

Building on a Legacy

An Interview with Angela Chao, Chair and Chief Executive Officer, Foremost Group

EDITORS' NOTE *Angela Chao was previously Vice President of Foremost Group, concentrating on Ship Operations and Ship Management, and then promoted to Senior Vice President of the Company, adding Chartering and Sale and Purchase to her responsibilities. Prior to that, she was Assistant Vice President where she implemented Foremost Group's Safety Management System to comply with the International Safety Management*



Angela Chao

(ISM) Code. Before joining Foremost Group in 1996, Chao worked in the Mergers and Acquisitions Department of Smith Barney, now Morgan Stanley Smith Barney. She is a frequent speaker in the United States, Europe and Asia and serves on the Board of the American Bureau of Shipping Council and the Massachusetts Maritime Academy's International Maritime Business Department Advisory Board. She also serves as Co-Chair of The Asian American Foundation's (TAAF) Advisory Council and on the Harvard Business School's Board of Dean's Advisors, The Chairman's Council of the Metropolitan Museum of Art, the Board of the Metropolitan Opera, the Shanghai Mulan Education Foundation and the Ruth Mulan Chu Chao Foundation. She is a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on U.S.-China Relations, and is the Honorary Chair of the Chiao-Tung University Alumni Association in America. Chao earned an MBA degree from Harvard Business School after receiving her undergraduate degree in economics from Harvard College where she graduated magna cum laude in three years.

COMPANY BRIEF *Foremost Group (foremostgroupusa.com) is an American shipping company with offices in the United States and Asia. Founded in New York in 1964 by Dr. James S.C. Chao and his late wife, Mrs. Ruth Mulan Chu Chao, the company today is a global leader in the dry bulk shipping industry and has earned a worldwide reputation for its commitment to exceptional service and performance while always holding itself to the highest ethical standards. For more than 50 years, Foremost Group has maintained its core values – honor,*

integrity and performance – as the ingredients for success. It has earned its sterling reputation from partners, including charterers, banks, shipyards and others, for its faithful devotion to Foremost Group's mission statement: "Our mission is to remain a premier provider of ocean transportation services and a model of excellence for our industry."

How do you define Foremost Group's mission and purpose?

Foremost Group's mission is to be a premier provider of ocean transportation services and a model of excellence for our industry. Our motto is: Honor. Integrity. Performance. It's that simple. We work hard to provide superior service to companies that charter our ships to transport their dry bulk commodities which build and feed the world. We believe the shipping industry builds essential bridges between countries and communities, encouraging dialogue, understanding, economic growth and job creation. We strive to be the best shipping company in the world, not the biggest.

On a personal note, my goal is to honor the values-based life led by my late beloved mother, Mrs. Ruth Mulan Chu Chao, and the life my father, Dr. James S.C. Chao, continues to lead. Everything I do is inspired by them. I am motivated each day to make them proud of Foremost, and more importantly, who I am personally and professionally through my leadership of the company. The values they instilled in me infuse the corporate culture at Foremost. They are the values that I am honored to carry on, every day of my life.

Will you highlight Foremost Group's business and how the company has evolved over its nearly 60 years in existence?

Foremost Group is an American shipping company headquartered in New York. It chartered out some of the world's largest and most eco-friendly ships to blue-chip clients who transport dry bulk products to markets around the world. The company was founded in 1964 by my father, Dr. James S.C. Chao, with my mother, Mrs. Ruth Mulan Chu Chao, ever steadfast by his side.

As a global leader in dry bulk shipping, Foremost Group has earned a worldwide



Angela Chao (center) with her father and Foremost founder, Dr. James S.C. Chao (left) and niece Alexia Hartogensis (right) onboard a ship



Ships from the fleet of Foremost Group (this page and the next)

reputation for its commitment to exceptional service and performance, while always holding itself to the highest ethical standards. We charter our ships to the world's leading dry bulk charterers, including such valued clients as Bunge, Cargill, Louis Dreyfus, MOL, NYK, and Oldendorff. It is the charterers who determine what cargo the ship will carry, where the cargo will be loaded, and where the cargo will be discharged during the agreed-upon contract period.

Foremost manages a fleet of modern, environmentally friendly ships. Our responsibility is the maintenance and quality of the ship and her crew. We have been likened to the managing agent of an office building: the managing agent maintains the building and finds the tenants, but the tenants determine the business and work done within their space. Another analogy for our business model is the taxicab: it's the passenger who determines where he or she gets picked up and dropped off, as well as what luggage he or she is carrying. The taxi driver's job is to maintain the vehicle and get passengers to their destination safely.

Foremost Group has evolved over the years. But in many ways, my father was so far ahead of his time that the industry is still catching up to the principles and vision his company was founded upon. We continue to build on his legacy. For example, following in my father's footsteps, Foremost Group continuously invests and reinvests in the newest eco-friendly designs and technologies to maintain a young, modern and environmentally sensitive fleet.

