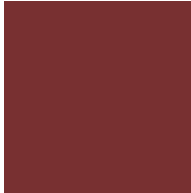




DAVEY 
Proven Solutions for a Growing World



CORPORATE
 RESPONSIBILITY
 REPORT



20
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REPORT PROFILE

G4-28, G4-29, G4-30, G4-31, G4-32

This 2016 Corporate Responsibility (CR) Report, Davey's fifth, is written in accordance with the Global Reporting Initiative's (GRI) G4 guidelines for a Core level report. We published our last CR Report in May 2016, covering the 2015 calendar year. This report covers Davey operations during the 2016 calendar year, in the U.S. and Canada, unless otherwise noted. Any questions, comments, concerns or suggestions regarding this or previous Davey Corporate Responsibility Reports can be directed to corporateresponsibility@davey.com.

In 2016, we completed a robust materiality assessment in accordance with the GRI G4 framework. This report transitions us from our previously reported goals to the topics prioritized through the materiality process. Pages 12 and 13 of this report explain the materiality process and results.



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CEO LETTER







/// TODAY, DAVEY IS WORKING WITH DIVERSE PARTNERS TO ADVANCE THE GREEN INDUSTRY, PROVIDING SOLUTIONS THAT PROMOTE BALANCE AMONG PEOPLE, PROGRESS AND THE ENVIRONMENT. ///

KARL WARNKE, CHAIRMAN AND CEO

G4-1

Since 1880, The Davey Tree Expert Company has led the green industry in responding to our clients' needs as they face rapidly changing environmental conditions. From coast to coast, Davey has been a leader in the responsible conservation and protection efforts of our most precious natural assets. Today, Davey continues forward to provide our clients the proven solutions for a growing world.

In 2016, we conducted a robust materiality assessment to identify the environmental, social and governance topics we intend to prioritize. This assessment builds upon our corporate responsibility pillars and provides the foundation for our corporate responsibility strategy moving forward. Through this assessment, the following were identified as our most material topics:

Safe Business Practices 	Engaged Employees 	Innovative Thinking 	Sustainable Environment 
<ul style="list-style-type: none">■ Workplace Health & Safety■ Fire Prevention	<ul style="list-style-type: none">■ Employee Attraction & Retention■ Employee Engagement & Development	<ul style="list-style-type: none">■ Environmental Services■ Innovation	<ul style="list-style-type: none">■ Water Management■ Energy & Emissions■ Waste & Recycling

Optimizing each of these topics is critical for Davey's sustained success, and they are being incorporated into our Vision 20/20 strategic plan. Over the next year, we will create goals around each of these areas to measure our sustainability progress. As we develop these goals, we will look to and align with international frameworks, such as the United Nations Sustainable Development Goals (UN SDGs).

For over a century, Davey has been at the forefront of environmental science and industry. Today, Davey is working with diverse partners to advance the green industry, providing solutions that promote balance among people, progress and the environment. As an example, in 2016, we established a partnership with The Ohio State University to study the effect of climate change on landscapes and trees. Our work in this area ensures we are ready to continue our unmatched excellence in client experience.

More than ever, we are working with cities across the continent to advance their environmental quality. Many of these cities are featured in this report. As the urban population rises, it is critical to invest in natural capital assets, which help clean our air, ground and water, reduce erosion and energy costs, and provide emotional and social benefits to local populations. In 2015 and 2016, we worked with our neighbor, the city of Cleveland, in the development and implementation of the Cleveland Tree Plan. We are proud of our partnership with the city of Cleveland and regional non-profits to make Cleveland the Forest City once again.

At Davey, we were the first to build our reputation on a science-based approach to arboriculture, expansive technical expertise, knowledge and a shared heritage of environmental and social good. Armed with the results of our materiality assessment, we will continue to partner with organizations and focus on topics that maximize these positive impacts. I am pleased to share with you our progress in this 2016 Corporate Responsibility Report.

Sincerely,



Karl Warnke, Chairman and CEO



ABOUT OUR COMPANY



1954

Davey opens the Davey Technical Services Center in Kent, Ohio, housing classrooms, offices, a laboratory and a library for the technical staff



1880

John Davey founds The Davey Tree Expert Company

1901

John Davey publishes "The Tree Doctor," disseminating plant health care principles and techniques to the public



1979

Davey becomes employee-owned, enabling employees to share in Davey Tree's success

LEADING SINCE 1880

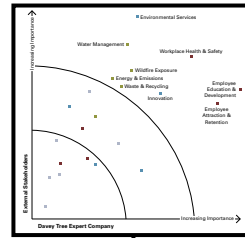
John Davey founded The Davey Tree Expert Company in 1880 with a commitment to scientifically-based horticultural and environmental services and outstanding client service. For more than 135 years, Davey has been rooted in corporate responsibility. As we have grown and branched out, so too have our corporate responsibility practices.

Today, we remain responsible stewards, delivering unmatched excellence in client experience, employee strength, safety and financial sustainability as we advance the green industry. Our employee owners are committed to providing solutions that promote balance among people, progress and the environment.

In 2016, we conducted a robust materiality assessment to better understand and validate our environmental, social and governance (ESG) impacts. Results of this assessment will inform our corporate responsibility strategy going forward to maximize our positive impact. This report, aligned to the GRI G4 guidelines, continues our legacy of deep commitment to and investment in corporate responsibility.



2012
Davey publishes its environmental policy and our first public CR Executive Summary Report



2016
Davey conducts robust materiality assessment

2007

Davey creates the Corporate Responsibility (CR) team to establish governance and oversight of our environmental sustainability commitments



2013

Davey develops corporate responsibility pillars and publishes first Global Reporting Initiative (GRI) report



Safe Business Practices

Our behaviors and actions ensure that the safety of our employees and clients remain our highest priority.



Engaged Employees

As an employee-owned company, we create an environment to fully engage our employees in their work and our purpose as a company. We invest in them as they invest in us. Together, we grow personally and professionally.



Innovative Thinking

We are leaders in leveraging our research, experience and people to address challenges facing the natural environment through product and service innovation.



Sustainable Environment

We commit ourselves to environmentally responsible practices that sustain the planet, our communities and our business. We take pride in the fact that our environmental practices can complement our business growth.



BUSINESS SEGMENTS

G4-4, G4-6, G4-8, G4-9, G4-13

Davey operates across the United States and Canada, providing a variety of tree care, grounds maintenance and consulting services for the residential, commercial, government and utility markets. Our residential and commercial services segment provides services to residential and commercial customers, including:

- The treatment, preservation, maintenance, removal and planting of trees, shrubs and other plants
- The practice of landscaping, grounds maintenance and tree surgery
- The application of fertilizers, herbicides and insecticides
- Natural resource management and consulting, environmental planning and forestry research and development

Our utility segment is principally engaged in providing services to utility customers, including Investor-owned, Municipal, REA, Co-ops, Communications and Natural Gas Utilities:

- Line-clearing and vegetation management around power lines
- Rights-of-way and chemical brush control, natural resource management and consulting, forestry research and development and environmental planning

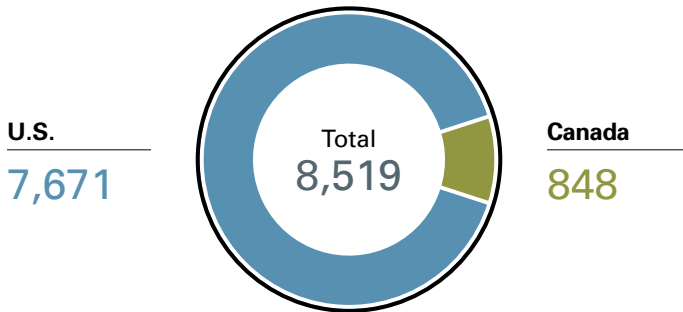
We also maintain research, technical support and laboratory diagnostic facilities.

Davey employees are passionate about our communities' natural assets, the trees and plant life that make our world a greener, healthier and more beautiful place to live.

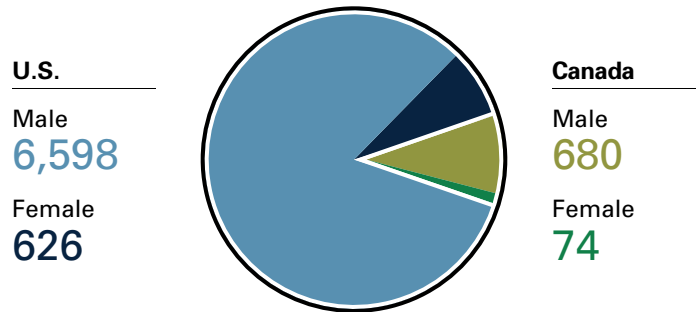
OUR PEOPLE

G4-9, G4-10, G4-11

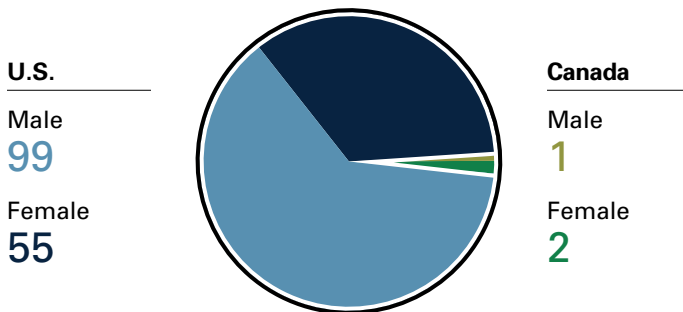
TOTAL EMPLOYEES BY COUNTRY



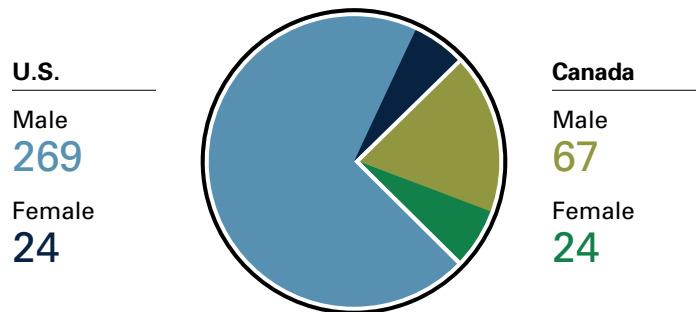
FULL TIME EMPLOYEES BY REGION & GENDER



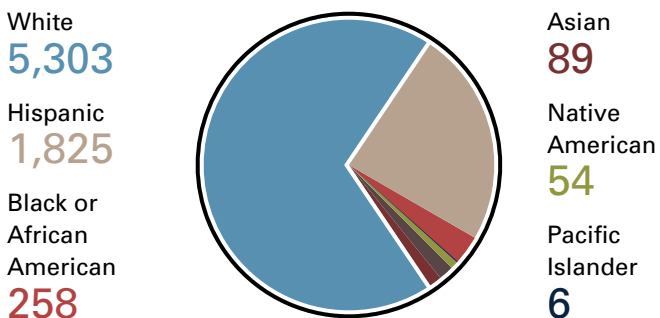
PART TIME EMPLOYEES BY REGION & GENDER



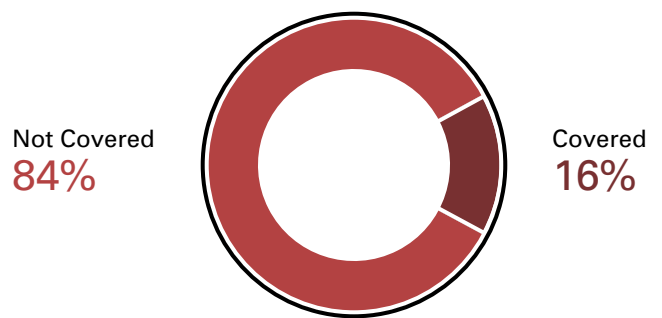
CONTRACT EMPLOYEES BY REGION & GENDER



U.S. EMPLOYEES BY ETHNICITY



EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS



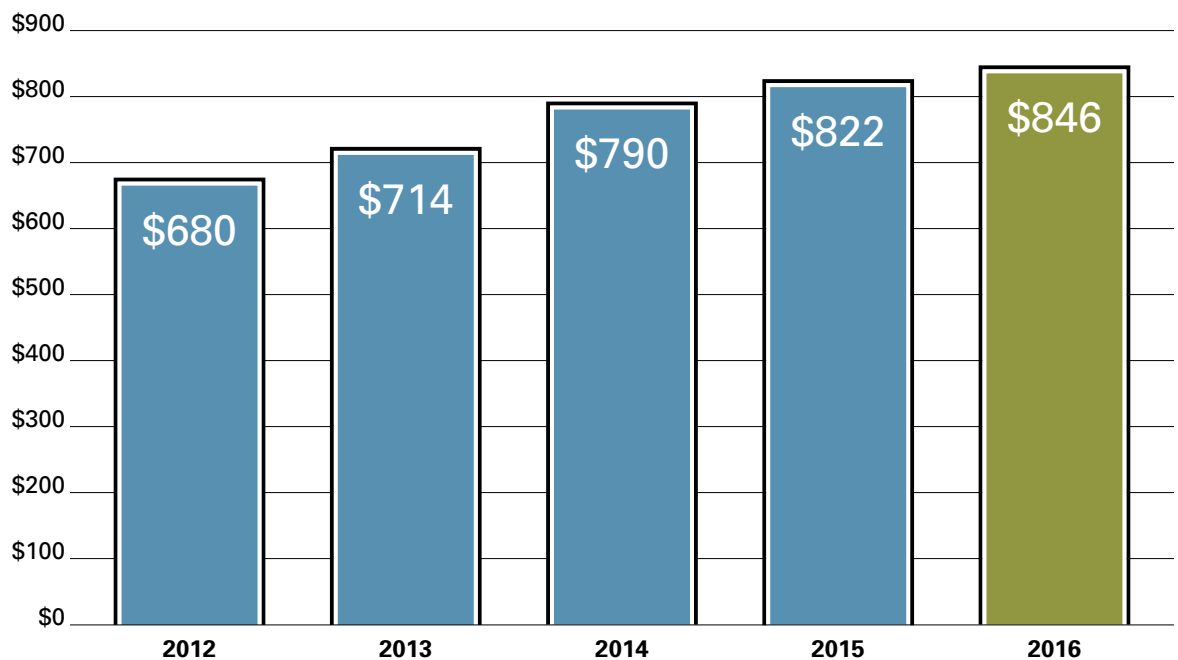
*Due to the seasonal nature of our industry, employee counts vary by as much as 5 percent over the course of the year to meet customer demand. Demographic data presented in this report covers June 2016, during which we generally provide a greater amount of horticultural and Utility services.

