demand imbalance, manual billing processes
<b>Safety</b>	Workplace injuries, OSHA/WISHA compliance, chemical exposure, emergency response	High-hazard shipyard classification (29 CFR 1915), Puget Sound waterfront conditions, WAC 296 enforcement by WA L&I
<b>Environmental</b>	Puget Sound water quality, stormwater, hazardous waste, antifouling paint restrictions	Waterfront location on Puget Sound, EPA/WA Ecology dual jurisdiction, copper paint restrictions, SPCC obligations
<b>People &amp; HR</b>	Labor law compliance, benefits fiduciary duty, retention, wage standards	Seattle minimum wage indexing, ERISA 401(k) fiduciary exposure, competitive marine trades labor market
<b>Technology</b>	Data integrity, cybersecurity, system implementation, management reporting	Current low-technology baseline, planned investment program, no formal IT security controls

### How to Use This Package

- Begin with the 5x5 Risk Heat Map (Section 2) for an at-a-glance view of the company's overall risk profile.
- Review the Risk Appetite Statement (Section 3) to understand what level of risk the partners have agreed to accept in each domain.
- Use the Risk Register (Section 4) as the master log of all identified risks with scores, owners, and treatment strategies.
- Use the Individual Risk Assessment Worksheets (Section 5) for deep-dive analysis of the highest-rated risks.
- Implement the Risk Treatment Action Plan (Section 6) as the working task list for risk mitigation activities.
- Follow the Risk Monitoring & Reporting Calendar (Section 7) to maintain discipline in ongoing risk oversight.
- Assign accountability using the Risk Owner Matrix (Section 8) to ensure every risk has a named, responsible owner.

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## SECTION 1: RATING SCALES & SCORING GUIDE

### 1.1 Likelihood Scale (1–5)

Score	Label	Definition	Marine Shipyard Example
1	Rare	May occur only in exceptional circumstances; less than once in 10 years	Major earthquake damages facility; catastrophic fuel explosion
2	Unlikely	Could occur but not expected; once in 5–10 years	Serious confined-space fatality; major Puget Sound oil spill from facility
3	Possible	Might occur at some point; once in 2–5 years	OSHA citation during inspection; significant customer AR default; technology failure
4	Likely	Will probably occur in most circumstances; at least once per year	Seasonal revenue dip; billing error from manual process; skilled tech resignation
5	Almost Certain	Expected to occur regularly; multiple times per year	B&O tax quarterly filing; seasonal demand fluctuation; minor parts discrepancies

### 1.2 Impact Scale (1–5)

Score	Label	Financial Impact	Operational Impact	Regulatory / Reputational
1	Negligible	<\$5,000	Minor disruption; resolved same day	No regulatory action; no customer awareness
2	Minor	\$5K–\$25K	Service delays <1 week; isolated impact	Informal regulatory inquiry; isolated customer complaint
3	Moderate	\$25K–\$100K	Significant service disruption; 1–4 weeks	Regulatory citation; moderate customer/community concern
4	Major	\$100K–\$500K	Multiple service lines impaired; 1–3 months	Enforcement action; significant reputational damage; partner dispute
5	Catastrophic	>\$500K or insolvency	Facility closure or inability to operate	Criminal liability; loss of operating permits; partnership dissolution risk

### 1.3 Risk Rating Matrix — Score Interpretation

Rating	Score Range	Color	Required Response
<b>CRITICAL</b>	20–25	<b>Red</b>	Immediate partner notification; emergency mitigation within 30 days; may require suspension of activity until controlled.
<b>HIGH</b>	15–19	<b>Orange</b>	Senior management priority; formal treatment plan within 30 days; monthly monitoring.
<b>MEDIUM</b>	8–14	<b>Amber</b>	Management attention required; treatment plan within 60–90 days; quarterly monitoring.
<b>LOW</b>	4–7	<b>Green</b>	Routine monitoring; address in annual planning cycle; document acceptance if no action taken.
<b>NEGLIGIBLE</b>	1–3	<b>Dark Green</b>	Note and accept; review annually; no immediate action required.

## SECTION 2: 5x5 RISK HEAT MAP

### 2.1 Completed Risk Heat Map — All Domains

The matrix below plots all 30 identified risks by their Likelihood (horizontal axis, 1–5) and Impact (vertical axis, 1–5) scores. Risk IDs are shown in the cell corresponding to their Likelihood × Impact coordinates. Colour coding reflects the composite risk rating.

Impact ↑ / Likelihood →	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
5 — Catastrophic	Score: 5 LOW	Score: 10 MEDIUM F-05 O-03 S-01 E-01	Score: 15 HIGH F-03	Score: 20 CRITICAL F-01	Score: 25 CRITICAL
4 — Major	Score: 4 LOW	Score: 8 MEDIUM E-04 H-02	Score: 12 MEDIUM O-01 S-02 S-03 E-02 T-01 T-03	Score: 16 HIGH F-02	Score: 20 CRITICAL
3 — Moderate	Score: 3 NEGLIGIBLE	Score: 6 LOW F-04 E-05 H-04	Score: 9 MEDIUM F-06 O-04 O-06 S-04 S-05 E-03 H-01 H-03 T-02	Score: 12 MEDIUM O-02 T-04	Score: 15 HIGH O-05
2 — Minor	Score: 2 NEGLIGIBLE	Score: 4 LOW	Score: 6 LOW	Score: 8 MEDIUM	Score: 10 MEDIUM
1 — Negligible	Score: 1 NEGLIGIBLE	Score: 2 NEGLIGIBLE	Score: 3 NEGLIGIBLE	Score: 4 LOW	Score: 5 LOW

### 2.2 Heat Map Legend

Rating	Score	Colour	Risks in This Zone
CRITICAL	20–25		F-01 — Revenue Concentration — Commercial Fishing Fleet
HIGH	15–19		F-02 — Margin Compression — Rising Costs vs. Flat Pricing; F-03 — Free Cash Flow Insufficiency for Debt Service; O-05 — Seasonal Demand Imbalance — Capacity Utilization
MEDIUM	8–14		F-05 — Partner Dispute or Dissolution Event; F-06 — Accounts Receivable — Commercial Fleet Slow Pay; O-01 — Key Person Dependency — Skilled Marine Technicians; O-02 — Work Order & Billing Errors; O-03 — Vessel Damage During Haul-Out or Storage; O-04

