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ADV Part 2A

This brochure provides information about the qualification and business practices of Clean Yield Asset Management. If you have any questions about the contents of this brochure, please contact us at (802) 526-2525 or by email at dorigen@cleanyield.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Clean Yield Asset Management is available on the SEC's website at www.adviserinfo.sec.gov.

March 6, 2012

Material Changes

Annual Update

Clean Yield is providing this information as part of our annual updating amendment, which contains material changes from our last annual update. This section discusses only material changes since the last annual update, which most recently occurred on March 31, 2011.

Material Changes since the Last Update

The Securities and Exchange Commission (SEC) adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

One section of this Brochure has had minor, but material changes since the last update on March 31, 2011. The section, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading", Subsection "Invest in Same Securities Recommended to Clients" (page 11) has been changed to provide an exemption to allow portfolio managers to invest in private securities in which clients are invested under specific circumstances. Such investments will always be disclosed and explained to the applicable client prior to the purchase. There are no other material changes to this Brochure since the last update.

Full Brochure Availability

The Firm Brochure for Clean Yield is available by contacting us at (802) 526-2525.

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Advisory Business

Firm Description

Clean Yield Asset Management specializes in socially responsible portfolio management. Clean Yield Group, the parent company of Clean Yield Asset Management, began publishing a socially responsible stock market newsletter in 1985 and established an asset management firm in 1986.

Principal Owners

Clean Yield is wholly owned by Rian Fried.

Types of Advisory Services

Clean Yield manages investment portfolios for clients in a highly individualized manner. All portfolios are managed using both financial and social screens. In their initial paperwork and during their first meeting, clients choose an equity or balanced account, indicate their risk tolerance, and discuss any specific social screens they would like to impose on their account. Client portfolios are primarily composed of publicly traded stocks and/or fixed-income securities, but occasionally include exchange-traded funds, mutual funds, commercial paper, warrants, and partnerships investing in real estate or oil and gas. When appropriate for the client, we may also present opportunities to invest in social private equity deals and other alternative investments.

Tailored Relationships

All client accounts are managed in a customized manner. Clean Yield portfolio managers buy and sell securities for individual accounts based on the needs of the client. Clean Yield portfolio managers also use a set of general social screens that our staff has developed during the last 25 years. The screens are kept up-to-date and apply to the securities that make up the publicly held securities in Clean Yield's universe. The screens are available to all clients and potential clients. In addition to the Clean Yield's general screens, the company's portfolio managers attempt to tailor all portfolios to the needs and interests of individual clients. Clients may, and are, encouraged to discuss particular social screens for their accounts and request particular asset allocation levels with their portfolio manager. We may not be able to meet all client social-screen requests, particularly if they are excessively restrictive or pose too much risk. In that case, we discuss limiting the screen or finding other solutions that are acceptable to the client.

Wrap Fee Programs

Clean Yield provides portfolio management services to several clients who are part of wrap fee programs. We manage these accounts in the same manner as similar non-wrap fee accounts. Whether a client participates in a wrap fee program is decided by the client. Even though clients in a wrap fee program may not see specific fees paid to Clean Yield, we do, in fact, receive fees from these programs and report Clean Yield management fees to these clients on bi-annual income and expense reports.

Client Assets

Clean Yield manages all fee-based client accounts on a discretionary basis. As of March 6, 2012, Clean Yield's total discretionary assets under management were \$177,140,739.

Fees and Compensation

Description

Clients who contracted with the Clean Yield for asset management services after June 30, 2010 pay fees based on the appraised market value of the client's account according to the following schedule:

| Market Value of Account Balance | Annual Rate |
|---------------------------------|-------------|
| First \$2,000,000 | 1.00% |
| Next \$3,000,000 | 0.75% |
| Next \$5,000,000 | 0.60% |
| Above | Negotiated |

Clients who contracted with the Clean Yield for asset management services prior to June 30, 2010 pay fees based on the appraised market value of the client's account according to the following schedule:

Equity Accounts

| Market Value of Account Balance | Annual Rate |
|---------------------------------|-------------|
| First \$500,000 | 1.25% |
| Next \$500,000 | 1.00% |
| Next \$2,000,000 | 0.80% |
| Next \$2,000,000 | 0.50% |
| Above | Negotiated |

Balanced Accounts

| Market Value of Account Balance | Annual Rate |
|---------------------------------|-------------|
| First \$500,000 | 1.00% |
| Next \$500,000 | 0.80% |
| Next \$2,000,000 | 0.60% |
| Next \$2,000,000 | 0.50% |
| Above | Negotiated |

These rates may be negotiated for lower, but not higher, fees. Family members of Clean Yield employees typically pay lower or no fees.