PERFORMANCE

G4-EC1

For 136 years, our employees have ensured the continuing success of Davey Tree, even to the point of purchasing the company from the family of John Davey. Davey employees and employee-owners have consistently driven the growth of the organization, through both organic and inorganic means. In 2016, we acquired Arbortech in southwestern Ontario, Canada, as well as Jones Bros. Tree & Landscape in Memphis, Tennessee, and expanded our R/C offices in Denver, Colorado, and San Antonio, Texas.

REVENUE TRENDS (MILLIONS, USD)



SUPPLY CHAIN

G4-12

Staying true to Davey's CR pillars requires us to consider who and how we partner with our suppliers. Davey's largest purchasing categories include equipment, insurance, fuel, chemicals and miscellaneous supplies. As we develop goals aligned with our material topics, we will collaborate with our suppliers to develop a procurement policy that will reward them for their own commitments to corporate responsibility.

SAN ANTONIO, DENVER R/C EXPAND

Davey created two new Residential/Commercial offices in 2016: East San Antonio, Texas, and North Denver, Colorado. Denver's tree care market continues to grow rapidly; the new Denver office is centrally located between and serves three territories—areas which historically have been under-served.

The new East San Antonio office is also well aligned with smart growth. Davey was already growing in eastern San Antonio, but the area's geography made it difficult to service efficiently. Davey is excited about the new opportunities the two expansions provide.



MEMPHIS-BASED JONES BROS. JOINS DAVEY

The Davey Tree Expert Company announced the acquisition of Jones Bros. Tree & Landscape Co., a residential tree care company based near Memphis, Tennessee. Jones Bros. has been providing residential tree assessments, tree care and tree removal to its clients in Memphis and the Mid-South since 1938. Davey's Memphis office opened in 1990, giving both companies combined 100-plus years of experience serving the market. Davey and Jones Bros. share many of the same core values. Jones Bros. was already aware of Davey's reputation for integrity, innovation and leadership within the green industry. With Davey's focus on safety and stewardship, a partnership seemed like a natural fit.

ONTARIO-BASED ARBORTECH JOINS DAVEY

The Davey Tree Expert Company of Canada, Ltd. announced the addition of the customers and employees of Arbortech Professional Tree Care Inc. Founded in 1994, Arbortech provides tree care services to clients in Strathroy, Ontario and beyond. Both companies are strongly committed to safety, training and a superior client experience. Additionally, Davey and Arbortech both employ certified arborists, certified horticulturists and licensed pesticide applicators. The acquisition provides Arbortech employees with the opportunity to become employee-owners and ongoing advancement and training to grow as industry leaders.





PARTNERSHIP & INDUSTRY LEADERSHIP

G4-16

Davey partners with many organizations to advance tree stewardship and societal well-being. Some of these organizations, programs and conferences include:

- Alliance for Community Trees
- American Academy for Park & Recreation Administration
- American Public Gardens Association
- Arbor Day Foundation
- Arboriculture Research and Education Academy
- Energy Saving Trees
- Garden Writers Association
- International Society of Arboriculture
- National Association of Landscape Professionals
- Partners in Community Forestry
- Responsible Industry for a Sound Environment
- Sustainable Urban Forest Coalition
- Tree Care Industry Association
- TREE Fund
- U.S. Forest Service
- Utility Arborist Association

Our employees devote their time, talent and leadership to these organizations, as well as others that promote and provide sustainable communities.

AWARDS

In recognition of our industry and community leadership, and excellent client service, we received several awards in 2016, including:

- Angie's List Superior Service Award
- Garden Writers Association 2016 GWA Media Awards Silver Medal Winners, Newsletter/Brochure and Calendar categories
- Tree Care Industry Association Safety Awards
- Tree Care Industry Association Professional Communications Awards

COVEY NAMED PRESIDENT, CHIEF OPERATING OFFICER

In 2016, Patrick M. Covey was promoted to president and chief operating officer. This represents an expansion of responsibilities for Covey, who in 2014 was promoted to president and chief operating officer of U.S. operations. In his new role, Covey is responsible for operations throughout North America. He is a member of the executive leadership group for the Davey strategic plan and serves as captain of the smart growth team.



SUSTAINABILITY GOVERNANCE

G4-34, G4-56

Founded with a commitment to preserving our natural landscapes and sharing horticultural knowledge, Davey is unique, as we have both the responsibility and capability to lead in ways that others cannot. We prioritize responsible and ethical behavior in our daily operations.

Our ethics policies demonstrate our commitment to high ethical standards, including company governance, daily operations and environmental responsibility. Read all of our Corporate Policies at bit.ly/1gCv2uv.

- Our Code of Ethics and Whistleblower Conduct Reporting Policies outline our standards for business affairs and disclosure process for misconduct, ensuring business matters are conducted ethically and in compliance with all federal, state and local laws. Our Code of Ethics for Financial Matters ensures compliance with legal requirements, specifically the Sarbanes-Oxley Act of 2002 and related rules and regulations.
- Our Equal Employment Opportunity and Harassment Policies foster a healthy work environment.

- Our Environmental Policy supports responsible environmental management throughout our operations. Learn more in the environmental sections of this report.

The Davey board of directors is ultimately responsible for oversight of our business strategy and our board structure can be found in our Annual Report at bit.ly/2nV75H0. The board has three committees—audit, compensation and governance. Read more about the Board Committee Charters at bit.ly/2oRzL32.

In 2007, we created our CR team to oversee our environmental sustainability commitments. This team meets regularly and includes representatives from operations, corporate purchasing, facilities, human resources, environmental management, financial accounting, communications and information systems. The CR team reports to the vice president and general manager of research, recruiting and human resource development, a member of the board of directors.

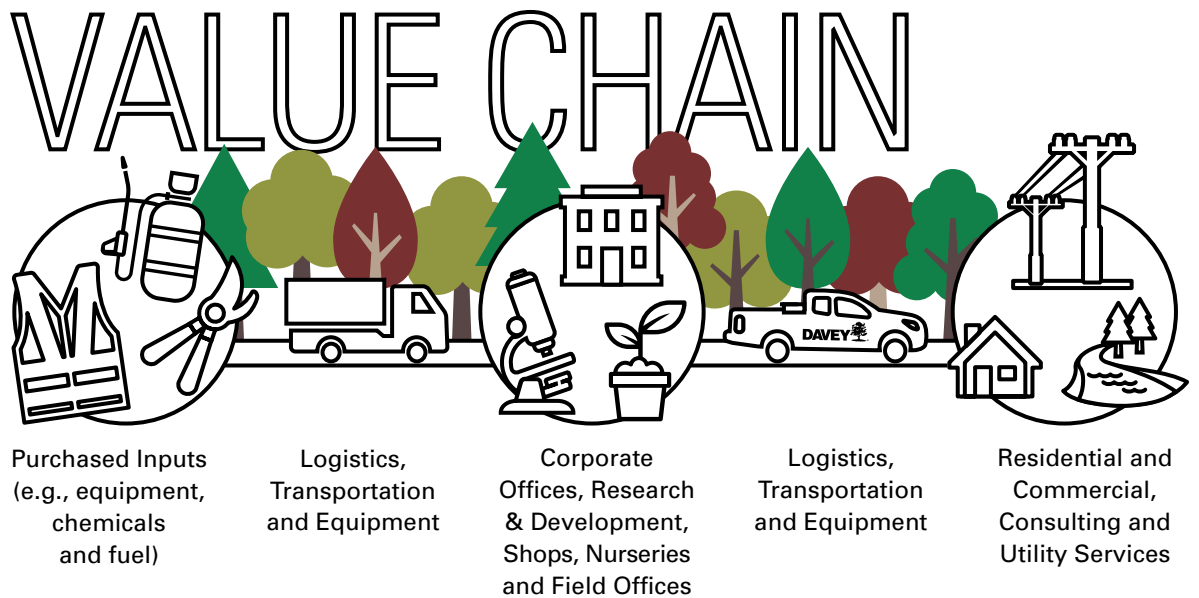
As we updated our materiality assessment in 2016, we are currently revising our goals and associated metrics as part of our management and reporting process. These goals will complement Davey Tree's strategic plan and align with our corporate responsibility pillars, as well as be integrated into our strategic business goals.

MATERIALITY

G4-18, G4-19, G4-23

In 2016, Davey completed a robust materiality assessment to identify, prioritize and validate the most significant environmental, social and governance (ESG) topics to our business. We began by identifying a wide range of potential corporate responsibility topics through industry research and peer benchmarking. We also looked to leading companies in corporate responsibility and environmental services to understand their ESG priorities.

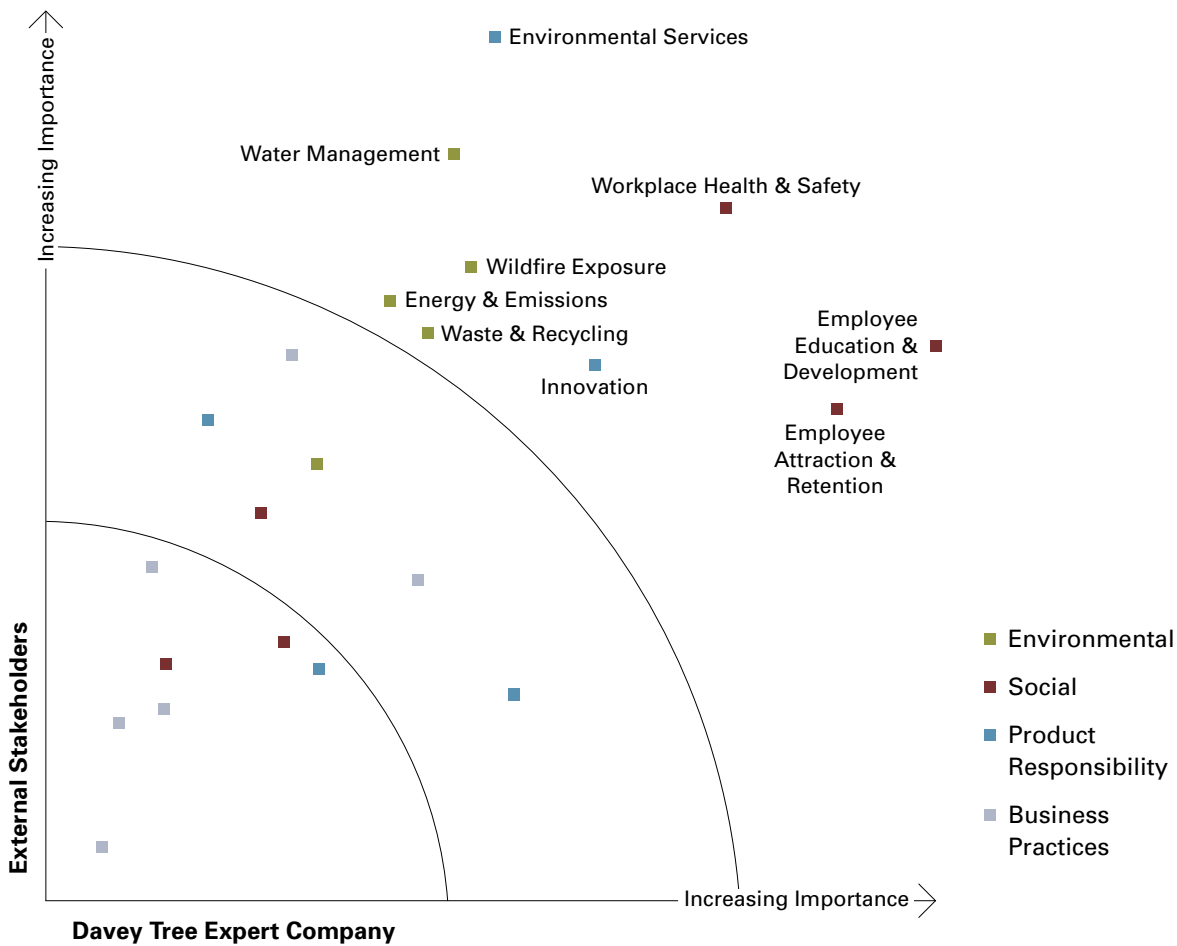
A cross-functional group of Davey leaders and employees, including members of the CR team, met to review and discuss this list of potential topics and mapped each to stakeholders impacted by the topics, and where these impacts occur across our value chain.