Rating	Score	Colour	Risks in This Zone
			— Parts Inventory Shrinkage and Obsolescence; O-06 — Supplier / Parts Availability Disruption; S-01 — Serious Worker Injury — Confined Space / Vessel Entry; S-02 — Fall from Elevation — Vessels, Scaffolding, Docks; S-03 — Hazardous Chemical Exposure — Paints, Solvents, Fuels; S-04 — WA L&I Safety Inspection & Citation; S-05 — Workers' Compensation Cost Escalation; E-01 — Fuel or Oil Spill into Puget Sound; E-02 — Stormwater Non-Compliance — Puget Sound Discharge; E-03 — Antifouling Paint Restrictions — Puget Sound; E-04 — Hazardous Waste Non-Compliance; H-01 — Seattle Minimum Wage Non-Compliance; H-02 — 401(k) Fiduciary Breach; H-03 — High Voluntary Turnover — Skilled Trades; T-01 — Data Loss — Financial and Customer Records; T-02 — Technology Implementation Failure / Cost Overrun; T-03 — Cybersecurity — Phishing and Financial Fraud; T-04 — Reporting Gaps — Limited Management Visibility
LOW	4–7		F-04 — Washington State B&O and Sales Tax Non-Compliance; E-05 — Seattle Shoreline Permit Non-Compliance; H-04 — ACA Employer Shared Responsibility — Threshold Monitoring
NEGLIGIBLE	1–3		None identified

## SECTION 3: RISK APPETITE STATEMENT

### 3.1 Risk Appetite Framework

The Risk Appetite Statement defines the maximum level of risk exposure that Coastal Shipyard's partners are willing to accept in pursuit of the company's strategic objectives. Risks that exceed the stated appetite require documented treatment plans and escalation to all partners. This statement should be reviewed and re-affirmed by the partners annually.

<b>ISO 31000</b>	Risk appetite is defined as the amount and type of risk an organization is willing to pursue or retain in order to achieve its objectives (ISO 31000:2018, Clause 6.3.2). It is distinct from risk tolerance, which defines the acceptable variation around appetite thresholds.
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### 3.2 Partner-Approved Risk Appetite by Domain

Domain	Appetite Level	Maximum Acceptable Score	Rationale & Boundary Conditions
Financial	MODERATE	Score ≤ 12 (e.g., L3×I4)	The company accepts moderate financial risk in pursuit of growth opportunities (new market segments, technology investment). Risks that threaten debt service coverage or partner capital are not acceptable without treatment.
Operational	MODERATE	Score ≤ 12 (e.g., L3×I4)	Operational risk is inherent in MRO work and is accepted where controls are in place. Risks causing extended service disruption (>2 weeks) or major customer loss require treatment.
Safety	LOW	Score ≤ 6 (e.g., L2×I3)	The company has zero appetite for serious injury or fatality. Any safety risk above LOW requires immediate treatment. OSHA/WISHA compliance is non-negotiable. No risk score above 6 is acceptable without active controls.
Environmental	LOW	Score ≤ 6 (e.g., L2×I3)	Given Puget Sound location, the company has very low appetite for environmental non-compliance. Permit violations and discharge events are unacceptable. Proactive controls are required for all environmental risks.
People & HR	MODERATE	Score ≤ 9 (e.g., L3×I3)	The company accepts some people risk (turnover, market wage pressure) as inherent to its labor market. Benefits fiduciary failures, wage theft liability, and ACA non-compliance are not acceptable.
Technology	MODERATE-HIGH	Score ≤ 15 (e.g., L3×I5)	During the current technology transition period, the company accepts higher technology risk as a trade-off for modernization. Data loss and financial fraud risks require treatment; reporting gaps are accepted short-term.

### 3.3 Appetite Breach Protocol

When a risk score exceeds the stated domain appetite, the following escalation protocol applies:

- Within 5 business days: Risk owner notifies all partners in writing with a brief description of the risk, current score, and proposed treatment approach.
- Within 30 days: A formal Risk Treatment Plan (per Section 6 template) is prepared and presented to partners for approval.
- Ongoing: Risk is elevated to monthly monitoring until score is reduced below appetite threshold through treatment actions.
- If treatment is not feasible within 90 days: Partners convene a formal risk review to decide whether to exit the activity generating the risk, transfer it (insurance), or formally accept it with documented rationale.

## SECTION 4: RISK REGISTER (BY DOMAIN)

The Risk Register is the master log of all identified risks. Risks are organized by domain and sorted by risk score (highest to lowest) within each domain. Scores reflect inherent risk (before treatment controls are fully implemented).

### Domain: Financial (6 Risks Identified)

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
F-01	Revenue Concentration — Commercial Fishing Fleet	4	5	20	CRITICAL	Formalize service agreements with top 5 commercial clients; pursue Charter and Yacht segment growth to diversify revenue base; target no single client above 15% of gross revenue.
F-02	Margin Compression — Rising Costs vs. Flat Pricing	4	4	16	HIGH	Implement quarterly cost vs. billing rate review; establish materials cost escalation clause in commercial service agreements; benchmark labor rates annually against BLS data.
F-03	Free Cash Flow Insufficiency for Debt Service	3	5	15	HIGH	Maintain a minimum 3-month FCF reserve fund; model FCF sensitivity to 10% and 20% revenue declines; explore debt refinancing if rates improve.
F-05	Partner Dispute or Dissolution Event	2	5	10	MEDIUM	Ensure partnership agreement includes current buy-sell provisions, dispute resolution mechanism, and succession plan; review agreement every 3 years with legal counsel.
F-06	Accounts Receivable — Commercial Fleet Slow Pay	3	3	9	MEDIUM	Implement 30-day payment terms in all service agreements; apply late payment fees after 45 days; review AR aging monthly and escalate accounts over 60 days.
F-04	Washington State B&O and Sales Tax Non-Compliance	2	3	6	LOW	Implement accounting system flag for taxable vs. non-taxable transactions; conduct annual tax compliance review with CPA; subscribe to WA DOR business alerts.

