

Good morning Chairman Cassidy, ranking member Sanders, and the members of this committee. I sincerely appreciate the opportunity to speak to you today in support of employee-owned businesses.

My name is Brock Barton and I am the Chief Financial Officer at King Arthur Baking Company, an employee-owned business headquartered in Vermont. I have been with King Arthur for over twelve years. In addition to being a proud employee-owner, I am a Trustee of our Employee Stock Ownership Plan, otherwise known as an ESOP. I also sit on the Board of Directors at Johnny's Selected Seeds, another employee-owned company, which is located in central Maine. I pride myself on specializing in the management and administration of ESOPs. Most importantly, I believe in the philosophy that employee-ownership improves corporate performance and employee engagement.

King Arthur Baking Company has a long history, stretching back over 230 years. We've been providing bakers with superior ingredients and baking guidance since 1790. Our flour – once sold out of wooden barrels in Boston – can now be found in nearly every grocery store across the country. Over the past decades, the company has grown from a regional flour company into a nationally recognized baking brand.

Despite the company's storied history, I believe that it made one of its most important transitions in 1996 when Frank and Brinna Sands sold the company to its employees. However, they didn't simply hand over a business. The Sands entrusted the employees with a legacy rooted in respect, trust, and the belief that shared ownership drives performance and purpose. Employee ownership has been the foundation of our success ever since. It fosters accountability, pride, and a commitment to our customers, our partners, and our communities. Each employee-owner, whether with us for a few years or several decades, plays an important role in shaping our workplace and driving high performance.

Many of you know how traditional ESOPs work, but I'd like to provide a summary of the structure that we employ at King Arthur. After their first year of work, an employee-owner's account grows via three main funding mechanisms: (i) a share contribution, (ii) a cash contribution, and (iii) a cash dividend. All of this funding is company sponsored – it is not an employee-funded plan. Any appreciation in share value is then incremental to these funding sources. When an employee retires or otherwise leaves the company, the employee's shares are repurchased by the company so that they can be recirculated to current and future employee-owners.

While the financial benefits of employee ownership are more clearly defined, it's also important to highlight the importance of an employee ownership culture. To support and sustain this culture, King Arthur has established an internal committee, the Employee Ownership Culture Committee, or EOCC. The EOCC is a group that promotes a culture of ownership and empowerment through education, communication, and celebration (many of these celebrations occur in October, which is employee-ownership month).

With almost thirty years of operating as an ESOP, King Arthur Baking Company is proof that employee-owned businesses offer a sustainable and successful alternative to a traditional business structure.

- Research shows that employee-owned companies are more resilient and stable during economic downturns.
- Employee-owned businesses are more likely to remain invested in their communities. This helps preserve local jobs and supports local economies.
- Employee ownership fosters a culture of engagement and empowerment. When workers have a voice in the workplace and a share in the success, morale improves, innovation increases, and everyone is more invested in the company's success.
- At employee-owned companies, wealth generation for all employees is very real. Workers have a tangible stake in the success of their business and are more likely

to leave the company with retirement accounts that outpace their peers at traditional businesses.

I will end my time with two quick stories:

- 1) I am honored to be invited to many retirement parties, but one event always sticks out. It was in our Manufacturing building, which we call Merlin (yes, all our buildings have Arthurian names). The woman retiring had been a Production Generalist on our manufacturing floor for over twenty-five years. At the end of the event, she approached me with tears in her eyes. She said that “someone like me doesn’t have a retirement account like this.” The comment was sincere, authentic, and one I’ll never forget. King Arthur Baking and other ESOPs have facilitated a structure that resets those expectations and allows any employee, regardless of their role in the company, to thrive professionally and reap the rewards of their hard work once they reach retirement.
- 2) As part of employee-owned core values, King Arthur shares financial performance with our employees at our monthly Town Meetings. In my tenure, the financials have been largely favorable, but we’re not immune to sluggish performance. I remember one month in early 2022. Commodity prices were high, and post pandemic baking had slowed slightly. As a result, financial results weren’t meeting expectations – but, we still talked about it. I got up in front of our employee owners and told the truth. There were some initial looks of concern – but, within seconds, the conversation shifted from “what does this mean” to “what can we do.” There was no shortage of ideas and suggestions. Would these ideas overcome the gap driven by the spike in wheat prices? Probably not, but that wasn’t the point. Here were hundreds of employees who didn’t resign themselves to external pressures but instead decided to step *into* the challenge. It was a moment that made me proud to be part of an engaged, employee-owned workforce.

For the past twelve years of my career, I have witnessed the power of employee ownership, specifically in its ability to drive workplace engagement, and by providing opportunities to build meaningful retirement accounts. By investing in this model, I truly believe that we can build a

stronger economy that works for everyone. Thank you so much for the opportunity to testify today and I welcome any questions.