Following the identification process, we interviewed both internal and external stakeholders to determine which of the potential topics matter most to Davey. We synthesized the feedback, evidence and recommendations gathered from various stakeholders and prioritized our top corporate responsibility issues across our value chain. The CR team and executive leadership then validated these results.



RELATIVE PRIORITY OF SUSTAINABILITY TOPICS



While Davey has focused on many of these topics in the past, the materiality assessment confirmed their importance internally and externally, and gives us confidence to further invest in these areas. The remainder of this report and future reporting cycles will focus on our management and progress toward these areas. In 2017, we will integrate the material ESG topics into our Vision 20/20 strategic plan, the nucleus of our operational strategy for four years and key driver of our overall direction, to ensure proper management of these topics moving forward. The following topics as important to manage, set goals around and report on:

<p>Safe Business Practices</p> 	<p>Engaged Employees</p> 	<p>Innovative Thinking</p> 	<p>Sustainable Environment</p> 
<ul style="list-style-type: none"> ■ Workplace Health & Safety ■ Fire Prevention 	<ul style="list-style-type: none"> ■ Employee Attraction & Retention ■ Employee Engagement & Development 	<ul style="list-style-type: none"> ■ Environmental Services ■ Innovation 	<ul style="list-style-type: none"> ■ Water Management ■ Energy & Emissions ■ Waste & Recycling

CORPORATE RESPONSIBILITY MATERIAL TOPICS AND STAKEHOLDER MAPPING

G4-20, G4-21, G4-27

Definition	Boundary	Interested Stakeholder Groups
Workplace Health & Safety		
Ensuring safe working conditions; having a robust safety training program	Internal operations	Clients, Community, Capital and Insurance Providers, Regulators, Suppliers, Employees and Executives
Fire Prevention		
Taking comprehensive measures to manage the physical and financial risks that arise, both directly and indirectly, from doing business in areas prone to wildfires	All stakeholders	Clients, Consumers, Capital and Insurance Providers, Regulators and Employees
Employee Attraction & Retention		
Developing strategies for attracting and retaining employees to provide value to Davey	Internal operations	Clients, Community, Suppliers, Employees and Executives
Employee Engagement & Development		
Providing training opportunities and development pathways for Davey's full-time and seasonal employees	Internal operations	Consumers, Community, Suppliers, Employees and Executives
Environmental Services		
Providing education and services that enable stakeholders to better manage their carbon, water, chemical, biodiversity and overall environmental footprints	All stakeholders	Clients, Consumers, Community, Regulators, Suppliers, Employees and Executives
Innovation		
Purposefully applying information in the design, production, and management of goods and services, including new and disruptive competitive service offerings	Internal operations	Clients, Community, Suppliers, Employees and Executives
Water Management		
Reducing total water withdrawn through Davey's operations and managing the company's impact on quality and quantity of local water sources	All stakeholders	Clients, Consumers, Community, Regulators and Employees
Energy & Emissions		
Reducing the energy used to power Davey's operations and improving efficiency of processes and logistics; includes vehicle use, renewable and non-renewable sources of energy and associated emissions	All stakeholders	Clients, Consumers, Community, Regulators and Suppliers
Waste & Recycling		
Reducing the amount of waste to landfill generated by Davey through initiatives including recycling and responsible waste disposal; managing discharge of toxic and hazardous waste, including wastewater	Internal operations and downstream	Clients, Consumers, Community, Regulators and Employees

STAKEHOLDER ENGAGEMENT

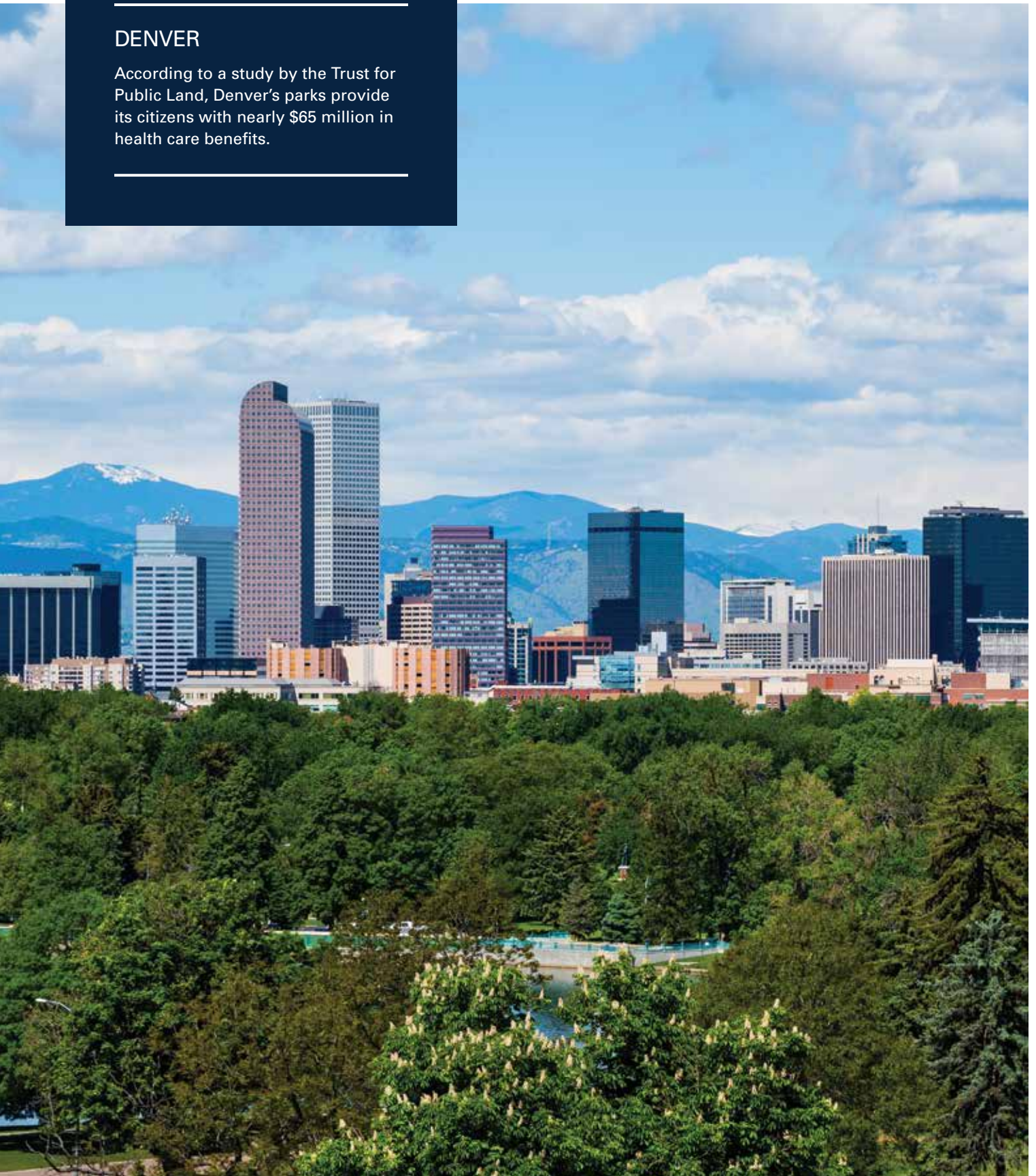
G4-24, G4-25, G4-26

Davey frequently engages with various stakeholders, including our clients, suppliers, non-governmental and environmental organizations, regulators and employees. We identify stakeholders through input from executive leadership, the corporate responsibility team and employees. We choose stakeholders based on their knowledge and understanding of Davey's operations, services, client relationships, history and community involvement.



DENVER

According to a study by the Trust for Public Land, Denver's parks provide its citizens with nearly \$65 million in health care benefits.



WORKPLACE HEALTH & SAFETY

The safety of our employees, clients and the public is essential to the success of our business. Every member of our team understands our safety culture and commitment to ensuring employees return home safe every night. Our best-practice standards and policies in safety and incident prevention drive value for our brand, enhancing our relationships with customers and attracting the best and brightest job candidates.



““ WHEN ASKED HOW MUCH SAFETY TRAINING HE RECEIVES, A YOUNGER DAVEY ARBORIST REMARKED, ‘EVERY DAY, ALL DAY.’ ““

**JOE TOMMASI, CORPORATE
DIRECTOR OF SAFETY**

MANAGEMENT APPROACH

G4-DMA

Davey employs best-in-class initiatives to build and maintain a culture of safety among our teams. We view safety and skills training as a continuous development tool and engage employees through both in-person and distance learning activities. Each year, 100 percent of our employees receive safety education.

New employees receive between six to 18 months of career development training during the onboarding process. This training is typically one-on-one, interpersonal knowledge sharing, which fully integrates safety into every field task, providing crew members with hands-on experience and relevant context for performing trade skills safely. Other in-person training events are hosted by regional safety specialists, Davey Institute instructors and the corporate support teams throughout the year. Supervisors may also assign safety courses to crew members as needed through our Learning Management System (LMS). Safety training completion records are monitored through the LMS. Managers receive additional training through seminars, such as the Safety Leadership Program. Hosted four times a year, this three-day training is recognized by Kent State University toward credits for the associate degree they offer in partnership with Davey.



ADVANCING DAVEY'S SAFETY PERFORMANCE

Safety performance, a Davey Personal Excellence Principle, is a constant topic of conversation at Davey and throughout the entire tree care industry. For that reason, Davey's safety specialist team is dedicated to supporting the education of each region's employees on a regular basis. In February, the Mid-Atlantic territory took part in a Davey Skills Enhancement Program.

These enhancement programs focus on one of three modules centered on arborist skills. This year's focus was climbing and work positioning. Davey trains established arborists and enhances their understanding of key principles and techniques to prepare them to coach others in the field.

The program's goal is to challenge attendees' boundaries and motivate them to build a culture of open communication and feedback between them and their crew.

2016 TCIA SAFETY AWARDS

Davey employees Sergio Lopez and Mike Horneber each won a Tree Care Industry Association Professional Safety Award in the Outstanding Individual/Crew Performance category in 2016. Lopez, foreman for the San Francisco Residential/Commercial office, helped save a woman from a burning apartment building using his bucket truck. Horneber, senior regional safety specialist, assisted an elderly couple who were involved in a vehicle crash. He rendered first-aid and helped until emergency personnel arrived. Together, Lopez and Horneber showcased their safety skills in times of desperate need.

The Davey Tree Expert Company won a Tree Care Industry Association Professional Safety Award in the Outstanding Company Contribution Award category. Davey won for our Electronic Close Call Communication Process (e-Close Call Communicator). In April 2014, Davey implemented the Close Call Communication Process using the paper Close Call Communicator. In 2016, the program became fully electronic. The electronic format streamlines the process for all Davey employees to report close call forms.



DRIVING DEFENSIVELY SAVES LIVES

In the annual Davey Defensive Driving Course, employees are taught how to defend themselves on the road, avoid collisions, adjust driving to unpredictable conditions and save lives by driving safely. Some Davey employees spend about 40 percent of their workdays in trucks. At Davey, being a professional driver is part of the job description.

In the course, which is also offered online, the group watches instructional films, discusses various scenarios and reviews pressing topics like fatigue and driving distractions. Instructors always encourage employees to leave with plenty of travel time and to reduce the temptation to take short cuts. Safe driving is a common topic among Davey team conversations.