### Domain: Operational (6 Risks Identified)

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
O-05	Seasonal Demand Imbalance — Capacity Utilization	5	3	15	HIGH	Develop winter storage packages for yacht and charter segments; explore indoor heated storage premium

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
						pricing; consider reduced-hour winter scheduling to manage fixed labor cost.
O-01	Key Person Dependency — Skilled Marine Technicians	3	4	12	MEDIUM	Document key technical procedures; implement cross-training program for critical skills; establish competitive retention incentives; develop apprenticeship pipeline with local trad...
O-02	Work Order & Billing Errors	4	3	12	MEDIUM	Priority Year 1 technology investment: implement marine shop management software (e.g., Molo, Marina Controller) to integrate work orders, labor, parts, and billing.
O-03	Vessel Damage During Haul-Out or Storage	2	5	10	MEDIUM	Implement formal vessel condition documentation (photo + written) at intake; maintain rigger certification; ensure marine liability insurance limits are reviewed annually.
O-04	Parts Inventory Shrinkage and Obsolescence	3	3	9	MEDIUM	Implement cycle counting program per Internal Controls Section 7; conduct annual obsolescence review; secure parts storage with access controls.
O-06	Supplier / Parts Availability Disruption	3	3	9	MEDIUM	Maintain safety stock for highest-velocity parts; qualify at least 2 suppliers for all critical SKUs; monitor supplier lead times quarterly.

**Domain: Safety (5 Risks Identified)**

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
S-02	Fall from Elevation — Vessels, Scaffolding, Docks	3	4	12	MEDIUM	Implement formal fall protection program per WAC 296-880; conduct quarterly fall hazard inspections; ensure all elevated work areas have compliant guardrail or PFAS; train all yard...
S-03	Hazardous Chemical Exposure — Paints, Solvents, Fuels	3	4	12	MEDIUM	Conduct formal chemical exposure assessment; implement respiratory protection program per WAC 296-62; upgrade paint bay ventilation; complete GHS labeling audit.
S-01	Serious Worker Injury — Confined Space / Vessel Entry	2	5	10	MEDIUM	Implement formal written Confined Space Program with entry permits; maintain atmospheric testing equipment; designate trained attendants; conduct annual rescue drill.

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
S-04	WA L&I Safety Inspection & Citation	3	3	9	MEDIUM	Conduct annual internal mock L&I inspection; maintain written Accident Prevention Program; ensure safety committee meets monthly with documented minutes.
S-05	Workers' Compensation Cost Escalation	3	3	9	MEDIUM	Implement early return-to-work program; review experience modifier annually; proactive claims management with L&I; invest in safety training to reduce incident rate.

### Domain: Environmental (5 Risks Identified)

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
E-02	Stormwater Non-Compliance — Puget Sound Discharge	3	4	12	MEDIUM	Implement formal SWPPP monitoring log; inspect and clean oil-water separators quarterly; install best management practices (berms, tarps) at hull work areas; obtain current NPDES p...
E-01	Fuel or Oil Spill into Puget Sound	2	5	10	MEDIUM	Conduct quarterly SPCC self-inspections; maintain spill response kit at fuel area; train all yard staff in spill response annually; review SPCC plan every 3 years or after any faci...
E-03	Antifouling Paint Restrictions — Puget Sound	3	3	9	MEDIUM	Monitor WA Ecology copper restriction rulemaking annually; research and trial non-copper alternative coatings; communicate product transitions to commercial customers proactively.
E-04	Hazardous Waste Non-Compliance	2	4	8	MEDIUM	Maintain current hazardous waste generator registration with WA Ecology; complete annual hazardous waste training for all handlers; ensure all waste streams are manifested and reco...
E-05	Seattle Shoreline Permit Non-Compliance	2	3	6	LOW	Maintain current SMP permit compliance file; consult Seattle DPD before any facility modification; annual review of port lease conditions and compliance status.

### Domain: People & HR (4 Risks Identified)

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
H-01	Seattle Minimum Wage Non-Compliance	3	3	9	MEDIUM	Configure payroll system to apply Seattle minimum wage rate; subscribe to Seattle OLS annual wage update notifications; audit payroll rates every January after CPI adjustment.
H-03	High Voluntary Turnover — Skilled Trades	3	3	9	MEDIUM	Conduct annual compensation benchmarking vs. BLS marine trades data; implement structured retention conversations at 1-year anniversary; enhance non-wage benefits (tool allowance, ...
H-02	401(k) Fiduciary Breach	2	4	8	MEDIUM	Conduct annual 401(k) plan fiduciary review (investment options, fees, enrollment rates); ensure contributions are remitted within 7 business days of payroll; document all fiduciar...
H-04	ACA Employer Shared Responsibility — Threshold Monitoring	2	3	6	LOW	Implement monthly FTE tracking worksheet; consult with benefits broker annually on ACA compliance; ensure 1095-C filings are accurate and timely.

### Domain: Technology (4 Risks Identified)

ID	Risk Title	L	I	Score	Rating	Summary Treatment Strategy
T-01	Data Loss — Financial and Customer Records	3	4	12	MEDIUM	Implement cloud-based backup for all financial and customer records (Year 1 priority); establish automated daily backup with off-site copy; test data restoration quarterly.
T-03	Cybersecurity — Phishing and Financial Fraud	3	4	12	MEDIUM	Implement multi-factor authentication on all financial and email accounts; conduct annual employee phishing awareness training; establish wire transfer verification protocol (callb...
T-04	Reporting Gaps — Limited Management Visibility	4	3	12	MEDIUM	Year 1: Implement cloud accounting with dashboard; Year 2: Connect work order and parts data to financial reporting; Year 3: Business intelligence tool for KPI visualization.
T-02	Technology Implementation Failure / Cost Overrun	3	3	9	MEDIUM	Define clear requirements and success criteria before any software purchase; pilot new systems with one department before full rollout; allocate contingency budget (20% of project ...