Fees are paid quarterly in advance of service based on the account value at the end of the previous quarter. For example, the fee for January – March is calculated using the value of the account on December 31. This fee covers all portfolio management services provided to clients. We do not charge any other fees for additional services.

Fee Billing

Clients are sent a copy of their quarterly management fee bill with their quarterly reports every quarter. When clients set up their account to be managed by Clean Yield, they usually sign a limited power of attorney, allowing Clean Yield to directly withdraw cash from their brokerage account to pay Clean Yield's quarterly fees. In a few cases, clients pay their fees from an account that is not managed by Clean Yield.

Other Fees

In very limited instances, when a client does not want his or her account actively invested, but instead held in cash for a period of time, Clean Yield will charge a flat fee of \$500/year. Decisions on when to re-invest the account are made by the client, and at that time, the client will be charged a percentage of assets under management.

Fees Paid in Advance

All fees are paid quarterly, in advance, based on the appraised market value of the client's account at the end of the prior quarter. A client may cancel the contract with Clean Yield within five days of signing the contract without incurring any penalty or fee. A client, or Clean Yield, may cancel the investment supervisory service contract with a written or email notification, allowing ten days before taking effect. The client will be refunded any fees on a pro-rata basis.

Additional Compensation

Clean Yield does not charge clients fees other than their quarterly management fees. On occasion, Clean Yield may provide consulting services to social businesses or other groups for a fee. These services are intended to improve the socially responsible investment landscape and eventually provide more investing opportunities for clients.

Performance-Based Fees & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

Clean Yield does not charge any performance fees. Clean Yield does not share in capital gains or capital appreciation, except insofar as the account grows, Clean Yield's fees also grow. Clean Yield only charges a tiered management fee based on an account's market value at the end of the preceding quarter or, very occasionally, a flat or minimum fee, when appropriate, as discussed above under "Other Fees".

Types of Clients

Description

Applicant provides investment supervisory services to clients, including individuals, institutions, trusts, and foundations.

Account Minimums

Clean Yield imposes a minimum initial account size of one million dollars (\$1,000,000). This minimum may be waived at the sole discretion of an officer. Accounts may also be taken below the minimum but may be charged a minimum annual management fee of \$7,500. The accounts of family members of clients may be accepted at amounts less than \$1,000,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis & Investment Strategy

Clean Yield portfolio managers look at financial, social, governance, and environmental criteria when analyzing stocks to include in client portfolios.

Financial

Clean Yield analyzes stocks to determine their intrinsic value and seeks undervalued stocks that we anticipate will outperform the market over the long term. Initially, we prepare a corporate profile consisting of the company's financial statements, publicly available reports, and selected financial ratios. Following this analysis, we study research reports compiled by outside analysts to understand general market expectations.

Clean Yield's investment strategy results in a blended portfolio of value and growth stocks. The value stocks we purchase are typically bargain-basement stocks – stocks that are selling cheaply relative to their historic relationship to underlying fundamentals, such as book value, dividends, cash flow, and earnings. This approach is often referred to as contrarian. The growth stocks we seek out are the equities of companies that are enjoying higher-than-average earnings growth. Although some of these issues are popular on Wall Street and may appear overpriced according to some measures, over the long term, they often result in above-average capital appreciation gains.

Clean Yield pays close attention to the balance sheet and related financial statements, regardless of whether we are interested in a company for its growth or value characteristics. Our underlying fundamental analysis is coupled with comprehensive analysis of technical factors – a stock's pattern of behavior in the market – to determine appropriate times to buy or sell. Our investment philosophy is based on a long-term perspective. In order to implement our investment strategy, we encourage our clients to leave their account under Clean Yield's management for at least three years or a market cycle. Investment meetings are convened once a week between the Chief Investment Officer and the other portfolio managers. During these sessions, the economy, the investment markets, and individual securities are discussed at length. Changes in investment policy, as well as additions and deletions to the security universe, are also discussed in these meetings.