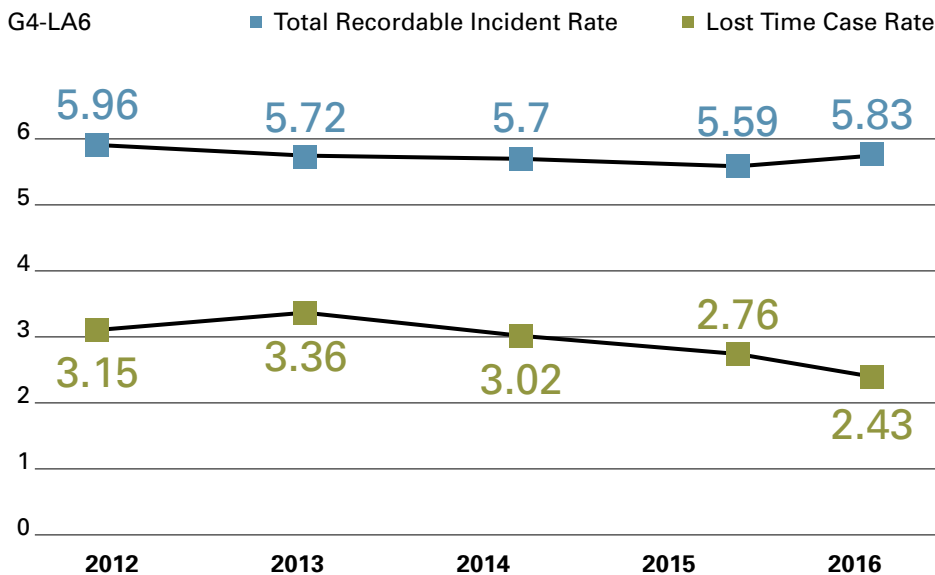
Before each job, the crews review the Pre-Job Plan and Briefing. These cover the key areas required for safe work practices and OSHA compliance. In addition, teams discuss safety at weekly tailgate meetings. When appropriate, new safety protocols are disseminated through these meetings to ensure every crew member is equipped with the latest safety information.

Davey implemented a Road to Zero safety goal and initiative in 2005. Through Road to Zero, we track the percentage of regions with zero incidents. The program encourages our employees to proactively correct unsafe conditions. Our Safety Honor Road recognizes Davey Tree employees who have been free of a recordable incident for one year or more. Results of the increased focus on safety are clear—the number of Safety Honor Road employees has increased 26 percent while total labor hours have increased more than 6.5 million since 2005. Road to Zero is a journey and a work-in-progress. Davey also works toward specific metric goals to monitor continuous safety improvement.

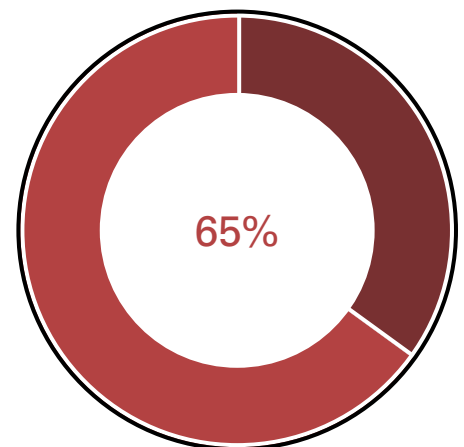
We continue to build safety performance and goals up to the highest levels of the company. Embedded within Davey’s strategic plan, each business segment is responsible for reporting safety performance to Davey leadership each month. The corporate safety department, led by the corporate director of safety, supports business segments in executing on our safety performance. The corporate director of safety delivers monthly updates to the executive vice president and general manager of the Commercial Landscape Services, who in turn reports to the chief operating officer. Safety performance is reported quarterly to executive leadership and the board of directors.

In 2016, Davey developed a new safety & training manual, to be released early 2017. We are also working on reaching full implementation of our Close Call Communicator, making it easier than ever to report and debrief close call incidents and build tools and tactics for prevention.

WORKFORCE RELATED INCIDENTS



REGIONS WITH ZERO RECORDABLE INCIDENTS IN 2016



/// WE EMPOWER EACH EMPLOYEE TO TAKE ACTION TO PREVENT FIRES, THAT'S BEST-IN-CLASS. EVERY DAVEY WORKER HAS THE RIGHT AND RESPONSIBILITY TO STOP A JOB IF THE RISK IS TOO GREAT. ///

JEREMY LEWIS, REGIONAL SAFETY SPECIALIST



FIRE PREVENTION

2016 began with one of the warmest winters on record for much of the contiguous United States, according to the National Interagency Fire Coordination Center's 2016 Fire Summary. These very warm trends continued for most of the year, and areas of severe or worse drought continued in large parts of the country.

While there are some natural causes for wildfires, such as lightning and lava, about 90 percent are results of human behavior—accidents, carelessness in and around campsites, or even malicious activities. Worsening drought conditions in the southwest, southeast and coastal New England endanger more of our natural resources. Although in 2016 both the U.S. and Canada reported slightly fewer fires than the 10-year average, these fires were much more destructive. Wildfires in the U.S. destroyed 220 percent more residences last year than the annual average.

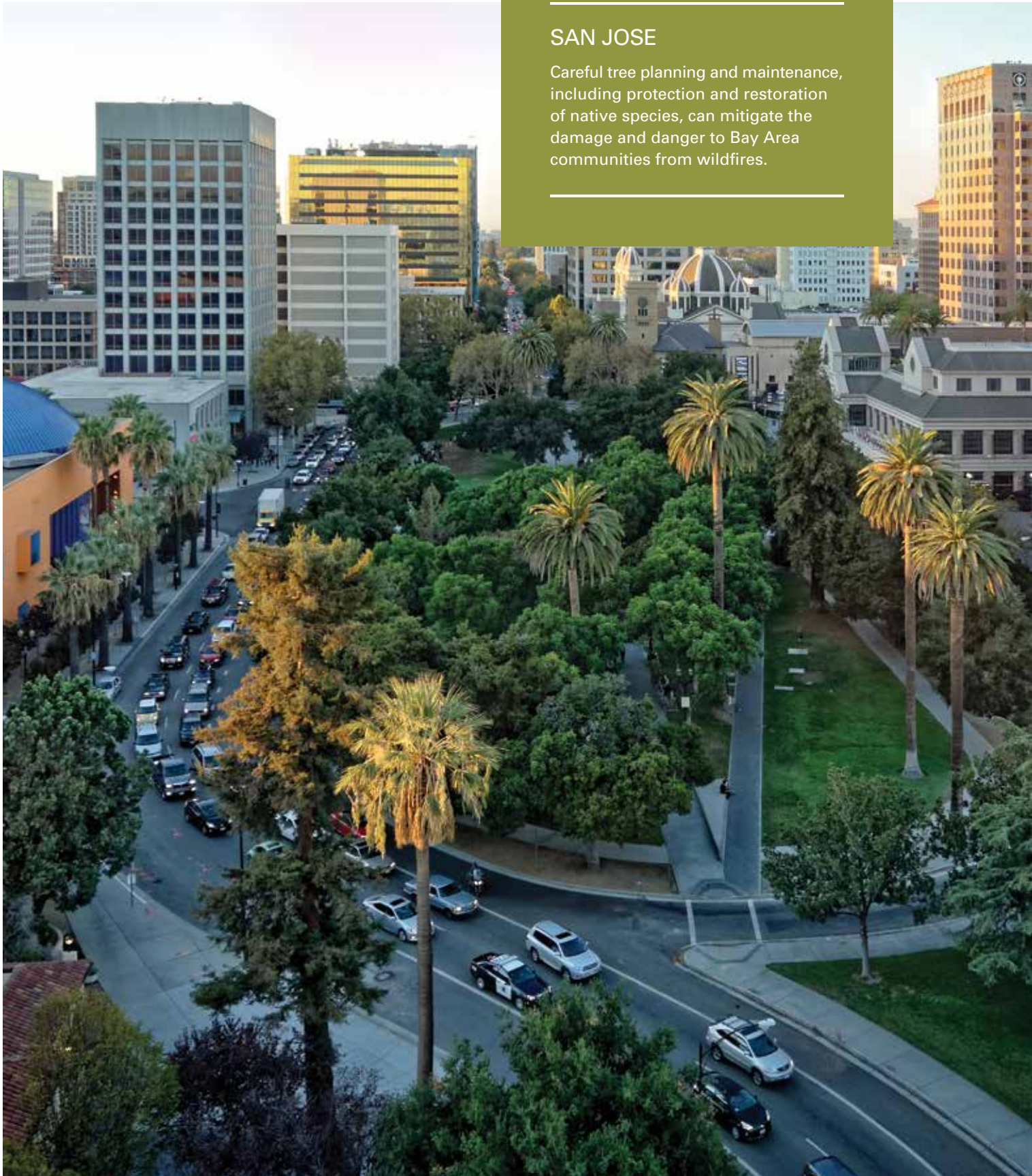
MANAGEMENT APPROACH

G4-DMA

We operate in regions across the United States and Canada, including some where fire seasons and a changing climate increase the risk of fire on and around our job sites. In arid locations, our teams work in locations where fuel-powered equipment, utility lines and dry plant matter could create the conditions for a fire event that could endanger Davey employees, customers or the natural environment. In addition, our utility workers are exposed to fire risk while clearing and maintaining trees and brush around power lines. Mitigating these risks is essential to our employees, our clients and our business, and Davey integrates fire prevention practices throughout our daily operations. Because we focus on prevention first, we have not experienced a significant fire event in the past several seasons. Our employees have seen the devastation caused by wildfires in their own communities and in the communities we serve, and take responsibility to prevent such tragic accidents from happening.

SAN JOSE

Careful tree planning and maintenance, including protection and restoration of native species, can mitigate the damage and danger to Bay Area communities from wildfires.



New employees are trained in fire prevention practices during their onboarding process. We developed our fire prevention curriculum in collaboration with multiple fire safety and forestry agencies, including CAL FIRE, California's Department of Forestry and Fire Protection. Conducted by our regional safety specialists, this training covers education about the mechanics, science and behavior of fire; environmental factors that contribute to the start and spread of fires; techniques and tools for assessing fire risk; fire safety equipment and techniques; proper refueling methods and equipment use; and regionally relevant fire history.

Each day, crew managers monitor weather and fire index levels as determined by the U.S. or Canadian Forest Service. Crew managers will postpone a job if they believe the fire risk is too high. In the field, each employee has the ability and responsibility to suspend a job if they feel it is too dangerous to continue.

Crews bring fire equipment, such as long-handled shovels, backpack sprayers and additional fire extinguishers, to job sites when the fire index level is high, very high or extremely high. For safety purposes, these tools are to be used only with very small, containable fires.

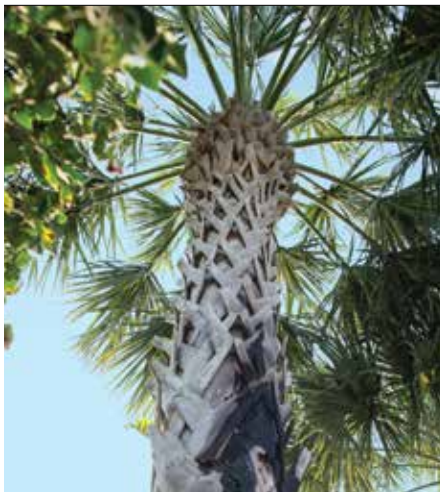
In the field, employees remain constantly vigilant of fire risk. If a crew member suspects a spark, crew managers are called to monitor the situation. In the event of a fire event or significant fire risk, crew members alert local fire authorities, as well as their supervising management.

We document all fire risks, and fire events are reported up to the president and CEO.

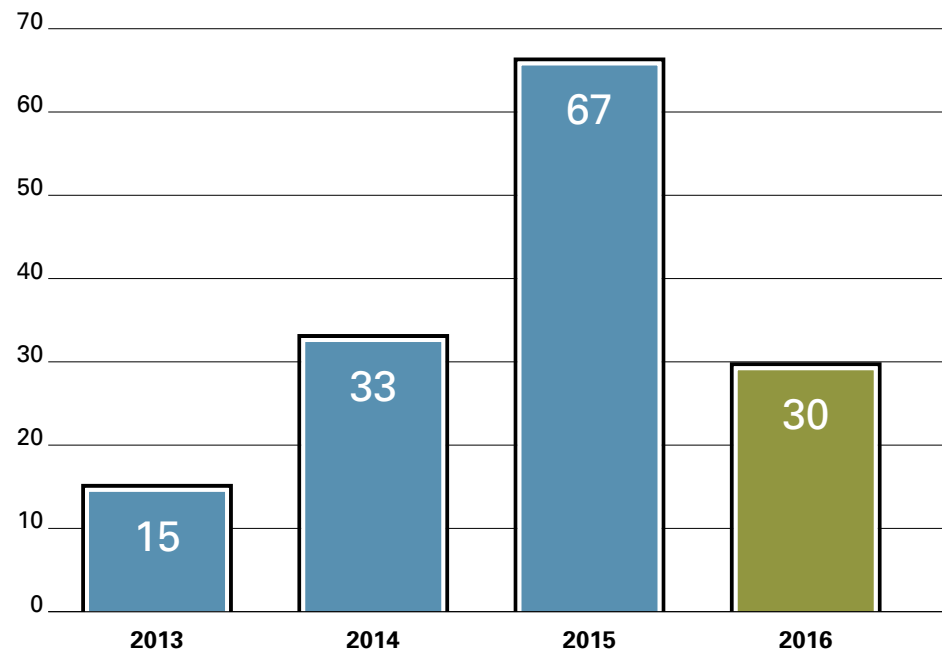
SIGNIFICANT FIRE EVENTS

INDICATOR

2013	2014	2015	2016
0	0	0	0



FIRE PREVENTION TRAINING COURSES





CANADA BATTLES FORT MCMURRAY FIRE AFTERMATH

Employees of The Davey Tree Expert Co. of Canada, Limited, worked to help restore power to the areas hit hardest by the Fort McMurray wildfire this past summer. The Fort McMurray fire, which started in May, covered 1.4 million acres across Alberta and Saskatchewan before firefighters could bring it under control. It destroyed close to 2,000 structures and forced 90,000 people to evacuate. Flare-ups brought forestry firefighters, looking to extinguish flash fires, roving into challenging work areas already complicated by the stifling environment and poor air quality.