## SECTION 5: INDIVIDUAL RISK ASSESSMENT WORKSHEETS

The following worksheets provide detailed assessments for the ten highest-scoring risks identified in the risk register. Each worksheet documents the risk description, scoring rationale, existing controls, treatment strategy, and monitoring approach.

### Worksheet 1 of 10 — F-01: Revenue Concentration — Commercial Fishing Fleet

<b>Risk ID &amp; Domain</b>	<b>F-01   Domain: Financial</b>
<b>Risk Title</b>	<b>Revenue Concentration — Commercial Fishing Fleet</b>
<b>Risk Description</b>	A significant portion of revenue is derived from a small number of commercial fishing customers. Loss of one or two key accounts could materially reduce annual gross revenue and threaten debt service coverage.
<b>Likelihood Score &amp; Rationale</b>	<b>4/5 — Likely.</b> This risk has been scored 4 because it reflects a regular or recurring condition in the company's operating environment.
<b>Impact Score &amp; Rationale</b>	<b>5/5 — Catastrophic.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be catastrophic and potentially irreversible.
<b>Composite Risk Score</b>	<b>20 / 25 — CRITICAL</b>
<b>Existing Controls</b>	Long-standing customer relationships; informal verbal commitments from fleet operators.
<b>Treatment Strategy</b>	Formalize service agreements with top 5 commercial clients; pursue Charter and Yacht segment growth to diversify revenue base; target no single client above 15% of gross revenue.
<b>Risk Owner</b>	<b>Managing Partner / GM</b>
<b>Time Horizon</b>	Near-term

## Worksheet 2 of 10 — F-02: Margin Compression — Rising Costs vs. Flat Pricing

<b>Risk ID &amp; Domain</b>	<b>F-02   Domain: Financial</b>
<b>Risk Title</b>	<b>Margin Compression — Rising Costs vs. Flat Pricing</b>
<b>Risk Description</b>	At ~10% net margin, any increase in labor, materials, fuel, or parts costs without corresponding price adjustments will rapidly erode profitability and compress free cash flow below the \$10K/month baseline.
<b>Likelihood Score &amp; Rationale</b>	<b>4/5 — Likely.</b> This risk has been scored 4 because it reflects a regular or recurring condition in the company's operating environment.
<b>Impact Score &amp; Rationale</b>	<b>4/5 — Major.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>16 / 25 — HIGH</b>
<b>Existing Controls</b>	Informal cost monitoring; annual vendor negotiations.
<b>Treatment Strategy</b>	Implement quarterly cost vs. billing rate review; establish materials cost escalation clause in commercial service agreements; benchmark labor rates annually against BLS data.
<b>Risk Owner</b>	<b>Controller / Managing Partner</b>
<b>Time Horizon</b>	Near-term

## Worksheet 3 of 10 — F-03: Free Cash Flow Insufficiency for Debt Service

<b>Risk ID &amp; Domain</b>	<b>F-03   Domain: Financial</b>
<b>Risk Title</b>	<b>Free Cash Flow Insufficiency for Debt Service</b>
<b>Risk Description</b>	Current monthly FCF of ~\$10K provides limited buffer above LTD service requirements. Any revenue decline or cost spike could impair the company's ability to service its \$1M long-term debt.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5</b> — Possible. This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>5/5</b> — Catastrophic. If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be catastrophic and potentially irreversible.
<b>Composite Risk Score</b>	<b>15 / 25 — HIGH</b>
<b>Existing Controls</b>	Monthly financial review; LTD managed through single lender.
<b>Treatment Strategy</b>	Maintain a minimum 3-month FCF reserve fund; model FCF sensitivity to 10% and 20% revenue declines; explore debt refinancing if rates improve.
<b>Risk Owner</b>	<b>Managing Partner / Controller</b>
<b>Time Horizon</b>	Near-term

## Worksheet 4 of 10 — O-05: Seasonal Demand Imbalance — Capacity Utilization

<b>Risk ID &amp; Domain</b>	<b>O-05   Domain: Operational</b>
<b>Risk Title</b>	<b>Seasonal Demand Imbalance — Capacity Utilization</b>
<b>Risk Description</b>	Marine service demand in the Pacific Northwest is highly seasonal (spring/fall peaks; winter trough). Under-utilization of labor and facilities in Nov–Feb generates fixed cost drag on FCF.
<b>Likelihood Score &amp; Rationale</b>	<b>5/5</b> — Almost Certain. This risk has been scored 5 because it reflects a regular or recurring condition in the company's operating environment.
<b>Impact Score &amp; Rationale</b>	<b>3/5</b> — Moderate. If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be moderate, causing meaningful disruption requiring planned management response.
<b>Composite Risk Score</b>	<b>15 / 25 — HIGH</b>
<b>Existing Controls</b>	Some indoor storage revenue offsets winter slowdown.
<b>Treatment Strategy</b>	Develop winter storage packages for yacht and charter segments; explore indoor heated storage premium pricing; consider reduced-hour winter scheduling to manage fixed labor cost.
<b>Risk Owner</b>	<b>GM / Operations Manager</b>
<b>Time Horizon</b>	Annual

**Worksheet 5 of 10 — O-01: Key Person Dependency — Skilled Marine Technicians**

<b>Risk ID &amp; Domain</b>	<b>O-01   Domain: Operational</b>
<b>Risk Title</b>	<b>Key Person Dependency — Skilled Marine Technicians</b>
<b>Risk Description</b>	Coastal shipyard operations depend heavily on experienced marine technicians. Loss of one or more key skilled tradespeople (engine mechanics, marine electricians, fiberglass specialists) could reduce capacity and delay customer service delivery.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5 — Possible.</b> This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>4/5 — Major.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	Experienced workforce; informal cross-training exists.
<b>Treatment Strategy</b>	Document key technical procedures; implement cross-training program for critical skills; establish competitive retention incentives; develop apprenticeship pipeline with local trade schools.
<b>Risk Owner</b>	<b>HR Manager / GM</b>
<b>Time Horizon</b>	Near-term

