



# The Davey Tree Expert Company

## Climate-Related Financial Risk Report

### 2025

# Table of Contents

Overview .....	3
Governance .....	3
Strategy.....	4
Risk Management .....	6
Metrics and Targets.....	7



# Overview

## About Our Company

Founded in 1880, The Davey Tree Expert Company (“Davey Tree,” “Davey,” “the Company”) is an employee-owned company headquartered in Kent, Ohio. Davey provides research-driven tree services, grounds maintenance, utility line clearance, and environmental consulting to residential, commercial, utility, and government customers throughout North America.

## About This Report

This document has been prepared in accordance with the Climate-Related Financial Risk Act (California Health and Safety Code § 38533), which requires companies doing business in the state of California with an annual revenue exceeding \$500 million to disclose their climate-related financial risks on a biennial basis. This report follows the recommendations of the Task Force on Climate-Related Financial Disclosures framework to disclose key climate-related risks and opportunities that could impact Davey’s business and operations, customers, and the communities it serves. It provides a consolidated view of The Davey Tree Expert Company and its wholly owned subsidiaries.

# Governance

## Management’s Role

Climate-related financial risks are overseen by Davey’s executive leadership team who plays a pivotal role in identifying, managing, and mitigating all significant financial risks that could impact the Company’s performance. Each year, Davey conducts an Enterprise Risk Management (“ERM”) assessment, which is a company-wide survey that gathers feedback from all key leaders across the organization as well as the Board of Directors. This process is designed to identify, evaluate, and prioritize potential risks, including those related to climate events, that may affect Davey’s strategic, operational, or financial objectives. Our senior leadership team closely reviews the results of this survey to determine areas of elevated risk exposure and to develop corresponding mitigation and adaptation strategies, as needed, and reports such key findings directly to the Audit Committee.

## Board of Directors Oversight

The Board of Directors (“the Board”) recognizes its responsibility to oversee risk management. Specifically, the Board is responsible for monitoring and assessing certain strategic and operational risk exposures, including legal, regulatory, information technology, corporate social responsibility, climate change and sustainability, human capital and reputation risks. As part of its oversight, the Board requires management to perform an overall assessment of risks annually. The Audit Committee is responsible for reviewing the enterprise-wide risk assessment and discussing with management the major financial risk exposures, including climate-related risks, and steps management has taken to mitigate such risks. The Audit Committee then reports these findings to the full Board to assist in its oversight of risk

management. Consistent with the Company's Environmental Policy, the Board recognizes that our business has impacts on the environment and strives to conduct our operations in a manner that preserves and enhances the environment.

## Strategy

All risks and opportunities discussed in this report are considered short-to-medium term in nature, generally representing a period of zero to three or three to five years.

### Climate-Related Financial Risks

This section summarizes Davey's key climate-related physical and transition risks that could adversely affect Davey's financial condition, results of operations, liquidity and cash flows. Physical risks refer to physical impacts of climate change, whether acute or chronic. Transition risks may arise from shifts to a lower-carbon economy through evolving policies and regulations, technological advancements, market dynamics, and shifts in consumer sentiment.

#### Physical Risks

- **Wildfires:** the risk of wildfires is most prevalent in the western part of the United States as well as Canada. Wildfires could result in severe business disruptions, damage to infrastructure and equipment, injuries or loss of life. In addition, wildfires have in the past and could in the future expose Davey to litigation and liabilities pursuant to the Company's indemnification obligations to its customers.
- **Drought and extreme heat:** prolonged drought conditions and extreme temperatures may increase tree mortality, negatively impact vegetation health, and impose safety hazards for crews working in these conditions. Droughts could also cause shortages in the water supply and governments may impose limitations on water usage, which in turn could change customer demand for landscape maintenance and irrigation services. Furthermore, excessive heat or cold may result in seasonal maintenance services that Davey offers being less needed for part of a season or beginning or ending earlier than anticipated.
- **Natural disasters:** extreme weather events, such as hurricanes and tropical storms, may result in damage to our facilities and equipment, shortage of raw materials and products, and may limit our ability to deliver our contracted services. Additionally, these weather events can put a strain on the available workforce, which could in turn lead to higher labor costs.

#### Transition Risks

- **Policy and Legal:** as climate policy continues to evolve, it is crucial for Davey to respond and adapt accordingly to stay compliant with the latest laws and regulations. While California has already enacted climate legislation, other states may enact similar requirements in the future. Such policies could lead to stringent compliance obligations, such as expanded monitoring, reporting, and disclosure



requirements, and could increase operational costs as a result. Additionally, if such obligations prove burdensome or financially detrimental to implement, this could also increase the risk of non-compliance costs.

- **Technology:** technological advancements and evolving emission standards may require accelerated investment in lower-emission technologies and battery-powered equipment. As part of our overall strategy to engage in sustainable practices, Davey has already invested in electric and hybrid vehicles to a certain degree. However, further adoption of such technologies comes with underlying challenges, such as higher up-front equipment and infrastructure costs, limited power and runtime when compared to gas-powered equipment as well as limited availability of certain battery-operated tools required for our operations. The risk of technology mandates outpacing practical implementation could put Davey in a position of elevated compliance costs, stranded assets, or legal exposure related to delayed adoption.
- **Market Expectations:** as municipalities, utility companies, and other businesses advance their own sustainability commitments, Davey may face increasing pressure to align operations, fleet management, and service offerings with low-carbon and environmentally responsible practices. Failure to keep up with market expectations could affect competitiveness, limit access to new business opportunities, or result in the loss of existing contracts.
- **Reputation:** customer perception of sustainability efforts, or lack thereof, or the pace at which Davey adopts such initiatives may negatively impact Davey's reputation, weaken our brand credibility, or impact long-term business relationships.