Angus Hill, Canada regional utility manager, said Davey crews mobilized within a day to support removing nearly incinerated and fallen trees from utility rights-of-way so power could be restored to the area.

Davey's involvement started in mid-May and wrapped up in early July with no recordable injuries—a considerable accomplishment given the working conditions.



HONORARY FIREFIGHTERS

Two Davey substation crews were driving during the work day when they spotted a man on the side of the road struggling to extinguish a grass fire using only a shovel. The crew members quickly stopped to assist and helped put it out. The temporary firefighters are Danaka Hill, herbicide applicator; Chantel Hupka, apprentice applicator; Rayla Yamiolkowski-Yanchuk, herbicide applicator; and Karen Zahacy, herbicide applicator. The fire grew quickly and, without their help, could have grown out of control. The chief of the local fire department that responded to the fire remarked about how impressed he was by their response.

VICTORIA, BC

Trees on residential properties increase Victoria's property values by 3–15 percent.



EMPLOYEE ATTRACTION & RETENTION

Our investments in industry-leading innovation, product offerings, equipment, trainings and research make Davey the employer of choice for top talent. We are actively recruiting candidates with a passion for providing environmental services and who are eager to cultivate their professional development. While our industry faces seasonal employment and high average turnover, employee ownership promotes high performance and loyalty.



“OUR INDUSTRY HAS NOTORIOUSLY HIGH TURNOVER, BUT I DON’T THINK THAT MEANS WE SHOULD.”

KATHY DOODY, DIRECTOR OF RECRUITING AND EMPLOYEE DEVELOPMENT

MANAGEMENT APPROACH

G4-DMA

Across skilled-labor industries, there is a growing shortage of qualified candidates. As we undertake an ambitious plan for growth, our ability to compete for and retain top talent is increasingly critical to our business. During our 2016 materiality assessment, both internal and external stakeholders identified employee attraction & retention as an area of focus for Davey to sustain long-term value creation.

In response to the growing need for enterprise-wide talent management, we made significant changes in 2016 from a decentralized hiring structure to a centralized structure managed within the Davey Institute. The new Talent Recruitment & Employee Development department will implement regional recruiting hubs with coordinator and managerial-level staff to direct the candidate pipeline and look for talent more broadly within regions.

EMPLOYEE REFERRAL PROGRAM

At Davey, our employees are one of our greatest strengths. As we continue to grow our business, we are looking to recruit additional dedicated, passionate individuals to help us get the job done right. Because our employees already know what it takes to succeed at Davey, we want to better utilize them as a source to refer and recommend candidates. This year, we revamped our employee referral bonus program, which is now called Davey's Send-a-Friend program. With this updated program, employees can refer friends by simply passing along their name and contact info. Our recruiting team does the rest, and if we hire their referral, the employee earns a \$1,000 bonus. By streamlining the program, employees can refer a friend in under a minute, which has resulted in an increased number of submissions to the program.



GROWING THE DAVEY FAMILY THROUGH SOCIAL MEDIA

Our team is using all the tools within our repertoire to recruit the best people. Pew Research found in recent years, 35 percent of social media users have looked for a job on social media, and that number climbs to 43 percent for millennials. Because of this shift, Davey has begun implementing tactics and strategies to better use social media to attract and hire candidates. In 2016, we created a specific plan to recruit candidates and promote the Davey culture on each of our social platforms. Now, all Davey recruiters have an optimized and polished LinkedIn profile along with guides on how to best use the platform. Additionally, we revitalized our company LinkedIn page to showcase opportunities to grow at Davey. By posting consistent, targeted content, our posts were seen by 4.5 times more individuals and received 10.5 times more engagement.



DAVEY NAMED 13TH LARGEST EMPLOYEE-OWNED COMPANY

The Davey Tree Expert Company is the 13th largest employee-owned company in the U.S., according to data from the National Center for Employee Ownership (NCEO). The NCEO's 2016 Employee Ownership 100 list includes the nation's largest companies that are at least 50 percent owned by an employee stock ownership plan (ESOP) or other broad-based employee ownership plan. Davey leadership feels employee ownership has been a driving force behind our past and present successes. Encouraging and supporting employee ownership, and the culture it fosters, will remain a key to strong performances by the Davey Company in the future.



These hubs are distributed across our footprint, serving residential and commercial business lines in their largest areas of business. Moving forward, coordinators and managers will arrange and attend hiring fairs, conduct hiring and interview training, and build relationships with local schools and industry associations.

This new department is led by our new director of recruiting & employee development, who reports up through the vice president and general manager of research, recruiting and human resource development, who in turn reports to the president. The director of talent recruitment & employee development has goals in place for 2017, which include:

- Establishing regional recruiting hubs
- Establishing baseline metrics
- Creating and implementing the role of company-wide Hispanic Coordinator
- Establishing a company-wide internship program

Due to immediate hiring needs in 2016 and going into 2017, we will put an emphasis on employee attraction.

INDICATOR

Employee Attraction & Retention was identified, through our materiality assessment, as a top area of interest to our stakeholders. Throughout 2016, Davey developed a more rigorous set of goals to manage our approach to talent attraction. We plan to report on progress toward attraction and retention metrics in 2017.



EMPLOYEE EDUCATION & DEVELOPMENT

Davey employees embody the excellent service we provide to our residential, utility, commercial and government clients. We engage our employees by making it possible to grow with our company, providing continuing opportunities for career advancement and investing in their personal development. Davey provides a wide array of educational and developmental programs company-wide, through corporate, local and distance learning opportunities.



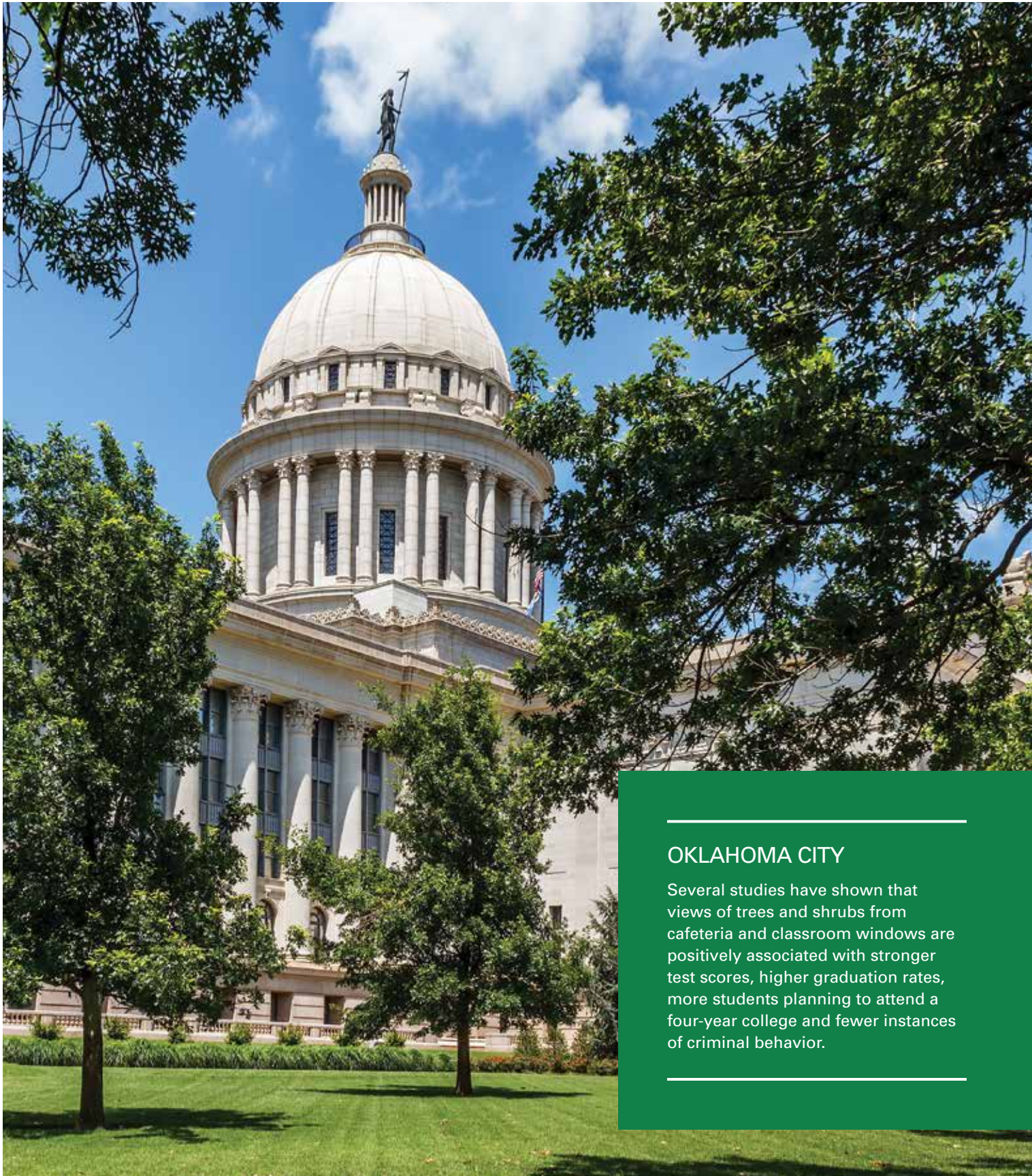
“ IT IS OUR CONTINUING OBJECTIVE TO PROVIDE EDUCATION AND TRAINING OPPORTUNITIES FOR THE CAREER ADVANCEMENT OF OUR EMPLOYEES, AND ULTIMATELY BETTER PRODUCTS AND SERVICES FOR OUR CLIENTS. ”

RJ LAVERNE, MANAGER OF EDUCATION AND TRAINING

MANAGEMENT APPROACH

G4-DMA

The Davey Institute of Tree Sciences (D.I.T.S) has been a hallmark of Davey culture since its inception in 1909. John Davey recognized that a meaningful job experience would provide opportunities for employees' personal growth and knowledge development. Educating and developing our employees continues to be critical to adding value to our services, as well as demonstrating a commitment to our employees' paths to their highest aspirations.



OKLAHOMA CITY

Several studies have shown that views of trees and shrubs from cafeteria and classroom windows are positively associated with stronger test scores, higher graduation rates, more students planning to attend a four-year college and fewer instances of criminal behavior.

The D.I.T.S. curricula are developed by the manager of education and training. Instructors within the Institute hold doctorate or masters' degrees, and are highly specialized in multiple areas of field expertise. The Davey Institute's general manager oversees the performance and management goals for the program. In turn, the general manager reports up through the vice president and general manager of research, recruiting and human resource development, who in turn reports to the president, who provides quarterly reports to the board.

Ongoing partnerships with the International Society of Arboriculture (ISA) and other organizations provide opportunities to enhance Davey's expertise in training and safety. Davey instructors teach topics like tree-risk assessment and urban forestry, and serve as outside instructors, expert witnesses, tree appraisers and consultants.

Objectives for training and education vary by service lines. In the field, instructor-led trainings may cover topics from proper equipment usage to specialized arborist trainings and specific techniques for commercial, utility or residential situations. Some training events take place in Kent, Ohio, but the Davey Institute also offers five-day regional workshop sessions. The largest onsite training session happens annually, in Kent in February. The Davey Institute of Tree Sciences session is the modern-day take on John Davey's original collegiate experience. Employees are brought in from all over the U.S. and Canada, and the program still uses a combination of lecture and outdoor experiential learning.

Davey also employs the use of a learning management system through which supervisors can assign online courses. We follow employees' progress as they complete online Learning Management System courses, with completion records automatically sent to the Davey Human Resources system.

In 2017, we plan to roll out a specialized and innovative tree climbing safety protocol. Recognizing tree climbing as one of the most dangerous tasks Davey field crews face on the job, this enhanced curriculum was requested by executive leadership. The Factors and Forces curriculum will help crew members carefully inspect trees before they climb to identify potential weaknesses and prevent branch, trunk or root failures while crew members are in the tree.

We also plan to expand the availability and number of internal professional development opportunities for non-arborists in 2017. This includes the development of trainings and courses around topics such as sales, communications, management and business acumen.

LEARNING MANAGEMENT SYSTEM (LMS)

INDICATORS

	2014	2015	2016
Number of registered users for LMS	4,464	4,069	4,102
Number of objects completed in LMS	1,033	10,445	85,528
Number of extension courses completed in LMS	4	149	1,437



LEADING THROUGH SCIENCE

The Davey Institute hosted the inaugural Field Operations Pollinator Day at the Shalersville Research Station in Shalersville, Ohio, to showcase the environmental and industry benefits of pollinators. For most environmentally conscious residential and commercial clients, the idea of developing pollinator-friendly spaces is just starting to gain popularity. The pollinator day aimed to educate Davey employees about this growing movement.