## Worksheet 6 of 10 — O-02: Work Order & Billing Errors

<b>Risk ID &amp; Domain</b>	<b>O-02   Domain: Operational</b>
<b>Risk Title</b>	<b>Work Order &amp; Billing Errors</b>
<b>Risk Description</b>	Without a fully integrated work order management system, manual processes create risk of unbilled labor, parts under-charging, and cost leakage that directly reduces margin.
<b>Likelihood Score &amp; Rationale</b>	<b>4/5 — Likely.</b> This risk has been scored 4 because it reflects a regular or recurring condition in the company's operating environment.
<b>Impact Score &amp; Rationale</b>	<b>3/5 — Moderate.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be moderate, causing meaningful disruption requiring planned management response.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	Paper work orders reviewed by supervisor; controller cross-checks invoices.
<b>Treatment Strategy</b>	Priority Year 1 technology investment: implement marine shop management software (e.g., Molo, Marina Controller) to integrate work orders, labor, parts, and billing.
<b>Risk Owner</b>	<b>Operations Manager</b>
<b>Time Horizon</b>	Near-term

**Worksheet 7 of 10 — S-02: Fall from Elevation — Vessels, Scaffolding, Docks**

<b>Risk ID &amp; Domain</b>	<b>S-02   Domain: Safety</b>
<b>Risk Title</b>	<b>Fall from Elevation — Vessels, Scaffolding, Docks</b>
<b>Risk Description</b>	Working at elevation on vessel decks, scaffolding, masts, and dock structures is a leading cause of serious injury in marine environments. Pacific Northwest wet conditions increase slip/fall risk year-round.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5</b> — Possible. This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>4/5</b> — Major. If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	Some PPE provided; informal awareness of fall hazards.
<b>Treatment Strategy</b>	Implement formal fall protection program per WAC 296-880; conduct quarterly fall hazard inspections; ensure all elevated work areas have compliant guardrail or PFAS; train all yard employees annually.
<b>Risk Owner</b>	<b>Safety Officer / Yard Supervisor</b>
<b>Time Horizon</b>	Ongoing

## Worksheet 8 of 10 — S-03: Hazardous Chemical Exposure — Paints, Solvents, Fuels

<b>Risk ID &amp; Domain</b>	<b>S-03   Domain: Safety</b>
<b>Risk Title</b>	<b>Hazardous Chemical Exposure — Paints, Solvents, Fuels</b>
<b>Risk Description</b>	Marine operations involve extensive use of antifouling paints (copper-based), epoxy resins, solvents, and fuels. Chronic or acute exposure without adequate controls causes serious health harm and WA L&I enforcement action.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5 — Possible.</b> This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>4/5 — Major.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	SDS binders maintained; some PPE in use; ventilation in paint bay.
<b>Treatment Strategy</b>	Conduct formal chemical exposure assessment; implement respiratory protection program per WAC 296-62; upgrade paint bay ventilation; complete GHS labeling audit.
<b>Risk Owner</b>	<b>Safety Officer / Ops Manager</b>
<b>Time Horizon</b>	Ongoing

## Worksheet 9 of 10 — E-02: Stormwater Non-Compliance — Puget Sound Discharge

<b>Risk ID &amp; Domain</b>	<b>E-02   Domain: Environmental</b>
<b>Risk Title</b>	<b>Stormwater Non-Compliance — Puget Sound Discharge</b>
<b>Risk Description</b>	Hull cleaning, painting, and yard operations generate contaminated stormwater containing copper, zinc, and petroleum hydrocarbons. Discharge in excess of NPDES/SWPPP permit limits violates the Clean Water Act and WA state permit.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5 — Possible.</b> This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>4/5 — Major.</b> If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	SWPPP document exists; catch basins inspected informally.
<b>Treatment Strategy</b>	Implement formal SWPPP monitoring log; inspect and clean oil-water separators quarterly; install best management practices (berms, tarps) at hull work areas; obtain current NPDES permit coverage.
<b>Risk Owner</b>	<b>Ops Manager</b>
<b>Time Horizon</b>	Ongoing

## Worksheet 10 of 10 — T-01: Data Loss — Financial and Customer Records

<b>Risk ID &amp; Domain</b>	<b>T-01   Domain: Technology</b>
<b>Risk Title</b>	<b>Data Loss — Financial and Customer Records</b>
<b>Risk Description</b>	Operating on low-technology infrastructure with limited backup processes, a hardware failure, ransomware attack, or accidental deletion could permanently destroy financial records, customer files, and work order history.
<b>Likelihood Score &amp; Rationale</b>	<b>3/5</b> — Possible. This risk has been scored 3 because it reflects a credible scenario that has occurred in comparable marine service operations.
<b>Impact Score &amp; Rationale</b>	<b>4/5</b> — Major. If this risk materializes, the consequence to financial performance, operations, regulatory standing, or partner welfare would be major, requiring significant management response and potentially impacting multiple stakeholders.
<b>Composite Risk Score</b>	<b>12 / 25 — MEDIUM</b>
<b>Existing Controls</b>	Some local file storage; informal USB backup by controller.
<b>Treatment Strategy</b>	Implement cloud-based backup for all financial and customer records (Year 1 priority); establish automated daily backup with off-site copy; test data restoration quarterly.
<b>Risk Owner</b>	<b>GM / IT Lead</b>
<b>Time Horizon</b>	Near-term

## SECTION 6: RISK TREATMENT & MITIGATION ACTION PLAN

The Risk Treatment Plan translates risk assessment findings into specific, time-bound mitigation actions. Treatment strategies follow the four standard approaches: Avoid (eliminate the risk-causing activity), Reduce (implement controls to lower likelihood or impact), Transfer (shift risk via insurance or contract), or Accept (monitor and absorb). Actions are prioritized by risk score.