Social

Clean Yield specializes in analyzing securities according to socially responsible screens in addition to fundamental and technical criteria. Socially responsible screens are non-financial screens that a client may desire to have placed on his or her investment decisions in order to more closely match a client's investment portfolio with his or her ethical beliefs. Our basic social screens exclude stocks that are materially involved in the following activities:

- weapons manufacturing
- nuclear power generation
- child labor and other human rights infringements
- commerce supporting repressive regimes, such as Burma and Sudan
- environmental violations
- military contracting (hence, we avoid U.S. treasuries)
- labor conflicts
- gambling
- pornography
- tobacco
- excessive management compensation
- animal testing (unless required by law) and factory farming

Additional social screens are determined during an initial consultation with the client.

With regard to both social and financial screens, Clean Yield uses third party research, databases, websites, journals, and trade and industry publications. In addition, we may speak with the management of the company whose stock we are interested in buying or selling, and we may participate in conference calls with the company.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Clean Yield feels it is important that our clients understand the nature of investing in equity securities. Although stocks in general have increased in value over the long term, they can rise or fall over the short term. Clients' principal is not guaranteed, and if the securities in client accounts decline in value, the client may suffer losses. The value of client portfolios may fluctuate over a wide range, depending in part on the movement of the stock market and the economy. We believe, however, that prudent investment in stocks provides the best opportunity to increase capital over the long term. Clients investing with Clean Yield face a variety of risks:

- **General market risk.** This is the risk that the value of any security may fluctuate, sometimes unpredictably and rapidly. This may cause clients to lose some or all of the value of the security.
- **Small and medium sized company risk.** Clean Yield portfolios often hold securities from small and medium sized companies. These companies may be more vulnerable to adverse business or economic conditions than larger companies. Thus, the market value of these securities may be more volatile. In addition, these securities are often traded at low volumes (i.e., there are not many buyers or sellers), which can result in high volatility and/or the inability to sell the security immediately.
- **Alternative investment risk.** When it is appropriate for a client's portfolio, and only with the client's consent, Clean Yield occasionally purchases alternative investments. These investments can take a variety of forms and are structured in different ways. Examples include private convertible debt in an organic seed company, private preferred stock in an organic dairy company, timber fund shares, etc. Before purchasing these investments, clients review a memorandum written by the company explaining the deal and the associated risks. The risks often include illiquidity (the investment is not easy to sell or redeem), small business risk, below market-rate return, and the myriad risks that attend a very young company. Often these investments are intended to give below market-rate financial return compared to the level of risk involved. In these cases, part of the return is considered social return and the investor's

money is purposely being used to provide affordable financing for a business that may be in a low profit margin industry. These investments and associated risks are always thoroughly discussed with the client and are only purchased with the client's permission.

Disciplinary Information

Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Clean Yield. Clean Yield has never experienced any disciplinary event or lawsuit of any kind.

Other Financial Industry Activities and Affiliations

Clean Yield and its employees are solely investment advisors. Neither the firm, nor any employees, are involved in or affiliated with other financial industry activities. Specifically, Clean Yield is not a broker dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or any associated entity.

Material Relationships or Arrangements with Financial Industry

Clean Yield does not have any relationships with other companies or service providers in the financial industry.

Recommend or Select Other Investment Advisers

When a prospective client does not meet Clean Yield's minimums or does not fit Clean Yield's client profile, we may suggest other investment advisors or mutual funds that may be of interest. Clean Yield does not get any financial benefit from these suggestions, and it is solely the prospective client's decision whether to pursue these suggestions.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Clean Yield has a Code of Ethics, encompassed in its compliance policies and procedures, that governs all personal securities transactions and all employee responsibilities. The Code of Ethics is based on the principle that Clean Yield, and each of its employees, owe a fiduciary duty to its clients and a duty to comply with federal and state securities laws. The Code of Ethics is available to all clients and prospective clients upon request.

Recommend Securities with Material Financial Interest

Clean Yield employees do not recommend or place trades in securities in which they have a material financial interest.

Invest in Same Securities Recommended to Clients

Clean Yield employees are permitted to own positions in the same securities as clients. Employees must strictly follow Clean Yield's personal trading rules, outlined below. Clean Yield employees are generally not allowed to own positions in private investments that we may recommend and purchase for clients, except under specific circumstances that will be disclosed to clients and must be approved by Clean Yield's compliance officer.

Clean Yield often recommends that clients purchase community investments as part of their portfolio. Clean Yield employees may be on the board or advisory board of the non-profit organization issuing these investments. These are volunteer positions without compensation (other than travel expenses, on occasion) and are always disclosed to the client. This involvement should not affect the investment in any way but could be considered a conflict of interest.