Our pollinator-focused research includes trials aimed at evaluating seed stock, improving our planting techniques and evaluating the success of our plant health care initiatives for pollinator habitats. Davey employees showcased a thriving pollinator garden with 17 diverse pollinator plant species. After understanding what goes into a pollinator garden, attendees then learned what it takes to create one.



BUILD A BETTER CAREER AT D.I.T.S.

The Davey Institute of Tree Sciences (D.I.T.S.) welcomed 51 employees to Kent, Ohio, in January to attend the Davey Company's flagship training program in biological sciences, safety, tree and plant care and management techniques. The month-long intensive training program is among the industry's most rigorous and has graduated hundreds of students since its founding in 1909.

D.I.T.S. has proven an important milestone for many employees. Many graduates move up within the Davey ranks following their experience in the program. D.I.T.S organizers say that over the years they have seen the program solidify employees' commitment to the company. "D.I.T.S. absolutely makes us the premiere tree company in the U.S. and Canada," said Mary Ann Schaefer, who has helped organize D.I.T.S. for 22 years.



ST. LOUIS

Urban forest trees, like those planted by St. Louis reforestation efforts, support habitats for wildlife and improve biodiversity.

ENVIRONMENTAL SERVICES

As Davey focuses on managing and mitigating our footprint, we are also focused on fostering the positive impacts we are making every day. In our materiality assessment, the importance of our work in helping our clients quantify, enhance, manage and protect their natural assets became increasingly clear. As we seek to grow this area of our business, we do so knowing it drives the purpose and mission we were founded on 136 years ago.



“ THIS IS THE FUN STUFF—WE’RE CALLED IN TO HELP CLIENTS RESTORE FORESTS AND CANOPIES, ENHANCE STREAMS AND WETLANDS, AND ESTABLISH POLLINATOR GARDENS. THESE IMPORTANT HABITATS ARE NOT ONLY GOOD FOR WILDLIFE AND ECOSYSTEM DIVERSITY, BUT THEY ARE PROVEN TO POSITIVELY IMPACT HUMAN HEALTH AND WELLNESS. ”

KAREN WISE, DIVISION MANAGER, DAVEY RESOURCE GROUP

MANAGEMENT APPROACH

G4-DMA

We believe that every one of our tree, landscape or utility services makes a positive contribution to our natural environment. Davey’s business is built on our vision of promoting balance among people, progress and the environment.

The Davey Resource Group (DRG) provides environmental consulting services. DRG conducts environmental studies and surveys; looks for rare, threatened and endangered species; helps clients obtain permits through assessments and studies; provides Geographic Information Systems (GIS) inventory and verification services; and rehabilitates, restores and mitigates habitats, such as wildflower meadows, wetlands, forests and agricultural land. DRG’s three regional hubs—in the Great Lakes, Mid-Atlantic and the Western U.S.—serve a wide range of commercial, residential and governmental clients.



A BEE-UTIFUL POLLINATOR PARTNERSHIP IN OHIO

The Ohio Turnpike's first-ever native pollinator gardens feature 17 different Ohio native plant species. The Ohio Turnpike Commission (OTC) partnered with Davey Resource Group and Keep Ohio Beautiful to create a native pollinator garden at the two busiest service plazas on the turnpike: Middle Ridge and Vermilion Valley. On planting day, the OTC invited many volunteers, partners and travelers passing through to take part.



COMBINING NATURAL & VIRTUAL WORLDS

Coventry Middle School sixth graders combined the power of modern technology with old-school grit to create a different kind of Earth Day celebration. Davey's Ken Christensen, senior biologist for Davey Resource Group, joined eight select students from the Akron, Ohio, middle school to plant 25 trees during a week-long stream restoration project that eventually saw several hundred trees planted.

Through non-profit organization Earth Echo's Virtual Tours program, Christensen and the students shared a tree-planting lesson with hundreds of classrooms around the world. Earth Echo featured the hangout on its website, aerial shots of the planting were broadcast live and students around the nation asked questions throughout the demonstration. Christensen taught students a complete tree planting lesson, including digging the hole and safe removal from the planting pot.

The sixth grade class works collaboratively with Cuyahoga Valley National Park, The Ohio State University's Stone Lab Aquatic Research Center and The Wilds in Cumberland, Ohio, to enhance the water sources around the school, which is surrounded by glacial kettle lakes.

On Earth Day, Davey brought in 750 live stakes, 360 bare root trees and the 25 container trees to plant around a local stream to restore growth and create new wildlife habitats.

DRG’s cutting-edge services span between inventory, planning and implementation, bringing Davey’s environmental research to the marketplace. Our DRG consultants deliver our clients superior water and resource management as they plan, install and manage more climate-friendly landscapes. They also educate customers on the latest in plant and tree science.

The senior vice president of DRG and eastern utility operations is ultimately responsible for our environmental services strategy and reports to the president. Each region is responsible for executing our environmental services strategy. Over the next year, we hope to set goals to better understand how our services yield environmental capital.

HABITAT RESTORATION

G4-EN13

Habitat	2016
Wetland	2,701 acres
Upland	1,842 acres
Streams	93,757 linear feet



INNOVATION

Davey contributes to solving some of the world's biggest environmental challenges, including climate change, pollinator health and pollution. Innovation in our industry is more important than ever. Last year, our report spoke to renewing our commitment to innovation and thought leadership. Our chairman and CEO, Karl Warnke, challenged every employee to keep top of mind how they can contribute to the next generation of innovation and growth at Davey. The Davey Institute builds on that promise and challenge with ongoing research and sponsorship of employee ideas.



/// GIVEN THE NATURE OF OUR BUSINESS, WE HAVE A LOT AT STAKE WITH CLIMATE CHANGE. WE ARE WORKING TO BETTER UNDERSTAND HOW OUR MANAGEMENT AND PRACTICES WILL BE AFFECTED TO PROVIDE A BETTER UNDERSTANDING FOR THE ENTIRE INDUSTRY. ///

SCOTT MACO, DIRECTOR OF RESEARCH AND DEVELOPMENT

MANAGEMENT APPROACH

G4-DMA

Davey's commitment to innovation adds value to our enterprise and our clients. Our science-based horticultural and environmental services provide our clients with the next generation of plant health care strategies, and contribute to the overall welfare of our natural environment.

We currently manage innovation through three pathways:

- Efficiency & cost-saving innovations
- Strategic innovations
- Employee-developed innovations

As we advance technologically, we increasingly find that we can accomplish more with less. Each new efficiency measure drives value for Davey and, ultimately, for our clients and their natural resources. Other times, strategic direction set by executive leadership requires a new process or tool, and teams are tasked with pushing creative boundaries to accomplish an aspirational goal. Finally, our employees have a wealth of unique ideas, and we invest in the research, development, testing and implementation of plans with the potential to enhance Davey's service offerings, training protocols or products.

TORONTO

Using i-Tree Eco and i-Tree Hydro, Toronto created Every Tree Counts, its urban canopy assessment and reforestation plan.



Research and development is integral to the success of Vision 20/20, and our innovation strategy is led by the Davey Institute. The general manager of the Davey Institute is responsible for our innovation strategy and reports through the vice president and general manager of research, recruiting and human resource development, who in turn reports to the chief operating officer. The COO provides quarterly updates to the board. Because innovation is one of Davey's top tier material topics, we are further integrating the management of sustainability with the management of innovation, and plan to create innovation goals in 2017.

In 2016, Davey continued innovating services to combat pollinator loss. This year, we piloted our innovative, patent-pending approach to coordinate plant blooms with pollinator need, and planted several acres of pollinator habitats. Davey also formed a partnership with researchers at The Ohio State University to investigate how climate change will affect our clients' landscapes. Anticipating changes to growing seasons, tree species distribution, pests, pollinators and weather patterns, our arborists are already modifying service recommendations to bring to our clients the latest science of the day. As the industry leader, it is critical we have the most up-to-date and market-ready information to both innovate and better educate our customers.

INDICATOR

Innovation has only recently been identified, through our materiality assessment, as a top area of interest to our stakeholders. Davey is developing an appropriate and meaningful metric, tied to strategic direction and goals, that we can track and use to report progress annually. We do not have such a metric available at this time. We intend to include our new metric in next year's Corporate Responsibility report.





TREE SHADE IS NATURE'S SUNSCREEN

In 2016, Davey emphasized a tree benefit that directly benefits our health—the shade cast by a tree's canopy that shelters us, and the environment, from harsh UV rays. Trees reduce energy bills, clean our air and make our world a more beautiful place, but they are also nature's sunscreen. The goal of the Nature's Sunscreen campaign is to make people think about the connection between their own health and the health of their trees. A healthy tree provides lots of shade, which keeps us healthy by reducing rates of skin cancer and other negative effects of sun exposure.

i-TREE TURNS 10



Ten years ago, convincing municipal and residential clients of the value of their trees—and the importance of planting and maintaining them—proved a tall task for many arborists. That started to change with the introduction in 2006 of i-Tree, an integrated suite of software products and urban forestry assessment tools designed to assess urban forests and the benefits they provide. i-Tree grew out of a partnership between Davey, the U.S. Forest Service, Arbor Day Foundation, Society of Municipal Arborists, International Society of Arboriculture and Casey Trees.

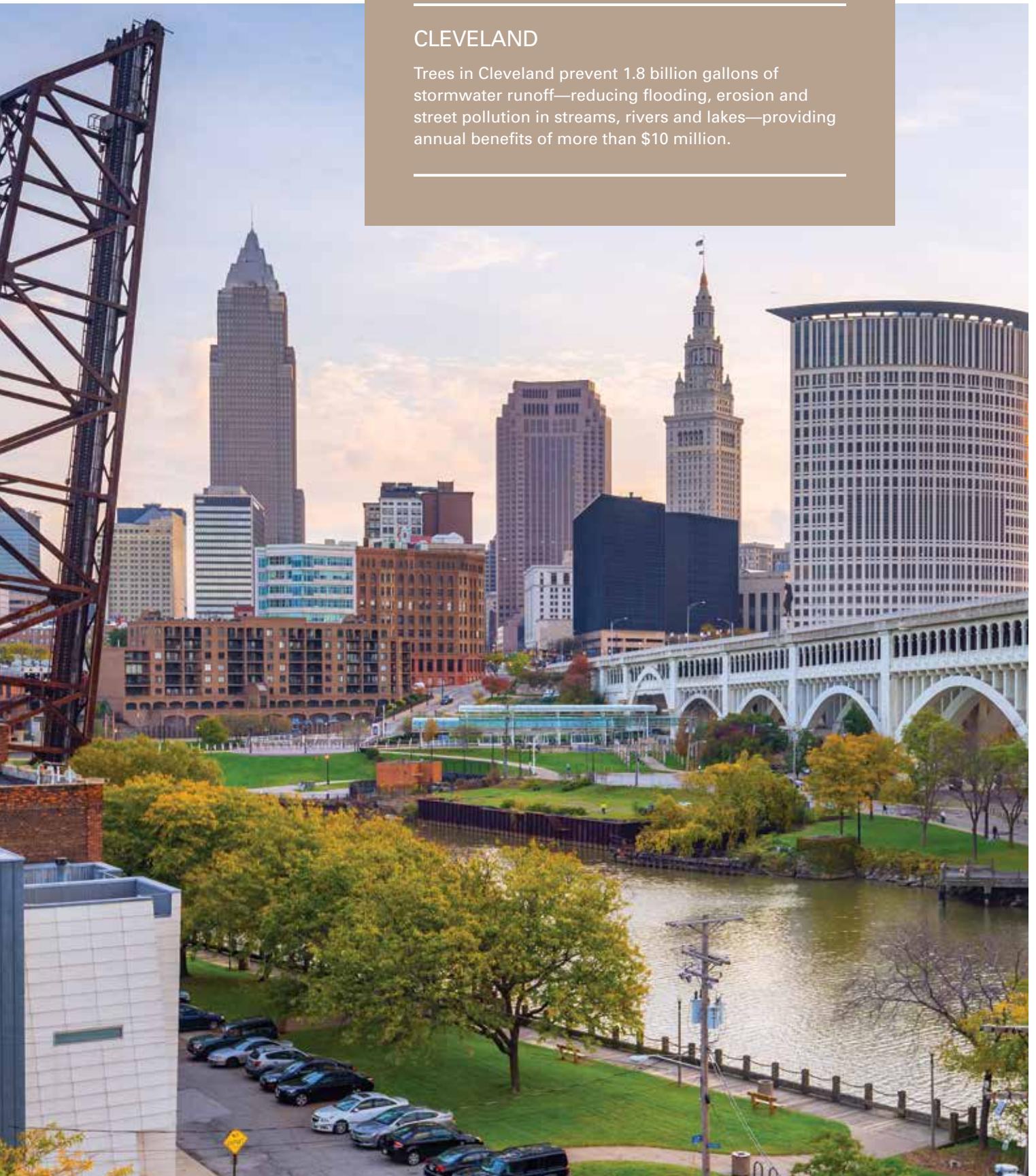
When Davey first launched i-Tree, the goal was advocacy—demonstrating that trees do have value and they're worth the cost to plant and maintain. Before the introduction of i-Tree, arborists had little evidence to argue with in favor of supporting their budgets. Arborists knew trees captured storm water, provided energy-saving shade and improved air quality, but they couldn't quantify those benefits. Municipalities commonly cut into or eliminated urban forestry budgets in favor of supporting traditional public services.