ID	Risk Title	Rating	Strategy	Owner	Key Actions	Target
F-01	Revenue Concentration — Commercial Fishing Fleet	CRITICAL	REDUCE	Managing Partner	Formalize service agreements with top 5 commercial clients; pursue Charter and Yacht segment growth to diversify revenue base; target no sin...	30 days
F-02	Margin Compression — Rising Costs vs. Flat Pricing	HIGH	REDUCE	Controller	Implement quarterly cost vs. billing rate review; establish materials cost escalation clause in commercial service agreements; benchmark lab...	60 days
F-03	Free Cash Flow Insufficiency for Debt Service	HIGH	REDUCE	Managing Partner	Maintain a minimum 3-month FCF reserve fund; model FCF sensitivity to 10% and 20% revenue declines; explore debt refinancing if rates improv...	60 days
O-05	Seasonal Demand Imbalance — Capacity Utilization	HIGH	REDUCE	GM	Develop winter storage packages for yacht and charter segments; explore indoor heated storage premium pricing; consider reduced-hour winter ...	60 days
O-01	Key Person Dependency — Skilled Marine Technicians	MEDIUM	REDUCE	HR Manager	Document key technical procedures; implement cross-training program for critical skills; establish competitive retention incentives; develop...	90 days
O-02	Work Order & Billing Errors	MEDIUM	REDUCE	Operations Manager	Priority Year 1 technology investment: implement marine shop management software (e.g., Molo, Marina Controller) to integrate work orders, I...	90 days
S-02	Fall from Elevation — Vessels, Scaffolding,	MEDIUM	REDUCE	Safety Officer	Implement formal fall protection program per WAC 296-880; conduct quarterly fall hazard	90 days

ID	Risk Title	Rating	Strategy	Owner	Key Actions	Target
	Docks				inspections; ensure all elevated work areas have com...	
S-03	Hazardous Chemical Exposure — Paints, Solvents, Fuels	MEDIUM	REDUCE	Safety Officer	Conduct formal chemical exposure assessment; implement respiratory protection program per WAC 296-62; upgrade paint bay ventilation; complet...	90 days
E-02	Stormwater Non-Compliance — Puget Sound Discharge	MEDIUM	REDUCE	Ops Manager	Implement formal SWPPP monitoring log; inspect and clean oil-water separators quarterly; install best management practices (berms, tarps) at...	90 days
T-01	Data Loss — Financial and Customer Records	MEDIUM	REDUCE	GM	Implement cloud-based backup for all financial and customer records (Year 1 priority); establish automated daily backup with off-site copy; ...	90 days
T-03	Cybersecurity — Phishing and Financial Fraud	MEDIUM	REDUCE	GM	Implement multi-factor authentication on all financial and email accounts; conduct annual employee phishing awareness training; establish wi...	90 days
T-04	Reporting Gaps — Limited Management Visibility	MEDIUM	REDUCE	GM	Year 1: Implement cloud accounting with dashboard; Year 2: Connect work order and parts data to financial reporting; Year 3: Business intell...	90 days
F-05	Partner Dispute or Dissolution Event	MEDIUM	REDUCE	All Partners	Ensure partnership agreement includes current buy-sell provisions, dispute resolution mechanism, and succession plan; review agreement every...	90 days
O-03	Vessel Damage During Haul-Out or Storage	MEDIUM	REDUCE	Yard Supervisor	Implement formal vessel condition documentation (photo + written) at intake; maintain rigger certification; ensure marine liability insuranc...	90 days
S-	Serious Worker	MEDIUM	REDUCE	Safety Officer	Implement formal written	90

ID	Risk Title	Rating	Strategy	Owner	Key Actions	Target
01	Injury — Confined Space / Vessel Entry				Confined Space Program with entry permits; maintain atmospheric testing equipment; designate trained attendants; co...	days
E-01	Fuel or Oil Spill into Puget Sound	MEDIUM	REDUCE	Ops Manager	Conduct quarterly SPCC self-inspections; maintain spill response kit at fuel area; train all yard staff in spill response annually; review S...	90 days
F-06	Accounts Receivable — Commercial Fleet Slow Pay	MEDIUM	REDUCE	Controller	Implement 30-day payment terms in all service agreements; apply late payment fees after 45 days; review AR aging monthly and escalate accoun...	90 days
O-04	Parts Inventory Shrinkage and Obsolescence	MEDIUM	REDUCE	Parts Manager	Implement cycle counting program per Internal Controls Section 7; conduct annual obsolescence review; secure parts storage with access contr...	90 days
O-06	Supplier / Parts Availability Disruption	MEDIUM	REDUCE	Parts Manager	Maintain safety stock for highest-velocity parts; qualify at least 2 suppliers for all critical SKUs; monitor supplier lead times quarterly.	90 days
S-04	WA L&I Safety Inspection & Citation	MEDIUM	REDUCE	Safety Officer	Conduct annual internal mock L&I inspection; maintain written Accident Prevention Program; ensure safety committee meets monthly with docume...	90 days
S-05	Workers' Compensation Cost Escalation	MEDIUM	REDUCE	HR Manager	Implement early return-to-work program; review experience modifier annually; proactive claims management with L&I; invest in safety training...	90 days
E-03	Antifouling Paint Restrictions — Puget Sound	MEDIUM	REDUCE	Ops Manager	Monitor WA Ecology copper restriction rulemaking annually; research and trial non-copper alternative coatings; communicate product transitio...	90 days