## Climate-Related Financial Opportunities

Davey's passion for the environment is rooted in the work that we do and can be traced to the beginning of our history. John Davey founded Davey on the basis of his experimental tree care methods, which proved successful in prolonging trees' lives and improving their vitality, all of which are positive factors that lead to better air quality and reduced carbon dioxide. These efforts hold true today. We continue to rely on research and science and hold ourselves accountable to managing our impacts on the environment and helping our clients do the same. The opening of our SEED (Science, Employee Education, and Development) campus in 2025 is a true testament of our continued commitment to science, innovation, and new product development.

While the potential climate related events described above carry certain risks to the business, they also create opportunities for Davey to expand our service offerings, strengthen client relationships, and reinforce our efforts in environmental stewardship.

Increasing frequency and severity of hurricanes, tropical storms, and other extreme weather events will continue to drive demand for emergency vegetation management and storm recovery services. Davey's established presence across North America, coupled with mobile

response crews and utility partnerships, puts the Company in a position to effectively respond to such events and capture this growing market.

In addition, the breadth of Davey's scientific expertise and our work in wetland protection and restoration, as well as production of biochar, an environmentally friendly soil additive, from recycled wood waste, are just some examples of how Davey can turn climate-related pressures into long-term opportunities for leadership in environmental services.

## **Risk Management**

### **Identification of Risks**

Climate-related risks are embedded into Davey's existing ERM framework, ensuring they are identified, assessed, and managed alongside all other strategic, financial, operational, and compliance risks. An ERM survey is conducted annually to gather input from management groups across the entire organization as well as the Board of Directors. All risks identified from this survey, including climate-related risks, are evaluated to determine the frequency and financial magnitude of each risk and whether respective internal controls are in place to mitigate such risks. Additionally, risks are scored based on probability and financial impact and all high priority risks are reviewed by the executive leadership team and the Board to ensure proper steps are taken to mitigate such risks.

### **Risk Mitigation**

Considering the climate-related financial risks discussed in the previous section, Davey's risk mitigation efforts are targeted to protect our people, assets, operations, and financial performance. These efforts include a strong focus on enhancing employee safety protocols and training, reevaluating where and when we do business as it relates to high-risk areas, maintaining adequate insurance coverage to address our exposure to such risks, and strategically investing in technology as deemed practical to help reduce our overall carbon footprint.

## Metrics and Targets

Davey tracks fuel consumption as one of the primary drivers of greenhouse gas emissions. Reducing fuel use is central to both our climate strategy and efficiency goals. Davey measures our environmental impact in global fleet fuel use per labor hour.

Keys to reducing our impact involve a more efficient use of our equipment, the expansion of battery-operated tools, investment in electric and hybrid vehicles, and the rightsizing of our fleet. In addition, Davey is engaging with operations to identify barriers in the field that are contributing to unnecessary fuel consumption and developing a strategy to raise awareness and promote positive behaviors.

 <b>2030 Goal</b> Achieve a 50% reduction in fuel use per labor hours from our 2017 baseline.	 <b>2025 Call to Action</b> To account for our growing fleet and scope of services, we measure our environmental impact in global fleet fuel use per labor hour. Small actions can make a difference in reducing our impact, and everyone has a role to play. We ask employees to not idle vehicles unless necessary for safety or power take-off (PTO) operation.
--	---

For more information on this, please refer to our annual Sustainability Report published on Davey's website.

[www.davey.com/about/corporate-responsibility](http://www.davey.com/about/corporate-responsibility)





## FORWARD LOOKING STATEMENTS

This Report contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. We use words such as “aim,” “anticipate,” “believe,” “commit,” “estimate,” “ensure,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “strategy,” “strive,” “target,” “will,” and “would” or similar expressions to identify forward-looking statements. In particular, such statements may include but are not limited to, statements which may relate to our climate-related goals, purpose, ambitions, aims, commitments, targets, metrics, plans, and objectives, and sustainability progress and statements related to our climate-related financial risks and opportunities. Such statements are based upon certain assumptions and assessments made by our management in light of their experience and their perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate. The forward-looking statements included in this Report are also subject to a number of material risks and uncertainties that may cause actual results to differ materially. Such risks and uncertainties include, but are not limited to, economic, competitive, governmental, technological, and environmental factors affecting our operations, markets, products, services and prices; assumptions not being realized; the on-going impacts of climate change; evolving sustainability strategies; evolving government regulations; our expansion into new products, services, technologies, and geographic regions; or other changes in circumstances, as well as those factors set forth in the “Risk Factors” section of our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the U.S. Securities and Exchange Commission. Such forward-looking statements are not guarantees of future performance, and actual results, and other developments, including the potential impact of climate change and climate change regulation, and business decisions may differ from those envisaged by such forward-looking statements. Inclusion of information in this Report is not an indication that the subject or information is material to our business or operating results. “Material” for the purposes of this Report should not be read as equating to any use of the word in our other reporting or filings with the U.S. Securities and Exchange Commission. The information and opinions contained in this Report are provided as of the date of this Report and are subject to change without notice. We undertake no obligation to update any forward-looking statements contained in this Report as a result of new information or future events or developments.

---

*The Davey Tree Expert Company  
1500 North Mantua Street  
Kent, Ohio 44240-5193  
© 2025, The Davey Tree Expert Company  
All Rights Reserved  
[www.davey.com](http://www.davey.com)*

---