Today, the market has changed. The idea of quantifying ecosystem services is now a driving force behind improved urban forest management. We now have the tools to help us make management decisions and encourage better stewardship of the urban forest.



CLEVELAND

Trees in Cleveland prevent 1.8 billion gallons of stormwater runoff—reducing flooding, erosion and street pollution in streams, rivers and lakes—providing annual benefits of more than \$10 million.



WATER MANAGEMENT

Davey is committed to continuing our legacy of environmental stewardship through responsible water use. Valued stakeholders, both internal and external, identified water management as a top-tier material topic in our 2016 materiality assessment. Davey operates in drought-prone or stricken areas of North America, like California, Texas and Florida. For Davey, water presents large opportunities for increased efficiency, as well as business and environmental opportunities as we help our customers improve their water footprints. As an essential element for plant health care, our commitment to water stewardship is critical for the continued success of our business.



“THERE’S A GROWING AWARENESS AT DAVEY OF HOW MUCH WATER WE USE IN THE FIELD AND WHAT THE REQUIREMENTS ARE ONCE WE LEAVE.”

MIKE VENEV, MANAGER OF ENVIRONMENTAL PROGRAMS

MANAGEMENT APPROACH

G4-DMA

Around the United States and Canada, our residential and commercial business units are advising our clients on how to reduce their water usage through proper landscape maintenance techniques and drought-tolerant landscaping. Davey Resource Group implements water-sensitive restoration plans for wetland and riparian areas, as well as urban forestry projects that improve storm water and runoff management.

Internally, we began tracking our facilities’ water use in 2014. We discovered our facilities, including our two nurseries, use about one cubic meter of water per employee per year. Largely, this water comes from privately owned lakes and not municipal sources, is supplemented with groundwater from wells when needed, and is returned directly to the ground if it is not needed during plant growth.



PLANT HEALTH CARE

Davey takes a holistic approach to plant selection, planting and maintenance. The Davey Plant Health Care (PHC) program, developed by the Davey Institute and supported by the International Society of Arboriculture, provides our clients with thriving landscapes that minimize water and chemical usage. Based on the principle that healthy plants are better able to defend themselves and withstand stressful events, PHC integrates plant selection and placement with cultural, biological and chemical pest controls.

While trees appear to be forgiving of difficult growing conditions, the accumulation of health-related issues can lead to decline, dieback or death. We routinely observe that trees in urban areas live shorter lives than their counterparts in natural areas, and the more unnatural the landscape, the greater the need for arboricultural management. Trees in residential areas often provide a low margin of error for safety due to the presence of people, pets and structures. The PHC program was built to address these issues, as well as educate Davey clients on tree health protocols and help align with the motivations, priorities and goals of landscape owners. By creating a landscape of healthy and hardy plants, Davey's PHC program reduces the need for harmful chemicals and excessive watering.

CHEMICAL MANAGEMENT

Our chemical management system ensures the safe storage, handling, transportation, application and disposal of all chemicals. Individual facilities are responsible for the purchase and storage of chemicals used in their operations under the guidance of Davey's chemical management policies and procedures. In the field, we use closed loading systems and returnable, recyclable and refillable containers, when possible, maximizing chemical safety for our employees, clients and the environment. We log chemical types and quantities used at every site in a local chemical inventory, which is updated each month.



RESTORED STREAMS SPAWN FISHING DERBY

For six years running, Wetland Studies and Solutions, Inc. (WSSI), a Davey company, has sponsored a fishing derby for children living among more than 9 miles of restored streams in Virginia. WSSI celebrated its 6th Annual Kids Fishing Derby in March 2016 in Reston, Virginia. The fishing derby, started in 2011, has become a welcome benefit. Each spring, WSSI pays for and arranges delivery of over 400 trout from a private hatchery. Volunteers from WSSI, Reston Association, Virginia Department of Game and Inland Fisheries (VDGIF) and Northern Virginia Trout Unlimited (NVTU) register participants, hand out rods and nets, help fish and even filet the catches for the participants to take home for dinner that evening.

WSSI has been restoring streams with three separate watersheds in Reston, home to nearly 60,000 residents, since 2003. WSSI employees turned what had become little more than heavily eroded drainage ditches into beautifully restored streams. The streams had become degraded in large part due to uncontrolled storm water run-off, which led to the community's lakes filling in with accumulated sediment—further eroding the community's water quality. Scott Petrey, senior associate engineer with WSSI, said the work has become one of the largest stream restoration projects in the region.

Our largest water consumption happens at the job site, during the mixing of chemicals and for application on landscapes. As a provider of tree and landscape services, our chemical footprint includes fertilizers, herbicides, insecticides, fungicides and growth regulators. While it is difficult to accurately track field water use, in 2015, we began estimating this consumption using our chemical inventory as a proxy. In 2016, we added total fertilizers to the inventory. In addition, we strengthened the chemical inventory to include both liquid and solid chemical use. This year, we estimate our field water use to be 263,261 cubic meters, an increase of 2 percent from last year.

Currently, Davey employs robust protocols and supports research around responsible selection and use of chemicals. Davey follows EPA guidance on chemical risk reduction methods for appropriate geographic regions, and provides additional guidance for our utility division. We also participate in EPA industry conversations regarding the assessment and modification of chemical regulations. Additionally, we plan to collaborate with chemical suppliers to identify and develop chemicals that require less water for application.

Our landscape Environmental Impact Quotient (EIQ) program, which was validated in 2016, will ultimately help provide more sustainable landscape choices for our business units and customers. The EIQ facilitates comparison between different landscape management strategies by quantifying the overall impacts of chemical usage on the environment. Through this EIQ, we are better able to understand the risks associated with pesticide products in urban landscapes. Derived from existing agricultural EIQ models, our landscape EIQ provides a tool for us and the clients we serve to consider the environmental impacts of product use.

Increasingly, customers are looking for a wider range of options around plant health care and maintenance. Davey is working with researchers and suppliers to optimize the type and frequency of chemical use in the field. Over time, we are confident that strong chemical management, policies, strategic goals and awareness will lead to efficiency gains in our water use. Informed by the materiality assessment, we plan to set goals around water management in 2017.

WATER USE (CUBIC METERS)

G4-EN8, INDICATOR

	2015	2016
Water consumption from chemical mixing	257,364	263,261

2016 CHEMICAL USE (LITERS/KILOGRAMS)

Chemical Category	Liquid (L)	Solid (kg)
Fungicides	9,890.96	3,290.77
Growth Regulators	21,452.03	21,452.03
Herbicides	2,158.05	58.44
Insecticides	58,557.65	53,994.20
Fertilizers	125,551.66	663,823.57
Rodenticides	0	6.89
Adjuvants	31.22	0





ENERGY & EMISSIONS

Over the past 136 years, we have built our business on valuing the natural capital trees, plant life and animal habitats create for our homes and communities. As we begin to see evidence of a changing climate in our work and research, we have the capability and responsibility to take action on climate change and create positive impacts through our environmental services. In addition, we can work internally to reduce carbon emissions and fossil fuel use.

/// WHEN IT COMES TO ENERGY AND EMISSIONS, IT'S ABOUT REDUCING OUR IDLE TIME. ///

PAUL MILANO, CORPORATE FLEET MANAGER

MANAGEMENT APPROACH

G4-DMA

While Davey operates over 150 facilities throughout North America, many of these buildings are small, housing fewer than 10 employees, and often leased. Altogether, our facility energy footprint accounts for less than 5 percent of our overall energy footprint. The remaining energy use and affiliated emissions come from our fleet of vehicles and field equipment. Therefore, managing our fleet and equipment—ensuring each item is properly used, as well as serviced regularly and maintained—offers the most actionable opportunity to decrease our emissions and energy use.

The equipment department is ultimately responsible for energy and emissions associated with Davey's fleet. The department works with each business segment to ensure every territory is properly equipped to deliver unmatched excellence in client service. Each year, district and regional managers request equipment based on their territories' current fleet and projected level of business. The equipment department is led by the corporate fleet manager, who reports through the vice president of operations support services to the executive vice president and general manager, commercial landscapes services.

PITTSBURGH

Pittsburgh's street trees and urban forests provide \$4,355,133 in energy savings by providing shade, reducing wind speeds and sequestering \$106,024 worth of carbon during their growth.



In 2016, we identified a new fleet management system to better track, manage and maintain our fleet. The new system enables more comprehensive tracking of our fleet, including vehicle history, registration status, maintenance schedules, repair status, fuel use and capital expenditure requests. The new, web-based system fully integrates into our existing management systems and can be utilized across platforms, allowing for use in the field. We are currently in the process of implementing the new system and plan for it to be fully operational in 2017. This new system will facilitate better tracking of our fuel use and corporate emissions.

With Energy & Emissions emerging as a top-tier material topic, we intend to set goals around reduction of energy use and carbon emissions to be reported in subsequent corporate responsibility reports.

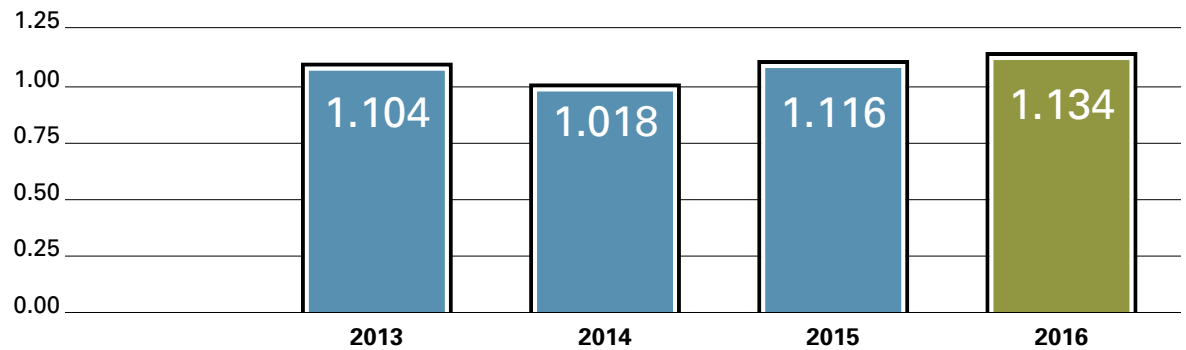
2016 GLOBAL FLEET FUEL USE

INDICATOR

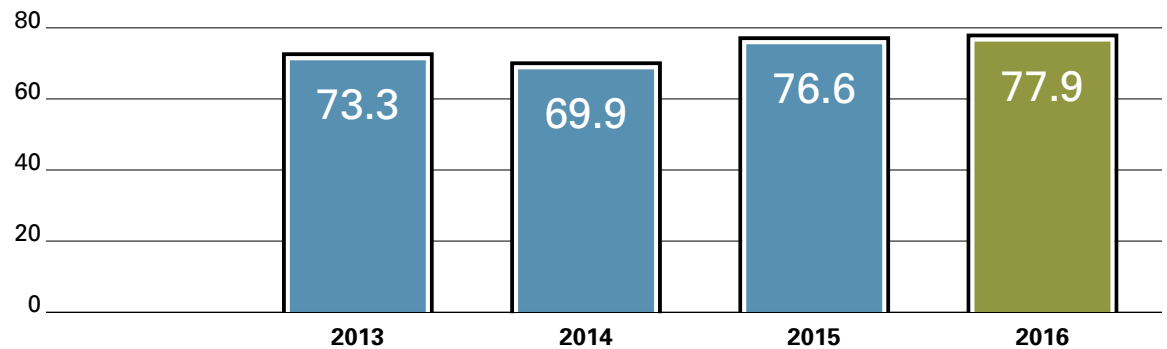
Vehicle Category	Number of Vehicles	Fuel Units (U.S. Gallons)
Cars, Light Trucks and Vans	1,616	1,666,680
Super Duty	1,717	2,338,554
Medium Duty	2,195	2,662,535
Heavy Duty	133	244,055
Chippers and Grinders	1,697	468,372
Off Road, Turf Equipment and Miscellaneous Powered Equipment	1,500	598,500
Total	8,858	7,978,696



ENERGY (GJ IN MILLIONS)