ID	Risk Title	Rating	Strategy	Owner	Key Actions	Target
H-01	Seattle Minimum Wage Non-Compliance	MEDIUM	REDUCE	HR Manager	Configure payroll system to apply Seattle minimum wage rate; subscribe to Seattle OLS annual wage update notifications; audit payroll rates ...	90 days
H-03	High Voluntary Turnover — Skilled Trades	MEDIUM	REDUCE	HR Manager	Conduct annual compensation benchmarking vs. BLS marine trades data; implement structured retention conversations at 1-year anniversary; enh...	90 days
T-02	Technology Implementation Failure / Cost Overrun	MEDIUM	REDUCE	GM	Define clear requirements and success criteria before any software purchase; pilot new systems with one department before full rollout; allo...	90 days
E-04	Hazardous Waste Non-Compliance	MEDIUM	REDUCE	Ops Manager	Maintain current hazardous waste generator registration with WA Ecology; complete annual hazardous waste training for all handlers; ensure a...	90 days
H-02	401(k) Fiduciary Breach	MEDIUM	REDUCE	Managing Partner	Conduct annual 401(k) plan fiduciary review (investment options, fees, enrollment rates); ensure contributions are remitted within 7 busines...	90 days
F-04	Washington State B&O and Sales Tax Non-Compliance	LOW	ACCEPT / MONITOR	Controller	Implement accounting system flag for taxable vs. non-taxable transactions; conduct annual tax compliance review with CPA; subscribe to WA DO...	Annual
E-05	Seattle Shoreline Permit Non-Compliance	LOW	ACCEPT / MONITOR	GM	Maintain current SMP permit compliance file; consult Seattle DPD before any facility modification; annual review of port lease conditions an...	Annual
H-04	ACA Employer Shared Responsibility — Threshold	LOW	ACCEPT / MONITOR	HR Manager	Implement monthly FTE tracking worksheet; consult with benefits broker annually on ACA	Annual

ID	Risk Title	Rating	Strategy	Owner	Key Actions	Target
	Monitoring				compliance; ensure 1095-C filings are accurate and ti...	

## SECTION 7: RISK MONITORING & REPORTING CALENDAR

### 7.1 Monitoring Framework

Risk monitoring is the ongoing process of checking that risk controls remain effective, that risk scores are still accurate, and that emerging risks are identified promptly. The following calendar establishes the minimum monitoring cadence for each risk domain and rating level.

### 7.2 Monitoring Cadence by Risk Rating

Rating	Frequency	Review Activity	Reporting Output
<b>CRITICAL</b>	<b>Monthly</b>	Partner review meeting; verify treatment action progress; re-score risk	Written status memo to all partners; update risk register
<b>HIGH</b>	<b>Monthly</b>	Risk owner reports to GM; treatment milestones checked	Risk dashboard update; GM reports to partners at monthly meeting
<b>MEDIUM</b>	<b>Quarterly</b>	Risk owner self-assessment; confirm controls still effective	Quarterly risk summary included in BPM audit reporting
<b>LOW</b>	<b>Semi-annual</b>	Brief status check; confirm no change to risk profile	Semi-annual risk register review; note any changes
<b>NEGLIGIBLE</b>	<b>Annual</b>	Annual risk register review; confirm risk still negligible	Annual ERM review document; note if re-scoring is warranted

### 7.3 Annual Risk Monitoring Calendar

Quarter	Monitoring Activity	Domain Focus	Output / Deliverable
<b>Q1 (Jan–Mar)</b>	Full risk register re-scoring; partner risk appetite re-affirmation; prior-year treatment plan close-out	Financial, Safety, HR (annual renewals)	Updated Risk Register v.[year]; Risk Appetite re-affirmation memo signed by partners
<b>Q2 (Apr–Jun)</b>	Safety and environmental pre-season inspection; OSHA 300 log mid-year review; stormwater inspection	Safety, Environmental, Operational (peak season prep)	Safety inspection report; stormwater monitoring log; OSHA 300 mid-year review
<b>Q3 (Jul–Sep)</b>	Mid-year financial risk review; AR aging assessment; revenue concentration re-check; 401(k) review	Financial, People & HR, Technology	FCF trend report; AR aging report; HR compliance checklist; technology project status
<b>Q4 (Oct–Dec)</b>	Annual ERM review; treatment plan progress; heat map refresh; new risk identification; full partner briefing	All Domains	Updated heat map; Annual ERM Summary Report presented to partners; next-year monitoring plan

Quarter	Monitoring Activity	Domain Focus	Output / Deliverable
Monthly (All Year)	Critical and High risk status check; treatment action milestone tracking; FCF monitoring	Per rating — Critical and High risks	Risk status memo to partners (Critical); GM verbal update at monthly management meeting (High)

## 7.4 Risk Trigger Events — Unscheduled Review

In addition to the scheduled calendar, an immediate unscheduled risk review must be conducted if any of the following trigger events occur:

- A workplace injury or near-miss incident occurs (Safety domain — re-score S-01 through S-05).
- Monthly FCF falls below \$5,000 for two consecutive months (Financial domain — re-score F-01 through F-06).
- A regulatory inspection, citation, or enforcement notice is received from OSHA, WA L&I, EPA, WA Ecology, or Seattle OLS.
- A major customer (representing >10% of annual revenue) gives notice of departure or significantly reduces volume.
- A key employee (manager or specialist technician) resigns unexpectedly.
- A significant data loss, cybersecurity incident, or technology failure occurs.
- A partner requests an emergency risk review for any reason.

## SECTION 8: RISK OWNER ACCOUNTABILITY MATRIX

### 8.1 Risk Ownership Principles

Each identified risk must have a named Risk Owner who is accountable for: maintaining awareness of the risk, ensuring controls are in place and effective, executing the treatment action plan, and reporting risk status on the defined schedule. Risk ownership does not require the owner to personally implement all controls — it requires them to ensure controls are implemented.