My parents lived their values not only in their corporate lives, but in a larger sense by giving back to their community and helping to

foster mutual understanding between people and cultures. For example, they started a foundation in the 1980s to support cross-cultural exchanges in the maritime industry in order to strengthen ties across borders and raise the standards for seafarers around the world. These are just a few reasons why the evolution of Foremost Group – then and now – has always been focused on making a bigger and more positive impact in the world.

While Foremost has evolved into a larger, stronger, more diversified company, I am so proud we have remained true to our founding values of honor, integrity, and performance. It's at the core of what we do and what we stand for.



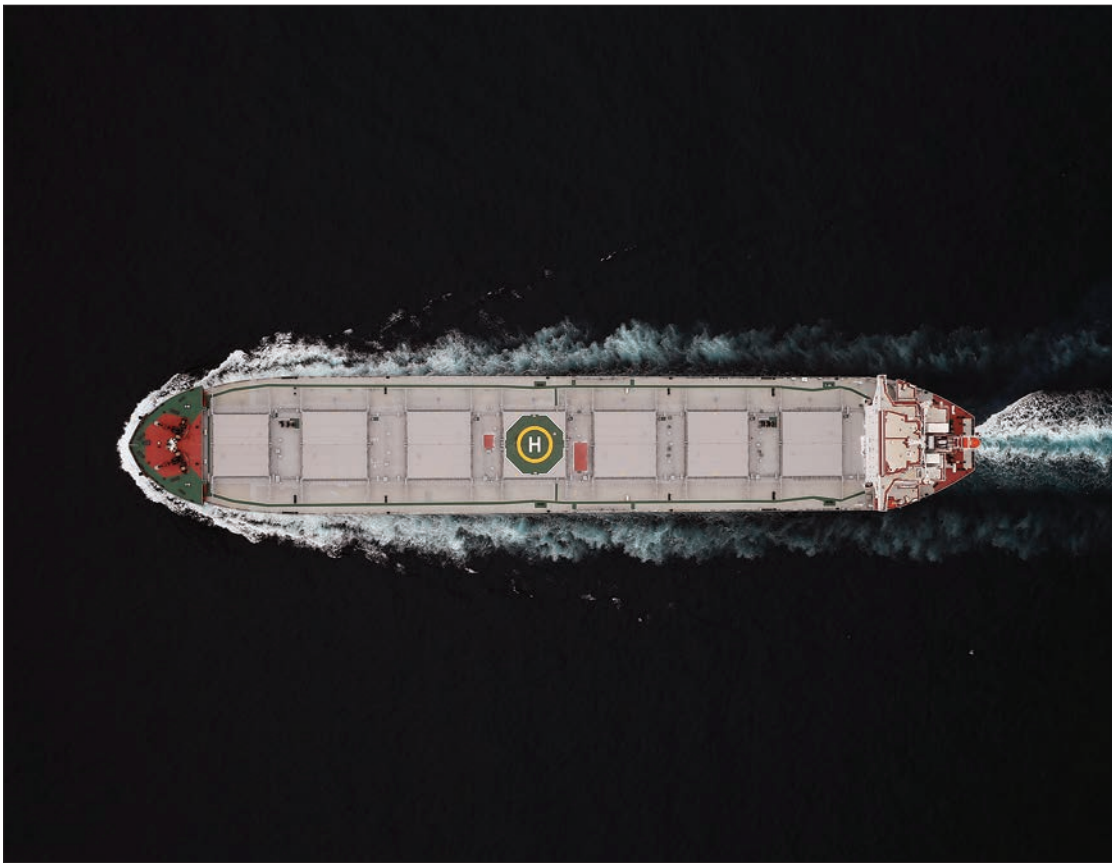
What have been the keys to Foremost Group's industry leadership and how do you describe the Foremost Group difference?

When my father came to this country, he had no connections and a foreign accent, so he had to work harder, more efficiently, and for a lower price in order to build his business. No one owed him anything, and he didn't have family relationships or references to help him find work. He won business for his company gradually, step-by-step, through perseverance and by delivering the highest-quality work. That dedication earned him respect, admiration, and trust – the foundational building blocks for building a successful business that endures for decades. He was not a short-term thinker. He always did what was best for the long-term success of his business and his clients, even if that meant forgoing short-term profits. I am incredibly honored and proud to carry on my parents' legacy.

My father has a deep-rooted philosophical mindset and a set of principles that informs not only how he conducts business, but how he lives his life. He always says most decisions aren't hard if you stick by your principles. Hard work has always been one of his core principles. Growing up, many of his friends didn't work hard when they were young, so they were forced to toil much later in their lives. Those people who worked harder when they were young enjoyed better lives later in life. He knew that hard work often takes years to bear fruit. Now at 96 years old, my father still inspires me with his work ethic, his generosity, his optimism, and his sheer life force.

How is technology impacting Foremost Group's business?

