

February 3, 2020

Vanessa A. Countryman  
Secretary, Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

*Via Electronic Submission*

**Re: Comments on Proposed Amendments to Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8 (File No: S7-23-19)**

Dear Secretary Countryman:

Clean Yield Asset Management (“Clean Yield”) is pleased to submit the following comments in response to the Securities and Exchange Commission’s proposed rulemakings regarding procedural requirements and resubmission thresholds under Exchange Act Rule 14a-8.

Clean Yield is a registered investment advisory firm based in Norwich, Vermont, serving primarily high-net-worth individuals and families. Our clientele is national, and we have a strong presence in the New England region. Our current assets under management are approximately \$450 million.

Clean Yield clients seek values-aligned investments that generate positive social and environmental impacts. To achieve this, we advise Clean Yield clients on investments and undertake shareholder advocacy and policy engagement on their behalf. Clean Yield’s engagement with companies is part of our investment strategy and focuses on material ESG risks across client portfolios. While Clean Yield has filed several proposals on behalf of clients who own less than \$10,000 of a company’s stock, firmwide we tend to have significantly larger positions in these companies. Clean Yield has filed over 60 shareholder proposals for our clients in the past six years.

We, and our clients, have a considerable interest in the shareholder proposal rules and strongly oppose the proposed amendments. We urge the SEC to reconsider changing the shareholder proposal rules. Our comments below are specifically directed at the proposed changes to ownership thresholds and client representation in shareholder proposals.

**The proposed increased ownership thresholds will effectively strip the rights of small shareholders to raise important issues with the companies they own.**

Clean Yield clients are small and mid-size investors with diversified portfolios designed to attain their individual financial goals. In order to adequately diversify, clients hold small positions in a range of companies – many with less than \$25,000 in a given individual security. While we often file proposals on behalf of individual clients who have small positions, Clean Yield proposals are usually an extension of our larger investment strategy and representative of Clean Yield’s firmwide stake in a company. Despite filing with relatively small positions, Clean Yield and its clients have been effective in moving companies to address important issues.

For example, in 2014 Clean Yield co-filed a palm oil sourcing proposal with Sysco. The proposal was filed on behalf of one especially interested client who held just over \$3,500 of Sysco stock, but it was a priority engagement for Clean Yield, because Clean Yield clients overall had over \$1 million in Sysco stock at that time. The proposal asked the company to report on the extent to which it was curtailing the impact of its palm oil supply chain on deforestation and human rights. Sysco engaged with the proponents, who agreed to withdraw the proposal in exchange for Sysco agreeing to strengthen its policies and systems regarding palm oil in its supply chain. Since that agreement, Sysco has continued to strengthen its sustainable palm oil sourcing practices. This proposal launched Sysco on a path toward meaningfully addressing deforestation and human rights issues in the palm oil supply chain.

Since 2014, Clean Yield clients have filed 22 proposals on behalf of clients who hold less than \$25,000 of a company's stock despite a significantly larger firmwide position in the companies. Eleven of those proposals were withdrawn because the company and Clean Yield reached an agreement on the issue – indicating a recognition of the validity of the issues raised in these proposals.

Increased ownership requirements would have prevented our clients from raising these important issues with companies – and from seeing companies take meaningful actions. We urge you to leave the ownership thresholds unchanged.

**The proposed tiered ownership thresholds present operational challenges that have not been raised in the proposed rules.**

Currently, when a client wishes Clean Yield to file a proposal on their behalf, we reach out to their custodian to obtain a letter confirming that the client meets the current ownership requirements: more than \$2,000 continuously held for one year. We have run into issues where clients have held shares for several years but have changed custodian in the past year. When a client changes custodian, the current custodian is often unable or unwilling to confirm continuous ownership prior to the change – even though the cost basis indicates long-term ownership. This means that clients who are long-term shareholders are effectively unable to file shareholder proposals, simply because they changed custodians. Extending the required holding period to three years would have the unintended consequence of potentially excluding more long-term shareholders from the process because of operational matters.

**The proposed rules impede our clients' rights to be represented by agents.**

When clients come to Clean Yield, they are choosing an adviser to serve their best interests – someone to be the expert on their investments so that they can live their lives. For many of these clients, environmental and social matters are critical, and they want to push for corporate change. Despite their interest and passion, they are not equipped to navigate the shareholder proposal process – and so they rely on their advisers to represent them. The proposed rules requiring our clients to be available to meet with companies undermines the client-adviser relationship and is unreasonable. It is the norm for individuals to hire experts to represent them – accountants, lawyers, real estate agents. This proposal undermines our ability to effectively serve our clients by representing their interests and will strip them of the ability to have shareholder proposals filed on their behalf. It is not reasonable to expect that individual retail stockholders will be able

to manage the shareholder proposal process on their own. This proposed change thus diminishes their rights as stockholders. We see no justification for this proposed requirement.

For these reasons, we urge the SEC to withdraw the proposed rules.

Regards,

A handwritten signature in blue ink, appearing to read 'Molly Betournay', is positioned above the typed name.

Molly Betournay  
Director of Social Research and Advocacy  
Clean Yield Asset Management