### 8.2 Risk Owner Assignments — Full Register

ID	Risk Title	Primary Owner	Score	Rating	Escalation Point
F-01	Revenue Concentration — Commercial Fishing Fleet	Managing Partner / GM	20	CRITICAL	All Partners — immediate notification
F-02	Margin Compression — Rising Costs vs. Flat Pricing	Controller / Managing Partner	16	HIGH	All Partners — immediate notification
F-03	Free Cash Flow Insufficiency for Debt Service	Managing Partner / Controller	15	HIGH	All Partners — immediate notification
O-05	Seasonal Demand Imbalance — Capacity Utilization	GM / Operations Manager	15	HIGH	All Partners — immediate notification
O-01	Key Person Dependency — Skilled Marine Technicians	HR Manager / GM	12	MEDIUM	GM — report at monthly management meeting
O-02	Work Order & Billing Errors	Operations Manager	12	MEDIUM	GM — report at monthly management meeting
S-02	Fall from Elevation — Vessels, Scaffolding, Docks	Safety Officer / Yard Supervisor	12	MEDIUM	GM — report at monthly management meeting
S-03	Hazardous Chemical Exposure — Paints, Solvents, Fuels	Safety Officer / Ops Manager	12	MEDIUM	GM — report at monthly management meeting
E-02	Stormwater Non-Compliance — Puget Sound Discharge	Ops Manager	12	MEDIUM	GM — report at monthly management meeting
T-01	Data Loss — Financial and Customer Records	GM / IT Lead	12	MEDIUM	GM — report at monthly management meeting
T-03	Cybersecurity — Phishing and Financial Fraud	GM / Controller	12	MEDIUM	GM — report at monthly management meeting
T-	Reporting Gaps —	GM / Controller	12	MEDIUM	GM — report at monthly

ID	Risk Title	Primary Owner	Score	Rating	Escalation Point
04	Limited Management Visibility				management meeting
F-05	Partner Dispute or Dissolution Event	All Partners	10	MEDIUM	GM — report at monthly management meeting
O-03	Vessel Damage During Haul-Out or Storage	Yard Supervisor	10	MEDIUM	GM — report at monthly management meeting
S-01	Serious Worker Injury — Confined Space / Vessel Entry	Safety Officer	10	MEDIUM	GM — report at monthly management meeting
E-01	Fuel or Oil Spill into Puget Sound	Ops Manager / EH&S	10	MEDIUM	GM — report at monthly management meeting
F-06	Accounts Receivable — Commercial Fleet Slow Pay	Controller	9	MEDIUM	GM — report at monthly management meeting
O-04	Parts Inventory Shrinkage and Obsolescence	Parts Manager	9	MEDIUM	GM — report at monthly management meeting
O-06	Supplier / Parts Availability Disruption	Parts Manager	9	MEDIUM	GM — report at monthly management meeting
S-04	WA L&I Safety Inspection & Citation	Safety Officer / GM	9	MEDIUM	GM — report at monthly management meeting
S-05	Workers' Compensation Cost Escalation	HR Manager / Safety Officer	9	MEDIUM	GM — report at monthly management meeting
E-03	Antifouling Paint Restrictions — Puget Sound	Ops Manager	9	MEDIUM	GM — report at monthly management meeting
H-01	Seattle Minimum Wage Non-Compliance	HR Manager	9	MEDIUM	GM — report at monthly management meeting
H-03	High Voluntary Turnover — Skilled Trades	HR Manager / GM	9	MEDIUM	GM — report at monthly management meeting
T-02	Technology Implementation Failure / Cost Overrun	GM / Managing Partner	9	MEDIUM	GM — report at monthly management meeting
E-04	Hazardous Waste Non-Compliance	Ops Manager / EH&S	8	MEDIUM	GM — report at monthly management meeting
H-02	401(k) Fiduciary Breach	Managing Partner / HR Manager	8	MEDIUM	GM — report at monthly management meeting
F-	Washington State	Controller	6	LOW	Annual ERM Review

ID	Risk Title	Primary Owner	Score	Rating	Escalation Point
04	B&O and Sales Tax Non-Compliance				
E-05	Seattle Shoreline Permit Non-Compliance	<b>GM / Ops Manager</b>	6	LOW	Annual ERM Review
H-04	ACA Employer Shared Responsibility — Threshold Monitoring	<b>HR Manager / Controller</b>	6	LOW	Annual ERM Review

### 8.3 Management Accountability Summary

Role	Risks Owned	Primary Risk Responsibilities
<b>Managing Partner / GM</b>	F-01, F-02, F-03, O-05, O-01, T-01, T-03, T-04, S-04, H-03, T-02, H-02, E-05	Overall ERM program stewardship; partner escalation point; final approval of risk appetite and treatment plans; vessel damage liability oversight; FCF debt coverage monitoring.
<b>Controller</b>	F-02, F-03, T-03, T-04, F-06, F-04, H-04	Financial risk monitoring (margin, FCF, AR, B&O tax); monthly P&L risk review; debt covenant compliance; 401(k) contribution remittance timeliness.
<b>HR Manager</b>	O-01, S-05, H-01, H-03, H-02, H-04	People and HR risk domain; Seattle wage compliance; 401(k) fiduciary documentation; workers' comp classification; turnover and retention metrics.
<b>Safety Officer</b>	S-02, S-03, S-01, S-04, S-05	All safety domain risks; OSHA 300 log; confined space program; fall protection; PPE; L&I mock inspections; Accident Prevention Program maintenance.
<b>Operations Manager</b>	O-05, O-02, S-03, E-02, E-01, E-03, E-04, E-05	Operational risks; environmental compliance; SPCC; stormwater; hazardous waste; work order process controls; supplier management.
<b>Parts Manager</b>	O-04, O-06	Parts inventory controls; cycle counting; shrinkage prevention; slow-moving and obsolete inventory; vendor pricing accuracy.
<b>All Partners (collectively)</b>	F-03, F-05, all CRITICAL/HIGH risks	Final escalation point for any risk scoring CRITICAL or HIGH; annual risk appetite re-affirmation; partner agreement and succession plan maintenance.

## SECTION 9: DOCUMENT CONTROL & PARTNER APPROVALS

### 9.1 Document History

Ver.	Date	Author	Summary
1.0	2026	Management	Initial ERM Package — 30 risks, 6 domains, full supporting documentation

### 9.2 Annual Review Commitment

This Risk Management Package shall be reviewed and updated no less than annually, and immediately following any trigger event listed in Section 7.4. The review shall include: re-scoring all existing risks, identifying any new risks, verifying treatment action progress, and re-affirming the Risk Appetite Statement. All partners must sign the updated document.

### 9.3 Partner Approval Signatures

Role	Name	Signature	Date
Managing Partner			
Partner			
Partner			
GM (if non-partner)			
HR Manager			
Safety Officer			