Foremost Group has always set the industry standard for harnessing new technology in order to fulfill our vision of making our ships safer and more environmentally sound. Since its founding, Foremost has also continually incorporated new fuel-efficient designs to maintain one of the world's most eco-friendly fleets. We are always working closely with our two Classification Societies – the American Bureau of Shipping and Bureau Veritas – to explore



new technologies that reduce our carbon footprint, as well as reducing NOx and SOx emissions. Additionally, we are always looking for ways to continually improve the efficiency of individual equipment onboard our vessels, as well as the overall systems onboard.

Foremost employs many technology and management tools, both shoreside and onboard our ships, to improve operations, including performance monitoring equipment that provides more accurate and predictive real-time data. We have a persistent, rigorous focus on the details of everything we do. We believe so many adverse conditions are preventable if one pays attention to the signs and signals beforehand. This strict adherence to quality has served us well and helps explain why insurance underwriters give our fleet some of the best ratings in the world. And, of course, it's good business, too.

How important is innovation to Foremost Group and where is innovation taking place in the company?

Innovation is essential to Foremost Group. Innovations in technology are imperative to our success. But innovation is also essential to how we think, work and see our business – whether it's through our organizational structures, our colleagues' training and support, our offices, or how we communicate. Innovation is critical to everything we do. If you aren't innovating, you are standing still, and if you're standing still, you're falling behind.

Will you discuss Foremost Group's commitment to sustainability?

Foremost Group has always been committed to sustainability. This is another area where my father was ahead of his time. He finds it amusing that environmental friendliness and sustainability have become such buzzwords

in recent years because he has always been committed to those principles since he founded the business. That commitment is good for our clients, just as it's good for the business and for maritime communities around the world.

Our industry is at a pivotal moment where we are grappling with how to reach carbon neutrality by 2050. Foremost is working tirelessly with shipyards, engine makers, Classification Societies, manufacturers, charterers, etc. to study and implement new technologies, alternative fuels, ship design optimization, and more. There is no silver bullet, as the rest of the world is starting to discover. But we can still pursue short- to medium-term solutions – some of which are available now – that will help lower our greenhouse gas emissions today. Foremost is committed to continuing to work tirelessly with its partners to find solutions.

What do you see as Foremost Group's responsibility to be a good corporate citizen and to being engaged in the communities it serves?

Foremost takes its corporate citizenship responsibilities seriously. It stems from my parents' ideals of rebuilding their lives in a new country, which focused on becoming productive and contributing members of society. That is why my father has always been a pioneer in incorporating the newest eco-friendly technologies and designs into our fleet, which hasn't always been easy because he wasn't always rewarded for it. In addition, Foremost never forgot it was part of a larger community and launched many philanthropic organizations to help others. As an example, Foremost provides scholarships for outstanding students to encourage them to enter the international shipping industry and to increase the standards of seamanship around the world.

My parents are also incredibly optimistic and grateful people who cherish the kindnesses of others and pay it forward. While we were growing up, my parents always gave back to the community and helped others, but mostly anonymously. It was only after the passing of my mother on August 2, 2007 that my father desired to honor her legacy and began dedicating his charitable outreach to her. Even before that, however, my parents had a long history of quietly giving back to our community and our industry.

What are the traits and characteristics you look for when hiring talent for Foremost Group?

We look for smart, motivated individuals who like to solve problems and are team players. During our hiring process, we conduct several rounds of interviews during which candidates meet with both direct superiors as well as potential future colleagues. We also administer a logic test to ensure a candidate's critical thinking skills are a good fit for our team. We're looking to make sure a candidate will work well with others, work well within our teams, and can solve problems methodically, systematically, and creatively. Additionally, we work to make sure new hires are good personality fits and have a team spirit and strong work ethic. We have developed an innovative culture to encourage our colleagues to be creative in their work, and this keeps the satisfaction levels of our colleagues high, while of course delivering a benefit to the productivity and efficiency of the company as a whole. I always remind our colleagues that we stand on the shoulders of others, and while we must always innovate, we must also protect and preserve the strong values that got us where we are today. I am incredibly proud and grateful for the team that we have built and are continuing to build.

Do you feel that there are strong opportunities for women to grow and lead in the industry?

Absolutely. More and more women continue to enter the industry and reach its highest ranks. But there is still much more work to do to ensure women have the opportunity to help shape the future of the industry. I was fortunate that my mother and father were proud to be parents of six daughters and therefore believed strongly in empowering women. I am the product of their visionary upbringing. When I was growing up, and I was born and raised in New York, there were people who remarked it was a pity that my Dad only had daughters so there was no one to take over the company. But my parents would respond by telling us that there were no limits to what we could do, and that we could take over the business – but only if we wanted to. They taught us that the world was a big and beautiful place, and to find our passions and pursue them. They instilled in us the strong sense that with perseverance and hard work, we could accomplish whatever we wanted. Not every woman comes from such a supportive family, but I hope that the women who are blazing trails in our industry around the world help tear down stereotypes and smash glass ceilings so that the women and girls that follow us will reach even greater heights. ●