Personal Trading Policies

Clean Yield has compliance policies and procedures, including a Code of Ethics, that govern all personal trading activities. All Clean Yield employees are prohibited from using non-public information regarding portfolio holdings, portfolio changes, or client transactions for their personal benefit. Specifically, employees are prohibited from using advance knowledge of client trades to trade ahead of, or otherwise benefit from, such knowledge. In order to avoid conflicts of interest and ensure that employees do not trade ahead or benefit from such knowledge, all client trades must be completed prior to personal trades in any one trading day. Once client trades are made, they are considered public information.

These same rules also apply to clients who are immediate family members (e.g. father, mother, spouse, son, or daughter) of the officers and employees, where the employee is trading for the family member. In a few cases, Clean Yield's portfolio managers manage paying accounts for non-officer or non-portfolio manager employees and/or their immediate family members. These clients are treated no differently than other clients with similar financial and social goals. Likewise, the non-immediate family members of officers (e.g. siblings, nephews, uncles, and aunts) are treated the same as regular clients with similar financial and social goals, whether or not they are charged a fee.

Brokerage Practices

Selecting Brokerage Firms

Clean Yield selects a small number of brokers and suggests these brokers to clients when requested. The factors considered in Clean Yield's selection of brokers are:

- reasonableness of commissions;
- quality of account management and bookkeeping;
- trade execution;
- client accessibility to the account;
- online services available to the client; and
- special client needs (e.g., if the client spends significant time overseas).

Commission reasonableness is determined by occasionally comparing commission rates to those of retail brokers and discount brokers. Account management and bookkeeping quality is determined by the

timeliness of reports and advices, and the error rate in compiling reports and advices. Trade execution is determined by occasionally looking at the trade price obtained and comparing that price to the price at other brokers and the market. Client accessibility and other services are determined by client feedback on the ease of working with the broker and ease of viewing accounts online. Clients should not anticipate paying materially higher rates for the same level of service available from other brokers.

All else being equal, Clean Yield may recommend that clients establish brokerage account with the Schwab Institutional division of Charles Schwab & Co. ("Schwab"), a registered discount broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. Clean Yield is independently owned and operated and is not affiliated with Schwab. Schwab provides Clean Yield with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional. It is not otherwise contingent upon the advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a higher minimum initial investment. For Clean Yield's client accounts maintained at Schwab, Schwab does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees.

Research and Soft Dollars

Clean Yield does not have any specific soft dollar contracts or arrangements with brokerage firms. Schwab and other brokers, however, do make products and services available to Clean Yield that benefit us but may not directly benefit clients. These products and services assist us in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all, or a substantial number, of Clean Yield clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technologies that:

- provide access to client account data (e.g. duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payment of fees from clients' accounts
- assist with back-office functions, recordkeeping, and client reporting.

In addition, Schwab also offers some services that generally only benefit Clean Yield; services intended to help the company manage and further develop its business enterprise. These services include:

- educational conferences and events
- consulting on technology, compliance, legal, and business needs
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Clean Yield. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of Clean Yield personnel.

Clean Yield periodically receives similar research and soft dollar services from other brokers and/or custodians (for example: Fidelity, Wells Fargo Advisors, etc.) This often includes research reports on companies, general market analysis, and convenient trading platforms.

While as a fiduciary, Clean Yield always has a duty to act in its clients' best interests, our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Clean Yield of the availability of some of the products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest. Although we believe that these products and services on a whole improve the level of service that Clean Yield can provide to clients, the services and products are not necessarily proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Brokerage for Client Referrals

Clean Yield does not generally suggest or direct clients to any particular broker-dealer because that broker-dealer refers clients to us. Occasionally, a broker-dealer who already has custody of a client's account will refer the client to us for advisory services. In this case, if the client wishes, we will continue to use that broker-dealer for that client. This could present a conflict of interest since the broker-dealer may not offer the most favorable execution, may charge higher fees, and thus cause the client to pay more money. Clean Yield discloses this fact to the client and will facilitate the client changing brokers if requested. However, Clean Yield does not use any broker with the intent of creating an incentive for that broker to refer new clients to Clean Yield.