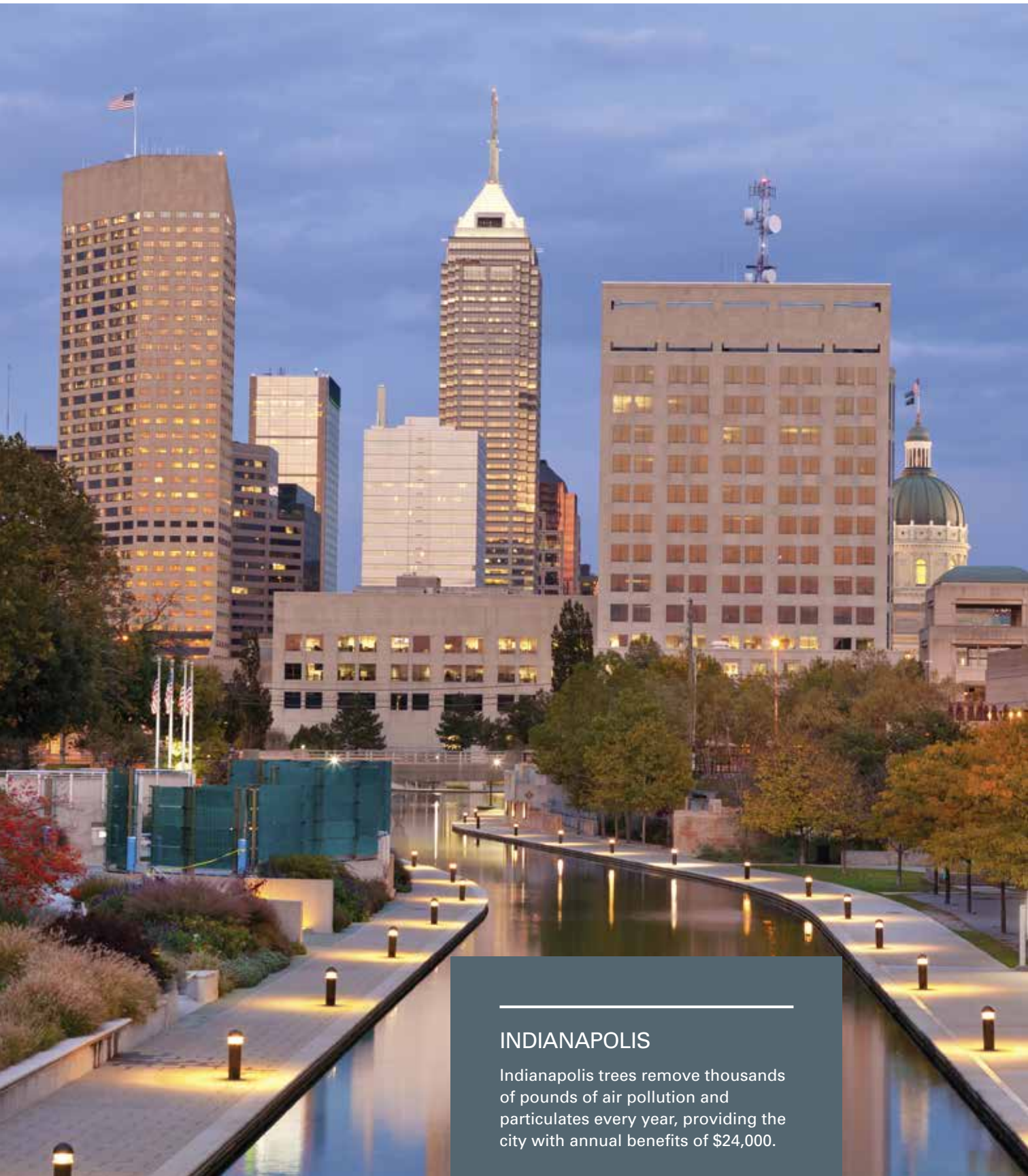
EMISSIONS (MTCO₂E IN THOUSANDS)



i-TREE LESSONS

In 2006, Davey partnered with Casey Trees, USDA Forest Service, Arbor Day Foundation, Society of Municipal Arborists and the International Society of Arboriculture to develop a software suite designed to analyze urban forests to assess the benefits trees provide. The i-Tree software has helped countless communities and organizations quantify the value and structure of trees. Now, i-Tree Lessons is expanding the audience to school-age children. In continued partnership with Casey Trees, Davey is helping develop a new, science-focused curriculum for middle school students based on i-Tree. The i-Tree Lessons curriculum, which is outlined on itreelessons.com, explores the concepts of forest inventory, assessment and use of i-Tree Tools to satisfy requirements of the Next Generation Science Standards for middle school students.

The goal of i-Tree Lessons is for students to use i-Tree software to design a possible solution to a real world, place-based problem: increased atmospheric carbon dioxide contributing to climate change. By educating the clients of the future, Davey hopes to demonstrate the value of high-quality tree care, increasing preservation and stewardship.



INDIANAPOLIS

Indianapolis trees remove thousands of pounds of air pollution and particulates every year, providing the city with annual benefits of \$24,000.



“WOOD HAS VALUE — WE STRIVE TO FULFILL ANY COMMUNITY NEED FOR WOOD WASTE AND AVOID SENDING IT TO LANDFILLS.”

SCOTT DEEVERS, OPERATIONS VICE PRESIDENT,
UTILITY SERVICES

WASTE & RECYCLING

As stewards of our natural environment, Davey is committed to decreasing our operational waste footprint. We comply with all laws and regulations regarding proper disposal of hazardous waste and pollution prevention through our Solid Waste & Hazardous Waste Management and Reduction action plans. In 2014, we analyzed our facility waste footprint and determined only 0.28 metric tonnes of waste were sent to landfill per employee per year. While we continue to manage our facility waste footprint, we focus reporting on our largest waste stream—wood waste.

MANAGEMENT APPROACH

G4-DMA

When we trim or remove a tree, we strive to reuse and recycle as much as possible; wood is a renewable resource only if sustainably and responsibly managed. Our target is a 100 percent wood recycling rate across our operations by finding alternatives to landfilling wood waste. However, not all wood waste is recyclable due to regulations and health concerns with some wood, such as diseased or insect-infested wood. In total, we recycled more than 93 percent of our wood waste in 2016.

In 2015, we reassessed the formula we use to estimate our wood waste recycling rates to better account for our footprint. Now estimations are based on the amount of wood produced by labor-hour by service line. Calculating wood recycling rates by service line rather than per truck load provides a more accurate estimate due to the differences in work performed by the different businesses. Through internal research, we determined our landscaping services produce the least amount of wood waste while our utility services provide the most wood waste.

ANNUAL WOOD WASTE (TONNES)

INDICATOR

	Service Type	2016
Wood Waste Generated	Landscaping	43,281
	Tree Surgery	484,267
	Utility	853,996
Wood Waste Recycled	Landscaping	36,789
	Tree Surgery	411,627
	Utility	836,916



CANADA REDUCES ENVIRONMENTAL FOOTPRINT

The Davey Tree Expert Co. of Canada, Limited, saves truckloads of wood each week from going to the landfill thanks to a partnership with Sawmill Sid Inc. Sawmill Sid Inc. repurposes the wood into products like lumber, beams, flooring, corporate gifts and furniture—giving Ontario’s valued wood another life. A simple trip to Sawmill Sid reduces Davey’s carbon footprint, saving time, fuel, money, and wear and tear on Davey’s fleet of vehicles. Sawmill Sid has prevented 2,257 tonnes of carbon from being released into the atmosphere. Davey was the first tree company to get involved with Sawmill Sid and inspired others in the industry to do the same. The green relationship brings us one step closer to the goal of 100 percent recycled wood waste.



GRI CONTENT INDEX



GENERAL STANDARD DISCLOSURES

G4 Indicator	Description	Location
Strategy & Analysis		
G4-1	Statement from the most senior decision-maker of the organization about relevance of sustainability to the organization and the organization's strategy for addressing sustainability	CEO Letter, p. 2
Organizational Profile		
G4-3	Name of the organization	The Davey Tree Expert Company
G4-4	Primary brands, products and services	About Our Company: Business Segments, p. 6
G4-5	Location of organization's headquarters	Kent, Ohio, U.S.A.
G4-6	Number of countries where the organization operates, and names of countries with significant operations or that are specifically relevant to the sustainability topics covered in the report	United States and Canada
G4-7	Nature of ownership and legal form	Private; employee-owned
G4-8	Markets served	About Our Company: Business Segments, p. 6
G4-9	Scale of the reporting organization	About Our Company: Business Segments, Our People, p. 6
G4-10	Total workforce by employment type, employment contract and region, broken down by gender	About Our Company: Our People, p. 7
G4-11	The total percentage of employees covered by collective bargaining agreements	About Our Company: Our People, p. 7
G4-12	Description of the organization's supply chain	About Our Company: Supply Chain, p. 8
G4-13	Significant changes during the reporting period regarding organization's size, structure, ownership or supply chain	About Our Company: Business Segments, p. 6
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Davey Tree does not currently address the Precautionary Approach.
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses	None
G4-16	Memberships in associations and/or national/international advocacy organizations	About Our Company: Partnership & Industry Leadership, p. 10
Identified Material Aspects & Boundaries		
G4-17	Entities included in the organization consolidated financial and non-financial reports	Annual Report at bit.ly/2nV75H0 , p. 11
G4-18	Process for defining report content	About Our Company: Materiality, p. 12
G4-19	Material aspects identified in the process for defining report content	About Our Company: Materiality, p. 12
G4-20	For each material aspect, the aspect boundary within the organization	About Our Company: Materiality, p. 14
G4-21	For each material aspect, the aspect boundary outside the organization	About Our Company: Materiality, p. 14



G4 Indicator	Description	Location
Identified Material Aspects & Boundaries (continued)		
G4-22	Explanation of the effect of and reasons for any restatements of information provided in earlier reports	We have restated energy and emissions data from 2015 due to quality assurance improvements in collection and calculation.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	About Our Company: Materiality, p. 12
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organization	About Our Company: Stakeholder Engagement, p. 15
G4-25	The basis for identification and selection of stakeholders	About Our Company: Stakeholder Engagement, p. 15
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	About Our Company: Materiality, p. 14
Report Profile		
G4-28	Reporting period	2016
G4-29	Date of most recent previous report	May 2016
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report or its contents	corporateresponsibility@davey.com
G4-32	'In accordance' option and GRI Content Index	G4 Core; we did not seek external assurance
Governance		
G4-34	Governance structure of organization, including committees of the highest governance body	About Our Company: Sustainability Governance, p. 11
Ethics & Integrity		
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	About Our Company: Sustainability Governance, p. 11

SPECIFIC STANDARD DISCLOSURES

G4 Indicator	Description	Location	Omissions
Economic Performance			
G4-EC1	Direct economic value generated and distributed	About Our Company: Performance, p. 8 ; Summary financial data available on inside cover of the Annual Report at bit.ly/2nV75H0	
G4-EC2	Risks and opportunities for the organization's activities due to climate change	10-K at bit.ly/2nZyG9W , p. 8	
G4-EC3	Coverage of the organization's defined benefit plan obligations	10-K at bit.ly/2nZyG9W , p. F-22	
G4-EC4	Financial assistance received from government	Davey Tree does not receive significant financial assistance from the government.	
Workplace Health & Safety			
G4-DMA	Disclosure on Management Approach	Workplace Health & Safety, p. 17	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Workplace Health & Safety, p. 19	
Fire Prevention			
G4-DMA	Disclosure on Management Approach	Fire Prevention, p. 20	
Indicator	Number of significant fire events; number of fire prevention training courses	Fire Prevention, p. 22	
Employees			
G4-DMA	Disclosure on Management Approach for Employee Attraction & Retention	Employee Attraction & Retention, pp. 25, 27	
Indicator	Omitted		Data is currently unavailable; anticipated in the 2017 report
G4-DMA	Disclosure on Management Approach for Employee Education & Development	Employee Education & Development, p. 28	
Indicator	Number of registered users in Learning Management System	Employee Education & Development, p. 30	
Indicator	Number of completed objects in Learning Management System	Employee Education & Development, p. 30	
Environmental Services			
G4-DMA	Disclosure on Management Approach	Environmental Services, p. 33	
G4-EN13	Habitats Protected or Restored	Environmental Services, p. 35	
Innovation			
G4-DMA	Disclosure on Management Approach	Innovation, pp. 36, 38	
Indicator	Omitted		Data is currently unavailable; anticipated in the 2017 report

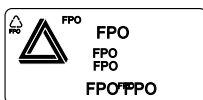
G4 Indicator	Description	Location	Omissions
Water Management			
G4-DMA	Disclosure on Management Approach	Water Management, p. 41	
G4-EN8	Total water withdrawal by source	Water Management, p. 43	
Indicator	Report total chemical use in liters or multiples, including chemical types used	Water Management, p. 43	
Energy & Emissions			
G4-DMA	Disclosure on Management Approach	Energy & Emissions, p. 44	
G4-EN3	Energy consumption within the organization	Energy & Emissions, p. 47	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Energy & Emissions, p. 47	
Waste & Recycling			
G4-DMA	Disclosure on Management Approach	Waste, p. 49	
G4-23	Total weight of waste by type and disposal method	Waste, p. 49	





FEEDBACK

We welcome feedback on both this Corporate Responsibility Report 2016 and our corporate responsibility efforts. Please send comments to corporateresponsibility@davey.com. If you wish to contact us directly: The Davey Tree Expert Company, 1500 North Mantua Street, Kent, Ohio 44240, 800.445.TREE (8733), www.davey.com.



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