Directed Brokerage

A client may ask us to use the services of a particular broker. Clean Yield's staff is not empowered to negotiate commission rates with brokers that have been suggested by the client and may not be able to achieve the most favorable execution for the client's transactions. Specifically, the client may end up paying higher brokerage commissions and may receive less favorable prices, thus costing the client more money. In cases where the broker is not a discount broker, we may suggest to the client and to the broker that the client should reasonably expect a discount from full retail commission rates.

Order Aggregation

On occasion, when offered by the broker-dealer, and when trades happen to be placed at the same time, Clean Yield portfolio managers may aggregate trade orders in the same stock. This allows a larger purchase and may result in a better overall price. When orders are aggregated for the trade, they are immediately allocated to individual client accounts per the manager's discretion. Far more often, however, because of Clean Yield's manner of reviewing and managing accounts individually, trades are made at different times and on different days; this prevents trades from being aggregated. It is possible that clients will receive a slightly less favorable stock price because multiple client trades have not been aggregated.

Review of Accounts

Periodic Reviews

Clean Yield's portfolio managers discuss all accounts under management on a regular basis. No reviewer manages more than seventy-five accounts. Accounts are managed and under continuous review for appropriateness of the individual investments as well as the proper investment strategy. Account reviewers are: Rian Fried, President; P. Douglas Fleer, Vice President; Eric Becker, Chief Investment Officer; Elizabeth Glenshaw, Managing Partner; and Dorigen Hofmann, Portfolio Manager and Chief Compliance Officer.

Review Triggers

Accounts are regularly reviewed by portfolio managers on an ongoing basis. Various events may trigger additional review including economic conditions, client needs or requests, high cash levels, etc.

Regular Reports

Clean Yield sends or emails formal reviews of client accounts quarterly. These reviews include an appraisal with the cost and market value of each holding, unrealized gains and losses, realized gains and losses, a performance report of the account for the prior three months (or longer, if requested), and a copy of the bill. A cover letter discusses the investment climate. The year-end report includes the above, as well as reports showing purchase and sales, income and expenses, and various graphs. Clients also receive a quarterly newsletter discussing social investing and companies in which Clean Yield invests.

Client Referrals and Other Compensation

Economic Benefits

Clean Yield does not receive any economic benefit from client referrals to or from third parties.

Third Party Solicitors

Clean Yield does not use third party solicitors and does not receive any compensation from them.

Custody

According to the SEC definition of custody, Clean Yield does have custody of client accounts because fees are removed directly from client accounts with their permission. This type of custody, however, does not require us to have an outside firm conduct surprise audits.

All client assets are held at qualified custodians or, in the case of certain alternative investments, with the client him/herself. Clean Yield does not maintain physical custody of any client assets nor can we direct withdrawals from client accounts.

Account Statements

Clients should expect to receive at least quarterly statements from their qualified custodian. In addition, clients will receive quarterly reports from Clean Yield as discussed above under "Regular Reports".

Investment Discretion

Discretionary Authority for Trading

All accounts are managed on a discretionary basis, meaning that Clean Yield does not need a client's permission before buying or selling securities. When a client first hires Clean Yield, we obtain a limited power of attorney, discussed below, over the client's account for the purpose of trading and withdrawal of fees. Clients are encouraged to discuss social screens, tax limitations, and any other account concerns at their initial meeting and at any other time they choose.

Limited Power of Attorney

When establishing an account, Clean Yield has new clients sign a limited power of attorney that allows us to place trades in client accounts and remove cash to pay for our management fees. When a client arranges for Clean Yield to be the manager of her or his brokerage account, the custodian also usually has the client sign an additional form giving Clean Yield a limited power of attorney for trading and fee withdrawal. Clean Yield does not have custody over any client accounts and does not have any other authority to withdraw or move funds or securities.

Voting Client Securities

Proxy Voting

Clean Yield does not vote proxies for clients. Clients will receive their own proxy voting materials. Upon request, Clean Yield will help advise clients on certain proxy issues or refer the client to a proxy advisory service.

Financial Information

Prepayment of Fee

Clean Yield bills management fees quarterly, in advance, based on the market value of the account on the last day of the preceding quarter. Thus, clients pay fees up to three months in advance. A balance sheet is not required to be provided because we do not require prepayment of fees of more than \$1,200 and six or more months in advance.

If a client has pre-paid a fee and leaves Clean Yield prior to the end of the quarter, we will reimburse the client for the remainder of the quarter on a pro-rata basis.

Financial Condition & Bankruptcy

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Clean Yield has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.